



Subsidiary Companies Financial Statement 2009 - 10  
Srei Infrastructure Finance Limited



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**DIRECTORS**

Mr. Salil. K. Gupta  
Mr. Hemant Kanoria  
Mr. Bajrang Kr. Choudhary  
Mr. Umang Das

**CHIEF EXECUTIVE OFFICER**

Sanjay Panigrahi

**CHIEF FINANCIAL OFFICER**

Mr. Bijan Boral

**AUDITORS**

Haribhakti & 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, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income	89,17,14,771	106,59,93,689
Expenditure	88,96,24,489	103,46,64,455
<b>Profit Before Tax</b>	<b>20,90,282</b>	<b>3,13,29,234</b>
Provision for Current Tax	-	36,50,000
MAT Credit Entitlement	-	(36,50,000)
Deferred Tax	(58,76,050)	1,06,13,648
<b>Profit after Tax</b>	<b>79,66,332</b>	<b>2,07,15,586</b>
Balance brought forward from Previous Year	1,35,52,617	(71,62,969)
Profit after Tax carried to Balance Sheet	2,15,18,949	1,35,52,617
Paid up Equity Share Capital	1,00,00,000	1,00,00,000

**OPERATIONAL REVIEW AND FUTURE OUTLOOK**

During the year under review, your Company has earned an income of Rs.89,17,14,771/- as against Rs. 106,59,93,689/- in the previous year. Your Company has earned a Profit after Tax of Rs.79,66,332/- as against Profit after Tax of Rs. 2,07,15,586/- earned in the previous year.

**BUSINESS OPERATION**

With the evolution of the concept of a Social Enterprise and the recognition that the social and political context of business is critical to the development of successful business models in the 21st Century, your Company was set up to achieve the dream of a socially critical business. In 2007, your Company undertook a mandate to roll out the Common Service Centre Project within the National E-Governance Plan under the Public Private Partnership model. It started the rollout activity from November 2007 and within two and a half years, your Company has put on ground, one of the world's largest physical and digital network, with 20084 computerized, V-Sat/copper connected Common Service Centers (CSCs) in the states of Assam, Bihar, Orissa, Tamil Nadu, UP and West Bengal. Out of these centers, over 10,000 have already started doing online business, besides offline business. By the end of March 2011, this network would have expanded to include 28000 plus CSCs. SAHAJ has 840 employees working in 74 offices in 107 districts.

Your Company has built a credibility of providing a versatile service built on a sustainable business model to people in rural areas. It has been recognized as a foremost model of a

successful Public-Private Partnership. Last year, the European Union brought a 16 member delegation to visit our CSCs in Bengal and in another milestone, our representative was called to speak at the World Summit for Information Society (WSIS) in Geneva, set up by the ITU. Your Company is also represented in the consultative committee of the Ministry of Rural Development for Skill Development.

The reason for the social and commercial success of the model is the four axis network comprising of the Electronic Financial Supply Chain of Skash Card, the Digital Supply Chain through the Sahaj Portal, the Physical Supply Chain comprised of the Brick & Mortar Kiosks and the Entrepreneur network of our VLEs. Thus, your Company has brought together the best of information technology infrastructure, communication technology infrastructure, physical infrastructure and the human spirit to work as a harmonious enterprise that create both business and social value. Your Company has proved that social conscience and business value creation can go hand in hand. It has also brought to reality the dreams of thinkers like the late C.K. Prahalad to address the Bottom of the Pyramid and create value for people in rural areas as well as for the shareholders of your Company.

There have been major innovations in Technology by Sahaj. Your Company has pioneered in the field of Real Time Online Skill Assessment and it has produced to the best of our knowledge, the world's first such system, named ETWLS™. This enables your Company to take education to the remotest corners of the world without the need for teachers. On this strength, your Company created a Partnership with Indira Gandhi National Open University (IGNOU) and today Sahaj Centers are able to give IGNOU certified Degrees, Diplomas and Certificates. Your Company has already enrolled about 55000 students so far. Your Company's Chaakri or the Rural Job Portal complements the education service by providing jobs to people trained. The success of this 360° model has been validated by the fact that the Ministry of Rural Development, Government of India has given a Project to provide jobs to rural BPL youth.

Sahaj has also created a very successful model of distribution of Financial Products. Your Company started with DLF Pramerica and the success of distribution has been much higher than the target set by the Insurance Partner as the expected benchmark. NIC and Tata AIG have been added to the partnership list. In Financial Inclusion, the State Bank of India, recognizing the strength of the model changed its hitherto terms to sign an agreement for providing its banking services through the Business Correspondent Model. Your Company is soon due to start Banking services in the rural areas. Besides these, Utility services, Bill Collections and survey etc. would be major revenue earners for your Company. This would also enable Sahaj to reach out to areas beyond the public private partnership framework to become a much larger network.

**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 2009-10.

**FIXED DEPOSIT**

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

**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 and 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 utilization, safety and environment.

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

**DIRECTORS**

Mr. Brijesh Kumar resigned as Director of your Company w.e.f. 20th July, 2009. 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 pursuant to Articles of Association of your Company, Mr. Salil Kumar Gupta, Director retires by rotation and being eligible, offers himself for re-appointment.

**REMUNERATION COMMITTEE**

The Board of Directors of your Company decided to discontinue the Remuneration Committee and to decide all matters relating to remuneration in Board Meetings itself.

**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, 2010, 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, 2010 on a going concern basis.

**AUDITORS**

M/s. Haribhakti & 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. The Board of Directors of your Company recommends the re-appointment of M/s. Haribhakti & Co., Chartered Accountants, as the Statutory Auditors 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                      **Salil Kr. Gupta**                      **Hemant Kanoria**  
Date : 7th May, 2010                      Director                      Director

**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, 2010 and forming part thereof.

Name	Age	Designation	Qualification	Remuneration (Rs.)	Date of commencement of employment	Working Experience (years)	Previous Employment
Dr. Syed Sabahat Azim	37 years	Chief Executive Officer	MBBS, IAS	55,26,640	01.05.2007	13	Indian Administrative Service, Worked as Secretary to Chief Minister, Government of Tripura
Mr. Bijan Boral	52 years	Chief Financial Officer	B.Com (H), Chartered Accountant	31,35,612	18.11.2008	25	Associate Director – Nuvent Equity Pvt. Ltd.

1. The appointment of Dr. Syed Sabahat Azim is contractual, other is 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

1. We have audited the attached Balance Sheet of **Srei Sahaj e-Village Limited**, as at 31st March, 2010, the related Profit & Loss Account and 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.
2. 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 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 (the 'Order') (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the 'Act'), we enclose 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 above, we report that:
  - 4.1 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;
  - 4.2 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;

- 4.3 The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4.4 In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report have been in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act;
- 4.5 On the basis of written representation received from the Directors, and taken on record by the Board of Directors, we report that none of the Directors are prima-facie disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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:
  - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2010;
  - 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 **Haribhakti & Co.**  
Chartered Accountants  
Firm Reg. No.103523W

**Anand Kumar Jhunjunwala**

Place : Kolkata  
Date : 7th May, 2010

Partner  
Membership No. 056613

## ANNEXURE TO THE AUDITORS' REPORT

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

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has physically verified its fixed assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- 2 (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3 The Company has not taken or granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence, clauses (iii) (a) to (d) of the Order are not applicable.
- 4 In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have neither come across nor have we been informed of any instances of major weaknesses in the internal control system, which would require corrective action, in respect of these areas.
- 5 (a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party have been entered in the register required to be maintained under that section.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 7 The company has an internal audit system commensurate with the size and nature of its business.
- 8 The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the Company.
- 9 According to the books and records as produced and examined by us and also on the basis of management representations: -
  - (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues with the appropriate authorities and there are no undisputed amounts payable in respect of above, outstanding at the year end for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and cess as at 31st March, 2010, which have not been deposited on account of a dispute. The Company has not provided for any liability for Fringe Benefit Tax (FBT), since inception as the Company has challenged the constitutional validity of FBT before the Hon'ble High Court of Calcutta, as referred in Note no. 11 of Schedule 15 and received an interim stay on levy of FBT on the Company. However, consequent upon abolition of FBT from accounting year 2009-10, no liability arises for the year.
- 10 As per the books of account, the Company has neither accumulated loss as at 31st March 2010 nor it has incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
- 11 The Company has not defaulted during the year in repayment of its dues to any financial institution or bank.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clauses (xiii) (a) to (xiii) (d) of the Order are not applicable to the Company.
- 14 The Company is not dealing or trading in shares, securities, debentures and other investments.
- 15 The Company has not given any guarantee for the loans taken by others from banks or financial institutions.
- 16 In our opinion, the term loans have been applied for the purpose for which they were raised.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- 18 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.
- 19 The Company has not issued any debentures.
- 20 The Company has not raised any money by public issue during the year.
- 21 During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Reg. No.103523W

**Anand Kumar Jhunjunwala**

Place : Kolkata  
Date : 7th May, 2010

Partner  
Membership No. 056613

## 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
Email : secretarial@srei.com	

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, 2010 (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. No forms and returns were filed with Regional Director, Central Government, Company Law Board or other authorities. This certificate is not a certificate of the correctness of the forms filed and the same can be determined only after the approval of the concerned authority.
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 05 (five) times respectively on 08.06.2009, 20.07.2009, 23.10.2009, 11.01.2010 and 12.03.2010 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 31.03.2009 was held on 20.07.2009 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/ 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 is comprised of four directors at present. (Shri Salil Kumar Gupta, Shri Bajrang Kumar Choudhary, Shri Hemant Kanoria and Shri Meleveetil Damodaran). Shri Brijesh Kumar (who was appointed as an additional director by the Board of Directors w.e.f 27.12.2007 and thereafter appointed as Director by the members at the Annual General Meeting held on 11.07.2008) resigned from the position of Director of the Company w.e.f 20.07.2009. There was no appointment of additional directors, alternate directors and directors to fill causal vacancies 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, 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 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. There was 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

Place : Kolkata

F. C. S. No. 5615

Date : 7th May, 2010

C. P. No. 5207

**ANNEXURE 'A'****Registers and Records as maintained by the Company**

Sl. No.	Particulars	Under Section
(a)	Register of Charges	143
(b)	Register of Members	150
(c)	Index of Members	151
(d)	Minutes Book of Meetings of Board of Directors	193
(e)	Minutes Book of Meetings of Shareholders	193
(f)	Register of particulars of contracts in which directors are interested	301
(g)	Register of Directors, Managing Director, Manager and Secretary	303
(h)	Register of Directors' shareholdings	307
(i)	Application and Allotment Register	
(j)	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 2010: -

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)	Change in designation (from Director to Chairman of the Board of Directors of the Company) of Shri Meleveetil Damodaran w.e.f 27.01.2009	20.04.2009	No	Yes
02.	Form 66 (Compliance Certificate) (SRN P33438219 – Approved*)	383A	Financial Year ended 31.03.2009 (Annual General Meeting held on 20.07.2009)	24.07.2009	Yes	No
03.	Form 32 (SRN A67153437 – Approved)	303(2)	For cessation of directorship of Shri Brijesh Kumar from the Board of the Company w.e.f 20.07.2009	13.08.2009	Yes	N.A
04.	Form 20B (Annual Return) (SRN P33829771 – Approved* )	159	Financial Year ended 31.03.2009 (Annual General Meeting held on 20.07.2009)	17.08.2009	Yes	N.A.
05.	Form 23AC & Form 23ACA (Balance Sheet etc.) (SRN P33767534 – Approved* )	220	Financial Year ended 31.03.2009 (Annual General Meeting held on 20.07.2009)	12.08.2009	Yes	N.A.
	Revised Forms (SRN P44863579 – Approved*)			15.01.2010	No	Yes

\*Taken on record through electronic mode without any processing at the office of Registrar of Companies.

## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	10,000,000		10,000,000	
Reserves & Surplus	2	21,518,949	31,518,949	13,552,617	23,552,617
<b>Loan Funds</b>					
Secured Loan	3	1,168,535,476		514,520,177	
Unsecured Loan	4	117,450,000	1,285,985,476	117,450,000	631,970,177
<b>Deferred Tax Liability</b>			-		5,876,050
<b>Total</b>			<b>1,317,504,425</b>		<b>661,398,844</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5	105,866,284		85,027,583	
Less: Depreciation		24,379,081		11,282,020	
Net Block			81,487,203		73,745,563
<b>Capital - Work - In - Progress</b>			162,820,133		112,532,900
<b>INVESTMENTS</b>	6		49,000		
<b>Current Assets, Loans &amp; Advances</b>					
Current Assets	7	1,407,784,666		749,169,314	
Loans & Advances	8	82,248,812		88,161,440	
		1,490,033,478		837,330,754	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	9	413,226,889		358,551,873	
Provision for Income Tax		3,658,500		3,658,500	
		416,885,389		362,210,373	
<b>Net Current Assets</b>			1,073,148,089		475,120,381
<b>Miscellaneous Expenditure</b>	10		-		-
(Preliminary expenses to the extent not written off)					
<b>Total</b>			<b>1,317,504,425</b>		<b>661,398,844</b>
Significant Accounting Policies and Notes on Financial Statements	15				

The Schedules '1' to '10' and '15' referred to above form an integral part of the Balance Sheet.

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

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Reg. No.103523W

On behalf of the Board of Directors

**Anand Kumar Jhunjunwala**  
Partner  
Membership No. 056613

**Salil Kumar Gupta**  
Director

**Hemant Kanoria**  
Director

Place : Kolkata  
Date : 7th May, 2010

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Income from Operations	11	888,463,246	1,064,252,676
Other Income	12	3,251,525	1,741,013
<b>Total</b>		<b>891,714,771</b>	<b>1,065,993,689</b>
<b>EXPENDITURE</b>			
Expenses on IT Infrastructure	13	544,460,963	905,145,472
Administrative & Other Expenses	14	207,840,330	66,591,990
Development Expenses		-	39,992,327
Finance Charges		124,226,135	11,776,278
Depreciation		13,097,061	11,103,250
Miscellaneous Expenditure written off		-	55,138
<b>Total</b>		<b>889,624,489</b>	<b>1,034,664,455</b>
<b>Profit Before Tax</b>		<b>2,090,282</b>	<b>31,329,234</b>
Provision for Tax :			
- Current Tax		-	3,650,000
- MAT credit entitlement		-	(3,650,000)
- Deferred Tax		(5,876,050)	10,613,648
<b>Profit After Tax</b>		<b>7,966,332</b>	<b>20,715,586</b>
Balance brought forward from previous year		13,552,617	(7,162,969)
<b>Profit / (Loss) after Tax carried to Balance Sheet</b>		<b>21,518,949</b>	<b>13,552,617</b>
Basic & Diluted Earnings / (Loss) per Share		7.97	20.72
<b>Significant Accounting Policies and Notes on Financial Statements</b>	15		

The Schedules '11' to '14' and '15' 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 **Haribhakti & Co.**  
Chartered Accountants  
Firm Reg. No.103523W

On behalf of the Board of Directors

**Anand Kumar Jhunjunwala**  
Partner  
Membership No. 056613

**Salil Kumar Gupta**  
Director

**Hemant Kanoria**  
Director

Place : Kolkata  
Date : 7th May, 2010

## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before Tax	2,090,282	31,329,234
<b>Adjustments for:</b>		
Depreciation	13,097,061	11,103,250
Preliminary Expenses written off	-	55,138
Interest Receivable	(1,180,303)	(1,110,213)
Interest Payable	115,115,632	55,354,009
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<b>129,122,672</b>	<b>96,731,418</b>
<b>Adjustments for:</b>		
(Increase) in Debtors	(436,646,092)	(467,808,770)
Decrease / (Increase) in Inventories	139,437,421	(11,440,567)
Decrease / (Increase) in Other Current Assets	5,912,629	(385,783)
(Decrease) / Increase in Creditors	(137,746,448)	140,520,356
Increase in Other Current Liabilities	62,956,763	8,274,543
<b>Net Cash from Operating Activities</b>	<b>(236,963,055)</b>	<b>(234,108,803)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(71,125,934)	(144,466,267)
Investments in Shares	(49,000)	-
Interest Received	818,609	914,588
<b>Net Cash from Investing Activities</b>	<b>(70,356,325)</b>	<b>(143,551,679)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Borrowings	654,015,299	467,550,315
Interest Paid	(115,115,632)	(55,354,009)
<b>Net Cash from Financing Activities</b>	<b>538,899,667</b>	<b>412,196,306</b>
<b>Net Increase in Cash or Cash Equivalents</b>	<b>231,580,287</b>	<b>34,535,824</b>
Cash and Cash Equivalents as on 01.04.2009	41,015,821	6,479,997
<b>Cash and Cash Equivalents as on 31.03.2010</b>	<b>272,596,108</b>	<b>41,015,821</b>

### 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 **Haribhakti & Co.**  
Chartered Accountants  
Firm Reg. No.103523W

On behalf of the Board of Directors

**Anand Kumar Jhunjunwala**  
Partner  
Membership No. 056613

**Salil Kumar Gupta**  
Director

**Hemant Kanoria**  
Director

Place : Kolkata  
Date : 7th May, 2010

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
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)		
	<b>10,000,000</b>	<b>10,000,000</b>
<b>Issued, Subscribed &amp; Paid - up</b>		
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)		
<b>(Of the above 5,10,000 Shares of Rs. 10/- each fully paid up are held by Srei Infrastructure Finance Ltd., the Holding Company and its nominees)</b>	<b>10,000,000</b>	<b>10,000,000</b>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
Profit & Loss Account	21,518,949	13,552,617
	<b>21,518,949</b>	<b>13,552,617</b>
<b>SCHEDULE 3 - SECURED LOAN</b>		
Term Loans from Bank	96,586,660	179,920,434
Cash Credit facilities from Bank	500,948,816	334,599,743
Other Secured Loan	571,000,000	-
	<b>1,168,535,476</b>	<b>514,520,177</b>
<b>SCHEDULE 4 - UNSECURED LOAN</b>		
Other Unsecured Loan	117,450,000	117,450,000
	<b>117,450,000</b>	<b>117,450,000</b>

**SCHEDULE 5 - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block				Depreciation / Amortisation				Net Block		
	As on 1st April, 2009	Additions during the year	Adjustments during the year	Sale during the year	As on 31st March, 2010	As on 1st April, 2009	For the year	Adjustment during the year	As on 31st March, 2010	As on 31st March, 2010	As on 1st April, 2009
Computer Hardware	52,943,945	4,644,686	-	-	57,588,631	7,948,586	9,175,113	-	17,123,699	40,464,932	44,995,359
Office Equipment	8,414,232	2,356,632	-	-	10,770,864	255,535	494,342	-	749,877	10,020,987	8,158,697
Furniture & Fittings	5,506,029	3,171,270	-	-	8,677,299	391,812	433,267	-	825,079	7,852,220	5,114,217
Electrical installation	95,625	-	-	-	95,625	6,772	1,135	-	7,907	87,718	88,853
<b>Total (A)</b>	<b>66,959,831</b>	<b>10,172,588</b>	<b>-</b>	<b>-</b>	<b>77,132,419</b>	<b>8,602,705</b>	<b>10,103,857</b>	<b>-</b>	<b>18,706,562</b>	<b>58,425,857</b>	<b>58,357,126</b>
Intangible Assets:											
- Software	18,067,752	10,666,113	-	-	28,733,865	2,679,315	2,993,204	-	5,672,519	23,061,346	15,388,437
<b>Total (B)</b>	<b>18,067,752</b>	<b>10,666,113</b>	<b>-</b>	<b>-</b>	<b>28,733,865</b>	<b>2,679,315</b>	<b>2,993,204</b>	<b>-</b>	<b>5,672,519</b>	<b>23,061,346</b>	<b>15,388,437</b>
<b>Total (A) + (B)</b>	<b>85,027,583</b>	<b>20,838,701</b>	<b>-</b>	<b>-</b>	<b>105,866,284</b>	<b>11,282,020</b>	<b>13,097,061</b>	<b>-</b>	<b>24,379,081</b>	<b>81,487,203</b>	<b>73,745,563</b>
Previous Year	53,094,216	31,933,367	-	-	85,027,583	178,770	11,103,250	-	11,282,020	73,745,563	

**SCHEDULE 6 - INVESTMENTS - Unquoted - Non trade**

(Amount in Rupees)

	2010	2009
Spice Internet Service Provider Pvt. Ltd. ( F V Rs. 10/- of 4900 Shares)	49,000	-
	<b>49,000</b>	<b>-</b>

**SCHEDULE 7 - CURRENT ASSETS**

	2010	2009
Inventories	100,711,676	240,149,097
Interest accrued but not due on Term Deposits	557,319	195,625
Sundry Debtors (Unsecured and considered good)		
- Debtors Outstanding for a period exceeding six months	517,370,769	107,353,322
- Other Debts	387,084,093	467,808,770
Cash In Hand	288,164	102,182
Balance with Scheduled Banks		
- In Current Accounts	388,399,355	14,632,640
- In Term Deposit Accounts	13,373,290	40,913,640
	<b>1,407,784,666</b>	<b>749,169,314</b>

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 8 - LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good)		
Security Deposit	3,629,246	2,595,497
Share Application Money	494,000	-
Balances with Income Tax Authority	10,481,281	2,674,170
MAT credit entitlement	3,650,000	3,650,000
Others	63,994,285	79,241,773
	<b>82,248,812</b>	<b>88,161,440</b>
<b>SCHEDULE 9 - CURRENT LIABILITIES</b>		
Advance from Customers	70,119,894	7,681,458
Book Overdraft	129,464,701	-
Sundry Creditors		
- total outstanding dues of Micro, Small & Medium Enterprises	-	-
- total outstanding dues of Creditors other than Micro, Small & Medium Enterprises	159,566,810	297,313,258
Other Liabilities	54,075,484	53,557,157
	<b>413,226,889</b>	<b>358,551,873</b>
<b>SCHEDULE 10 - MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenditure		
Opening Balance	-	55,138
Less : Written Off during the year	-	55,138
Closing Balance	-	-

## Schedules to the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>Schedule- 11- Income from Operations</b>		
E-Learning Services	62,897,530	1,851,254
Other Miscellaneous Services	30,424,458	222,946
Connectivity charges recovered from VLE	9,832,301	-
Franchisee Fee recovered from VLE	23,857,559	-
Government Support	371,413,210	150,731,200
I T Infrastructure	390,038,188	911,447,276
	<b>888,463,246</b>	<b>1,064,252,676</b>
<b>Schedule- 12- Other Income</b>		
Interest from Term Deposits with Bank (TDS 1,36,446/- Previous Year Rs. 2,27,723/-)	1,180,303	1,110,213
Miscellaneous Income	2,071,222	630,800
	<b>3,251,525</b>	<b>1,741,013</b>
<b>Schedule- 13- Expenses on IT Infrastructure</b>		
Opening Inventory	240,149,097	228,708,530
Add :		
Purchase	191,097,507	754,211,589
Input VAT Reversal	2,055,870	-
Transportation expenses	6,210,976	6,876,745
IT Infrastructure Roll Out Cost *	176,241,381	147,261,514
Installation expenses	29,417,808	8,236,191
Less : Closing Inventory	100,711,676	240,149,097
	<b>544,460,963</b>	<b>905,145,472</b>

\* Refer item No.15 of Schedule 15



**Schedules to the Profit and Loss Account for the year ended 31st March, 2010 (Contd.)**

(Amount in Rupees)

	2010	2009
<b>Schedule- 14- Administrative &amp; Other Expenses</b>		
Salaries & Allowances	75,365,004	29,003,382
Employer's Contribution to Provident Fund	3,113,926	1,510,847
Employer's Contribution to ESI	105,981	6,246
Staff Welfare expenses	1,184,792	456,930
Postage & Communication expenses	4,291,002	1,738,247
Connectivity Charges	49,994,776	-
Legal Expenses	17,782	10,500
Professional Fees	5,760,015	-
Consultancy Charges	11,830,320	5,939,577
CSC Expenses	422,000	-
Electricity Charges	5,821,898	1,730,074
Rent	6,729,191	2,239,249
Rates and Taxes	140,065	20,985
Brokerage & Service Charges	105,000	16,500
Directors Fees	55,000	60,000
Auditors' Remuneration	650,000	50,000
Maintenance	8,566,702	2,565,313
Insurance Premium	1,896,267	578,170
Tender Fees	12,500	11,000
Traveling and Conveyance	20,098,880	12,750,985
Printing and Stationery	2,728,456	1,918,105
VLE Incentive	3,088,407	-
Business Promotion Expenses	5,862,151	5,911,950
Miscellaneous Expenses	215	73,930
<b>Total</b>	<b>207,840,330</b>	<b>66,591,990</b>

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

#### I. Significant Accounting Policies

##### 1. Basis of preparation of financial statements

The financial statements of the Company are prepared under the historical cost convention, as a going concern and in accordance with Generally Accepted Accounting Principles in India, applicable Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956 ('the Act'), as applicable to the company.

##### 2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any changes in estimates are recognised prospectively.

##### 3. 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.

##### 4. Revenue recognition

The Company's revenue recognition policies are in accordance with Accounting Standards (AS) prescribed under the Companies (Accounting Standards) Rules, 2006.

- a) Income from IT Infrastructure is recognised on despatch of goods to customers, when all significant risks and rewards of ownership are transferred to the buyer as per the terms of sale and is accounted for as net of returns. Income, as disclosed, is exclusive of value added tax.
- b) Receipts on account of services such as e-learning services, franchisee fees, connectivity charges and other miscellaneous services are accounted for in accordance with the terms of the relevant underlying agreement with the Village Level Entrepreneurs (VLE) and service providers.
- c) Government support is recognised on the basis of claims raised arising out of reasonable assurance that the Company will comply with the conditions attached with them and there is reasonable certainty of collection of the grants.
- d) Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction.

##### 5. Fixed assets and depreciation

- a) Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost is inclusive of freight, duties, taxes and other directly attributable costs of bringing the assets to their working condition for intended use, incurred till the date of installation of asset.
- b) Depreciation on fixed assets is provided under the straight line method using rates determined based on management's assessment of useful economic lives of the asset or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever is higher. The depreciation rates used by management are as follows:

Assets	Rates of depreciation
Tangible assets	
Furniture and fixtures	6.33%
Computer equipment	16.21%
Plant and machinery	4.75%
Fixed assets costing less than Rs. 5,000	100%

##### c) Intangible assets and amortisation

- (i) Acquired intangible assets are recorded at the consideration paid for their acquisition.
- (ii) Intangible assets are amortised over their best estimated useful life ranging up to 6 years on straight line method.

##### 6. Capital Work in Progress

Advances paid towards acquisition of fixed assets and cost of assets including development, interest during construction period and other expenses, not ready to put to use before the year-end are disclosed as capital work-in-progress.

##### 7. Impairment

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying amount exceeds its recoverable amount. The impairment loss to be expensed is

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

determined as the excess of the carrying amount over the higher of the asset's net sales price or the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

#### 8. Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of inventory is determined using the 'weighted average' basis and includes all costs incurred in bringing the goods to their present location and condition.

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

#### 9. Investments

Investments are classified into long-term investments and current investments based on intent of management at the time of making the investment. Investments intended to be held for more than one year, are classified as long-term investments.

Long-term investments are valued at cost unless there is diminution, other than temporary, in their value. Diminution is considered other than temporary based on criteria that include the extent to which cost exceeds the market value, the duration of the market decline and the financial health (assets, results and expected cash flows from the Investment) of and specific prospects for the issuer. Diminution in value of long-term investments when considered to be other than temporary is fully provided for and reflected as a provision for diminution in investment.

Current investments are valued at lower of cost and market value.

#### 10. Employee benefits

##### Short term employee benefits

Short term employee benefits based on expected obligation on undiscounted basis are recognized 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) on Employee Benefits.

#### 11. Operating lease

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

#### 12. Interest on amounts borrowed

Interest costs are charged to revenue unless it is directly attributable to the acquisition of any qualifying assets.

#### 13. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The current charge for income tax is based on estimated tax liability as computed after taking credit for allowances and exemptions in accordance with the Income-tax Act applicable for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to represent the amount that is reasonably / virtually certain to be realised.

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

#### 14. Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 15. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS-20 'Earnings per share', prescribed under the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share is computed by dividing net profit / loss attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding for the year. Diluted earnings per share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at the fair value.

#### 16. Preliminary expense

Preliminary expenses are charged to Profit and loss account in the year of incurrence.

#### 17. Segment reporting

The Company is involved in setting up Common Service Centres (CSCs), under National e-Governance Plan (NeGP). Accordingly, the Company only has e-Governance and e-Commerce Services as its business segment. Further the economic environment in which the Company operates is significantly similar and not subject to materially different risks and rewards. Accordingly, as the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary disclosures prescribed by AS 17-Segment Reporting, issued by Central Government under the Companies (Accounting Standards) Rules, 2006 are not required to be given.

#### 18. Foreign currency transactions

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain / loss is taken to the Profit and Loss Account.

## II Notes to financial statements

### 1. Loans

Term Loans from bank is secured by hypothecation of inventory, debtors and other current and fixed assets both present and future. Corporate guarantee has been given by the holding company, Srei Infrastructure Finance Limited.

Cash credit facility from bank is secured by first charge by way of hypothecation and / or equitable mortgage as the case may be of entire fixed assets to be procured out of proposed term loan.

Other secured loans taken from holding company are secured by way of pari passu second charge (filing pending), by hypothecation on all fixed assets of the borrower, post dated cheques covering the principal repayment and interest there on for the entire repayment period and demand promissory note.

### 2. Impairment

As per management's assessment as at 31 March 2009 and as at 31 March 2010, using external and internal sources, there is no indication of impairment of any asset.

### 3. Capital commitments

(Amount in Rs.)

Particulars	2009-10	2008-09
Estimated amount of contracts remaining to be executed on capital account and not provided	Nil	30,02,000
	Nil	30,02,000

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

#### 4. Auditor's remuneration \*

(Amount in Rs.)

Particulars	2009-10	2008-09
Statutory audit fees	4,00,000	50,000
Taxation matter	2,50,000	1,00,000
	<b>6,50,000</b>	<b>1,50,000</b>

\*excludes service tax.

#### 5. Details of movement in long term investments during the year are given below

Particulars	Face Value	Purchase		Sale / Redemption	
		Quantity	Cost Rs.	Quantity	Cost Rs.
<b>Equity Shares (Long term, Non-trade, Unquoted)</b>					
Spice Internet Service Provider Private Limited	10	4,900	49,000	-	-
			<b>49,000</b>		<b>-</b>

#### 6. Quantitative details of stock as on 31st March, 2010

(Qty. in nos)

Particulars	Opening Stock	Purchase	Issue	Closing Stock
VLE laptop	4,428	1,400	5,102	726
Key Board	5,148	900	4,224	1,824
Mouse	5,328	900	4,065	2,163
Head Phone	8,857	1,250	4,283	5,824
Speaker	8,770	1,250	4,231	5,789
Web Cam	1,208	800	1,977	31
HP MFD	2,580	300	2,325	555
Laser Printer	4,664	736	4,576	824
Digital Camera	-	3,098	2,783	315
Gen Sets	-	1,374	1,324	50
Inverter	2,758	2,794	3,469	2,083
Battery	2,708	2,600	3,549	1,759
Table	2,475	9,146	7,365	4,256
Chair	2,632	8,883	7,340	4,175
Multiseater	847	3,206	2,627	1,426
Paint Kit	-	5,211	3,709	1,502
Sign Board	-	6,244	3,787	2,457
Switch & Cable	310	5,300	2,232	3,378
VSAT	2,403	2,201	3,402	1,202
Operating System	4,429	1,400	5,088	741
Flooring	-	50	43	7
<b>Total</b>	<b>59,545</b>	<b>59,043</b>	<b>77,501</b>	<b>41,087</b>

#### 7. Contingent liabilities

(Amount in Rs.)

Particulars	2009-10	2008-09
(a) Claims against the company not acknowledged as debts:		
-The Company is facing legal action from one of its parties (VLE) which is still pending for settlement in the Consumer Forum, Jorhat CPA, Assam	2,68,000	-
(b) Other money for which the Company is contingently liable		
-Bank guarantees	64,50,000	2,11,11,000
	<b>67,18,000</b>	<b>2,11,11,000</b>

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

8. The lease rental expenses recognised in the Profit and Loss Account for the period are Rs. 67,29,191 (Previous Year Rs. 22,39,249).

The total of future minimum lease payments under operating leases is:

(Amount Rupees)

Particulars	2009-10	2008-09
Payable within 1 year	74,69,423	39,98,112
Payable between 1-5 years	66,50,518	59,42,431
<b>Total</b>	<b>1,41,19,941</b>	<b>99,40,543</b>

9. 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 recognized "MAT credit entitlement" of Rs. Nil (Previous Year Rs. 36,50,000) 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

#### 10. Deferred tax

Components of deferred tax assets / (deferred tax liability) are as follows:

(Amount in Rs.)

Timing differences between accounting and tax books on account of	2010	2009
<b>Deferred tax liability</b>		
Depreciation	(1,48,26,251)	(95,46,922)
	(1,48,26,251)	(95,46,922)
<b>Deferred tax assets</b>		
Unabsorbed depreciation and carry forward losses estimated as at the year end	18,05,21,828	22,44,802
Provision for gratuity, leave encashment and leave travel allowance	15,30,489	14,26,070
	<b>18,20,52,317</b>	<b>36,70,872</b>
<b>Recognition of deferred tax assets to the extent of deferred tax liability</b>	58,76,050	-
<b>Net Deferred tax asset / (liability)</b>	<b>16,13,50,016</b>	<b>(58,76,050)</b>

**Note:** In the absence of virtual certainty of realisability of deferred tax assets in the foreseeable future, the deferred tax assets have been recognised only to the extent of deferred tax liability of Rs. 58,76,050 (Previous Year Rs. Nil).

11. 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 till 31 March 2009. However, consequent upon abolition of Fringe Benefits Tax from accounting year 2009-10, no liability arises for the year.

#### 12. Earnings per share

Earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Particulars	2010	2009
Opening number of shares (in numbers)	10,00,000	10,00,000
Total number of equity shares outstanding as at year end (in numbers)	10,00,000	10,00,000
Profit after taxes (Rs.)	79,66,332	2,07,15,586
<b>Basic and diluted earnings / (loss) per equity share (Rs.)</b>	<b>7.97</b>	<b>20.72</b>

\* Since there are no dilutive potential equity shares, the diluted earnings per equity share remain same as the basic earnings per equity share.

#### 13. Related party disclosure

##### (a) Related parties and nature of related party relationship where control exists

###### Holding company

Srei Infrastructure Finance Limited

###### Fellow subsidiaries

Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Ltd.)

Controlla Electrotech Private Limited

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

Cyberabad Trustee Company Private Limited (Subsidiary of Srei Venture Capital Ltd.)  
 DPSC Ltd. (Subsidiary of Orbis Power Venture Private Limited)  
 Global Investment Trust Limited  
 Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Venture Capital Ltd.)  
 IIS International Infrastructure Services, GmbH, Germany  
 Orbis Power Venture Private Ltd. (ceased to be a subsidiary w.e.f. 31.03.2010)  
 Srei Advisors Pte. Ltd. (Subsidiary of IIS International Infrastructure Services, GmbH, Germany)  
 Srei Capital Markets Limited  
 Srei Forex Limited  
 Srei Infocomm Services Limited (Subsidiary of Srei Infrastructure Advisors Ltd.)  
 Srei Infrastructure Advisors Limited  
 Srei Mutual Fund Asset Management Private Limited  
 Srei Mutual Fund Trust Private Limited  
 Srei Venture Capital Limited  
 ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH)

#### Associates

Spice Internet Service Provider Private Limited

#### Key Management Personnel

Dr. Syed Sabahat Azim, Chief Executive Officer  
 Basant Sinha, Chief Operating Officer  
 Bijan Boral, Chief Financial Officer

(b) Related parties and nature of related party relationship with whom transactions have taken place during the period

#### Holding company

Srei Infrastructure Finance Limited

#### Key Management Personnel

Dr. Syed Sabahat Azim, Chief Executive Officer  
 Basant Sinha, Chief Operating Officer  
 Bijan Boral, Chief Financial Officer

#### (c) Transactions with related parties

##### (i) Holding company

(Amount in Rs.)

Particulars	2009-10	2008-09
<b>Transactions made during the year</b>		
Secured loan taken	72,10,00,000	-
Secured loan repaid	15,00,00,000	-
Unsecured loan taken	-	8,30,00,000
Interest on loan	7,71,98,830	1,66,32,000
Corporate guarantee taken	-	60,00,00,000
Corporate guarantee closed	60,00,00,000	-
Bank guarantee taken	25,71,58,000	-
Bank guarantee charges	52,87,840	-
Rent	21,44,770	-
Reimbursement of expenses	10,00,733	-
<b>Amounts outstanding as at year end</b>		
Secured loans	57,10,00,000	-
Unsecured loans	11,74,50,000	11,74,50,000
Interest accrued but not due	27,23,082	-
Corporate guarantee	29,81,00,000	89,81,00,000
Bank guarantee	25,71,58,000	-

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

#### (ii) Associates

(Amount in Rs.)

Particulars	2009-10	2008-09
<b>Transactions made during the year</b>		
Purchase of equity shares (face value Rs. 10 per share)	49,000	-
Bank guarantee given by the holding company on behalf of Company	20,00,00,000	-
<b>Amounts outstanding as at year end</b>		
Investment in equity shares	49,000	-
Bank guarantee	20,00,00,000	-

#### (iii) Key management personnel

(Amount in Rs.)

Particulars	2009-10	2008-09
<b>Remuneration</b>		
Dr. Syed Sabahat Azim	64,27,720	55,26,640
Basant Sinha	20,50,308	11,12,987
Bijan Boral	27,10,800	10,08,523

#### 14. Disclosure with AS 15-Employees Benefits

The following table sets out the status of the gratuity plan as required under AS 15

##### A) Reconciliation of benefit obligations and plan assets for the year

(Amount in Rs.)

Change in Defined Benefit Obligation	2009-10	2008-09
DBO at the beginning of the year	11,46,290	2,11,320
Service Cost	17,63,250	4,42,280
Interest Cost	1,18,850	18,380
Curtailement cost / (Credit)	-	-
Settlement Cost/(Credit)	-	-
Plan amendments	2,68,600	-
Acquisitions	-	-
Actuarial Losses / (Gain)	3,82,710	4,74,310
Benefit Payments	-	-
DBO at the end of the period	36,79,700	11,46,290
<b>Change in the Fair Value of Asstes</b>	<b>2009-10</b>	<b>2008-09</b>
Fair Value of Plan Assets at the beginning of the period	-	-
Acquisition adjustment	-	-
Expected Return on Plan Assets	72,700	-
Actual Company contributions	16,15,570	-
Actuarial Gains / (Losses)	54,530	-
Benefits Payments	-	-
Fair value of plan assets at the end of the period	17,42,800	-

##### B) Reconciliation of Present value of the obligation and Fair value of the Planned Assets

(Amount in Rs.)

Particulars	2009-10	2008-09
Present Value of the Defined Benefit Obligation	36,79,700	11,46,290
Fair Value of Plan Assets	17,42,800	-
Funded Status [Surplus/(deficit)]	(19,36,900)	(11,46,290)
Unrecognised Past Service Cost	2,30,230	-
Closing Net Asset/(Liability) recognised in the Balance Sheet	(17,06,670)	(11,46,290)

##### C) Gratuity Cost for the year

(Amount in Rs.)

Particulars	2009-10	2008-09
Current Service Cost (including risk premiums for fully insured benefits)	17,63,250	4,42,280
Interest Cost	1,18,850	18,380
Expected Return on Plan Assets	(72,700)	-
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Past Service Cost	38,370	-
Actuarial Losses / (Gains)	3,28,180	4,74,310
Total Employer Expense recognized in P&L	21,75,950	9,34,970



## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

#### Investment Details of the Plan Assets:

100% of the Plan Assets are with the insurer Managed Funds.

(Amount in Rs.)

Assumptions	2009-10		2008-09	
Discount rate	8.30 % per annum		8.40 % per annum	
Estimated rate of return on assets	9.00 % per annum		9.00 % per annum	
Salary escalation	10.00%		10.00%	
	Ages	Rates	Ages	Rates
Withdrawal rates	Under 25 years	5%	Under 25 years	5%
	25-29 years	3%	25-29 years	3%
	30-34 years	2%	30-34 years	2%
	35-49 years	1%	35-49 years	1%
	50-54 years	2%	50-54 years	2%
	55-60 years	3%	55-60 years	3%
Mortality	LIC (1994-96) ultimate		LIC (1994-96) ultimate	

#### 15. Break up of IT Infrastructure Rollout Cost

(Amount in Rs.)

Particulars	2009-10	2008-09
VLE training and education expenses	20,22,610	4,52,037
Insurance premium	90,068	3,53,067
Finance charges	9,01,423	5,44,34,101
Travelling and conveyance	2,34,56,374	1,30,57,685
Printing and stationery	28,24,429	18,85,602
Business promotion expenses	78,07,282	58,55,208
Miscellaneous expenses	6,56,306	1,42,780
CSC maintenance expense	1,04,29,761	1,88,45,400
Repairs and maintenance – others	59,03,956	40,59,681
Rent and rates and taxes	1,11,94,358	59,43,902
Electricity charges	11,64,313	3,64,617
Professional fees	41,11,042	53,32,201
Incentive to employees	18,97,353	-
Consultancy charges	2,88,002	-
Connectivity charges	1,05,06,121	-
Postage, telegram and telephone	62,79,381	37,85,332
Manpower cost	8,67,08,601	3,27,49,903
<b>Total</b>	<b>17,62,41,381</b>	<b>14,72,61,516</b>

16. Term deposits with banks includes Rs. 59,42,000 (Previous Year Rs. 71,92,000) pledged as margin money with banks for obtaining bank guarantee.
17. (a) The Company is in the process of obtaining confirmations with respect to its debtors, creditors, and advances. Adjustments, if any, arising out of such confirmations will be considered in subsequent period.  
(b) Loans and advances include share application money Rs. 4,94,000 (Previous Year Rs. Nil) paid to CSE e-Governance Services India Ltd. for which allotment is still awaited.
18. The Company has not received any memorandum (as required to be filled by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') claiming their status as on 31 March 2010 as micro, small or medium enterprises. Consequently, the amount paid / payable to these parties during the year is Rs. Nil (Previous Year Rs. Nil).
19. Previous Year figures have been regrouped / rearranged, wherever necessary.

For **Haribhakti & Co.**  
Chartered Accountants  
Firm Reg. No.103523W

On behalf of the Board of Directors

**Anand Kumar Jhunjhunwala**  
Partner  
Membership No. 056613

**Salil Kumar Gupta**  
Director

**Hemant Kanoria**  
Director

Place : Kolkata  
Date : 7th May, 2010

## 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, 2010		

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

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

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

Total Liabilities	1734390	Total Assets	1734390
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#### Source of Funds

Paid up Capital	10000	Reserves & Surplus	21519
Secured Loans	1168535	Unsecured Loans	117450

Deferred Tax Liability	Nil
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#### Application of Funds

Net Fixed Assets	244307	Investments	49
Net Current Assets	1073148	Misc. Expenditure	Nil
Accumulated Losses	Nil		

### IV. Performance of the Company (Amount in Rs. Thousand)

Turnover	891715	Total Expenditure	889624
Profit Before Tax [+]	2090	Profit After Tax [+]	7966
(+ for Profit, - for Loss)			
Earnings per Share (Rs.)	7.97	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 : 7th May, 2010

**Salil Kumar Gupta**  
Director

**Hemant Kanoria**  
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 Sixteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income	57,960,133	87,760,311
Expenditure	56,382,755	86,130,964
<b>Profit Before Tax</b>	<b>1,577,378</b>	<b>1,629,347</b>
Provision for Current Tax	932,407	458,148
Provision for Deferred Tax	(122,935)	51,560
Income Tax in respect of earlier years	42,587	-
<b>Profit After Tax</b>	<b>725,319</b>	<b>1,119,639</b>
Add: Balance b/f from last year	97,867,277	96,747,638
<b>Balance carried to Balance Sheet</b>	<b>98,592,596</b>	<b>97,867,277</b>
Paid up Equity Share Capital	25,00,000	25,00,000

During the year under review, your Company earned an Income of Rs.57,960,133/- as against Rs. 87,760,311/- earned in the previous year and a profit before tax of Rs.1,577,378/- against Rs. 1,629,347/- 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. Your Company has been following disciplined approach in deal sourcing and deal evaluation for each funds. Srei Venture Capital Limited is innovatively structuring deals, intelligently investing and is focused on timing exits in an opportunistic manner. Your Company undertook new fund raising initiative for successor funds and raised two new Funds namely Prithvi Infrastructure Fund (PIF) and Infra Construction Fund (ICF)

**PORTFOLIO & FUND STRATEGY**

As of 31st March 2010, your Company has been managing the following funds:

Fund	Amount in Rupees
Medium & Small Infrastructure Fund (MASIF)	47,22,76,000
Infrastructure Project Development Fund (IPDF)	137,22,00,000
Infrastructure Project Development Capital (IPDC)	99,90,00,000
Prithvi Infrastructure Fund (PIF)	100,00,00,000
Infra Construction Fund (ICF)	59,00,00,000
India Global Competitive Fund (IGCF)	38,75,00,000
<b>Total</b>	<b>482,09,76,000</b>

**Medium & Small Infrastructure Fund (MASIF)** is an equity fund with corpus of Rs. 47,22,76,000/- focusing on Infrastructure Projects such as road, power and telecommunication. The fund corpus is fully invested. The fund at present has four investments and it has successfully exited from one investment during the year, thus realizing Rs. 12,56,81,100/- from sale of the investment, costing Rs. 6,99,99,600/- thereby translating to an overall multiple on capital of 1.8x and an IRR of 21.50% on the exited investment. Your Company is actively exploring exits opportunities from the other four investments held by the Fund.

**Infrastructure Project Development Fund (IPDF)** is an equity fund with an investible corpus of Rs. 137,22,00,000/- focusing on investing in development of Infrastructure Projects in Road, Power, Port & Urban Infrastructure Projects. The fund raised by your Company has been fully committed and the fund has made investments in fourteen venture capital undertakings. The current focus is on active management and monitoring of the portfolio companies and implementing adequate risk mitigation strategies.

**Infrastructure Project Development Capital (IPDC)** is an equity fund with an investible corpus of Rs. 99,90,00,000/- focusing on investing in development of Infrastructure Projects in Road, Power, Port & Urban Infrastructure Projects. The fund is in investment mode and has so far made investment in six venture capital undertakings.

**Prithvi Infrastructure Fund (PIF)** is an equity fund with an investible corpus of Rs. 100,00,00,000/- focusing on investing in development of Infrastructure Projects in Road, Power, Port & Urban Infrastructure Projects. The fund is in investment mode and has made only one investment in telecommunication project.

**Infra Construction Fund (ICF)** is an equity fund with an investible corpus of Rs. 59,00,00,000/- focusing on investing in development of Infrastructure Projects in Road, Power, Port & Urban Infrastructure Projects. The fund is in investment mode and has made only one investment in telecommunication project.

**India Global Competitive Fund (IGCF)** is a debt fund with an investible corpus of Rs. 38,75,00,000/- to 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 believes that a renewed government focus on infrastructure and the rural economy and continued buoyancy in the services sector will sustain the growth in GDP to around 7.5% in 2010-11 and with it, strong growth in other areas of the Indian economy.

The Indian Infrastructure sector offers unprecedented investment opportunities. The infrastructure gap in India is dramatic and requires large investment over the next ten years. With infrastructure sector being phenomenally attractive, producing returns higher than those in other sectors, your Company believes that the prospect for Venture Funds in Infrastructure Space 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. According to Perqin, a global firm that tracks PE and alternative assets, Rs. 8,541 cores is in the process of being raised, out of which Rs. 6,800 cores is by India dedicated infrastructure funds. Hence, your Company is confident of tapping this opportunity to raise new Infrastructure Funds as it understands the dynamics which operate within the Indian infrastructure sector better, and is able to source proprietary deals by virtue of our long relationships with other infrastructure players faster.

#### **DIVIDEND**

In order to conserve the resources, the Board of Directors of your Company does not recommend any dividend for the financial year 2009-10.

#### **FIXED DEPOSITS**

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**

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. 3,48,13,938/- (Previous year Rs. 4,40,80,287/-). Your Company has not earned any foreign exchange during the year under review (Previous year – Nil).

#### **DIRECTORS**

On completion of his term as Chairman, Dr. Satish C. Jha, Director of your Company has been re-appointed as the Chairman of the Board of Directors of your Company for a further period of three years upto 31st August, 2012.

During the year under review, Mr. Saud Ibne Siddique was appointed as Additional Director of your Company w.e.f 8th June,

2009 and was thereafter appointed as a Director of your Company pursuant to approval of the shareholders at the Annual General Meeting of your Company held on 22nd July, 2009.

In accordance with the provisions of the Companies Act, 1956 and pursuant to the Articles of Association of your Company, Mr. Hemant Kanoria and Dr. K. B. L. Mathur, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re- appointment.

#### **SECRETARIAL COMPLIANCE REPORT**

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, 2010, 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 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 financial year ended 31st March, 2010 on a going concern basis.

#### **AUDITORS**

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. The Board of Directors of your Company recommends the re-appointment of M/s. G. P. Agrawal & Co, Chartered Accountants, as the Statutory Auditors of your Company.

#### **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), Financial Institutions, Insurance companies, Srei Infrastructure Finance Limited, the Parent Company 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                      **Saud Ibne Siddique**   **S. Rajagopal**  
Date : 30th April, 2010                      Director                      Director

## 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, 2010 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.
  - (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, 2010 and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2010 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, 2010,
  - 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

**CA. Sunita Kedia**  
Partner

Place : Kolkata  
Date : 30th April, 2010

Membership No. 60162  
F.R. No. 302082E

## 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, 2010.

- (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, 2010 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 till 31st March 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009-10, no liability arises for the year.

- 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

**CA. Sunita Kedia**  
Partner

Place : Kolkata  
Date : 30th April, 2010

Membership No. 60162  
F.R. No. 302082E

## 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, 2010 (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 08.06.09, 22.07.09, 24.10.09 and 27.01.10 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, 2009 was held on 22nd July, 2009, 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 Board of Directors has approved the issue of duplicate share certificates.
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, 2010.
  - 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 amount borrowed by the Company from directors, members, public financial institution, banks and others during the financial year ended 31st March, 2010 are within the borrowing limits of the Company and that necessary resolution as per section 293 (1)(d) of the Act have been passed in duly convened general meeting.</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  
Date : 30th April, 2010

Company Secretary  
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, 2010.**

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 31.03.09	14.08.09	YES	N.A
02.	Form No 20B	159	Annual Return made upto 22.07.09	18.08.09	YES	N.A
03.	Form No 66	Proviso to Section 383A(1)	Compliance Certificate	24.07.09	YES	N.A
04.	Form No 32 dated 08.06.09	303	Appointment of Additional Director	17.06.09	YES	N.A.
05.	Form No 32 dated 22.07.09	303	Appointment of Regular Director	27.09.09	YES	N.A.



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	2,500,000		2,500,000	
Reserves & Surplus	2	98,592,596		97,867,277	
			101,092,596		100,367,277
<b>Deferred Tax Liability</b>			-		122,935
<b>Total</b>			<b>101,092,596</b>		<b>100,490,212</b>
<b>APPLICATIONS OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	3	775,477		3,132,254	
Less: Depreciation		236,587		635,788	
Net Block			538,890		2,496,466
<b>Investments</b>	4		73,168,123		73,168,123
<b>Current Assets, Loans &amp; Advances</b>					
Sundry Debtors	5	51,460,206		57,073,255	
Cash and Bank Balances	6	101,750		11,199,409	
Loans and Advances	7	3,047,362		4,909,309	
		<b>54,609,318</b>		<b>73,181,973</b>	
Less: Current Liabilities & Provisions					
Current Liabilities	8	27,035,896		47,047,458	
Provisions	9	187,839		1,308,892	
		<b>27,223,735</b>		<b>48,356,350</b>	
<b>Net Current Assets</b>			27,385,583		24,825,623
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	10		-		-
<b>Total</b>			<b>101,092,596</b>		<b>100,490,212</b>
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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. - 302082E

**S. Rajagopal**  
Director

**Saud Ibne Siddique**  
Director

Place : Kolkata  
Date : 30th April, 2010

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Income From Operations	11	57,867,948	85,343,397
Other Income	12	92,185	2,416,914
		<b>57,960,133</b>	<b>87,760,311</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	13	53,879,282	85,841,898
Depreciation		190,020	240,414
Interest Expenses		2,313,453	-
Preliminary Expenses Written off		-	48,652
		<b>56,382,755</b>	<b>86,130,964</b>
<b>Profit Before Tax</b>		<b>1,577,378</b>	<b>1,629,347</b>
Provision for Tax			
Current Tax		932,407	458,148
Deferred Tax		(122,935)	51,560
Income Tax in respect of earlier years		42,587	-
<b>Profit After Tax</b>		<b>725,319</b>	<b>1,119,639</b>
Add: Balance brought forward from last account		97,867,277	96,747,638
<b>Balance carried to the Balance Sheet</b>		<b>98,592,596</b>	<b>97,867,277</b>
<b>Basic &amp; diluted earning per share (Face Value - Rs.10/- each) (Refer Note no. (V) of Schedule 14)</b>		<b>2.90</b>	<b>4.48</b>
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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. - 302082E

**S. Rajagopal**  
Director

**Saud Ibne Siddique**  
Director

Place : Kolkata  
Date : 30th April, 2010

## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and extra ordinary items	1,577,378	1,629,347
<b>Adjustments for:</b>		
Depreciation	190,020	240,414
Preliminary Expenses Written off	-	48,652
Interest expenses	2,313,453	-
Interest Received on Fixed Deposits	(10,632)	(2,182,020)
Interest received on Refund of Income Tax	(31,419)	(228,974)
Dividend Received	(75,000)	(96,740)
Liability No Longer Required Now Written Back	(50,134)	-
Loss on Sale of Fixed Assets	1,317,556	-
Profit on Sale of Investments	-	3,653,844
<b>Operating Profit before Working Capital Changes</b>	<b>5,231,222</b>	<b>(27,889,009)</b>
<b>Adjustments for:</b>		
Trade & other receivable	6,271,000	(12,643,489)
Trade & other payable	(20,126,794)	(13,855,794)
Cash generated from operation	(8,624,572)	42,828,254
Advance Tax Paid ( Net of refund and interest on refund)	(943,561)	30,184,765
<b>Net Cash Flow From Operating Activities</b>	<b>(9,568,133)</b>	<b>1,706,435</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	-	53,803
Sale of Fixed Assets	450,000	-
Purchase of Investments	-	(84,518,735)
Sale of Investments	-	62,407,744
Investment in Fixed Deposits	10,900,000	(10,900,000)
Dividend Received	75,000	96,740
Interest received on Fixed Deposits	258,927	2,182,020
<b>Net Cash Flow From Investing Activities</b>	<b>11,683,927</b>	<b>(30,678,428)</b>
<b>C. Cash Flow from Financing Activities:</b>		
Loan Taken	32,500,000	2,600,000
Loan Refunded	(32,500,000)	(2,600,000)
Interest Paid	(2,313,453)	-
<b>Net Increase/(decrease) in Cash &amp; Cash Equivalent</b>	<b>(197,659)</b>	<b>(26,677,476)</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>299,409</b>	<b>26,976,885</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>101,750</b>	<b>299,409</b>

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Figures in brackets represent outflow.
- Cash and Cash equivalent at the end of the year consist of:

(Amount in Rupees)

	As at 31st March, 2010	As at 31st March, 2009
a) Cash in hand	20,736	5,315
b) Balances with Banks in Current Account	81,014	294,094
	<b>101,750</b>	<b>299,409</b>

- Reconciliation of items of Cash & Cash Equivalents as disclosed in Cash Flow Statement with the equivalent items as reported in the Balance Sheet :

(Amount in Rupees)

	As at 31st March, 2010	As at 31st March, 2009
Cash and Cash equivalents as per Cash Flow Statement	101,750	299,409
Add : Fixed Deposits classified as Investing Activities	-	10,900,000
<b>Cash and Bank balance as reported in Balance Sheet</b>	<b>101,750</b>	<b>11,199,409</b>

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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F.R. No. 302082E

**S. Rajagopal**  
Director

**Saud Ibne Siddique**  
Director

Place : Kolkata  
Date : 30th April, 2010

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
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
	<b>550,000,000</b>	<b>550,000,000</b>
<b>Issued, Subscribed &amp; Paid - up</b>		
250,000 Equity Shares of Rs. 10/- each fully paid - up in cash	2,500,000	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>
Note : The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Co. and its nominees.		
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
Surplus as per Profit & Loss Account	98,592,596	97,867,277

**SCHEDULE 3 - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2009	Addition during the year	Sales/ Adjustments during the year	As at 31st March, 2010	As at 1st April, 2009	For the Year	Sales/ Adjustments during the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
	1	2	3	(1+2-3) = 4	5	6	7	(5+6-7)=8	(4-8) = 9	(1-5) = 10
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Furniture & Fixture	2,627,291	-	2,356,777	270,514	498,166	118,800	589,221	27,745	242,769	2,129,125
Computers	476,173	-	-	476,173	131,860	70,133	-	201,993	274,180	344,313
Office Equipments	24,990	-	-	24,990	1,962	1,087	-	3,049	21,941	23,028
Plant & Machinery	3,800	-	-	3,800	3,800	-	-	3,800	-	-
<b>Total</b>	<b>3,132,254</b>	<b>-</b>	<b>2,356,777</b>	<b>775,477</b>	<b>635,788</b>	<b>190,020</b>	<b>589,221</b>	<b>236,587</b>	<b>538,890</b>	<b>2,496,466</b>
Previous Year	3,078,451	53,803	-	3,132,254	395,373	240,415	-	635,788	2,496,466	-

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 4 - INVESTMENTS</b>		
<b>Long term investments</b>		
<b>Quoted, Fully Paid - Up</b>		
<b>In Equity Shares of Companies (Other than Trade):</b>		
5,115 Equity Shares of Rs. 10/- each of Reliance Power Ltd.	1,438,623	1,438,623
<b>Unquoted, Fully Paid - Up</b>		
<b>In Equity Shares of Subsidiary Companies (Trade):</b>		
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
<b>In Equity Shares of Companies (Other than Trade):</b>		
3,000 Equity Shares of Rs. 10/- each of Pilani Investment & Industries Corpn. Ltd.	10,800,000	10,800,000
<b>Unquoted, Fully Paid - Up</b>		
<b>In Units of Trust Funds (Trade):</b>		
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
500,000 units of Rs. 100/- each of Infrastructure Projects Development Fund	50,000,000	50,000,000
	<b>73,168,123</b>	<b>73,168,123</b>
Aggregate Book Value of Quoted Investments	1,438,623	1,438,623
Aggregate Book Value of Unquoted Investments	71,729,500	71,729,500
Aggregate Market Value of Quoted Investments	764,437	523,520

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 5 - SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
- Due for a period exceeding six months	21,636,792	32,159,701
- Other debts	29,823,414	24,913,554
	<b>51,460,206</b>	<b>57,073,255</b>
<b>SCHEDULE 6 - CASH AND BANK BALANCES</b>		
- Cash on Hand (as certified by Management)	20,736	5,315
- Balances With Scheduled Banks		
- In Current Account	81,014	294,094
- In Fixed Deposit Account	-	10,900,000
	<b>101,750</b>	<b>11,199,409</b>
<b>SCHEDULE 7 - LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good)		
Interest Accrued on Fixed Deposit	-	248,295
Advances recoverable in cash or in kind or for value to be received or pending adjustments		
Balance with Revenue Authorities { Net of Provision For Tax of Rs. 13,90,555/- (Previous Year Rs. 9,55,687/-) }	669,597	669,611
Other Advances	2,377,765	3,035,716
	<b>3,047,362</b>	<b>3,953,622</b>
<b>SCHEDULE 8 - CURRENT LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues of micro, small and medium enterprises	-	-
Total outstanding dues of creditors other than micro, small and medium enterprises	22,717	128,989
Other Liabilities	27,013,179	46,918,469
	<b>27,035,896</b>	<b>47,047,458</b>
(There are no amounts due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund)		
<b>SCHEDULE 9 - PROVISIONS</b>		
Provision for Leave Encashment	94,509	214,075
Provision for Gratuity	93,330	139,130
	<b>187,839</b>	<b>353,205</b>
<b>SCHEDULE 10 - MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses		
As per last account	-	48,652
Less: Written off during the year	-	48,652
	-	-

**Schedules to the Profit and Loss Account for the year ended 31st March, 2010**

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 11 - INCOME FROM OPERATIONS</b>		
Management Fees (Gross)	57,792,948	57,357,648
Profit on Sale of Current Investments (Other than trade)	-	27,889,009
Dividend Received on Other than trade Investments:		
Long Term Investments	75,000	60,000
Current Investments	-	36,740
	<b>57,867,948</b>	<b>85,343,397</b>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Interest Received:		
- On Fixed Deposit (Gross)		
(TDS Rs. Nil/-, Previous year Rs. 16,073/-)	10,632	2,182,020
- On Income Tax Refund	31,419	228,974
Liability no longer required now written back	50,134	-
Miscellaneous Income	-	5,920
	<b>92,185</b>	<b>2,416,914</b>
<b>SCHEDULE 13 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Salary & Allowances	2,805,268	6,040,291
Employer's Contribution to Provident Fund	214,136	386,100
Staff Welfare	3,422	10,724
Rent	-	660,198
Rates & Taxes	6,850	7,370
Maintenance Charges		
- Building	-	529,878
- Others	166,935	675,083
Electricity Charges	-	430,200
Printing & Stationery	12,947	19,837
Professional Fees	48,236,739	71,858,377
Communication Expenses	28,424	72,403
Traveling & Conveyance	886,621	2,190,696
Miscellaneous Expenses	54,551	27,922
Payment to Auditor's	30,000	35,000
Conference & Seminar Fees	5,833	2,807,819
Directors Sitting Fees	110,000	90,000
Loss on Sale of Fixed Assets	1,317,556	-
	<b>53,879,282</b>	<b>85,841,898</b>

**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 31st MARCH, 2010****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**

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

**4. Investments**

Current Investments are valued at lower of Cost or Market value/Fair value. All long-term investments are valued 'at cost'.

## 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 31st MARCH, 2010 (Contd.)

However, provision for diminution in the value of long term investments is made by the Company to recognize 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 within 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 recognized in the balance sheet represents the present value of the obligation as adjusted for unrecognized 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 recognized in the profit and loss account.

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

#### 7. Foreign Currency Transaction

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Realized gains and losses on foreign exchange transactions are recognized 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.

#### 8. 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 recognizes 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.

#### 9. 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 recognized, 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.

#### 10. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized 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 recognized in the Accounts.

#### 11. 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.

#### 12. 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.

#### B. Notes on Accounts

- i) The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. nil).



## 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 31st MARCH, 2010 (Contd.)

- ii) The company has not made any provision for diminution in the value of investment being temporary in nature.
- iii) **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)

	2009-10	2008-09
Contribution to Provident Fund	175,704	320,229
<b>Total</b>	<b>175,704</b>	<b>320,229</b>

#### 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 recognized 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 31st March, 2010	31.03.2010	31.03.2009
<b>I. Components of employer expenses</b>		
1. Current Service Cost	129,100	240,780
2. Interest cost	16,960	18,750
3. Expected return on plan assets	-	-
4. Curtailment cost / (credit)	-	-
5. Settlement cost / (credit)	-	-
6. Past Service Cost	9,110	-
7. Actuarial Losses / (Gains)	(200,970)	(335,870)
8a. Expenses recognised in the Statement of Profit & Loss Account. (total 1 to 7)	(45,800)	(76,340)
8b. Actual Contributions	-	-
<b>9. Total expenses recognised in the Statement of Profit &amp; Loss Account.</b>		
<b>II. Actual Contribution and Benefits Payments for period ended 31st March, 2010</b>		
1. Actual benefit payments	-	-
2. Actual Contributions	-	-
<b>III. Net assets / (liability) recognised in balance sheet as at 31st March, 2010</b>		
1. Present value of Defined Benefit Obligation	157,100	139,140
2. Fair value of plan assets	-	-
3. Funded status [Surplus / (Deficit)]	(157,100)	(139,140)
4. Unrecognised past service cost	63,760	-
<b>5. Net asset / (liability) recognised in balance sheet</b>	<b>(93,330)</b>	<b>(139,140)</b>
<b>IV. Change in Defined Benefit Obligations during the period ended 31st March, 2010</b>		
1. Present Value of DBO at beginning of period	139,130	215,470
2. Current Service cost	129,100	240,780
3. Interest cost	16,960	18,750
4. Curtailment cost / (credit)	-	-
5. Settlement cost / (credit)	-	-
6. Plan amendments	72,870	-
7. Acquisitions	-	-
8. Actuarial (Gains) / Losses	(200,970)	(335,870)
9. Benefits paid	-	-
10. Employer Contribution's	-	-
11. Present Value of DBO at the end of period (total 1 to 10)	157,100	139,140
<b>V. Change in Fair value of Assets during the period ended 31st March, 2010</b>		
1. Fair Value of Plan assets at beginning of period	-	-
2. Acquisition Adjustment	-	-

## 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 31st MARCH, 2010 (Contd.)

(Amount in Rupees)

Employee Benefits		Gratuity (Unfunded)					
Defined benefit plans as per actuarial valuation as at 31st March, 2010		31.03.2010	31.03.2009				
3	Actual return on plan assets	-	-				
4	Actual company contribution	-	-				
5	Benefits paid	-	-				
6	Actuarial (Gains) / Losses	-	-				
7	Benefits Payment	-	-				
8	Plan assets at the end of the period	-	-				
<b>VI. Actuarial Assumptions</b>							
1.	Discount Rate	8.30%	8.00%				
2.	Expected return on plan assets						
3.	Salary Increases	10%	10%				
4.	Retirement / Superannuation Age	60	60				
5.	Withdrawal Rate for Gratuity:						
<b>Age (yrs.)</b>		20-24	25-29	30-34	35-49	50-54	55-60
<b>Attrition Rate</b>		5%	3%	2%	1%	2%	3%

Amount recognised as an expense in respect of leave encashment and compensated absences is Rs. 1,733/- (Previous year Rs. 20,761/-).

#### v) Basic / Dilutive Earnings Per Share

Particulars	2010	2009
1. Weighted average number of shares	2,50,000	2,50,000
2. Profit after Taxes (Rs.)	7,25,319	11,22,939
3. Nominal value per share (Rs.)	10	10
4. Earnings Per Share (Rs.)	2.90	4.49

#### vi) Related Party Transaction:

##### a) Name of related parties and description of relationship:

Holding Company	Subsidiary:
Srei Infrastructure Finance Limited	Hyderabad Information Technology Ventrue Enterprises Ltd.
	Cyberabad Trustee Company Pvt. Ltd.
	<b>Fellow Subsidiary Companies/Entities:</b>
	Srei Capital Markets Ltd.
	Srei Forex Ltd.
	Srei Infrastructure Advisors Ltd.
	Srei Sahaj e- Village Ltd.
	Global Investment Trust Ltd.
	IIS International Infrastructure Services, GmbH, Germany
	Bengal Srei Infrastructure Development Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)
	ZAO SREI Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)
	Srei Advisors Pte. Ltd., Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)
	Controlla Electrotech Pvt. Ltd.
	Srei Mutual Fund Asset Management Private Ltd. w.e.f 27.11.2009
	Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009
	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)
	DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)

## 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 31st MARCH, 2010(Contd.)

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

Nature of transaction	Nature of relationship	Amount (Rs.)	Outstanding as on 31.03.2010
Short Term Advance taken and refunded	Holding company Srei Infrastructure Finance Ltd.	3,25,00,000 (26,00,000)	Nil (Nil)
Interest on Loan Taken	Holding company – Srei Infrastructure Finance Ltd.	23,13,453 (Nil)	Nil (Nil)

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) Deferred Tax

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

(Amount in Rupees)

	2009-10	2008-09
<b>Deferred Tax Liability</b>		
Depreciation	-	1,65,926
<b>Deferred Tax Assets</b>		
Employee benefits	-	42,991
<b>Net Deferred Tax Liability</b>	-	<b>122,935</b>

The timing differences for the year ended 31st March 2010 results in an increase in deferred tax asset (net) as per Accounting Standard - 22 "Accounting for taxes on income". As a prudent measure, such increase in the deferred tax asset has not been recognised in the books of accounts.

#### viii) Fringe Benefits Tax

The Company has challenged the 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 till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009-10, no liability arises for the year.

#### ix) Auditor's Remuneration:

(Amount in Rupees)

	2009-10	2008-09
Audit Fees	25,000	25,000
Taxation matters	5,000	10,000
<b>Total</b>	<b>30,000</b>	<b>35,000</b>

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. Nil (Previous Year Rs 2,81,121/-),

On Professional Services Rs. 3,48,13,938/- (Previous year 62,58,464/-),

On Others Rs. Nil (Previous year Rs. 27,40,702/-).

xi) The previous year's figures have been regrouped/ rearranged wherever considered necessary.

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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F.R. No. 302082E

**S. Rajagopal**  
Director

**Saud Ibne Siddique**  
Director

Place : Kolkata  
Date : 30th April, 2010



## 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, 2010		

### 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	128,316	Total Asset	128,316
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#### Source of Funds

Paid up Capital	2,500	Reserves & Surplus	98,593
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Tax Liability	-

#### Application of Funds

Net Fixed Assets	539	Investments	73,168
Net Current Assets	27,386	Misc. Expenditure	-
Accumulated Losses	Nil		

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

Turnover (Including other Income)	57,960	Total Expenditure	56,383
Profit Before Tax [+]	1,577	Profit After Tax [+]	725
(+ for Profit, - for Loss)		(+ for Profit, - for Loss)	
Earnings Per Share (Rs.)	2.90	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.		

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

On behalf of the Board of Directors

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. - 302082E

**S.Rajagopal**  
Director

**Saud Ibne Siddique**  
Director

Place : Kolkata  
Date : 30th April, 2010

## 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, 2009 to 31st March, 2010	From 1st April, 2009 to 31st March, 2010
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 Venture Capital Ltd.		
a) Not Dealt with in the account of Srei Venture Capital Ltd. for the year ended 31st March, 2010		
i) for the subsidiary's period from 1st April, 2009 to 31st March, 2010	Rs. 4,64,331	Rs. 12,435
ii) for the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs. 59,06,105	Rs.12,780
b) Dealt with in the account of Srei Venture Capital Ltd. for the year ended 31st March, 2010		
i) for the subsidiary's period from 1st April, 2009 to 31st March, 2010	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

**S.Rajagopal**  
Director

**Saud Ibne Siddique**  
Director

Place : Kolkata  
Date : 30th April, 2010

## DIRECTORS

Mr. Vinod Kr. Agrawal - Chairman  
 Mr. B. R. Meena  
 Mr. Kishore Buddhi Raju  
 Mr. Nakul Kumar Narula  
 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 hereby present the 12th 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. There was a decline of Rs. 6,64,445 in the Profit before Tax when compared to that of previous year, the reason being the reduction in Management fees payable to the Company. The Board of Directors have expressed their satisfaction in this regard.

During the year under review, the earning per share decreased to Rs. 1.86 per share as compared to Rs. 3.38 per share during the previous year.

### FINANCIAL RESULTS

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income from operations	10,00,000	30,00,000
Profit Before Depreciation	6,90,316	13,58,889
Depreciation	18,343	22,471
Profit after Depreciation	6,71,973	13,36,418
Profit after Tax	4,64,331	8,44,801
Appropriations	-	-
Transferred to General Reserve	-	-
Transferred to Reserve Fund	-	-
Provision for Dividend	-	-
Balance brought forward from previous year	59,06,105	50,61,304
Balance carried to Balance Sheet	63,70,436	59,06,105

### 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.

### RESERVES

The Company has not transferred any amount to the Reserves. However an amount of Rs. 4,64,331/- 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 2010.

### 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 T.R. Rao has been appointed as Chief Executive Officer of the Company in Managerial Capacity.

#### DIRECTORS

Your Company has the following Directors on its Board:

1. Sri Vinod Kumar Agrawal	-	Nominee of APIDC
2. Sri. B.R. Meena	-	Nominee of APIIC
3. Dr. Kishore Buddhiraju	-	Nominee of SIDBI
4. Sri. N.K.Narula	-	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 B.R. Meena, Nominee of APIIC and Sri N.K.Narula, Nominee of SIDBI were appointed as Directors on the Board.

During the year, Sri B. P. Acharya, Nominee of APIIC and Sri M. Subramanyan, Nominee of SIDBI vacated the office of Director of the Board of the Company being withdrawal of their nomination by appointing authorities. 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.

#### 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 2010.

#### 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 Hyderabad Information Technology Venture Enterprises Limited

Place : Hyderabad	<b>Dr. Kishore Buddhiraju</b>	<b>Mr. Subrata Ghosh</b>
Date : 27th April, 2010	Director	Director

## 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 2010, 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 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of subsection (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 2010; and;
  - b) in the case of Profit & Loss account, of the loss for the year ended on that date;

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner

Place : Hyderabad  
Date : 27th April 2010

Membership No. 022644  
F.R. No. 006266S



## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in Paragraph 3 of the Auditor's Report of even date to the Members of HYDERABAD INFORMATION TECHNOLOGY VENTURE ENTERPRISES LIMITED on the Financial Statements for the Year Ended 31st March 2010.

- |  |  |
|--|--|
| <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) The Company has no inventories and hence this clause is not applicable.</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. 5,00,000/- or more in respect of each party.</p> <p>v) The Company has no stores, and hence this clause is not applicable.</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 31.03.2010 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 and explanations given to us, disputed income tax of Rs.6,43,396/- 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</p> | <p>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 give 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>xx) 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>xxi) 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>xxii) During the period covered by our audit report, the Company has not raised any money by Public issues.</p> <p>xxiii) 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 2010.</p> |
|--|--|

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner

Place : Hyderabad  
Date : 27th April 2010

Membership No. 022644  
F.R. No. 006266S

## COMPLIANCE CERTIFICATE

CIN No.:

: **Reg. Number:** 02-9282

Nominal Capital:

: CIN: U72200AP1998PLC029282

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 as required to be maintained under the Companies Act, 1956, 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 31st March, 2010. 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, and its officers, we certify that in respect of the aforesaid financial year that:

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 entries therein have been 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 prescribed time under the Act and the rules made there under.
3. The Company being Public Limited Company, comments are not required.
4. The Board of Directors duly met Four (4) times on 25.05.2009, 07.07.2009, 18.11.2009, 25.03.2010 in respect of which, proper notices were given and the proceedings were duly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members, during the financial year under review.
6. The Annual General Meeting of the Company for the financial year ended 31st March, 2009 was held on, July 07, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra-ordinary General Meeting was held during the financial year after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors and / or the persons or firms or companies referred to under Section 295 of the Act during year under review.
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, Company has not obtained any approval from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has :
  - i. No allotment / transfer / transmission of securities during the financial year.
  - ii. not deposited any amount in a separate bank account as no dividend was declared during the financial year.
  - iii. not required to post warrants to any member(s) of the Company as no dividend was declared during the financial year.
  - iv. no monies in unpaid Dividend Account, application money due for refund, mature deposits, mature Debentures and the interest accrued thereon which have remained unclaimed or unpaid for the period of seven years required to be transferred to Investor Education and Protection fund.
  - v. Duly Complied with requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors to fill casual vacancies has been duly made.
15. The appointment of Manager has been made in compliance with the provisions of Act.
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 or such other authorities as may be 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 during the financial year.
19. The Company has not allotted 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 Preference Shares / Debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares & bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within in the preview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has 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 review.

27. The Company has altered the provisions of the memorandum with respect to the objects of the company during the financial year.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital during the financial year under review.
30. The Company has not altered its Articles of Association during the financial year.
31. As per the information given by the officers of the Company, there was no prosecution initiated against or show cause notices received by the Company and no fines or 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 separate Provident Fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

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

**V. Ahalada Rao**

Company Secretary in Practice

C. P. No. 3607

Place : Hyderabad

Date : 22nd July, 2010

## ANNEXURE 'A'

### STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY

Sl. No.	Particulars	Under Section
1.	Register of Directors'	303(1)
2.	Register of Directors' Shareholdings	307(1)
3.	Register of Members	150(1)
4.	Minutes of Board Meetings	193(1)
5.	Minutes of Annual and Extra-Ordinary General Meetings	193(1)
6.	Register of contracts, firms and Companies in which Directors are interested	301(3)
7.	Register of Charges	143(1)
8.	Books of Accounts	209

## ANNEXURE 'B'

### 1. Forms and Returns as filed by the Company with the Registrar of Companies, Andhra Pradesh during the financial year ending on 31st March, 2010.

Sl. No	Form / Return	Under Section	Purpose	Date of filing
1.	Form 23AC & 23ACA (Balance Sheet & P&L A/c)	220	Annual Accounts for the year ended 31-03-2009	07.07.2009
2.	Form 20B (Annual Return)	159	Annual Return in connection with the Annual General Meeting held on 07.07.2009	07.07.2009
3.	Form No.66 (Compliance Certificate)	383A	Compliance Certificate for the year ended 31.03.2009	07.07.2009
4.	Form 23	192	Amendment of Memorandum of Association.	18.12.2009
5.	Form 32	303(2)	Appointment of Shri N.K Narula as Nominee Director of SIDBI in place of Shri M Subramaniam.	15.01.2010
6.	Form 32	303(2)	Appointment of Shri B.R.Meena as Nominee Director of APIIC.	27.04.2010
7.	Form 32	303(2)	Cessation of Shri B. P. Acharya from the Board.	27.04.2010
8.	Form 25C	269(2)	Appointment of Shri T.R.Rao as Manager.	27.04.2010
9.	Form 32	303(2)	Appointment of Shri T.R.Rao as Manager.	27.04.2010
10.	Form 32	303(2)	Appointment of Shri Rajesh Sirohia as a Director.	24.06.2009
11.	Form 32	303(2)	Cessation of Shri Vijay Raghavan.	24.06.2009

### 2. Forms and Returns as filed by the Company with the Regional Director, Company law Board, Central Government and other authorities during financial year ending on 31" March, 2010: NIL



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	2,500,000		2,500,000	
Reserves & Surplus	2	6,370,436		5,906,105	
			8,870,436		8,406,105
Deferred Tax Liability			5,386		9,783
<b>TOTAL</b>			<b>8,875,822</b>		<b>8,415,888</b>
<b>APPLICATION OF FUNDS</b>					
Fixed Assets:Gross Block	3	118,460		118,460	
Less: Depreciation		90,970		72,627	
Net Block			27,490		45,833
Current Assets, Loans and Advances					
Sundry Debtors	4	992,700		-	
Cash and Bank Balances	5	7,106,923		7,669,023	
Loans and Advances	6	5,850,018		5,675,659	
		13,949,641		13,344,682	
Less: Current Liabilities & Provisions					
Current Liabilities	7	141,952		225,774	
Provisions	8	4,959,358		4,748,853	
		5,101,310		4,974,627	
Net Current Assets			8,848,332		8,370,055
<b>TOTAL</b>			<b>8,875,822</b>		<b>8,415,888</b>

Significant Accounting Policies & 13

Notes to Accounts

Schedules '1' to '12' & 13 referred to above form an integral part of the Balance Sheet

As per our report of even date.

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

On behalf of the Board of Directors

**Subrata Ghosh**  
Director

**T. R. RAO)**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Income From Operations	10	1,000,000	3,000,000
Other Income	11	446,165	691,219
<b>TOTAL</b>		<b>1,446,165</b>	<b>3,691,219</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	12	755,849	2,328,850
Depreciation	3	18,343	22,471
Preliminary Expenses Written off	9	-	3,480
<b>TOTAL</b>		<b>774,192</b>	<b>2,354,801</b>
<b>Profit before tax</b>		<b>671,973</b>	<b>1,336,418</b>
Provision for Tax			
Current Tax		212,039	496,843
Deferred Tax		(4,397)	(5,226)
<b>Profit after Tax</b>		<b>464,331</b>	<b>844,801</b>
Add: Balance brought forward from last account		5,906,105	5,061,304
<b>Balance carried to the Balance Sheet</b>		<b>6,370,436</b>	<b>5,906,105</b>
Basic & diluted earning per share (Face Value - Rs.10/- each)		1.86	3.38
Significant Accounting Policies & Notes to Accounts	13		

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

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

On behalf of the Board of Directors

**Subrata Ghosh**  
Director

**T. R. RAO)**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax & Extraordinary Items	671,973	1,336,418
Adjustments for:		
Depreciation	18,343	22,471
Interest on Fixed Deposit Received	(446,165)	(687,676)
Misc. Expenses Written Off	0	3,480
Finance Charges	0	0
<b>Operating Profit before Working Capital Changes</b>	<b>244,151</b>	<b>674,693</b>
Adjustments for Working Capital Changes:		
Trade receivables	(992,700)	0
Inventories	0	0
Advances	(174,359)	(543,627)
Provisions	210,505	554,849
Trade Payables	(83,822)	0
Cash generated from Operations before exceptional items	(796,225)	685,915
Prior period expenditure	0	(60,417)
Direct Taxes Paid	(212,039)	(436,426)
<b>Net Cash Flow from Operating Activities</b>	<b>(1,008,264)</b>	<b>189,072</b>
<b>B. Cash Flow from Investing Activities</b>		
Fixed Deposits	0	0
Interest on Fixed Deposit Received	446,165	687,676
Purchase of Fixed Assets	0	(4,734)
Capital Work in Progress	0	0
Sale of Fixed Asset	0	0
Advance for Capital Items	0	0
<b>Net Cash Flow from Investing Activities</b>	<b>446,165</b>	<b>682,942</b>
<b>C. Cash Flow from Financing Activities</b>		
Term Loan	0	0
Unsecured Loans	0	0
Interest & Fin Chgs. Paid	0	0
Hire Purchase Loans Taken	0	0
Hire Purchase Loans Repaid	0	0
<b>Net Cash Flow from Financing Activities</b>	<b>0</b>	<b>0</b>
Net Increase/(decrease) in Cash and Cash Equivalents	(562,099)	872,014
Cash and Cash Equivalents at the Beginning of the Year	7,669,023	6,797,009
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>7,106,924</b>	<b>7,669,023</b>

For **Anant Rao & Mallik**  
Chartered Accountants

On behalf of the Board of Directors

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

**Subrata Ghosh**  
Director

**T. R. RAO)**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010

## Schedules to the Balance Sheet as at 31 March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,000 Equity Shares of Rs.10/- each	2,500,000	2,500,000
<b>Issued, Subscribed &amp; Paid-up</b>		
2,50,000 Equity Shares of Rs.10/- each fully paid-up in cash	2,500,000	2,500,000
<b>SUB - TOTAL</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
Surplus as per Profit & Loss Account	6,370,436	5,906,105

**SCHEDULE 3 - FIXED ASSETS**

(Amount in Rupees)

Sl.No.	Description	Gross Block			Depreciation			Net Block	
		As on 1st April, 2009	Addition during the Year	As at 31st March, 2010	Upto 31st March, 2009	For the year	Upto 31st March, 2010	As on 31st March, 2010	As on 31st March, 2009
		1	2	(1+2)=3	4	5	(4+5)=6	(3-6)=7	(1-4)=8
1.	Computers	110,960	-	110,960	69,984	17,987	87,971	22,989	40,976
2.	Office Equipments	7,500	-	7,500	2,643	356	2,999	4,501	4,857
	<b>Total</b>	<b>118,460</b>	<b>-</b>	<b>118,460</b>	<b>72,627</b>	<b>18,343</b>	<b>90,970</b>	<b>27,490</b>	<b>45,833</b>

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 4 - SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Due for a period exceeding six months	-	-
Other debts	992,700	-
	<b>992,700</b>	
<b>SCHEDULE 5 - CASH AND BANK BALANCES</b>		
Cash on Hand (as certified by Management)	4,785	3,643
Balances With Scheduled Banks	-	-
In Current Account	355,855	102,383
In Fixed Deposit Account	6,746,283	7,562,997
	<b>7,106,923</b>	<b>7,669,023</b>
<b>SCHEDULE 6 - LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good)		
Interest Accrued on Fixed Deposit	193,270	214,752
Tax Deducted at Source	202,913	466,843
Income Tax Receivable	5,394,780	4,927,937
Service Tax Receivable (Input Credit)	53,055	26,690
Other Advances	6,000	39,437
	<b>5,850,018</b>	<b>5,675,659</b>
<b>SCHEDULE 7 - CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
Total outstanding dues of creditors other than micro and small enterprises	38,952	-
Other Liabilities	103,000	225,774
	<b>141,952</b>	<b>225,774</b>
(There are no amounts due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund)		



## Schedules to the Balance Sheet as at 31 March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 8 - PROVISIONS</b>		
<b>Provision for Income Tax</b>	<b>4,959,358</b>	<b>4,748,853</b>
<b>SCHEDULE 9 - MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses		
As per last account	-	3,480
Less: Written off during the year	-	3,480
	-	-



**Schedules to the Profit and Loss Account as at 31 March, 2010**

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 10 - INCOME FROM OPERATIONS</b>		
Management Fees ( Gross)	1,000,000	3,000,000
	<b>1,000,000</b>	<b>3,000,000</b>
<b>SCHEDULE 11 - OTHER INCOME</b>		
Interest Received:		
- On Fixed Deposit (Gross )		
{TDS Rs.53,055/- (Previous Year Rs.1,19,650/-) }	446,165	687,676
Miscellaneous Income	-	3,543
	446,165	691,219
<b>SCHEDULE 12 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Salary & Allowances	202,800	1,360,503
Rent	190,984	157,574
Rates & Taxes	11,990	23,537
Maintenance Charges - Others	2,920	25,829
Printing & Stationery	24,083	77,167
Professional Fees	83,631	267,900
Communication Expenses	27,557	62,933
Traveling & Conveyance	181,194	255,667
Miscellaneous Expenses	14,940	26,456
Payment to Auditor's	10,000	25,000
Conference & Seminar Fees	-	38,784
Directors Sitting Fees	5,750	7,500
	755,849	2,328,850

## 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, 2010

#### 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 over a period one year.

##### 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 recognizes 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 recognized 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 recognized 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.

##### Earning 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.

## 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, 2010 (Contd.)

#### 8. 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.

#### B. Notes on Accounts

- The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. Nil).
- Assessment Year 2001 – 2002: During the Financial Year 2006-2007 the Assessment for the A.Y 2001-2002 was finalized with demand of Rs.21,51,285/-, 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.15,07,889/- being undisputed portion of the demand. Pending finalization 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.6,43,396/- from CIT(A).

#### 3. The Deferred Tax Liability and Deferred Tax Asset arising is as follows.

(Amount in Rupees)

Particulars	2010	2009
Opening Balance of Deferred Tax Liability as on 01-04-2009	9,783	15,009
Deferred Tax provided during the period	-4,397	-5,226
Closing Balance of Deferred Tax Liability as on 31-03-2010	5,386	9,783

#### 4. Earnings in Foreign Currency – Rs. NIL - (Previous Year NIL)

#### 5. Expenses in Foreign Currency – Rs. NIL - (Previous Year Rs.5891)

#### 6. The Previous year figures have been regrouped / arranged wherever considered necessary.

#### 7. Basic / Dilutive Earnings Per Share

Particulars	Year ended 31st March	
	2010	2009
1. Opening No. of Shares	2,50,000	2,50,000
2. Total No of Shares Outstanding	2,50,000	2,50,000
3. Profit after Taxes (Rs.)	4,64,331	8,44,801
4. Earning Per share ( Rs)	1.86	3.38

#### 8. 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	Fellow Subsidiary

#### 9. 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 Paid	Rs.1,81,598	Rs.32,194



## 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, 2010 (Contd.)

#### 10. Auditors Fees:

(Amount in Rupees)

Particulars	Year ended 31st March	
	2010	2009
Statutory Audit Fees	10,000	20,000
Certification Fees	-	5,000
Total	10,000	25,000

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

As per our report of even date

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

On behalf of the Board of Directors

**Subrata Ghosh**  
Director

**T. R. RAO)**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010

**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, 2010		
<b>II. Capital raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)</b>			
Total Liabilities	8875.82	Total Assets	8875.82
<b>Sources of Funds</b>			
Paid - Up Capital	2500.00	Reserves & Surplus	6370.43
Secured Loans	Nil	Unsecured Loans	Nil
<b>Application of Funds</b>			
Net Fixed Assets	27.49	Investments	Nil
Net Current Assets	8848.33	Misc. Expenditure	Nil
Accumulated Losses	Nil		
<b>IV. Performance of the Company (Amount in Rs. Thousands)</b>			
Income	1446.16	Total Expenditure	774.19
Profit / (Loss) before tax	671.97	Profit / (Loss) after tax	464.33
EPS (Rs.)	1.86	Dividend Rate	Nil
<b>V. Generic Names of three principle Products / Services of the Company</b>			
Item Code No.			
Product	Not Applicable		
Description			

On behalf of the Board of Directors

Place : Hyderabad  
Date : 27th April, 2010Vinod Kumar Agrawal  
ChairmanSubrata Ghosh  
Director

## DIRECTORS

Mr. Vinod Kr. Agrawal - Chairman  
 Mr. B.R. Meena  
 Mr. Kishore Buddhi Raju  
 Mr. Nakul Kumar Narula  
 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 hereby present the 11th 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. There was an increase of Rs. 3,321/- in the Profit Before Tax when compared to that of previous year. The Board of Directors have expressed their satisfaction in this regard.

During the year under review, the earning per share increased to Rs. 0.25 per share as compared to Rs. 0.20 per share during the previous year.

### FINANCIAL RESULTS

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income from operations	Nil	Nil
Profit Before Depreciation	17,994	14,673
Depreciation	-	-
Profit after Depreciation	17,994	14,673
Profit After Tax	12,435	10,139
Appropriations	-	-
Transferred to General Reserve	-	-
Transferred to Reserve Fund	-	-
Provision for Dividend	-	-
Balance brought forward from previous year	12,780	2,641
Balance carried to Balance Sheet	25,215	12,780

### 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.

### 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 2010.

### 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 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 T.R. Rao has been appointed as Chief Executive Officer of the Company in Managerial Capacity.

#### DIRECTORS

Your Company has the following Directors on its Board:

1. Sri Vinod Kumar Agrawal	-	Nominee of APIDC
2. Sri. B.R. Meena	-	Nominee of APIIC
3. Dr. Kishore Buddhiraju	-	Nominee of SIDBI
4. Sri. N.K.Narula	-	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 B.R. Meena, Nominee of APIIC and Sri N.K.Narula, Nominee of SIDBI were appointed as Directors on the Board.

During the year, Sri B. P. Acharya, Nominee of APIIC and Sri M. Subramanyan, Nominee of SIDBI vacated the office of Director of the Board of the Company being withdrawal of their nomination by appointing authorities. 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 2010.

#### **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 : 27th April, 2010

**Subrata Ghosh**  
Director

## **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 2010, 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) On the basis of written representations received from the Directors as on 31-03-2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31-03-2010 from being appointed as a Director in terms of Sec. 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 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 2010;
    - 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**  
Partner

Place : Hyderabad  
Date : 27th April, 2010

Membership No. 022644  
F.R. No. 006266S



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	500,000		500,000	
Reserves & Surplus	2	25,215		12,780	
			525,215		512,780
<b>Total</b>			<b>525,215</b>		<b>512,780</b>
<b>APPLICATION OF FUNDS</b>					
<b>Current Assets, Loans &amp; Advances</b>					
Cash and Bank Balances	3	519,322		509,819	
Loans and Advances	4	16,967		44,428	
		<b>536,289</b>		<b>554,247</b>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	5	5,515		41,467	
Provisions	6	5,559		-	
		11,074		41,467	
Net Current Assets			525,215		512,780
<b>Total</b>			<b>525,215</b>		<b>512,780</b>

### Significant Accounting Policies & Notes to Accounts

9

Schedules '1' to '8' & 9 referred to above form an integral part of the Balance Sheet

As per our report of even date.

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

On behalf of the Board of Directors

**Subrata Ghosh**  
Director

**T. R. RAO**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010



**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Other Income	7	34,959	44,803
		<b>34,959</b>	<b>44,803</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	8	16,965	30,130
		<b>16,965</b>	<b>30,130</b>
<b>Profit before Tax</b>		<b>17,994</b>	<b>14,673</b>
Provision for Tax			
Current Tax		5,559	4,534
<b>Profit after Tax</b>		<b>12,435</b>	<b>10,139</b>
Add: Balance brought forward from last account		12,780	2,641
<b>Balance carried to the Balance Sheet</b>		<b>25,215</b>	<b>12,780</b>
<b>Basic &amp; diluted earning per share (Face Value - Rs.10/- each)</b>		<b>0.25</b>	<b>0.20</b>
Significant Accounting Policies & Notes to Accounts	9		

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

For **Anant Rao & Mallik**  
Chartered Accountants

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

On behalf of the Board of Directors

**Subrata Ghosh**  
Director

**T. R. RAO**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax & Extraordinary Items	17,994	14,673
<b>Adjustments for:</b>		
Depreciation	-	-
Interest Received on Fixed Deposit	(34,959)	(44,635)
Finance Charges	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>(16,965)</b>	<b>(29,962)</b>
<b>Adjustments for Working Capital Changes:</b>		
Trade receivables	-	-
Inventories	-	-
Advances	27,461	(44,428)
Provisions	-	30,231
Trade Payables	(35,952)	(4,351)
<b>Cash generated from Operations before exceptional items</b>	<b>(25,456)</b>	<b>(48,510)</b>
Prior period expenditure	-	-
Direct Taxes Paid	-	(4,534)
Direct Taxes refunded	-	2,058
<b>Net Cash Flow from Operating Activities</b>	<b>(25,456)</b>	<b>(50,986)</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest Received on Fixed Deposit	34,959	44,635
Purchase of Fixed Assets	-	-
Capital Work in Progress	-	-
Sale of Fixed Asset	-	-
Advance for Capital Items	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>34,959</b>	<b>44,635</b>
<b>C. Cash Flow from Financing Activities</b>		
Term Loan	-	-
Unsecured Loans	-	-
Interest & Fin Chgs. Paid	-	-
Hire Purchase Loans Taken	-	-
Hire Purchase Loans Repaid	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>-</b>
Net Increase/(decrease) in Cash and Cash Equivalents	9,503	(6,351)
Cash and Cash Equivalents at the Beginning of the Year	509,819	516,170
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>519,322</b>	<b>509,819</b>

For **Anant Rao & Mallik**  
Chartered Accountants

On behalf of the Board of Directors

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

**Subrata Ghosh**  
Director

**T. R. RAO**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
50000 Equity Shares of Rs. 10/- each	500,000	500,000
	<b>500,000</b>	<b>500,000</b>
<b>Issued, Subscribed &amp; Paid - up</b>		
50000 Equity Shares of Rs.10/- each fully paid-up in cash	500,000	500,000
	<b>500,000</b>	<b>500,000</b>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
Surplus as per Profit & Loss Account	25,215	12,780
<b>SCHEDULE 3 - CASH AND BANK BALANCES</b>		
- Balances With Scheduled Banks		
- In Current Account	59,322	14,053
- In Fixed Deposit Account	460,000	495,766
	<b>519,322</b>	<b>509,819</b>
<b>SCHEDULE 4 - LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Interest Accrued on Fixed Deposit	548	39,743
Tax Deducted at Source	11,735	-
Other Advance	4,684	4,685
	<b>16,967</b>	<b>44,428</b>
<b>SCHEDULE 5 - CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
Total outstanding dues of creditors other than micro, Small and Medium Enterprises	5,515	-
Other Liabilities	-	41,467
	<b>5,515</b>	<b>41,467</b>
<b>SCHEDULE 6 - PROVISIONS</b>		
Provision for Income Tax	5,559	-
	<b>5,559</b>	<b>-</b>
<b>SCHEDULE 7 - OTHER INCOME</b>		
Interest Received:		
- On Fixed Deposit (Gross )		
{TDS Rs11,735/- (Previous Year Rs.9,219/-) }	34,959	44,635
Miscellaneous Income	-	168
	<b>34,959</b>	<b>44,803</b>
<b>SCHEDULE 8 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rates & Taxes	5,700	9,100
Professional Fees	-	2,500
Payment to Auditor's	5,515	11,030
Directors Sitting Fees	5,750	7,500
	<b>16,965</b>	<b>30,130</b>

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 9: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

#### 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 recognized 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 earning 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. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. Nil).
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 audit, no expenses have been transferred to the HIVE FUND for reimbursement as per Clause 14 of the Trust Deed relating to the Expenses Chargeable to the Fund.
4. Earnings in Foreign Currency – Rs. NIL - (Previous Year NIL)
5. Expenses in Foreign Currency – Rs. NIL - (Previous Year NIL)
6. The previous year figures have been regrouped / rearranged wherever considered necessary.

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 9: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

#### 7. Basic / Dilutive Earnings Per Share

Particulars	Year ended 31st March	
	2010	2009
Opening No. of Shares	50,000	50,000
Total No of Shares Outstanding	50,000	50,000
Profit after Taxes (Rs.)	12,435	10,139
Earning Per share ( Rs)	0.25	0.20

#### 8. Auditors Remuneration

(Amount in Rupees)

Particulars	Year ended 31st March	
	2010	2009
Statutory Audit Fees	5,515	11,236
<b>Total</b>	<b>5,515</b>	<b>11,236</b>

#### 9. Related Party Transactions::

The Company has the following related parties:

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

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 of Directors

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

**Subrata Ghosh**  
Director

**T. R. RAO**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010



## 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, 2010		
<b>II. Capital raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>III. Position of Mobilisation and deployment of Funds (Amount in Rs. Thousands)</b>			
Total Liabilities	525.21	Total Assets	525.21
<b>Sources of Funds</b>			
Paid - Up Capital	500.00	Reserves & Surplus	25.21
Secured Loans	Nil	Unsecured Loans	Nil
<b>Application of Funds</b>			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	525.21	Misc. Expenditure	Nil
Accumulated Losses	Nil		
<b>IV. Performance of the Company (Amount in Rs. Thousands)</b>			
Turn Over	34.96	Total Expenditure	16.96
Profit / (Loss) before tax	Nil	Profit / (Loss) after tax	12.43
EPS	0.25	Dividend Rate	Nil
<b>V. Generic Names of three principle Products / Services of the Company</b>			
Item Code No.			
Product	Not Applicable		
Description			

For **Anant Rao & Mallik**  
Chartered Accountants

On behalf of the Board of Directors

**V. Anant Rao**  
Partner  
Membership. No 022644  
F.R. No. 006266S

**Vinod Kumar Agrawal**  
Chairman

**Subrata Ghosh**  
Director

**T. R. RAO**  
Chief Executive Officer

Place : Hyderabad  
Date : 27th April, 2010

**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 Eleventh Annual Report together with the Audited Accounts of your Company for the financial year ended on 31st March, 2010. The summarised financial performance of your Company is as under:

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income	44,487,858	44,892,627
Expenditure	43,527,408	52,825,221
<b>Profit / (Loss) Before Tax</b>	<b>9,60,450</b>	<b>(7,932,594)</b>
Provision for Current Taxation	6,79,849	-
Provision for Deferred Tax	-	(2,333,983)
Income Tax in respect of earlier year	(3,63,590)	(29,858)
<b>Profit / (Loss) After Tax</b>	<b>6,44,191</b>	<b>(5,568,753)</b>
Add: Balance b/f from last year	12,025,532	17,594,285
<b>Balance carried to Balance Sheet</b>	<b>12,669,723</b>	<b>12,025,532</b>
Paid up Equity Share Capital	50,500,000	50,500,000

During the year under review, your Company earned an Income of Rs. 44,487,858/- as against Rs. 44,892,627/- earned in the previous year and a profit after tax of Rs. 6,44,191/- against a loss of Rs. 5,568,753/- incurred in the previous financial year.

**REVIEW OF OPERATIONS & FUTURE PROSPECTS**

During the year under review, your Company has forayed into various areas of investment banking and your Company's business is now categorised into four verticals viz. IPO & SEBI related vertical dealing with Public Issues, Delisting, Buy-Back,

Open Offers and Advisory Services; Private Equity and M&A vertical; Debt Syndication vertical and Fixed Income (Bonds) vertical dealing with Private Placement of Bonds/NCDs issued by Central & State PSUs and Corporates and Advisory Practice for Provident Fund Trusts & Cooperative Banks. With buoyancy returning in the capital markets, during the year under review, your Company has revived some of its old mandates to raise funds through Initial Public Offerings (IPOs) and has also been mandated by new clients for raising funds through IPO. Your Company during the year under review has also successfully handled open offer and delisting assignments. The Private Equity and M&A vertical of your Company has also procured mandates for private equity and M&A advisory services.

Your Company is confident that it would be able to capitalise on more business opportunities and maintain a steady growth in business both operationally and financially. Your Company would be well diversified across the entire gamut of investment banking activities building on synergies of each vertical, gaining capabilities and investing in human capital, exploring newer business opportunities within the ambit of Merchant Banking operations in place, to be able to consolidate its position and achieve better results in the years to come.

**DIVIDEND**

In order to conserve resources the Board of Directors of your Company does not recommend any dividend for the financial year 2009-10.

**FIXED DEPOSIT**

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

**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 2009-10 on 8th June, 2009 and 24th October, 2009.

### **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 and forms part of the 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 not utilized any foreign exchange during the year under review (Previous year Rs. 6,438,716/-) but has earned Rs. 3,60,032/- as foreign exchange during the year under review (Previous year Nil).

### **DIRECTORS**

During the year under review, Mr. Saud Ibne Siddique was appointed as Additional Director of your Company w.e.f 8th June, 2009 and was thereafter appointed as a Director of your Company pursuant to approval of the shareholders at the last Annual General Meeting of your Company held on 22nd July, 2009.

In accordance with the provisions of the Companies Act, 1956 and pursuant to Articles of Association of your Company, Mr. K. M. Lal and Mr. Ashok Kumar Pareek, Directors of your Company are liable to retire 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 financial year ended 31st March, 2010, 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 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 financial year ended 31st March, 2010 on a going concern basis.

### **AUDITORS**

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. The Audit Committee and the Board of Directors of your Company recommends the re-appointment of M/s. G. P. Agrawal & Co., Chartered Accountants, as the Statutory Auditors of your Company.

### **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 : 30th April, 2010

**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, 2010 and forming part thereof.

Name	Age	Designation	Qualification	Remuneration (Rs.)	Date of commencement of employment	Working Experience (years)	Previous employment
Ashok Kumar Pareek	43 Yrs	Wholetime Director	B.Com, FCS Diploma in Financial Management	30,98,750	11.09.2004	21	A. K. Pareek & Co.
Ajit Kumar Verma	48Yrs	Senior VP	M. Sc., MBM	37,74,519	18.09.2009*	18	ICICI Bank Ltd.
Lalit Kumar Adukia	46Yrs	Senior VP	M. Sc., MBA	10,86,632	29.12.2009*	21	Arshiya International Limited
Akash Sharma	38Yrs	Senior VP	B.Com, PGDM	13,38,042	11.11.2009*	12	Edelweiss Securities Limited
Manoj Agarwal	40Yrs	VP & Company Secretary	B.Com, CA, CS	30,05,281	06.10.2004	14Yrs	Polar Pharma India Limite

\* Employed for part of the year.

**Note:**

1. The appointment of Mr. Ashok Kumar Pareek is contractual. Others are permanent.
2. Remuneration includes Basic Salary, Allowances, Employer's Contribution to PF, Medical Re-imbursement, LTA, Ex-Gratia and Incentive.
3. None of the above persons 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. None of the above persons is related to any other Directors 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, 2010 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, 2010 and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2010 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, 2010,
- 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

**CA. Sunita Kedia**  
Partner

Place : 7A, Kiran Shankar Roy Road,  
Kolkata-700 001,  
Date : 30th April, 2010

F.R.No.302082E  
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 31 March, 2010.

- (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, 2010 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 till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009 – 10, no liability arises for the year.

- x) The Company has no accumulated losses and has not incurred any cash loss during the financial year covered by our audit. However, the company has incurred cash loss 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

**CA. Sunita Kedia**

Partner

F.R.No.302082E

Membership No. 60162

Place : 7A, Kiran Shankar Roy Road,  
Kolkata-700 001,

Date : 30th April, 2010



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	50,500,000		50,500,000	
Reserves and Surplus	2	12,669,723		12,025,532	
			<b>63,169,723</b>		<b>62,525,532</b>
<b>Loan Funds</b>					
Unsecured Loan	3		18,931,025		22,450,000
<b>TOTAL</b>			<b>82,100,748</b>		<b>84,975,532</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	14,117,526		13,963,827	
Less: Depreciation		10,914,665		9,184,871	
Net Block			3,202,861		4,778,956
<b>Investments</b>	<b>5</b>		<b>181,459</b>		<b>181,459</b>
<b>Deferred Tax Assets</b>			<b>1,976,618</b>		<b>1,976,618</b>
<b>Current Assets, Loans and Advances</b>					
Sundry Debtors	6	35,833,509		35,473,477	
Cash and Bank Balances	7	1,286,355		1,868,229	
Loans and Advances	8	46,916,132		45,087,889	
		<b>84,035,996</b>		<b>82,429,595</b>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	9	6,423,816		3,641,616	
Provisions	10	872,370		749,480	
		7,296,186		4,391,096	
<b>Net Current Assets</b>			<b>76,739,810</b>		<b>78,038,499</b>
<b>TOTAL</b>			<b>82,100,748</b>		<b>84,975,532</b>
Significant Accounting Policies and Notes to Accounts	14				

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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F.R. No. 302082E  
Place : Kolkata  
Date : 30th April, 2010

**V. H. Pandya**  
Chairman

**Ashok Kr. Pareek**  
Executive Director

**Manoj Agarwal**  
Company Secretary

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule		2010	2009
<b>INCOME</b>				
Income from operations	11		44,231,858	43,544,486
Other Income	12		256,000	1,348,141
			<b>44,487,858</b>	<b>44,892,627</b>
<b>EXPENDITURE</b>				
Administrative and Other Expenses	13		41,797,615	50,671,693
Depreciation			1,729,793	2,153,528
			43,527,408	52,825,221
<b>PROFIT BEFORE TAX</b>			960,450	(7,932,594)
<b>Provision for Taxation</b>				
Current Tax			679,849	-
Deferred Tax			-	(2,333,983)
Income Tax in respect of earlier year			(363,590)	(29,858)
<b>PROFIT AFTER TAX</b>			<b>644,191</b>	<b>(5,568,753)</b>
Balance brought forward from last year			12,025,532	17,594,285
Balance Carried to the Balance Sheet			12,669,723	12,025,532
<b>Earnings (Basic and Diluted) Per Equity Share</b> ( Face Value of Rs. 10 each ) (Refer Note no. 10 of Schedule 14)			-	0.13
Significant Accounting Policies and Notes to Account	14			(1.10)

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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F.R. No. 302082E

**V. H. Pandya**  
Chairman

**Ashok Kr. Pareek**  
Executive Director

**Manoj Agarwal**  
Company Secretary

Place : Kolkata  
Date : 30th April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax	960,450	(7,932,594)
Adjustment for:		
Depreciation	1,729,793	2,153,528
Interest Income	-	(1,063,349)
Interest on Income Tax Refund	(127,701)	
Liability no longer Required now Written Back	(49,915)	
Dividend Income	(9,666)	(110,614)
<b>Operating Profit before Working Capital Changes</b>	<b>2,502,961</b>	<b>(6,953,029)</b>
Adjustments for:		
(Increase) / Decrease in Receivables / Others	206,046	(29,674,141)
(Decrease) / Increase in Current Liabilities	2,955,005	(13,367,864)
Cash Generated from Operating Activities	5,664,012	(49,995,034)
Advance Tax Paid (Net of Refund & Interest on Refund)	(2,582,878)	788
<b>Net Cash (Used) / Generated in Operating Activities</b>	<b>3,081,134</b>	<b>(49,994,246)</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale of Investments	-	50,255,000
Purchase of Investments	-	(54,060)
Purchase of Fixed Assets	(153,699)	(698,845)
Refund of Loan given	-	11,969,319
Interest Received	-	1,063,349
Dividend Received	9,666	110,614
<b>Net Cash (Used) / Generated in Investing Activities</b>	<b>(144,033)</b>	<b>62,645,377</b>
<b>C. Cash Flow from Financing Activities</b>		
Loan taken	36,700,000	50,950,000
Loan repaid	(40,218,975)	(68,500,000)
Cash generated from / (used in) Financing Activities	(3,518,975)	(17,550,000)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(581,874)</b>	<b>(4,898,869)</b>
<b>Cash and Cash Equivalents as on 01.04.2009</b>	<b>1,868,229</b>	<b>6,767,098</b>
<b>Cash and Cash Equivalents as on 31.03.2010 (As per Schedule - 7)</b>	<b>1,286,355</b>	<b>1,868,229</b>

### 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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F.R. No. 302082E

**V. H. Pandya**  
Chairman

**Ashok Kr. Pareek**  
Executive Director

**Manoj Agarwal**  
Company Secretary

Place : Kolkata  
Date : 30th April, 2010

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
5,250,000 Equity Shares of Rs. 10/- each	52,500,000	52,500,000
<b>Issued, Subscribed and Paid - up</b>		
50,50,000 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)	<b>50,500,000</b>	<b>50,500,000</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
Profit and Loss Account	<b>12,669,723</b>	<b>12,025,532</b>
<b>SCHEDULE 3 - UNSECURED LOANS</b>		
Other Loans - From Holding Company (interest free)	18,931,025	22,450,000
	<b>18,931,025</b>	<b>22,450,000</b>

**SCHEDULE 4 - FIXED ASSETS**

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2009	Additions during the year	Sales / Adjustment during the period	As at 31st March, 2010	As at 1st April, 2009	For the year	Sales / Adjustment during the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Machinery	160,618	15,000	-	175,618	44,522	24,581	-	69,103	106,515	116,096
Office Equipment	1,263,748	-	-	1,263,748	241,307	63,032	-	304,339	959,409	1,022,441
Furniture & Fittings	3,811,612	-	-	3,811,612	1,789,020	1,120,375	-	2,909,395	902,217	2,022,592
Computers	8,727,849	138,699	-	8,866,548	7,110,022	521,805	-	7,631,828	1,234,720	1,617,827
<b>Total</b>	<b>13,963,827</b>	<b>153,699</b>	<b>-</b>	<b>14,117,526</b>	<b>9,184,871</b>	<b>1,729,793</b>	<b>-</b>	<b>10,914,665</b>	<b>3,202,861</b>	<b>4,778,956</b>
Previous Year	13,264,982	698,845	-	13,963,827	7,031,343	2,153,528	-	9,184,871	4,778,956	

**SCHEDULE 5 - INVESTMENTS**

Fully Paid Up, Long Term - at cost

Particulars	Face Value	Quantity (Nos.)		Amount (Rs.)	
	(Rs.)	31.03.2010	31.03.2009	31.03.2010	31.03.2009
<b>In Equity Shares</b>					
<b>I. Quoted (Non - trade)</b>					
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	134	79,975	79,975
ING Vysya Bank Limited	10	415	415	26,540	26,540
				<b>181,459</b>	181,459
<b>Total</b>				<b>181,459</b>	<b>181,459</b>
Aggregate Book Value of Quoted Investments				<b>181,459</b>	181,459
Aggregate Market Value of Quoted Investments				<b>884,443</b>	411,310

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 6 - SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	35,473,477	28,731,877
Other debts	360,032	6,741,600
	<b>35,833,509</b>	<b>35,473,477</b>
<b>SCHEDULE 7 - CASH AND BANK BALANCES</b>		
Cash On Hand (As certified by Management)	17,372	10,221
Balances with Scheduled Banks		
- In Current Account	1,268,983	1,858,008
	<b>1,286,355</b>	<b>1,868,229</b>
<b>SCHEDULE 8 - LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
<b>Advances recoverable in cash or in kind or for value to be received</b>		
Advance Income Tax [net of provision for Tax of Rs. 31,60,093/- (PY Rs. 74,64,930/-) ]	10,110,407	7,716,086
Others	36,805,725	37,371,803
	<b>46,916,132</b>	<b>45,087,889</b>
<b>SCHEDULE 9 - CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	217,636	286,837
Advance from Customer	544,804	506,772
Other Liabilities	5,661,376	2,848,007
	<b>6,423,816</b>	<b>3,641,616</b>
(There are no amounts due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund)		
<b>SCHEDULE 10 - PROVISIONS</b>		
Provision for Gratuity	872,370	749,480
	<b>872,370</b>	<b>749,480</b>



## Schedules to the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 11 - INCOME FROM OPERATIONS</b>		
Lead Arranger Fees	29,901,310	25,486,586
Consultancy Services	5,110,032	9,532,000
Lead Manager Fees	8,125,000	4,175,000
Underwriting Fees	374,950	2,450,000
Brokerage Received	720,566	1,900,900
	<b>44,231,858</b>	<b>43,544,486</b>
<b>SCHEDULE 12 - OTHER INCOME</b>		
Dividend on Long term Investments: (Other than trade)		
- from Subsidiary Company	-	102,000
- from Others	9,666	8,614
Interest Received (Gross) {TDS Rs. Nil (Previous year Rs. 239,985/-)}		
On Loan	-	1,063,349
On Fixed Deposit	-	1,167
On Income tax Refund	127,701	106,709
Liability No Longer Required Now Written Back	49,915	-
Miscellaneous Income	68,718	66,302
	<b>256,000</b>	<b>1,348,141</b>
<b>SCHEDULE 13 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Salary, Allowances and Bonus	22,258,280	16,414,776
Contribution to Provident Fund	940,520	999,725
Staff Welfare	43,891	94,215
Professional Fees	8,279,041	16,753,226
Rent	3,726,464	6,122,568
Rates & Taxes	22,535	200,145
Maintenance - Others	1,588,981	2,371,225
Travelling & Conveyance	3,342,336	3,867,710
Communication Expenses	255,592	374,224
Electricity Charges	348,792	687,642
Printing & Stationery	80,162	207,863
Directors' Sitting Fees	130,000	75,000
Advertisement & Subscription	369,638	1,398,658
Payment to Auditors		
- Audit Fees	25,000	25,000
- Other Capacities - Taxation matters	5,000	10,000
Brokerage - Others	294,416	932,009
Miscellaneous Expenses	86,967	72,360
Bad Debts / Advances Written Off	-	65,347
	<b>41,797,615</b>	<b>50,671,693</b>

## 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, 2010

#### 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 recognized when there is reasonable certainty of its ultimate realization/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 over a period of one year.

##### 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 recognizes 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. All long-term investments are stated 'at cost'. Provision for diminution in value, other than temporary, is considered on an individual basis.
- 5.3. 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 recognized 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 recognized 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 amortized 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 recognized 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 14 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (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 recognized 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 capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized 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

- The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. nil).
- Break up of Deferred Tax Assets and Liabilities is as under:

	(Amount in Rupees)	
	2010	2009
<b>Deferred Tax Liability</b>		
i) Difference between Book and Tax written down value	238,998	238,998
<b>Total Deferred Tax Liability</b>	<b>238,998</b>	<b>238,998</b>
<b>Deferred Tax Assets</b>		
Provision for leave encashment	(90,843)	(90,843)
Provision for Sick Leave	(7,754)	(7,754)
Provision for Gratuity	(231,589)	(231,589)
Business Loss	(1,885,430)	(1,885,430)
<b>Total Deferred Tax Asset</b>	<b>(2,215,616)</b>	<b>(2,215,616)</b>
<b>Net Deferred Tax Liability / (Asset)</b>	<b>(1,976,618)</b>	<b>(1,976,618)</b>

The timing differences for the year ended 31st March 2010 results in an increase in deferred tax asset (net) as per Accounting Standard - 22 "Accounting for taxes on income". As a prudent measure, such increase in the deferred tax asset has not been recognised in the books of accounts.

#### 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)	
	2009-10	2008-09
Contribution to Provident Fund	940,520	999,725
<b>Total</b>	<b>940,520</b>	<b>999,725</b>

## 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, 2010 (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 recognized in the financial statements in respect gratuity benefits which is not funded. (Amount in Rupees)

Employee Benefits	Gratuity (Unfunded)					
	2010	2009				
<b>Defined benefit plans</b>						
As per actuarial valuation as at						
<b>I. Components of employer expenses</b>						
1. Current Service Cost	493,740	201,360				
2. Interest cost	103,810	46,510				
3. Expected return on plan assets	-	-				
4. Curtailment cost / (credit)	-	-				
5. Settlement cost / (credit)	-	-				
6. Past Service Cost	78,310	-				
7. Actuarial Losses / (Gains)	(552,970)	(32,980)				
8a. Expenses recognised in the Statement of Profit & Loss Account. (total 1 to 7)	122,890	214,890				
8b. Actual Contributions	-	-				
9. Total expenses recognised in the Statement of Profit & Loss Account.	122,890	214,980				
<b>II. Actual Contribution and Benefits Payments for period ended</b>						
1. Actual benefit payments	-	-				
2. Actual Contributions	-	-				
<b>III. Net assets / (liability) recognised in balance sheet as at</b>						
1. Present value of Defined Benefit Obligation	1,342,240	749,480				
2. Fair value of plan assets	-	-				
3. Funded status [Surplus / (Deficit)]	(1,342,240)	(749,480)				
4. Unrecognised past service cost	469,860	-				
5. Net asset / (liability) recognised in balance sheet	(872,370)	(749,480)				
<b>IV. Change in Defined Benefit Obligations during the period ended</b>						
1. Present Value of DBO at beginning of period	749,480	534,590				
2. Current Service cost	493,740	201,360				
3. Interest cost	103,810	46,510				
4. Actuarial (Gains) / Losses	(552,970)	(32,980)				
5. Benefits paid	-	-				
6. Employer Contribution's	-	-				
7. Present Value of DBO at the end of period (total 1 to 6)	1,342,240	749,480				
<b>V. Change in Fair Value of Assets during the year ended</b>	-	-				
<b>VI. Actuarial Assumptions</b>						
1. Discount Rate	8.30%	8.00%				
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.)	Under 25	25-29	30-34	35-49	50-54	55-60
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 Benefit Tax

The Company has challenged the 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 till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009-10, no liability arises for the year.

## 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, 2010 (Contd.)

#### 5. Income in Foreign Currency

(Amount in Rupees)

	2010	2009
Consultancy fees	360,032	Nil
<b>Total</b>	<b>360,032</b>	<b>Nil</b>

#### 6. Expenditure in Foreign Currency

(Amount in Rupees)

	2010	2009
Consultancy fees	Nil	6,397,251
Travelling	Nil	41,465
<b>Total</b>	<b>Nil</b>	<b>6,438,716</b>

#### 7. Director's Remuneration

(Amount in Rupees)

	2010	2009
Salary & Other Allowance	2,954,750	2,880,000
Contribution to Provident Fund	144,000	144,000
<b>Total</b>	<b>3,098,750</b>	<b>3,024,000</b>

- a) Provisions for gratuity in respect of the Executive Director is 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.

#### 8. Details of loans / advances to subsidiaries

(Amount in Rupees)

Name of Subsidiaries	Maximum Outstanding during the year	Amount Outstanding as at 31.03.2010
Bengal Srei Infrastructure Development Ltd.*	Nil	Nil
Figures in brackets represent previous year amount.	(1,21,19,319)	Nil

#### 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.) 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. Srei Sahaj e-Village Ltd. Global Investment Trust Ltd. Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.) IIS International Infrastructure Services, GmbH, Germany ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure GmbH, Germany) Srei Advisors Pte. Ltd., Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010) Srei Mutual Fund Asset Management Private Ltd. w.e.f. 27.11.2009 Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009 Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010) DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)	Mr. Ashok Pareek

\* Ceased to be subsidiary of Srei Capital Markets Limited 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, 2010 (Contd.)

#### Summary of Transactions with Related Parties:

Name of related party and nature of relationship	Particulars	2010	2009
<b>Holding Company</b>			
Srei Infrastructure Finance Limited	Unsecured Loan taken	36,700,000	50,950,000
	Refund of Unsecured Loan taken	40,218,975	68,500,000
	Loan taken - Balance Outstanding	18,931,025	22,450,000
	Consultancy Fees received	4,250,000	Nil
<b>Fellow Subsidiaries</b>			
Bengal Srei Infrastructure Development Limited	Unsecured Loan given	Nil	3,800,000
	Refund of Unsecured Loan given	Nil	15,769,319
	Loan given - Balance Outstanding	Nil	Nil
	Interest received on Loan	Nil	10,63,349
	Dividend received	Nil	102,000-
Srei Venture Capital Limited	Sale of Investment	Nil	50,000,000-
Srei Infrastructure Advisors Limited	Sale of Investment	Nil	255,000-
<b>Key Management Personnel:</b>			
Mr. Ashok Pareek	Remuneration	3,098,750	3,024,000

#### 10. Earnings Per Share (Basic / Diluted)

Particulars	Year ended March 31	
	2010	2009
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.)	644.191	(5,568,753)
4. Earnings Per Share (Rs )	0.13	(1.10)

#### 11. Segment Reporting

The Company is primarily engaged in a single business segment of "Fund Mobilisation, 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 14.

On behalf of the Board of Directors

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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F.R.No. 302082E

**V. H. Pandya**  
Chairman

**Ashok Kr. Pareek**  
Executive Director

**Manoj Agarwal**  
Company Secretary

Place : Kolkata  
Date : 30th April, 2010

## 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, 2010		

#### 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*	82,101	Total Assets *	82,101
<b>Source of Funds</b>			
Paid up Capital	50,500	Reserves & Surplus	12,670
Secured Loans	Nil	Unsecured Loans	18,931
<b>Application of Funds</b>			
Net Fixed Assets	3203	Investments	181
Net Current Assets	76,740	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax	1,977

\* Excluding Current Liabilities & Provisions of Rs. 7296 thousands

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

Turnover	44,488	Total Expenditure	43,527
Profit Before Tax [+]	960	Profit After Tax [+]	644
(+ for Profit, - for Loss)			
Earnings per Share (Rs.)	0.13	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

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

**CA. Sunita Kedia**

Partner

Membership No. 60162

F.R.No. 302082E

**V. H. Pandya**

Chairman

**Ashok Kr. Pareek**

Executive Director

**Manoj Agarwal**

Company Secretary

Place : Kolkata

Date : 30th April, 2010

## 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 Fifteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

### FINANCIAL RESULTS AND OPERATIONS

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income	399,787	1,237,784
Expenditure	292,784	1,125,379
<b>Profit before Tax</b>	<b>107,003</b>	<b>112,405</b>
Provision for Current Tax	39,234	36,113
Provision for Deferred Tax	(6,169)	(1,381)
<b>Profit after Tax</b>	<b>73,938</b>	<b>77,673</b>
Add: Profit b/f from last year	609,989	532,316
<b>Profit carried to Balance Sheet</b>	<b>683,927</b>	<b>609,989</b>
Paid up Equity Share Capital	500,000	500,000

During the year under review, your Company has earned an income of Rs.3,99,787/- as against Rs. 1,237,784/- 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. 1,07,003/- as profit before tax against a profit before tax of Rs. 112,405/- in the previous year.

### 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 2009-10.

### 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 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 utilized or earned any foreign exchange during the year (Previous Year Nil).

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and pursuant to the Articles of Association of your Company, Mr. Bajrang Kumar Choudhary, 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 that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2010, 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, 2010 on a going concern basis.



**AUDITORS**

M/s. Chetan & 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. The Board of Directors of your Company recommends the re-appointment of M/s. Chetan & Co., Chartered Accountants, as the Statutory Auditors of your Company.

**ACKNOWLEDGEMENT**

Your Directors express their gratitude for the continued co-

operation and support received from the funds 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 : 26th April, 2010

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## 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, 2010 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, 2010, and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2010 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, 2010,
  - 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

Membership No.: 006308

Place. : Kolkata

Date. : 26th April, 2010

## 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 31 March, 2010.

- (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 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, 2010 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 31.03.2010.
- (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 mutal 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 the provisions of clause (xviii) are not applicable to the Company.
- (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. : 26th April, 2010

Membership No.: 006308



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	500,000		500,000	
Reserves & Surplus	2	683,927	1,183,927	609,989	1,109,989
Deferred Tax Liability			2,289		8,458
			<b>1,186,216</b>		<b>1,118,447</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	3	28,172		374,222	
Less: Depreciation		7,602		78,176	
Net Block			<b>20,570</b>		<b>296,046</b>
<b>Current Assets, Loans &amp; Advances:</b>					
Sundry Debtors	4	891,243		593,264	
Cash and Bank Balances	5	445,800		95,432	
Loans & Advances	6	54,794		245,640	
		<b>1,391,837</b>		<b>934,336</b>	
Less: Current Liabilities & Provisions		226,191		111,935	
Current Liabilities	7	<b>226,191</b>		<b>111,935</b>	
Net Current Assets			<b>1,165,646</b>		<b>822,401</b>
<b>Miscellaneous Expenditure</b>	8		-		-
(To the extent not written off or adjusted)					
			<b>1,186,216</b>		<b>1,118,447</b>
Significant Accounting Policies and Notes on Accounts	11				

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

For **Chetan & Co.**  
Chartered Accountants

**A. Som**  
Partner

Place : Kolkata  
Date : 26th April, 2010

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, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Trusteeship fee		378,415	1,227,076
{TDS Rs. 43,916/- (Previous year Rs. 50,824/-)}			
Other Income	9	21,372	10,708
		<b>399,787</b>	<b>1,237,784</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	10	272,686	1,087,361
Depreciation		20,098	23,760
Preliminary Expenses Written Off		-	14,258
		<b>292,784</b>	<b>1,125,379</b>
<b>Profit Before Taxation</b>		<b>107,003</b>	<b>112,405</b>
Provision for Taxation			
- Current Taxation		39,234	36,113
- Deferred Taxation		(6,169)	(1,381)
<b>Profit After Taxation</b>		<b>73,938</b>	<b>77,673</b>
Add : Profit Brought Forward from last year		609,989	532,316
<b>Profit Carried Forward to Balance Sheet</b>		<b>683,927</b>	<b>609,989</b>
<b>Earnings Per Equity Share (Rs.)</b>		<b>1.48</b>	<b>1.55</b>
Significant Accounting Policies and Notes on Accounts	11		

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

For **Chetan & Co.**  
Chartered Accountants**A. Som**  
Partner**P. K. Bhattacharjee**  
Director

On behalf of the Board of Directors

**Bajrang K. Choudhary**  
DirectorPlace : Kolkata  
Date : 26th April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax	107,003	112,405
Adjustments for:		
Depreciation	20,098	23,760
Interest received on Fixed Deposit	(6,949)	(10,708)
Liability no longer required written back	(14,423)	-
Preliminary Expenses written off	-	14,258
Operating Profit before Working Capital Changes	105,729	139,715
Adjustments for:		
(Increase) / Decrease in Receivables / others	(102,451)	(77,314)
Increase / (Decrease) in Trades Payables / others	128,679	(20,680)
Cash generated from Operating activities	131,957	41,721
Advance Tax Paid (Net of refund)	(43,916)	(122,036)
<b>Net Cash (used in) / Generated from Operating Activities</b>	<b>88,041</b>	<b>(80,315)</b>
<b>Cash Flow from Investing Activities</b>		
Investment in Fixed Deposit	(150,000)	(50,000)
Interest received on Fixed Deposit	6,949	10,708
Sale of Fixed Assets	255,378	-
<b>Net Cash (used in) / Generated from Investing Activities</b>	<b>112,327</b>	<b>(39,292)</b>
<b>Net Cash (used in) / Generated from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>200,368</b>	<b>(119,607)</b>
<b>Cash and Cash Equivalents as on 01.04.2009</b>	<b>45,432</b>	<b>165,039</b>
<b>Cash and Cash Equivalents as on 31.03.2010</b>	<b>245,800</b>	<b>45,432</b>

### 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 and Balance with Banks.
3. Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.

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 : 26th April, 2010

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
10,00,000 Equity Shares of Rs. 10/- each	10,00,000	10,00,000
<b>Issued, Subscribed &amp; Paid - up</b>		
50,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid - up in cash	<b>500,000</b>	<b>500,000</b>
<b>Note:</b> The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Company and its nominees		
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
Profit & Loss Account	683,927	609,989
	<b>683,927</b>	<b>609,989</b>

**SCHEDULE 3 - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April, 2009	Addition during the year	Sale during the year	As at 31st March, 2010	As at 1st April, 2009	For the year	Sales/ Adjustments during the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Furniture & Fixture	374,222	-	346,050	28,172	78,176	20,098	90672	7,602	20,570	296,046
<b>Total</b>	<b>374,222</b>	<b>-</b>	<b>346,050</b>	<b>28,172</b>	<b>78,176</b>	<b>20,098</b>	<b>90,672</b>	<b>7,602</b>	<b>20,570</b>	<b>296,046</b>
Previous Year	374,222	-	-	374,222	54,416	23,760	-	78,176	296,046	

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 4 - SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
- Debts outstanding for a period exceeding six month	711,862	174,046
- Other debts	179,381	419,218
	<b>891,243</b>	<b>593,264</b>
<b>SCHEDULE 5 - CASH AND BANK BALANCES</b>		
Cash In Hand	2,643	1,056
Balance with Banks		
- in Current Accounts	243,157	44,376
- in Fixed Deposit Account	200,000	50,000
	<b>445,800</b>	<b>95,432</b>
<b>SCHEDULE 6 - LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Advance recoverable in cash or in kind or for value to be received or pending adjustments		
Interest Accrued on Fixed Deposit	4,592	120
Other Advance	10,000	210,000
Balances with Income Tax Authority { Net of Provision For Tax of Rs. 3,40,315/- (Previous year Rs. 3,01,081/-) }	40,202	35,520
	<b>54,794</b>	<b>245,640</b>
<b>SCHEDULE 7 - CURRENT LIABILITIES</b>		
Other Liabilities	226,191	111,935
	<b>226,191</b>	<b>111,935</b>
<b>SCHEDULE 8 - MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses		
Opening Balance	-	14,258
Less: Written off during the year	-	14,258
	-	-

## Schedules to the Profit and Loss Account for the year ended 31st March, 2010

### SCHEDULE 9 - OTHER INCOME

(Amount in Rupees)

	2010	2009
Interest Received	6,949	10,708
Liability no longer required now written back	14,423	-
	<b>21,372</b>	<b>10,708</b>

### SCHEDULE 10 - ADMINISTRATIVE & OTHER EXPENSES

Rent	-	312,500
Maintenance - Others	-	150,000
Directors' Sitting Fees	55,000	60,000
Payments to Auditors		
- Audit Fees	5,000	4,000
Rates & Taxes	6,500	9,490
Professional Fees	199,250	19,875
Miscellaneous Expenses	6,936	16,496
Bad Debts	-	515,000
	<b>272,686</b>	<b>1,087,361</b>

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

#### 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 over a period of one year.

##### 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 recognizes 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 recognized 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 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

#### B. Notes on Accounts

- i. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. Nil).
- ii. Earnings & Expenditure in Foreign Currency – Rs.Nil (Previous Year Rs. Nil)
- iii. Basic / Dilutive Earnings Per Share

Particulars	Year ended 31st March	
	2010	2009
1. Weighted average number of shares	50,000	50,000
2. Profit After Taxes (Rs.)	73,938	77,673
3. Earnings Per Share (Rs.)	1.48	1.55

- iv. 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)
	Srei Advisors Pte. Ltd., Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)
	Controlla Electrotech Private Ltd.
	Srei Mutual Fund Asset Management Private Ltd. w.e.f 27.11.2009
	Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009
	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)
	DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)

Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of relationship	Short - term Advance		Sale of Fixed Assets	
Srei Infrastructure Finance Limited	Holding Company	Opening	Nil (100,000)	Gross Block	346,050 (NIL)
		Taken	Nil (100,000)	Written Down Value	255,378 (Nil)
		Refunded	Nil (200,000)	Sale Price	255,378 (Nil)
		Closing	Nil (Nil)	Balance outstanding	Nil (Nil)

Amount in brackets represent previous year figures.

- v. The previous year's figures have been regrouped / rearranged wherever considered necessary. Signatories to Schedules 1 to 11.

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  
Place : Kolkata  
Date : 26th April, 2010

**P. K. Bhattacharjee**  
Director

**Bajrang K. Choudhary**  
Director



## 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, 2010		

### 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	1412	Total Asset	1412
<b>Source of Funds</b>			
Paid - up Capital	500	Reserves & Surplus	684
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Tax Liability	2
<b>Application of Funds</b>			
Net Fixed Assets	21	Investments	Nil
Net Current Assets	1165	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax Asset	Nil

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

Turnover	400	Total Expenditure	293
Profit / (Loss) Before Tax	107	Profit / (Loss) After Tax	74
Earnings Per Share (Rs.)	1.48	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	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 : 26th April, 2010

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 Ninth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income	10,82,768	781,551
Expenditure	10,43,144	610,464
<b>Profit / (Loss) Before Tax</b>	<b>39,624</b>	<b>171,087</b>
Provision for Current Tax	(12,244)	(63,829)
<b>Profit After Tax</b>	<b>27,380</b>	<b>107,258</b>
Balance brought forward from previous year	615,567	508,309
<b>Balance carried to Balance Sheet</b>	<b>642,947</b>	<b>615,567</b>
Paid - up Equity Share Capital	50,00,000	50,00,000

**OPERATIONAL REVIEW AND FUTURE OUTLOOK**

During the year under review, your Company continued to endeavor to expand the business of Infrastructure Advisory and is expected to generate good revenues 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), a subsidiary of your Company is a joint venture between Government of West Bengal's undertaking West Bengal Industrial 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 and has now diversified into social, tourism and urban infrastructure and has been awarded assignments in these sectors.
- Srei Infocomm Services Limited, a wholly owned subsidiary of your Company is engaged in the business of providing comprehensive integrated infrastructure solutions to Telecom Operators.
- 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.
- Your Company is pursuing for infrastructure projects in Nigeria. Your Company has been shortlisted for consultancy services for pre-feasibility / feasibility studies and preliminary / final engineering designs.

**SUBSIDIARY COMPANIES**

During the year under review, Srei Infocomm Services Limited and Bengal Srei Infrastructure Development Limited continued to be the subsidiary of your Company.

**DIVIDEND**

In order to plough back the resources of your Company, the Board of Directors of your Company does not recommend any dividend for the financial year 2009-10.

**FIXED DEPOSIT**

Your Company did not accept 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, 1998.

Your Company has not utilized 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 pursuant to the Articles of Association of your Company, Dr. Ratiranjana Mandal, Director retires by rotation at 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:

- in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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, 2010 on a going concern basis.

#### AUDITORS

M/s. Singhi & 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. The Board of Directors of your Company recommends the re-appointment of M/s. Singhi & Co., Chartered Accountants, as the Statutory Auditors of your Company.

#### 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 : 30th April, 2010                      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 2010, 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.

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, 2010 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, 2010;
  - 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 : 30th April, 2010

Membership No. 54157  
F.R. No. 302049E

## 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 u/s. 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 u/s 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 u/s 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 u/s 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, 2010.</p> <p>x) The Company has no accumulated losses as at 31st March, 2010 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 registered maintained u/s 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

Place : Kolkata  
Date : 30th April, 2010

Membership No. 54157  
F.R. No. 302049E

## COMPLIANCE CERTIFICATE

Registration No. : 21 - 93316  
Nominal Capital : Rs. 5000000/-

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, 2010 (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 08.06.09, 22.07.09, 24.10.09 and 27.01.10 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, 2009 was held on 1st July, 2009, 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 meetings were 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 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, 2010.
  - v. The Company has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors is duly constituted. There was no appointment of Directors, additional Directors, alternate Directors or Directors to fill casual vacancies made during the 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, 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.
19. The Company has not issued shares/debentures/other securities during the financial year.
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, 2010.

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 not altered the provisions of the Memorandum with respect to the objects of the Company during the financial 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 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 Patni**

Place : Kolkata  
Date : 30th April, 2010

Company 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, 2010.

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 31.03.09	30.07.09	YES	N.A
02.	Form No. 20B	159	Annual Return made upto 01.07.09	14.08.09	YES	N.A
03.	Form No. 66	Proviso to Section 383A(1)	Compliance Certificate	06.07.09	YES	N.A



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	5,000,000		5,000,000	
Reserves & Surplus	2	642,947	5,642,947	615,567	5,615,567
Unsecured Loan			900,000		6,956,734
			<b>6,542,947</b>		<b>12,572,301</b>
<b>APPLICATIONS OF FUNDS</b>					
Investment	3		5,241,320		6,529,920
<b>Current Assets, Loans &amp; Advances</b>					
Current Assets	4	999,558		786,026	
Loans & Advances	5	473,697		5,436,272	
		<b>1,473,255</b>		<b>6,222,298</b>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	6	13,236		33,769	
Provisions	7	158,392		146,148	
		<b>171,628</b>		<b>179,917</b>	
<b>Net Current Assets</b>			<b>1,301,627</b>		<b>6,042,381</b>
<b>Miscellaneous Expenditure</b>					
Preliminary Expenses to the extent not written off or adjusted	8				
			-		-
			<b>6,542,947</b>		<b>12,572,301</b>
Significant Accounting Policies and Notes on Accounts	11				

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  
Membership No. 54157  
F.R. No. 302049E

**Naveen Bansal**  
Director

**Subrata Ghosh**  
Director

Place : Kolkata  
Date : 30th April, 2010



**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Consultancy Fees		950,000	750,000
Other Income	9	132,768	31,551
		<b>1,082,768</b>	<b>781,551</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	10	226,453	216,219
Interest Expenses		816,691	358,767
Preliminary Expenses Written Off		-	35,478
		<b>1,043,144</b>	<b>610,464</b>
<b>Profit Before Tax</b>		<b>39,624</b>	<b>171,087</b>
Provision for Current Tax		(12,244)	(63,829)
<b>Profit After Tax</b>		<b>27,380</b>	<b>107,258</b>
Balance brought forward from last year		615,567	508,309
<b>Balance carried to Balance Sheet</b>		<b>642,947</b>	<b>615,567</b>
Earnings Per Equity Share (Rs.)		0.05	0.33
Significant Accounting Policies and Notes on Accounts	11		

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

For **Singhi & Co.**  
Chartered Accountants

On behalf of the Board of Directors

**S. K. Kothari**  
Partner  
Membership No. 54157  
F.R. No. 302049E

**Naveen Bansal**  
Director

**Subrata Ghosh**  
Director

Place : Kolkata  
Date : 30th April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax	39,624	171,087
Adjustments for:		
Interest Paid	816,691	358,767
Interest Received on Fixed Deposit	(4,621)	-
Interest on Income Tax Refund	(14,775)	-
Dividend Income	(102,000)	-
Preliminary Expenses written off	-	35,478
<b>Operating Profit before Working Capital Changes</b>	<b>734,919</b>	<b>565,332</b>
Adjustments for:		
(Increase) / Decrease in Receivables / others	4,706,651	(761,380)
Increase / (Decrease) in Trades Payables / others	(20,533)	(336,448)
<b>Cash generated from Operating activities</b>	<b>5,421,037</b>	<b>(532,496)</b>
Less: Advance Tax Paid (Net of refund & interest on refund)	(88,449)	92,619
<b>Net Cash from Operating Activities</b>	<b>5,509,486</b>	<b>(625,115)</b>
<b>B. Cash Flow from Investing Activities</b>		
Investment in Fixed Deposit	(75,000)	-
Interest on Fixed Deposit	4,621	-
Investment in Shares	(4,804,000)	(6,529,920)
Dividend Received	102,000	-
Sale of Investment	6,092,600	-
Share Application Money Paid	-	(4,804,000)
<b>Net Cash from Investing activities</b>	<b>1,320,221</b>	<b>(11,333,920)</b>
<b>C. Cash Flow from Financing Activities</b>		
Net Increase / (Decrease) in borrowings	(6,056,734)	6,956,734
Interest paid	(816,691)	(2,033)
Increase in Equity Share Capital	-	4,500,000
<b>Net Cash Flow from Financing Activities</b>	<b>(6,873,425)</b>	<b>11,454,701</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(43,718)</b>	<b>(504,334)</b>
<b>Cash and Cash Equivalents as on 01.04.2009</b>	<b>113,276</b>	<b>617,610</b>
<b>Cash and Cash Equivalents as on 31.03.2010</b>	<b>69,558</b>	<b>113,276</b>

### 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 and Balances with Bank.
3. Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.

For **Singhi & Co.**  
Chartered Accountants

**S. K. Kothari**  
Partner  
Membership No. 54157  
F.R. No. 302049E

Place : Kolkata  
Date : 30th April, 2010

On behalf of the Board of Directors

**Naveen Bansal**  
Director

**Subrata Ghosh**  
Director

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
500,000 Equity Shares of Rs. 10/- each	5,000,000	5,000,000
<b>Issued, Subscribed &amp; Paid - up</b>		
500,000 (Previous year 50,000) Equity Shares of Rs. 10/- each fully paid - up in cash	5,000,000	5,000,000
	<b>5,000,000</b>	<b>5,000,000</b>
Note : The entire Share Capital is held by Srei Infrastructure Finance Ltd., the Holding Co. and its nominees		
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>	<b>642,947</b>	<b>615,567</b>
Profit & Loss Account	<b>642,947</b>	<b>615,567</b>
<b>SCHEDULE 3 - INVESTMENT</b>		
<b>Long Term Investment</b>		
<b>In Equity Shares of Subsidiary Companies (Other than Trade)</b>		
Srei Infocomm Services Limited	500,000	500,000
50,000 ( Previous Year 50,000 ) Equity Shares of Rs 10 each		
Bengal Srei Infrastructure Development Limited		
25,500 ( Previous Year 25,500 ) Equity Shares of Rs 10 each	255,000	255,000
<b>In Equity Shares of Joint Venture Company (Other than Trade)</b>		
Srei (Mauritius) Infrastructure Development Company Ltd.	4,486,320	4,486,320
292,800 (Previous Year - 292,800) Ordinary Shares		
<b>In Equity Shares of Company (Other than Trade)</b>		
Odyssey Group Partners Pte Ltd.	-	1,288,600
Nil (Previous Year - 42,500) Ordinary Shares		
	<b>5,241,320</b>	<b>6,529,920</b>
Note: 100000 ordinary shares of Srei Charlestown LLC allotted and sold during the year.		
<b>SCHEDULE 4 - CURRENT ASSETS</b>		
Sundry Debtors		
(Unsecured, Considered Good)		
- Debts outstanding for a period exceeding six months	-	-
- Other debts	855,000	672,750
Cash In Hand	559	5,684
Balance With Bank:		
- in Fixed Deposit	75,000	-
- in Current Account	68,999	107,592
	<b>999,558</b>	<b>786,026</b>
<b>SCHEDULE 5 - LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good)		
Share Application Money- Srei Charles Town LLC	-	4,804,000
Interest Accrued on Fixed Deposit	3,729	-
Income Tax Refundable	-	12,327
Tax Deducted at Source	469,968	531,315
Other Advances	-	88,630
	<b>473,697</b>	<b>5,436,272</b>
<b>SCHEDULE 6 - CURRENT LIABILITIES</b>		
Sundry Creditors	-	500
Other Liabilities	13,236	33,269
	<b>13,236</b>	<b>33,769</b>
<b>SCHEDULE 7 - PROVISIONS</b>		
Provision for Taxation	158,392	146,148
	<b>158,392</b>	<b>146,148</b>
<b>SCHEDULE 8 - MISCELLANEOUS EXPENDITURE</b>		
(To the extent of not written off or adjusted)		
Preliminary Expenses		
As per last account	-	35,478
Less: Written off during the year	-	35,478
	-	-

## Schedules to the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 9 - OTHER INCOME</b>		
Interest on :		
Income Tax Refund	14,775	-
Fixed Deposit	4,621	9,577
Foreign Exchange Fluctuation Gain	-	21,974
Dividend Received	102,000	-
Other Income	11,372	-
	<b>132,768</b>	<b>31,551</b>
<b>SCHEDULE 10 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Professional Fees	108,761	58,405
Rates & Taxes	2,500	11,551
Filing Fees	1,500	7,550
Bank Charges	2,264	72,264
Payment to Statutory Auditor:		
Statutory Audit fees	13,236	26,719
In other capacity	16,815	33,708
Miscellaneous Expenses	3,854	6,022
Loss on Foreign Exchange Fluctuation	77,523	-
	<b>226,453</b>	<b>216,219</b>

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

#### 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

- 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

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earning 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 Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. nil).
- Earnings in Foreign Currency – Rs. Nil (Previous Year Rs. 21,974/-).
- Expenditure in Foreign Currency – Rs.Nil (Previous Year Rs. Nil).

#### 4. Earnings Per Share

Basic / dilutive Earnings per Share

Particulars	2010	2009
1. Opening No. of Shares	5,00,000	50,000
2. Weighted average number of Equity Shares Outstanding	5,00,000	3,28,630
3. Profit (Loss) after Taxes (Rs.)	27,380	1,07,258
4. Earnings Per Share (Rs.)	0.05	0.33

#### 5. Details of Equity Shares purchased and sold during the year

Equity Shares / Common Stock	Face Value	Purchase		Sale	
		Quantity (Nos.)	Cost USD	Quantity (Nos.)	Value USD
Srei Charlestown LLC (Common Stock)	USD 1	100,000	100,000	100,000	100,000

There has been Foreign Exchange Fluctuation Loss of Rs. 2,03,000/- on sale of above share.

#### 6. Related Party Transactions

a) The Company has the following related parties:

Holding Company	Subsidiaries/Associates & Fellow Subsidiaries
Srei Infrastructure Finance Limited	Subsidiary & JV:
	Srei Infocomm Services Limited
	Bengal Srei Infrastructure Development Ltd
	Srei (Mauritius) Infrastructure Development Company Ltd. (Joint Venture)
	Fellow Subsidiaries:
	Srei Capital Markets Ltd
	Srei Forex Ltd.
	Srei Sahaj-e-Village Ltd
	Srei Venture Capital Ltd
	Global Investment Trust Limited
	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 (P) Limited
	Srei Advisors Pte. Ltd., Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)
	Srei Mutual Fund Asset Management Private Ltd. w.e.f 27.11.2009
	Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009
	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)
	DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

b) Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of Relationship	Nature of Transactions and Outstanding balances	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
Srei Infrastructure Finance Limited	Holding Company	Equity Participation	-	5,00,000
		Loan taken	1,00,000	66,00,000
		Loan Repaid	58,00,000	-
		Balance Payable	9,00,000	69,56,734
		Interest paid	8,16,691	3,58,767
		Professional Fees paid	72,000	18,000
Srei Infocomm Services Limited	Subsidiary Company	Advance given	-	1,58,000
		Balance Receivable	-	-
		Purchase of Equity Shares	-	5,00,000
Bengal Srei Infrastructure Development Limited	Subsidiary Company	Purchase of Equity Shares	-	2,55,000
		Divident Received	1,02,000	-
Orbis Power Venture Private Limited	Fellow Subsidiary Company	Consultancy Fees Received	9,50,000	-
		Balance Receivable	8,55,000	-
Srei (Mauritius) Infrastructure Development Company Limited	Joint Venture	Subscription of Equity Shares	-	44,86,320

7. Disclosure in respect of Company's Joint Ventures in India pursuant to Accounting Standard 27 'Financial Reporting of Interest in Joint Ventures' as on 31.03.2010:

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 in:

(Amount in Rupees)

	2009-10	2008-09
Net Fixed Assets	62,427	4,61,417
Net Current Assets	453,777	1,827,970
Loans / Borrowings	-	-
Deferred Tax Assets / (Liability)	(18,167)	(19,337)
Income	6,16,233	46,361
Expenses (Including Depreciation and Taxation)	23,03,575	24,31,831
Contingent Liabilities	-	-
Capital Commitments	-	-

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

Signatories to Schedules 1 to 11.

Schedules referred to above form an integral part of the Accounts. As per our report annexed.

For **Singhi & Co.**  
Chartered Accountants

**S. K. Kothari**  
Partner  
Membership No. 54157  
F.R. No. 302049E  
Place : Kolkata  
Date : 30th April, 2010

**Naveen Bansal**  
Director

On behalf of the Board of Directors

**Subrata Ghosh**  
Director

## 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.	U75131WB2001PLC093316	State Code	21
Balance Sheet Date	31st March, 2010		

### 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	6,715	Total Asset	6,715
<b>Source of Funds</b>			
Paid up Capital	5,000	Reserves & Surplus	643
Secured Loans	Nil	Unsecured Loans	900
<b>Application of Funds</b>			
Net Fixed Assets	Nil	Investments	5,241
Net Current Assets	1,302	Deferred Tax Asset	Nil
Accumulated Losses	Nil	Misc. Expenditure	Nil

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

Turnover	1,083	Total Expenditure	1,043
Profit / (Loss) Before Tax	40	Profit / (Loss) After Tax	27
Earnings Per Share (Rs.)	0.05	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.		

For **Singhi & Co.**  
Chartered Accountants

**S. K. Kothari**  
Partner  
Membership No. 54157  
F.R. No. 302049E

Place : Kolkata  
Date : 30th April, 2010

On behalf of the Board of Directors

**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, 2009 to 31st March, 2010	From 1st April, 2009 to 31st March, 2010
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 31.03.2010		
i) for the subsidiary's period from 1st April, 2009 to 31st March, 2010	Rs. (12,36,489)	Rs. 8,322
ii) for the previous financial years of the subsidiary since it became the Holding Company's Subsidiary	Rs. 18,09,493	Rs. (1,74,312)
b) Dealt with in the account of Srei Infrastructure Advisors Ltd. for the year ended 31.03.2010		
i) for the subsidiary's period from 1st April, 2009 to 31st March, 2010	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

**Naveen Bansal**  
Director

**Subrata Ghosh**  
Director

Place : Kolkata  
Date : 30th April, 2010



**DIRECTORS**

Mr. Hemant Kanoria  
Mr. Subrata Ghosh  
Mr. Surendra Prasad Yadav

**CHIEF EXECUTIVE OFFICER**

Mr. Anjan Roy

**AUDITORS**

G. P. Agrawal & Co.  
Chartered Accountants

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2010. The summarised financial performance of your Company is as under:

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Total Income	7,886,767	1,30,21,986
Total Expenditure	9,155,882	1,03,93,058
<b>Profit Before Tax</b>	<b>(1,269,115)</b>	<b>26,28,928</b>
Provision for Taxation:		
Current Tax	-	9,02,481
Deferred Tax	-	(25453)
Income Tax in respect of earlier years	(32,626)	-
<b>Profit After Tax</b>	<b>(1,236,489)</b>	<b>17,51,900</b>
Balance brought forward from previous year	1,809,493	4,66,773
Adjustment on account of adoption of AS-15(Revised)	-	-
Profit Available for Appropriation	573,004	22,18,673
Appropriations:		
General Reserve	-	1,75,190
Proposed Dividend	-	2,00,000
Corporate Dividend Tax	-	33,900
Balance carried to Balance Sheet	573,004	18,09,493
Paid up Equity Share Capital	500,000	500,000

**REVIEW OF OPERATIONS & FUTURE PROSPECTS**

Your Company continued its quest for more business in the current year in the State of West Bengal. Most of the projects were related to the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) programme of the Government of India and involved preparation of Detailed Project Reports (DPRs) on sewerage, storm water drainage and transportation on behalf of the nodal agency, Kolkata Metropolitan Development Authority (KMDA). There were other assignments from the West Bengal Tourism Development Corporation Ltd (WBTDCL) in areas of project development and project management services. Your Company is currently executing 5 projects on storm water drainage systems for Urban Local Bodies (ULBs), one sewerage project and another road over bridge project at Howrah. In addition West Bengal Industrial Development Corporation (WBIDC) has engaged your Company to prepare the bid documents and manage the transaction advisory services related to Manikanchan SEZ Phase II and Shilpangan at Siliguri and the

assignments are in progress.

For the WBTDCL., your Company is handling 3 projects on transaction advisory and 4 projects for project management services.

However, the flow of projects were very uneven leading to peaks at the end of the year. Many of the projects are facing constraints due to design issues, availability of land for water treatment plant, and decisions awaited from municipal management leading to uncertainty of project execution. Consequently, turnover of your Company suffered since we were unable to complete the submission of the JNNURM reports to Government of India and obtain their approval within March 2010. This spillover of projects has adversely affected our cash flows for the year. The financial results as of end March 2010 showed a turnover of Rs.78.86 lacs and a net loss of Rs.12.36 lacs. However with the projects presently under execution and extensive marketing planned for 2010-11, your Company expects to extend its customer base to upcountry ULBs, development authorities and other Government agencies to tap more business opportunities in the current year.

**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 2009-10. (Previous Year : Rs.4/- per share i.e., 40% )

**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 utilized 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. Subrata Ghosh retires by rotation and being eligible, offers himself for re- appointment.

Ms Nandini Chakravorty resigned as Director of your Company with effect from 15th January, 2010. The Board of Directors places on record its deep appreciation for the valuable guidance, advice and services rendered by Ms Nandini Chakravorty during her tenure as a Director of your Company.

## 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, 2010, 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 financial 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 accounts for the financial year ended 31st March, 2010 on a going concern basis.

## AUDITORS

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. The Board of Directors of your Company recommends the re-appointment of M/s. G. P. Agrawal & Co., Chartered Accountants, as the Statutory Auditors of your Company.

## 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	<b>Subrata Ghosh</b>	<b>S. P. Yadav</b>
Dated : 23rd April, 2010	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 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 2010;
  - (b) in the case of the Profit and Loss Account, of the LOSS 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

**CA. Sunita Kedia**  
Partner

Place : Kolkata  
Date : 23rd April, 2010

F.R.No.302082E  
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, 2010.

- (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, 2010 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, 2010.
- 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 till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009 – 10, no liability arises for the year under audit.
- x) The Company has no accumulated losses and has not incurred any cash loss in the immediately preceding financial year. However, the company has incurred cash loss amounting to Rs.12.34 Lacs 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

**CA. Sunita Kedia**  
Partner

Place : Kolkata  
Date : 23rd April, 2010

F.R.No.302082E  
Membership No. 60162



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	500,000		500,000	
Reserves and Surplus	2	906,591		2,143,080	
			1,406,591		2,643,080
<b>Loan Funds</b>					
<b>Unsecured Loans</b>	3		11,650,000		11,000,000
<b>Total</b>			<b>13,056,591</b>		<b>13,643,080</b>
<b>APPLICATIONS OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	21,164		21,164	
Less: Depreciation		4,281	16,883	849	20,315
Net Block					
<b>Investment</b>	5		10,000,000		10,000,000
<b>Deferred Tax Assets</b>			134,843		134,843
<b>Current Assets, Loans and Advances</b>					
Sundry Debtors	6	187,255		1,024,755	
Cash and Bank Balances	7	508,847		1,694,462	
Loans and Advances	8	3,097,522		2,796,662	
		<b>3,793,624</b>		<b>5,515,879</b>	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	9	295,596		1,174,710	
Provisions	10	593,163		853,247	
		<b>888,759</b>		<b>2,027,957</b>	
Net Current Assets			2,904,865		3,487,922
<b>Total</b>			<b>13,056,591</b>		<b>13,643,080</b>
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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. – 302082E

**Subrata Ghosh**  
Director

**S. P. Yadav**  
Director

Place : Kolkata  
Date : 23rd April, 2010

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Consultancy Charges		7,819,326	12,916,561
Other Income	11	67,441	105,425
<b>Total</b>		<b>7,886,767</b>	<b>13,021,986</b>
<b>EXPENSES</b>			
Administrative and Other Expenses	12	7,746,731	8,830,339
Depreciation		3,432	849
Interest		1,405,719	1,561,870
		<b>9,155,882</b>	<b>10,393,058</b>
<b>PROFIT BEFORE TAX</b>		<b>(1,269,115)</b>	<b>2,628,928</b>
<b>Provision for Taxation:</b>			
Current Tax		-	902,481
Deferred Tax		-	(25,453)
Income Tax in respect of earlier years		(32,626)	-
<b>PROFIT AFTER TAX</b>		<b>(1,236,489)</b>	<b>1,751,900</b>
Balance brought forward from previous year		1,809,493	466,773
<b>Profit Available for Appropriation</b>		<b>573,004</b>	<b>2,218,673</b>
<b>APPROPRIATIONS</b>			
General Reserve		-	175,190
Proposed Dividend		-	200,000
Corporate Dividend Tax		-	33,990
Surplus/(Deficit) Carried to Balance Sheet		573,004	1,809,493
<b>Total</b>		<b>573,004</b>	<b>2,218,673</b>
<b>Earnings (Basic and Diluted) Per Equity Share</b>			
<b>(Face Value of Rs.10 each)</b>			
		(24.73)	35.04
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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. – 302082E

**Subrata Ghosh**  
Director

**S. P. Yadav**  
Director

Place : Kolkata  
Date : 23rd April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	31.03.2010	31.03.2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	(1,269,115)	2,628,928
Add :Adjustments for:		
Depreciation	3,432	849
Interest Received on Fixed Deposit	(10,498)	(7,695)
Interest on Income Tax Refund	(56,943)	
Interest Expenses	1,405,719	1,561,870
Liability No longer required now Written Back	-	(80,730)
<b>Operating Profit before Working Capital Changes</b>	<b>72,595</b>	<b>4,103,222</b>
Adjustments for:		
(Increase)/Decrease in Trade and Other Receivable	280,394	1,678,509
Increase/ (Decrease) in Trade and Other Payable	(409,511)	(1,560,009)
Cash Generated from Operating Activities	(56,522)	4,221,722
Advance Tax Paid (Net of refund and interest on refund)	345,815	(1,671,040)
<b>Net Cash Flow from Operating Activities</b>	<b>289,293</b>	<b>2,550,682</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of shares	-	(1,000)
Interest Received on Fixed Deposit	10,498	7,695
Purchase of Fixed Assets	-	(21,164)
<b>Net Cash Flow used in Investing Activities</b>	<b>10,498</b>	<b>(14,469)</b>
<b>C. Cash Flow from Financing Activities</b>		
Unsecured Loan taken	650,000	18,800,000
Unsecured Loan repaid	-	(19,769,319)
Interest Paid	(1,901,416)	(1,066,173)
Dividend Paid	(200,000)	(200,000)
Dividend Tax	(33,990)	(33,990)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>(1,485,406)</b>	<b>(2,269,482)</b>
Net Increase/(decrease) in Cash and Cash Equivalents	(1,185,615)	266,731
Cash and Cash Equivalents as on 01.04.2009	1,694,462	1,427,731
Cash and Cash Equivalents as on 31.03.2010 (As per Schedule 7)	508,847	1,694,462

### 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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. – 302082E

**Subrata Ghosh**  
Director

**S. P. Yadav**  
Director

Place : Kolkata  
Date : 23rd April, 2010

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000 Equity Shares of Rs.10/- each (Previous Year 50,000 shares of Rs. 10/- each)	500,000	500,000
<b>Issued, Subscribed and Paid-up</b>		
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
	<b>500,000</b>	<b>500,000</b>
(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)		
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
General Reserve		
As per last Account	333,587	158,397
Add: Transferred from Profit & Loss Account	-	175,190
	<b>333,587</b>	<b>333,587</b>
Surplus in Profit and Loss Account	573,004	1,809,493
	<b>906,591</b>	<b>2,143,080</b>
<b>SCHEDULE 3 - UNSECURED LOANS</b>		
Other Loans - From a Body Corporate	11,650,000	11,000,000
	<b>11,650,000</b>	<b>11,000,000</b>

**SCHEDULE 4 - FIXED ASSETS**

(Amount in Rupees)

Particulars	Gross Block (at Cost)			Depreciation			Net Block	
	As at 1st April, 2009	Addition during the year	As at 31st March, 2010	As at 31st March, 2009	For the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Computers	21,164	-	21,164	849	3,432	4,281	16,883	20,315
<b>Total</b>	<b>21,164</b>	<b>-</b>	<b>21,164</b>	<b>849</b>	<b>3,432</b>	<b>4,281</b>	<b>16,883</b>	<b>20,315</b>
Previous Year	-	21,164	-	-	849	849	20,315	

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 5 - INVESTMENTS</b>		
<b>Investments in shares - Long Term (At cost, Unquoted, Non Trade)</b>		
Bengal Integrated Auto Industrial Park Private Limited 10,00,000 (Previous Year 10,00,000) Equity Shares of Rs. 10/- each fully paid up)	10,000,000	10,000,000
	<b>10,000,000</b>	<b>10,000,000</b>
<b>SCHEDULE 6 - SUNDRY DEBTORS</b>		
<b>(Unsecured, Considered Good)</b>		
Debts outstanding for the period exceeding six months	-	897,000
Other Debts	187,255	127,755
	<b>187,255</b>	<b>1,024,755</b>

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 7 - CASH AND BANK BALANCES</b>		
Cash On Hand (As certified by Management)	4,591	19,645
Bank Balances		
With Scheduled Banks		
On Current Account	504,256	974,817
On Fixed Deposit Account	-	700,000
	<b>508,847</b>	<b>1,694,462</b>
<b>SCHEDULE 8 - LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	1,392,998	835,072
Interest accrued on Fixed Deposit	-	820
Advance Income Tax {net of Provisions Rs. 9,77,481 (previous year Rs. 1,468,281)}	1,704,524	1,960,770
	<b>3,097,522</b>	<b>2,796,662</b>
<b>SCHEDULE 9 - CURRENT LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues of Micro and Small enterprises	-	-
Total outstanding dues of creditors other than Micro and Small enterprises	-	76,699
Other Liabilities	295,596	602,314
Interest accrued but not due on loans	-	495,697
	<b>295,596</b>	<b>1,174,710</b>
There are no amounts due and outstanding as at Balance Sheet date to be credited to Investors' Education and Protection Fund.		
<b>SCHEDULE 10 - PROVISIONS</b>		
Proposed Dividend	-	200,000
Corporate Dividend Tax	-	33,990
Provision for Gratuity	311,590	282,600
Provision for Leave Encashment	281,573	336,657
	<b>593,163</b>	<b>853,247</b>



**Schedules to the Profit and Loss Account for the year ended 31st March, 2010**

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 11 - OTHER INCOME</b>		
<b>Interest received:</b>		
On Fixed Deposit (Gross) {TDS Rs. 2,163/- (Previous year Rs. Nil)}	10,498	7,695
On Income tax refund	56,943	-
Liabilities no longer required written back	-	80,730
Miscellaneous Income	-	17,000
	<b>67,441</b>	<b>1,05,425</b>
<b>SCHEDULE 12 - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Salary and Bonus	4,292,750	4,477,159
Gratuity	28,990	137,940
Professional Fees	1,843,409	2,340,135
Maintenance - Others	113,892	76,977
Rates and Taxes	11,235	16,133
Travelling and Conveyance	1,259,259	1,480,986
Telephone Expenses	49,812	73,303
Auditors' Remuneration		
- Audit Fees	10,000	10,000
- Taxation Matters	10,000	5,000
Printing and Stationery	97,291	179,306
Miscellaneous Expenses	30,093	33,400
	<b>7,746,731</b>	<b>8,830,339</b>

**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, 2010****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, 2010 (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 and is determined in accordance with the provisions of the Income Tax Act 1961.

5.2 Deferred Tax is recognized 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 recognized 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 capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognized as an expense in the period in which they are incurred.

#### B. Notes on Accounts

1. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. nil).

#### 2. Basic and Dilutive Earnings Per Share

Particulars	For the year ended	
	31st March, 2010	31st March, 2009
Weighted average number of shares	50,000	50,000
Profit / ( Loss) after Taxes (Rs.)	(12,36,489)	17,51,900
Earnings (Basic and Diluted) per Share (Rs.)	(24.73)	35.04

## 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, 2010 (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.	Holding Company
2.	Srei Infrastructure Finance Ltd.	Ultimate Holding Company
3.	Global Investment Trust Ltd.	Fellow Subsidiaries
4.	Srei Capital Markets Ltd.	
5.	Srei Forex Ltd.	
6.	Srei Sahaj e – Village Ltd.	
7.	Srei Venture Capital Ltd.	
8.	Controlla Electrotech Private Ltd.	
9.	IIS International Infrastructure Services GmbH, Germany	
10.	Hyderabad Information Technology Venture Enterprises Ltd. (Subsidiary of Srei Venture Capital Ltd.)	
11.	Cyberabad Trustee Company Private Ltd. (Subsidiary of Srei Venture Capital Ltd.)	
12.	ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)	
13.	Srei Advisors Pte. Ltd., Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)	
14.	Srei Infocomm Services Ltd. (Subsidiary of Srei Infrastructure Advisors Ltd.)	
15.	Srei Mutual Fund Asset Management Private Ltd. w.e.f. 27.11.2009	
16.	Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009	
17.	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)	
18.	DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)	
19.	West Bengal Industrial Development Corporation (WBIDC)	
20.	Mr. Anjan Kumar Roy, CEO	Key Management Personnel

##### (b) Transactions with Related Parties :

(Amount in Rupees)

	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Investor exercising significant influence	Key Management Personnel
	Srei Infrastructure Finance Ltd.	Srei Infrastructure Advisors Ltd.	Srei Capital Markets Ltd.	WBIDC	Mr. Anjan Kumar Roy
<b>Transactions</b>					
Unsecured Loan Taken	3,250,000		-	-	-
	(15,000,000)		(3,800,000)	-	-
Interest Expense on Loan taken	1,405,719		-	-	-
	(498,521)		(1,063,349)	-	-
Loan Refunded	2,600,000		-	-	-
	(4,000,000)		(15,769,319)	-	-
Dividend Paid	-	102,000	-	98,000	-
	-	(-)	(102,000)	(98,000)	-
Consultancy Fee (inclusive of service tax)	-	-	-	421,350	-
	-	-	(4,498,640)	-	-
Remuneration	-	-	-	-	1,737,522
	-	-	-	-	(1,547,928)
<b>Outstanding at the year end:</b>					
Unsecured Loan (Payable)	11,650,000	-	-	-	-
	(11,495,697)	-	-	-	-

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, 2010 (Contd.)

4. The break up of Deferred tax asset and liabilities is as under:

Components of Deferred Tax	Amount (Rs.)	
	31.03.10	31.03.09
<b>Deferred Tax Asset arising out of Timing Difference relating to:</b>		
Deferred Tax Assets Items:		
Provision for Gratuity	87,323	87,323
Provision for Leave Encashment	49,219	49,219
Carry Forward of Business Loss under Income Tax Act, 1961		
Deferred Tax Liability Items:		
Difference of WDV of Fixed Assets	(1699)	(1699)
<b>Deferred Tax Asset (Net)</b>	<b>1,34,843</b>	<b>1,34,843</b>

5. No provision for income tax has been made, as there is no taxable income for the year. The timing differences for the year ended 31st March 2010 results in an increase in deferred tax asset (net) as per Accounting Standard - 22 "Accounting for taxes on income". As a prudent measure, such increase in the deferred tax asset has not been recognised in the books of accounts.

6. 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 recognized in the balance sheet represents the present value of the obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets.

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

(Amount in Rupees)

Employee Benefits	Gratuity (Unfunded)	
	2010	2009
Defined benefit plans		
As per actuarial valuation as at 31st March, 2010		
<b>I. Components of employer expenses</b>		
1. Current Service Cost	1,39,120	82,850
2. Interest cost	24,580	12,590
3. Expected return on plan assets	-	-
4. Curtailment cost / (credit)	-	-
5. Settlement cost / (credit)	-	-
6. Past Service Cost	3,520	-
7. Actuarial Losses / (Gains)	(1,38,220)	42,500
8a. Expenses recognized in the Statement of Profit & Loss Account. (total 1 to 7)	28,990	1,37,940
8b. Actual Contributions		
9 <b>Total expenses recognized in the Statement of Profit &amp; Loss Account.</b>	<b>28,990</b>	<b>1,37,940</b>
<b>II Actual Contribution and Benefits Payments for period ended 31st March, 2009</b>		
1. Actual benefit payments	-	-
2. Actual Contributions	-	-
<b>III Net assets / (liability) recognized in balance sheet as at 31st March, 2010</b>		
1. Present value of Defined Benefit Obligation	3,32,680	2,82,600
2. Fair value of plan assets	-	-
3. Funded status [Surplus/(Deficit)]	(3,32,680)	(2,82,600)
4. Unrecognized past service cost	21,090	-
5 <b>Net asset/ (liability) recognized in balance sheet</b>	<b>(3,11,590)</b>	<b>(2,82,600)</b>

## 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.)

(Amount in Rupees)

Employee Benefits - Gratuity		Unfunded				
<b>IV Change in Defined Benefit Obligations during the period ended 31st March, 2010</b>						
1	Present Value of DBO at beginning of period	2,82,600	1,44,660			
2	Current Service cost	1,39,120	82,850			
3	Interest cost	24,580	12,590			
4	Actuarial (Gains) / Losses	(1,38,220)	42,500			
5	Benefits paid	-	-			
6	Present Value of DBO at the end of period (total 1 to 5)	3,32,680	2,82,600			
<b>V Actuarial Assumptions</b>						
1	Discount Rate	8.30%	8.00%			
2	Expected return on plan assets	N/A	N/A			
3	Salary Increases	10%	10%			
4	Retirement/ Superannuation Age in years	60	60			
<b>5 Withdrawal Rate for Gratuity:</b>						
<b>Age (yrs.)</b>	Under 25	25-29	30-34	35-49	50-54	55-60
<b>Attrition Rate</b>	5%	3%	2%	1%	2%	3%
<b>VI Basis of estimates of rate of escalation in salary</b>						

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 recognized as an expense for short term employee benefit in respect of leave encashment and compensated absences is Rs. 50,616/- (Previous year Rs. 1,59,285/-).

**7. Auditor's Remuneration**

	For the year ended	
	31st March, 2010	31st March, 2009
Audit fees	10,000	10,000
Taxation matters	10,000	5,000
	<b>20,000</b>	<b>15,000</b>

**8. Fringe Benefits Tax**

The Company has challenged the 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 till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009-10, no liability arises for the year.

**9. 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.

**10. 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).

**11. 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

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. – 302082E  
Place : Kolkata  
Date : 23rd April, 2010

**Subrata Ghosh**  
Director

**On behalf of the Board of Directors**

**S. P. Yadav**  
Director



## 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	U70101WB2004PLC100517	State Code	21
Balance Sheet Date	31.03.2010		

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

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

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

Total Liabilities	13945	Total Assets	13945
<b>Source of Funds</b>			
Paid up Capital	500	Reserves & Surplus	907
Secured Loans	Nil	Unsecured Loans	11650
<b>Application of Funds</b>			
Net Fixed Assets	17	Investments	10,000
Net Current Assets	2905	Misc. Expenditure	Nil
Accumulated Losses	Nil	Deferred Tax Asset	135

### IV. Performance of the Company (Amount in Rs. Thousand)

Turnover	7887	Total Expenditure	9156
Profit/(Loss) Before Tax	(1269)	Profit/(Loss) After Tax	(1236)
Earnings per Share (Rs.)	(24.73)	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	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.		

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

On behalf of the Board of Directors

**CA. Sunita Kedia**  
Partner  
Membership No. 60162  
F. R. No. – 302082E

**Subrata Ghosh**  
Director

**S. P. Yadav**  
Director

Place : Kolkata  
Date : 23rd April, 2010

**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 2nd Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Period ended 31st March, 2009
Total Income	25,532	68
Total Expenditure	13,178	174,380
<b>Profit/(Loss) Before Tax</b>	<b>12,354</b>	<b>(174,312)</b>
Provision for Current Tax	4032	-
<b>Profit / (Loss) After Tax</b>	<b>8,322</b>	<b>(174,312)</b>
Add : Balance brought forward from last Account	(174,312)	-
<b>Balance carried to Balance Sheet</b>	<b>(165,990)</b>	<b>(174,312)</b>
Paid up Equity Share Capital	500,000	500,000

During the year under review, your Company earned an Income of Rs. 25,532/- as against Rs. 68/- earned in the previous period and a profit before tax of Rs.12,354/- against a loss of Rs. 174,312/- incurred in the previous period.

**DIVIDEND**

In order to conserve resources of your Company, the Board of Directors of your Company does not recommend any dividend for the financial year 2009-10.

**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 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 utilized or earned any foreign exchange during the year ended 31st March, 2010 (previous period – Nil).

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and pursuant to Articles of Association of your Company, Mr. Bajrang Kumar Choudhary, Director of your Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer 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 financial year ended 31st March, 2010, 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, 2010 on a going concern basis.

**AUDITORS**

M/s. ALPS & 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. The Board of Directors of your Company recommends the re-appointment of M/s. ALPS & Co., Chartered Accountants, as the Statutory Auditors of your Company.

**ACKNOWLEDGEMENT**

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

**On behalf of the Board of Directors**

Place : Kolkata                      **Sanjeev Sancheti**    **Bajrang K. Choudhary**  
 Dated : 21st April, 2010                      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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010;
  - ii) In the case of the Profit & Loss Account, of the Profit 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 : 21st April, 2010

Membership No. 052629



## ANNEXURE TO THE AUDITORS' REPORT

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

- (i) (a) Since the Company have no fixed assets, the other clause 4 (i) (b) (c) are not applicable to the company
- (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.
- (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 210(1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government in respect of the company.
- (ix) (a) According to the records of the Company examined by us, the company is regular in depositing undisputed statutory dues including income tax, sales tax, service tax & any other statutory dues with appropriate authorities.
- (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 year more than six months from the date they became payable.
- (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.
- (x) The Company's has accumulated losses due to writing off Preliminary expenses in the year of incurrence and has not incurred cash losses during the year under report.
- (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.
- (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.
- (xiii) The provisions of any special statute applicable to chit fund and nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) Since the Company is not dealing or trading in shares, securities, debentures or other investments the other clauses are not applicable.
- (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.
- (xvi) Since the company has not taken any term loan during the year, it is inapplicable.
- (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.
- (xviii) There is no allotment of shares by the company during the year.
- (xix) The Company has not issued any secured debentures and accordingly the question of creation of security or charge there against does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (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.

For **ALPS & Co.**  
Chartered Accountants

**P. K. Drolia**  
Partner

Place : Kolkata - 700 069  
Date : 21st April, 2010

Membership No. 052629



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1		500,000		500,000
<b>Total</b>			<b>500,000</b>		<b>500,000</b>
<b>APPLICATION OF FUNDS</b>					
<b>Current Assets, Loans &amp; Advances</b>					
Cash and Bank Balances	2	320,200		328,378	
Loans and Advances	3	25,600		68	
		<b>345,800</b>		<b>328,446</b>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liability	4	7,758		2,758	
Provisions	5	4,032		-	
		<b>11,790</b>		<b>2,758</b>	
<b>Net Current Assets</b>			<b>334,010</b>		<b>325,688</b>
<b>Miscellaneous Expenditure</b>	6		-		-
(To the extent not written off or adjusted)					
Profit & Loss Accounts					
Debit balance as per account annexed			165,990		174,312
<b>Total</b>			<b>500,000</b>		<b>500,000</b>
Significant Accounting Policies and Notes on Accounts	8				

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

**P. K. Drolia**  
Partner  
Membership No. 052629

Place : Kolkata  
Date : 21st April, 2010

On behalf of the Board of Directors

**Sanjeev Sancheti**  
Director

**Bajrang K. Choudhary**  
Director

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Income From Operations		-	-
Other Income		25,532	68
		<b>25,532</b>	<b>68</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	7	13,178	4,370
Preliminary Expenses Written off		-	170,010
		<b>13,178</b>	<b>174,380</b>
<b>Profit Before Taxation</b>		<b>12,354</b>	<b>(174,312)</b>
Provision for Taxation			
Current Taxation		4,032	-
Deferred Taxation		-	-
<b>Profit After Tax</b>		<b>8,322</b>	<b>(174,312)</b>
Add: Balance brought forward from last account		(174,312)	-
<b>Balance carried to the Balance Sheet</b>		<b>(165,990)</b>	<b>(174,312)</b>
<b>Basic &amp; diluted earnings per share (Face Value - Rs. 10/- each)</b>		<b>0.17</b>	<b>(4.93)</b>
Significant Accounting Policies & Notes to Accounts	8		

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 : 21st April, 2010



## Cash Flow Statement for the year ended 31 March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax	12,354	(174,312)
Adjustments for:		
Preliminary Expenses written off	-	170,010
Interest Received	(25,532)	(68)
<b>Operating Profit before Working Capital Changes</b>	<b>(13,178)</b>	<b>(4,370)</b>
(Increase)/Decrease in Receivables/others	-	-
Increase/(Decrease) in Trades Payables/others	5,000	(167,252)
Cash generated from Operating activities	(8,178)	(171,622)
Less: Advance Tax Paid	(2,554)	-
<b>Net Cash from Operating Activities</b>	<b>(10,732)</b>	<b>(171,622)</b>
<b>B. Cash Flow from Investing Activities</b>		
Investment in Fixed Deposit	-	(300,000)
Interest Received	2,554	-
<b>Net Cash from Investing activities</b>	<b>2,554</b>	<b>(300,000)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Equity Share Capital	-	500,000
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>500,000</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(8,178)</b>	<b>28,378</b>
Cash and Cash Equivalents as on 01.04.2009	28,378	-
Cash and Cash Equivalents as on 31.03.2010	<b>20,200</b>	<b>28,378</b>

### 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 Banks and Fixed Deposit with Banks.
3. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to the current year's classification.

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 : 21st April, 2010

## Schedules forming part of the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
10,00,000 Equity Shares of Rs.10/- each	10,000,000	10,000,000
<b>Issued, Subscribed &amp; Paid - up</b>		
50,000 Equity Shares of Rs.10/- each fully paid-up in cash	500,000	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.		
	<b>500,000</b>	<b>500,000</b>
<b>SCHEDULE 2 - CASH AND BANK BALANCE</b>		
Cash in hand	4,570	2,490
Balance With Bank:		
- in Current Account	15,630	25,888
- in Fixed Deposit Account	300,000	300,000
	<b>320,200</b>	<b>328,378</b>
<b>SCHEDULE 3 - LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)		
Interest accrued on Fixed Deposit with Bank	23,046	68
Balance with Income Tax Authority	2,554	
	<b>25,600</b>	<b>68</b>
<b>SCHEDULE 4 - CURRENT LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues of Micro, small and medium enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	-	-
Other Liabilities	7,758	2,758
	<b>7,758</b>	<b>2,758</b>
<b>SCHEDULE 5 - PROVISIONS</b>		
Provisions for taxation	4,032	-
	<b>4,032</b>	<b>-</b>
<b>SCHEDULE 6 - MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	-	170,010
Less: Written off during the year	-	170,010
	-	-

## Schedules forming part of the Profit &amp; Loss Account

(Amount in Rupees)

	For the year ended March 31, 2010	For the period from July 17, 2008 to March 31, 2009
<b>SCHEDULE 7 - ADMINISTRATIVE AND OTHER EXPENSES</b>		
Professional Fees	2,500	-
Rates & Taxes	7,500	1,500
Printing & Stationary	310	-
Payment to Statutory Auditors		
Audit Fees	2,758	2,758
General Expenses	110	112
	<b>13,178</b>	<b>4,370</b>

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

#### 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 :
- iii) Fixed Assets costing less than Rs. 5,000/- are depreciated over a period of one year.

##### 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 recognizes 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 recognized 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 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. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. Nil).
- ii. Other income includes tax deducted at source of Rs. 2,554 (Previous year Rs. Nil) on interest from banks.
- iii. Earnings & Expenditure in Foreign Currency – Rs.Nil (Previous Year Rs. Nil)
- iv. Basic / Dilutive Earnings Per Share

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Particulars	2010	2009
1. Weighted average number of shares	50,000	35,342
2. Profit After Taxes (Rs.)	8,322	(174,312)
3. Earnings Per Share (Rs.)	0.17	(4.93)

#### v. 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.
	Srei Advisors Pte. Ltd., Singapore
	(Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)
	Srei Mutual Fund Asset Management Private Ltd. w.e.f 27.11.2009
	Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009
	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)
	DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)

#### 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, 2010
Srei Infrastructure Advisors Limited	Holding Company	Equity Participation	Nil (500,000)	500,000 (500,000)
		Advance taken	Nil (158,000)	Nil (Nil)

Amount in brackets represent previous year figures.

vi. The Previous year's figures are for the period 17th July 2008 to 31st March 2009. Current period figures are for 12 months and hence not comparable.

vii. Previous year figures have been regrouped / rearranged, wherever considered necessary.

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 : 21st April, 2010



## 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, 2010		

#### 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	512	Total Assets	512
<b>Sources of Funds</b>			
Paid Up Capital	500	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
<b>Application of Funds</b>			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	334	Misc. Expenditure	166
		Deferred Tax Assets	Nil

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

Turnover (including other income)	26	Total Expenditure	13
Profit / (Loss) Before Tax	12	Profit / (Loss) After Tax	8
Earnings per Share (Rs.)	0.17	Dividend Rate (%)	Nil

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

Item Code No (ITC Code)	64		
Product Description	Post & Telecommunication		
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 : 21st April, 2010

Sanjeev Sancheti  
Director

Bajrang K. Choudhary  
Director



**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, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Income	1,119,198	779,147
Expenditure	4,965,282	3,597,314
<b>Profit/(Loss) Before Tax</b>	<b>(3,846,084)</b>	<b>(2,818,167)</b>
Provision for Current Tax	182,990	137,242
Deferred Tax	20,242	3,799
<b>Profit/(Loss) After Tax</b>	<b>(4,049,316)</b>	<b>(2,959,208)</b>
Balance brought forward from previous year	(4,021,206)	(1,061,998)
Balance carried to Balance Sheet	(8,070,522)	(4,021,206)
Paid up Equity Share Capital	353,050	353,050

During the year under review, your Company earned an Income of Rs.1,119,198/- as against Rs. 779,147/- earned in the previous year and has incurred a loss of Rs.3,846,084/- against a loss of Rs. 2,807,652 in the previous financial year.

**DIVIDEND**

In view of loss incurred during the year under review, the Board of Directors of your Company does not recommend any dividend for the financial year 2009-10.

**FIXED DEPOSIT**

Your Company did not accept 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, 1998.

Your Company has not utilized 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 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 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 financial year ended 31st March, 2010, 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, 2010 on a going concern basis.



## AUDITORS

M/s. ALPS & 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. The Board of Directors of your Company recommends the re-appointment of M/s. ALPS & Co., Chartered Accountants, as the Statutory Auditors of your Company.

## 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 Kr. Choudhary**

Dated : 26th April, 2010 Director Director

## AUDITORS' REPORT

We have audited the attached Balance Sheet of **CONTROLLA ELECTROTECH (P) LIMITED**, as at 31st March, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 Subject to notes on 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:-
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2010;
  - 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

Place : 9, Crooked Lane  
Kolkata - 700 069

Date : 26th April, 2010

**P. K. Drolia**  
Partner  
Membership No. 052629

## 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) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals &amp; no material discrepancies were noticed by the management on such verification.</p> <p>(c) The company has disposed off some of the assets during the year and such sale has not affected the going concern of the company.</p> <p>(ii) The Company does not have any inventory. Hence, Clause (ii) a), b) and c) of the order not applicable.</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>(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>(v) (a) To the best of our knowledge and belief &amp; according to the information &amp; 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>(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 lacs rupees in respect of any party during the year have been made on terms &amp; conditions which are considered reasonable having regard to the nature of transactions.</p> <p>(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.</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 &amp; nature of business of the Company.</p> <p>(viii) Maintenance of Cost records under Section 210(1)(d) of the Companies Act, 1956 has not been prescribed by the Central Government in respect of the company.</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 &amp; any other statutory dues with appropriate authorities.</p> <p>(b) According to the information and explanation given to us,</p> | <p>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 and 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

Place : 9, Crooked Lane  
Kolkata - 700 069  
Date : 26th April, 2010

**P. K. Drolia**  
Partner  
Membership No. 052629



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholder Funds</b>			
Share Capital	1	353,050	353,050
Reserves and Surplus	2	3,173,850	3,173,850
<b>TOTAL</b>		<b>3,526,900</b>	<b>3,526,900</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	239,631,175	241,301,601
Less: Depreciation		8,302,057	3,585,181
<b>Net Block</b>		<b>231,329,118</b>	<b>237,716,420</b>
<b>Deferred Tax Asset</b>		<b>129,044</b>	<b>149,286</b>
<b>Current Assets, Loans &amp; Advances</b>			
Cash and Bank Balances	4	4,755,178	2,351,299
Loans and Advances	5	329,768	385,344
		<b>5,084,946</b>	<b>2,736,643</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	6	241,086,730	241,096,655
		241,086,730	241,096,655
<b>Net Current Assets</b>		<b>(236,001,784)</b>	<b>(238,360,012)</b>
<b>Profit &amp; Loss Account</b>			
Debit balance as per account annexed		8,070,522	4,021,206
<b>TOTAL</b>		<b>3,526,900</b>	<b>3,526,900</b>
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

**P. K. Drolia**  
Partner  
Membership No. 052629

Place : Kolkata  
Date : 26th April, 2010

On behalf of the Board of Directors

**Sanjeev Sancheti**  
Director

**Bajrang K. Choudhary**  
Director

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Rental Income		846,000	634,500
Interest on Fixed Deposit		273,198	144,647
<b>Total Income</b>		<b>1,119,198</b>	<b>779,147</b>
<b>EXPENDITURE</b>			
Office & Administrative Expenses	7	227,980	31,445
Depreciation		4,737,302	3,565,869
		4,965,282	3,597,314
<b>Profit/(Loss) for the year before tax</b>		<b>(3,846,084)</b>	<b>(2,818,167)</b>
Less: Provision for Taxation			
Current Tax		182,990	137,242
Deferred Tax		20,242	3,799
<b>Profit/(Loss) for the year after tax</b>		<b>(4,049,316)</b>	<b>(2,959,208)</b>
Balance brought forward from previous year		(4,021,206)	(1,061,998)
<b>Balance Carried to Balance Sheet</b>		<b>(8,070,522)</b>	<b>(4,021,206)</b>
<b>Earnings Per Share (Basic and Diluted)</b>		<b>(114.70)</b>	<b>(83.82)</b>
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 : 26th April, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before tax	(3,846,084)	(2,818,167)
Adjustments for:		
Depreciation	4,737,302	3,565,869
Interest Income	(273,198)	(144,647)
<b>Operating Profit before Working Capital Changes</b>	<b>618,020</b>	<b>603,055</b>
Adjustments for:		
(Increase)/Decrease in Receivables/others	-	(344)
Increase/(Decrease) in Trades Payables/others	(9,925)	25,955
<b>Cash generated from Operating activities</b>	<b>608,095</b>	<b>628,666</b>
Advance Tax paid (Net of refund)	(170,424)	(160,517)
<b>Net Cash from Operating Activities</b>	<b>437,671</b>	<b>468,149</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale of Fixed Assets	1,650,000	-
Interest Received	316,208	29,809
Investment in Fixed Deposit	(1,022,478)	(1,593,000)
<b>Net Cash from Investing activities</b>	<b>943,730</b>	<b>(1,563,191)</b>
<b>C. Cash Flow from Financing Activities</b>		
Net Increase/(Decrease) in Cash & Cash Equivalents	1,381,401	(1,095,042)
Cash and Cash Equivalents as on 01.04.2009	758,299	1,853,341
Cash and Cash Equivalents as on 31.03.2010	2,139,700	758,299

### 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.
3. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to the current year's classification.

For **ALPS & Co.**  
Chartered Accountants

**P. K. Drolia**  
Partner  
Membership No. 052629

**Sanjeev Sancheti**  
Director

**Bajrang K. Choudhary**  
Director

Place : Kolkata  
Date : 26th April, 2010

On behalf of the Board of Directors

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000 Equity Shares of Rs. 10/- each (Previous year 50,000 shares of Rs. 10/- each)	500,000	500,000
<b>Issued, Subscribed and Paid - up</b>		
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
	<b>353,050</b>	<b>353,050</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
Share Premium	3,173,850	3,173,850
	<b>3,173,850</b>	<b>3,173,850</b>

### SCHEDULE 3 - FIXED ASSETS

Description	Gross Block			Depreciation				Net Block	
	As at 1st April, 2009	Sale during the year	As at 31st March, 2010	As at 1st April, 2009	Depreciation for the year	Adjustment for the year	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land	899,157		899,157	-	-	-	-	899,157	899,157
Building	218,809,672	1,670,426	217,139,246	2,675,662	3,540,313	20,426	6,195,549	210,943,697	216,134,010
Computer	28,000		28,000	15,183	4,541	-	19,724	8,276	12,817
Lifts	7,207,667		7,207,667	381,582	508,777	-	890,359	6,317,308	6,826,085
Air-Conditioner	6,154,300		6,154,300	219,796	293,062	-	512,858	5,641,442	5,934,504
Generator	4,800,000		4,800,000	171,429	228,571	-	400,000	4,400,000	4,628,571
Building Management System	3,402,805		3,402,805	121,529	162,038	-	283,567	3,119,238	3,281,276
<b>Total</b>	<b>241,301,601</b>	<b>1,670,426</b>	<b>239,631,175</b>	<b>3,585,181</b>	<b>4,737,302</b>	<b>20,426</b>	<b>8,302,057</b>	<b>231,329,118</b>	<b>237,716,420</b>
Previous Year	241,301,601	-	241,301,601	19,312	3,574,537	(8,668)	3,585,181	237,716,420	

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 4 - CASH AND BANK BALANCES</b>		
Cash - in - hand	195,625	192,400
Balance with Banks on		
Current Accounts	1,944,075	565,899
Fixed Deposit Accounts	2,615,478	1,593,000
	<b>4,755,178</b>	<b>2,351,299</b>

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 5 - LOANS AND ADVANCES (Unsecured, Considered Good)</b>		
WBSEB Deposit	87,700	87,700
Interest accrued on Fixed Deposit	138,101	181,111
Balances with Revenue Authorities { Net of Provision for Tax Rs. 3,20,232/- (Previous Year Rs. 1,37,242/-)}	100,623	113,189
Other Advances	3,344	3,344
	<b>329,768</b>	<b>385,344</b>
<b>SCHEDULE 6 - CURRENT LIABILITIES</b>		
Security Deposit	241,070,700	241,070,700
Sundry Creditors	-	9,925
Other Liabilities	16,030	16,030
	<b>241,086,730</b>	<b>241,096,655</b>

## Schedules to the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	March 31, 2010	March 31, 2009
<b>SCHEDULE 7 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Professional Fees	205,955	5,000
Audit Fee	11,030	11,030
Rates & Taxes	6,200	12,325
Telephone charges	-	3,000
General Expenses	4,795	90
	<b>227,980</b>	<b>31,445</b>



## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

#### 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) Depreciation has been provided on straight-line method at rates prescribed under Schedule XIV to 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 recognized 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) Costs 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 capitalized 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 recognized 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.

###### iii) Exchange Differences

Exchange differences arising on the settlement of monetary items are recognized as income or as expenses in the year in which they arise.

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

#### 8. Taxes on Income

Tax expenses comprises of current tax, deferred tax and fringe benefit tax.

- Current income tax and fringe benefit 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.
- Deferred Tax arising on account of "timing differences" and which are capable of reversal in one or more subsequent periods is recognized, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognized 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

- Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- 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 provision is recognized 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.
- Contingent Liabilities are not provided for in the accounts and are shown separately in the Notes on Account.

#### B. Notes on Accounts

- The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. Nil).
- Earnings & Expenditure in Foreign Currency – Rs.Nil (Previous Year Rs. Nil)
- Basic / Dilutive Earnings Per Share

Particulars	2010	2009
1. Weighted average number of shares	35,305	35,305
2. Profit After Taxes (Rs.)	(40,49,316)	(29,59,208)
3. Earnings Per Share (Rs.)	(114.70)	(83.82)

#### iv. Related Party Transactions

The Company has the following related parties:

Holding Company	Fellow Subsidiaries
Srei Infrastructure Finance Ltd.	Srei Capital Markets Ltd.
	Srei Sahaj e-Village Ltd.
	Srei Venture Capital Ltd
	Srei Forex Ltd
	Srei Infrastructure Advisors Ltd.
	Global Investment Trust Ltd
	Bengal Srei Infrastructure Development Ltd

## Schedules to the Balance Sheet and Profit and Loss Account

### SCHEDULE 8 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 (Contd.)

Holding Company	Fellow Subsidiaries
	(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)
	Srei Advisors Pte. Ltd., Singapore
	(Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)
	Srei Mutual Fund Asset Management Private Ltd. w.e.f 27.11.2009
	Srei Mutual Fund Trust Private Ltd. w.e.f. 27.11.2009
	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)
	DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)

#### Summary of Transactions with Related Parties:

(Amount in Rupees)

Name of the related party	Nature of relationship	Nature of Transaction	Transaction during the year	Closing Balance as on 31st March, 2010
Srei Infrastructure Finance Limited	Holding Company	Equity Participation	Nil (303,050)	303,050 (303,050)
		Security Deposit taken	Nil (241,070,700)	241,070,700 (241,070,700)
		Rent Received	846,000 (634,500)	Nil (Nil)
		Professional Fees paid	5,000 (5,000)	Nil (Nil)

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

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 : 26th April, 2010



## 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, 2010		

### 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	244,614	Total Assets	244,614
<b>Sources of Funds</b>			
Paid Up Capital	353	Reserves & Surplus	3,174
Secured Loans	Nil	Unsecured Loans	Nil
<b>Application of Funds</b>			
Net Fixed Assets	231,329	Investments	Nil
Net Current Assets	(236,002)	Misc. Expenditure	8,071
		Deferred Tax Assets	129

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

Turnover (including other income)	1,119	Total Expenditure	4,965
Profit / (Loss) Before Tax	(3,846)	Profit / (Loss) After Tax	(4,049)
Earnings per Share (Rs.)	(114.70)	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.		

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 : 26th April, 2010

**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 Ninth Annual Report together with the Audited Accounts of your Company for the financial year ended 31st March, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

(Amount in Rupees)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Total Income	15,249	33,217
Total Expenditure	28,575	376,976
<b>Profit / (Loss) before Tax &amp; Prior Period Items</b>	<b>(13,326)</b>	<b>(343,759)</b>
Prior Period Items	-	23,270
Profit / (Loss) before Tax	(13,326)	(367,029)
Provision for Current Taxation - For earlier year	-	59,135
Deferred Tax - Liability reversed	-	(14,257)
<b>Profit / (Loss) After Deferred Tax</b>	<b>(13,326)</b>	<b>(411,907)</b>
Surplus / (Deficit) brought forward from Previous Year	(1,360,895)	(948,988)
<b>Profit / (Loss) carried to Balance Sheet</b>	<b>(1,374,221)</b>	<b>(1,360,895)</b>
Paid up Equity Share Capital	50,00,000	50,00,000

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 the financial year 2009-10.

**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 utilized 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 Article 100 of the Articles of Association of your Company, Mr. Bajrang Kumar Choudhary, 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. ALPS & 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 2009-10.

**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:

- in the preparation of the annual accounts for the financial year ended 31st March, 2010, 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, 2010 on a going concern basis.

#### **AUDITORS**

During the year under review, M/s. Lodha & Co., Chartered Accountants expressed their desire not to continue as Statutory Auditors of the Company and M/s. ALPS & Co., Chartered Accountants were appointed in their place by members of your Company at the Extra-Ordinary General held on 29th March, 2010. M/s. ALPS & 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. The Board of Directors of your Company recommends the re-appointment of M/s. ALPS & Co., Chartered Accountants, as the Statutory Auditors of your Company.

#### **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	<b>Sanjeev Sancheti</b>	<b>Bajrang K. Choudhary</b>
Dated : 10th May, 2010	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, 2010 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 2010 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.7 (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, 2010 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, 2010;
  - (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 **ALPS & Co.**  
Chartered Accountants

**P.K.Drolia**

Partner

M.No.052629

Place : Kolkata

Date : 10th May, 2010



## 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 Lacs
Paid - up Share Capital	: Rs.50 Lacs

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, 2010 (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. No forms and returns were filed with Regional Director, Central Government, Company Law Board or other authorities. This certificate is not a certificate of the correctness of the forms filed and the same can be determined only after the approval of the concerned authority.
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 09.06.2009, 15.07.2009, 15.10.2009 and 15.01.2010 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 31.03.2009 was held on 04.07.2009 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/ 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 is comprised of three directors (Shri G.P.G Sherma, Shri Bajrang Kumar Choudhary and Shri Sanjeev Sancheti). Shri Sanjeev Sancheti who was appointed as an additional director w.e.f. 20.10.2008 was appointed as a Director by the members at the Annual General Meeting held on 04.07.2009. There was no appointment of additional directors, alternate directors and directors to fill causal vacancies 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, 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 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 not deducted any contribution towards Provident Fund during the financial year.

**C. S. Deepak Kumar Khaitan**  
Practising Company Secretary

Place : Kolkata  
Date : 10th May, 2010

F. C. S. No. 5615  
C. P. No. 5207

## ANNEXURE 'A'

### Registers and Records as maintained by the Company

Sl.No.	Particulars	Under Section
(a)	Register of Charges	143
(b)	Register of Members	150
(c)	Index of Members	151
(d)	Minutes Book of Meetings of Board of Directors	193
(e)	Minutes Book of Meetings of Shareholders	193
(f)	Register of particulars of contracts in which directors are interested	301
(g)	Register of Directors, Managing Director, Manager and Secretary	303
(h)	Register of Directors' shareholdings	307
(i)	Application and Allotment Register	
(j)	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 2010: -**

Sl. No.	Form No. / Return (SRN - 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 A64772346 – Approved)	303(2)	Change in designation (from Additional Director to Director) for Shri Sanjeev Sancheti w.e.f 04.07.2009	06.07.2009	Yes	N.A.
02.	Form 66 (Compliance Certificate) (SRN P33135955 – Approved*)	383A	Financial Year ended 31.03.2009 (Annual General Meeting held on 04.07.2009)	06.07.2009	Yes	N.A.
03.	Form 20B (Annual Return) (SRN P33715491 – Approved*)	159	Financial Year ended 31.03.2009 (Annual General Meeting held on 04.07.2009)	10.08.2009	Yes	N.A.
04.	Form 23AC & Form 23ACA (Balance Sheet etc.) (SRN P33550427 – Approved*)	220	Financial Year ended 31.03.2009 (Annual General Meeting held on 04.07.2009)	31.07.2009	Yes	N.A.

\*taken on record through electronic mode without any processing at the office of Registrar of Companies.



## Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	Schedule		2010		2009
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	1		5,000,000		5,000,000
<b>Unsecured loan</b>					
Other loan from Holding Company			8,400,000		8,280,000
<b>Total</b>			<b>13,400,000</b>		<b>13,280,000</b>
<b>APPLICATION OF FUNDS</b>					
<b>Current Assets, Loans and Advances</b>					
Sundry Debtors	2	12,163,661		12,163,661	
Cash and Bank Balances	3	13,944		27,166	
Loans & Advances	4	39,205		39,205	
		<b>12,216,810</b>		<b>12,230,032</b>	
<b>Less: Current Liabilities &amp; Provisions</b>					
Current Liabilities	5	191,030		310,927	
		<b>191,030</b>		<b>310,927</b>	
<b>Net Current Assets</b>			<b>12,025,780</b>		<b>11,919,105</b>
<b>Miscellaneous Expenditure</b>					
(To the extent not written off or adjusted)	6				
<b>Profit &amp; Loss Account</b>					
Debit balance as per account annexed		1,374,220			1,360,895
<b>Total</b>			<b>13,400,000</b>		<b>13,280,000</b>
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 **ALPS & Co.**  
Chartered Accountants

**P. K. Drolia**  
Partner  
Membership No. 052629

Place : Kolkata  
Date : 10th May, 2010

On behalf of the Board of Directors

**Bajrang K. Choudhary**  
Director

**Sanjeev Sancheti**  
Director

**Profit and Loss Account** for the year ended 31st March, 2010

(Amount in Rupees)

	Schedule	2010	2009
<b>INCOME</b>			
Other Income	7	15,249	33,217
<b>Total</b>		<b>15,249</b>	<b>33,217</b>
<b>EXPENDITURE</b>			
Administrative & Other Expenses	8	28,574	332,621
Miscellaneous Expenditure written off		-	44,355
<b>Total</b>		<b>28,574</b>	<b>376,976</b>
<b>Profit/(Loss) Before Tax &amp; Prior Period Items</b>		(13,325)	(343,759)
Prior Period Items		-	23,270
<b>Profit/(Loss) Before Tax</b>		(13,325)	(367,029)
Provision for Current Tax - For earlier year		-	59,135
<b>Profit/(Loss) After Current Tax</b>		(13,325)	(426,164)
Deferred Tax- liability reversed		-	(14,257)
<b>Profit/(Loss) After Deferred Tax</b>		<b>(13,325)</b>	<b>(411,907)</b>
Surplus/(Deficit) brought forward from previous year		(1,360,895)	(948,988)
<b>Surplus/(Deficit) carried to Balance Sheet</b>		<b>(1,374,220)</b>	<b>(1,360,895)</b>
Earnings Per Equity Shares (Rs.)		(0.03)	(0.82)
(Face Value Rs. 10/- per Share)			
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 **ALPS & Co.**  
Chartered Accountants

On behalf of the Board of Directors

**P. K. Drolia**  
Partner  
Membership No. 052629

**Bajrang K. Choudhary**  
Director

**Sanjeev Sancheti**  
Director

Place : Kolkata  
Date : 10th May, 2010



## Cash Flow Statement for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>A. Cash Flow From Operating Activities</b>		
Net Profit before Taxes & Extraordinary items	(13,325)	(343,759)
Add: Adjustments for:		
Preliminary Expenses written off	–	44,355
Liability No Longer Required Now Written Back	(15,249)	(14,733)
<b>Operating Profit before Working Capital changes</b>	<b>(28,574)</b>	<b>(314,137)</b>
Adjustments for:		
(Increase)/Decrease in Trade & Other Receivables	–	–
Increase/(Decrease) in Trade Payables and other liabilities	(104,648)	57,321
<b>Cash Generated From Operations</b>	<b>(133,222)</b>	<b>(256,816)</b>
Less: Direct Taxes Paid	–	(19,214)
Cash Flow before Extraordinary Item	(133,222)	(276,030)
Prior Period and Extra Ordinary Item	–	(23,270)
<b>Net Cash Flow from Operating Activities</b>	<b>(133,222)</b>	<b>(299,300)</b>
<b>B. Cash Flow from Investing Activities</b>		
Net Cash used in Investing activities	–	–
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	120,000	280,000
Net Cash flow from financing activities	120,000	280,000
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(13,222)</b>	<b>(19,300)</b>
<b>Cash and Cash Equivalents as on 01.04.2009 (Op. Balance)</b>	<b>27,166</b>	<b>46,466</b>
<b>Cash and Cash Equivalents as on 31.03.2010 (Cl. Balance)</b>	<b>13,944</b>	<b>27,166</b>

### 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.
3. Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.

As per our report of even date attached.

For **ALPS & Co.**  
Chartered Accountants

**P. K. Drolia**  
Partner  
Membership No. 052629

Place : Kolkata  
Date : 10th May, 2010

**Bajrang K. Choudhary**  
Director

On behalf of the Board of Directors

**Sanjeev Sancheti**  
Director

## Schedules to the Balance Sheet as at 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>Authorised</b>		
5,00,000 (Previous Year 5,00,000) Equity Shares of Rs. 10 each	5,000,000	5,000,000
<b>Issued, Subscribed and Paid Up Capital</b>		
5,00,000 (Previous Year 5,00,000) Equity Shares of Rs. 10 each fully paid up	5,000,000	5,000,000
	<b>5,000,000</b>	<b>5,000,000</b>
Note: The entire Share Capital is held by Srei Infrastructure Finance Limited, the Holding Co. and its nominees		
<b>SCHEDULE 2 - SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
– Debts outstanding for the period exceeding six months	12,163,661	12,163,661
– Other Debts	–	–
	<b>12,163,661</b>	<b>12,163,661</b>
<b>SCHEDULE 3 - CASH AND BANK BALANCES</b>		
Cash On Hand (As certified by Management)	1	1
Balances with Scheduled Banks		
– In Current Accounts	13,943	27,165
	<b>13,944</b>	<b>27,166</b>
<b>SCHEDULE 4 - LOANS &amp; ADVANCES</b>		
(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	9,205
	<b>39,205</b>	<b>39,205</b>
<b>SCHEDULE 5 - CURRENT LIABILITIES</b>		
Sundry Creditors:		
Dues to Micro & Small Enterprises	–	–
Others	191,030	310,927
	<b>191,030</b>	<b>310,927</b>
<b>SCHEDULE 6 - MISCELLANEOUS EXPENDITURE</b>		
Opening balance	–	44,355
Less : Amortised during the year	–	44,355
	–	–

## Schedules to the Profit and Loss Account for the year ended 31st March, 2010

(Amount in Rupees)

	2010	2009
<b>SCHEDULE 7 - OTHER INCOME</b>		
Miscellaneous Income - refund of TDS	–	18,484
Liability No Longer Required Now Written Back	15,249	14,733
	<b>15,249</b>	<b>33,217</b>
<b>SCHEDULE 8 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Salaries, Allowances & Bonus	–	159,340
Employer's Contribution to Provident Fund	–	10,836
Employer's Contribution to Provident Fund - relating to earlier years	–	62,448
Postage, Telegram & Telephone	–	4,691
Professional Fees	9,515	17,596
Rates & Taxes	4,575	7,578
Auditors' Remuneration	5,515	27,575
Maintenance - Others	–	17,052
Legal Expenses	–	170
Miscellaneous Expenses	8,969	25,335
	<b>28,574</b>	<b>332,621</b>

## 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 recognized 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 recognized 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. 84.00 lacs (Previous year Rs. 82.80 lacs) 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 challenged the 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 till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Accounting Year 2009-10, no liability arises for the year.
- The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2010 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year Rs. Nil).

#### 4. Auditor's Remuneration (inclusive of Service Tax)

(Amount in Rupees)

	2009-10	2008-09
Audit Fees	5,515	27,575

#### 5. Related Party Transactions

The company has the following related parties:

Holding Company	Fellow Subsidiaries
Srei Infrastructure Finance Limited	Srei Capital Markets 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.)
	Srei Venture Capital Ltd.
	Hyderabad Information Technology Ventrue Enterprises Ltd. (Subsidiary of Srei Ventrue Capital Ltd.)
	Cyberabad Trustee Company Pvt Ltd. (Subsidiary of Srei Ventrue Capital Ltd.)
	Controlla Electrotech Pvt Ltd.
	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)
	Srei Advisors Pte Ltd., Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f. 25.02.2010)
	Srei Mutual Fund Asset Management Private Ltd. w.e.f 27.11.2009
	Orbis Power Venture Private Ltd. (w.e.f. 02.01.2010 and ceased to be a subsidiary w.e.f. 31.03.2010)
DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f. 29.01.2010)	

## 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	1,20,000	(2,80,000)
Outstanding at the year end	84,00,000	(82,80,000)
Professional fees paid	5,000	(Nil)
Outstanding at the year end	5,515	(Nil)

Amount in brackets represent previous year amount.

#### 6. Employee Benefits

There is no employee in the company during the year ended 31st March 2010. Hence, no employee benefit has been recognised in the books of accounts.

7. (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 Companys' fund amounting to Rs. 87,92,150/-. 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 businesss 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.1,21,63,661/- (Including Rs. 87,92,150 as referred to in {note 7(a) 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.

#### 8. Earnings per Share

Particulars	2009-10	2008-09
Profit after taxation (Rs.)	(13,325)	(411,907)
Weighted average number of Equity Shares outstanding during the year	500,000	500,000
Basic & Diluted Earnings Per Share (in Rs.)	(0.03)	(0.82)

9. 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 **ALPS & Co.**  
Chartered Accountants

On behalf of the Board of Directors

**P. K. Drolia**  
Partner  
Membership No. 052629

**Bajrang K. Choudhary**  
Director

**Sanjeev Sancheti**  
Director

Place : Kolkata  
Date : 10th May, 2010

## 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	31/3/2010		

#### 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	8,400	Secured Loans	Nil
		Deferred Tax Liability	Nil

##### Application of Funds

Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	12,026	Misc. Expenditure	Nil
Accumulated Losses	1,374		

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

Turnover (Incl. Other Income)	15	Total Expenditure	29
Profit Before Tax	(13)	Profit After Tax (+)	(13)
(+ for Profit, - for Loss)		(+ for Profit, - for Loss)	
Earnings Per Share (Rs.)	(0.03)	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	N.A.		
Item Code No. (ITC Code)	N.A.		
Product Description	N.A.		
Item Code No. (ITC Code)	N.A.		
Product Description	N.A.		

For **ALPS & Co.**  
Chartered Accountants

On behalf of the Board of Directors

**P. K. Drolia**  
Partner  
Membership No. 052629

**Bajrang K. Choudhary**  
Director

**Sanjeev Sancheti**  
Director

Place : Kolkata  
Date : 10th May, 2010

**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 Seventh Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31st March, 2010.

**FINANCIAL RESULTS AND OPERATIONS**

Particulars	(Amount in Euro)		(Amount in Rupees)	
	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2009
Other operating Income	51.798,95	21.795,00	3,311,258	1,420,201
Depreciation	(597,00)	(298,80)	(38,163)	(19,470)
Other operating Expenses	(41.316,54)	(57.034,53)	(2,641,168)	(3,716,471)
Other interest	1.179,17	6.718,39	75,379	437,782
Profit/(Loss) from ordinary operations	11.064,58	(28.819,94)	707,306	(1,877,958)
Other taxes	(10.000,00)	-	(639,252)	-
Net Profit/ Net Loss	1.064,58	(28.819,94)	68,054	(1,877,958)
Loss carried forward	(237.335,74)	(208.515,80)	(144,01,011)	(1,40,13,096)
Accumulated Deficit	(236.271,16)	(237.335,74)	(14,336,415)	(15,949,911)

**RESULTS OF OPERATIONS**

During the year under review, your Company has made a profit of Euro 1.064,58 (Rs. 68,054/-) as against a loss of Euro 28.819,94 (Rs. 1,877,958/-) in the previous year.

**OUTLOOK**

Your Company has made investments in other fast growing nations such as UAE and Singapore during the year. Your Directors are confident of reaping the rewards of its investment in the coming years of its operation.

**DIVIDEND**

In order to conserve resources, the Directors do not recommend any Dividend for the Financial Year ended 31st March, 2010.

**SHARE CAPITAL**

Your Company is a subsidiary of Srei Infrastructure Finance Limited and has a Share Capital of Euro 6.37 million (Rs.38,65,17,586/-).

**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 2009 - 10.

**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

Date : 15th May, 2010

## 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 March 31, 2010, 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 March 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Cologne, May 7, 2010

**Sauerland Rybka und Partner**  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

**Matthias Küpper**  
Wirtschaftsprüfer

**Wolfgang Rogalli**  
Wirtschaftsprüfer

## Balance Sheet as of 31st March, 2010

	Notes	(Amount in Euro)		(Amount in Rupees)	
		2010	2009	2010	2009
<b>ASSETS</b>					
<b>A. Fixed Assets</b>					
I. Equipment					
Other equipment, operational and office equipment		894,00	1.491,00	54,246	100.201
Financial Assets					
Subsidiaries	1	5.978.186,81	5.944.793,82	362,743,224	399,513,924
		<b>5.979.080,81</b>	<b>5.946.284,82</b>	<b>362,797,470</b>	<b>399,614,125</b>
<b>B. Current Assets</b>					
I. Accounts receivable & other Assets					
1 Amount due from subsidiaries	2	163.471,01	–	9,919,061	–
2 Other receivables	3	6.756,53	6.546,80	409,971	439,971
II Cash at Banks					
	4	32.291,07	192.972,63	1,959,351	12,968,533
		<b>202.518,61</b>	<b>199.519,43</b>	<b>12,288,383</b>	<b>13,408,504</b>
		<b>6.181.599,42</b>	<b>6.145.804,25</b>	<b>375,085,853</b>	<b>413,022,629</b>
<b>LIABILITIES</b>					
<b>A Shareholders' Equity</b>					
I Share capital	5	6.370.000,00	6.370.000,00	386,517,586	428,089,480
II Accumulated deficit		(236.271,16)	(237.335,74)	(14,336,415)	(15,949,911)
		<b>6.133.728,84</b>	<b>6.132.664,26</b>	<b>372,181,171</b>	<b>412,139,569</b>
<b>B Current Liabilities</b>					
I Accrued taxes		10.000,00	–	606,778	
II Trade accounts payable		4.130,09	4.639,99	250,605	311,826
III Other liabilities & accrued expenses	6	33.740,49	8.500,00	2,047,299	571,234
		<b>47.870,58</b>	<b>13.139,99</b>	<b>2,904,682</b>	<b>883,060</b>
		<b>6.181.599,42</b>	<b>6.145.804,25</b>	<b>375,085,853</b>	<b>413,022,629</b>

## Income Statement for the year April 1, 2009 to March 31, 2010

	Notes	(Amount in Euro)		(Amount in Rupees)	
		2010	2009	2010	2009
1 Other operating income	7	51.798,95	21.795,00	3,311,258	1,420,201
2 Depreciation		(597,00)	(298,80)	(38,163)	(19,470)
3 Other Operating Expenses	8	(41.316,54)	(57.034,53)	(2,641,168)	(3,716,471)
4 Other Interest		1.179,17	6.718,39	75,379	437,782
5 <b>Profit/(loss) from ordinary operations</b>		<b>11.064,58</b>	<b>(28.819,94)</b>	<b>707,306</b>	<b>(1,877,958)</b>
6 Other taxes		(10.000,00)	–	(639,252)	–
7 <b>Net Profit/( Net Loss)</b>		<b>1.064,58</b>	<b>(28.819,94)</b>	<b>68,054</b>	<b>(1,877,958)</b>
8 Loss carry forward		(237.335,74)	(208.515,80)	(14,401,011)	(14,013,096)
9 <b>Accumulated Deficit</b>		<b>(236.271,16)</b>	<b>(237.335,74)</b>	<b>(14,336,415)</b>	<b>(15,949,911)</b>

## Statement of Changes in Shareholders' Equity for the year ended 31st March, 2010

	(Amount in Euro)			(Amount in Rupees)		
	Share Capital	Accumulated Deficit	Total Shareholders' Equity	Share Capital	Accumulated Deficit	Total Shareholders' Equity
<b>At 31st, March 2008</b>	<b>6.370.000,00</b>	<b>(208.515,80)</b>	<b>6.161.484,20</b>	<b>428,089,480</b>	<b>(14,013,096)</b>	<b>414,076,384</b>
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)
<b>At 31st, March 2009</b>	<b>6.370.000,00</b>	<b>(237.335,74)</b>	<b>6.132.664,26</b>	<b>428,089,480</b>	<b>(15,949,911)</b>	<b>412,139,569</b>
Net Profit	–	1.064,58	1.064,58	–	68,054	68,054
<b>At 31st, March 2010</b>	<b>6.370.000,00</b>	<b>(236.271,16)</b>	<b>6.133.728,84</b>	<b>386,517,586</b>	<b>(14,336,415)</b>	<b>372,181,171</b>

## Statement of Cash Flows for the year ended 31st March, 2010

	(Amount in Euro)		(Amount in Rupees)	
	2010	2009	2010	2009
Net profit / (loss)	1.064,58	(28.819,94)	64,596	(1,936,815)
Depreciation of Fixed non-current assets	597,00	298,80	38,163	19,470
Increase receivables	(163.680,74)	(1.512,28)	(9,931,788)	(101,631)
Increase liabilities	34.730,59	1.558,00	2,107,376	104,704
<b>Operating Cash-flow</b>	<b>(127.288,57)</b>	<b>(28.475,42)</b>	<b>(7,721,653)</b>	<b>(1,914,272)</b>
Cash payments for investment in fixed non-current assets	–	(1.789,80)	–	(120,282)
Cash payments for investment in financial non-current assets	(33.392,99)	–	(2,026,213)	–
<b>Investing Cash flow</b>	<b>(33.392,99)</b>	<b>(1.789,80)</b>	<b>(2,026,213)</b>	<b>(120,282)</b>
Change in Cash at Banks	(160.681,56)	(30.265,22)	(9,749,804)	(2,033,944)
Cash at Banks, April, 1	192.972,63	223.237,85	11,709,155	15,002,477
<b>Cash at Banks, March, 31</b>	<b>32.291,07</b>	<b>192.972,63</b>	<b>1,959,351</b>	<b>12,968,533</b>

## Notes to the financial statements for the year 2009 - 10

### 1. General

Nature and purpose of the IIS International Infrastructure Services GmbH, Bonn, Lessingstraße 40, 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 Subsidiary companies 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 85% participation in the Srei Advisors Pte. Ltd. in Singapore and the 49% participation in the Aalat LLC Abu Dhabi/United Arab Emirates.

The subsidiaries are capitalized under the cost method. Cost include capital injections and legal and advisory cost connected with the legal foundation of the participations.

The Capital injections were paid in local currency of the subsidiaries and converted into EURO with the exchange rate of the date of the capital injection. At March 31, 2010 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
SREI Advirsors Pte. Ltd.	Singapore	20.100,00 SGD	17.085,00 SGD	85,00
Aalat LLC	United Arab Eminates, Abu Dhabi	250.000,00 AED	122.500,00 AED	49,00



**2. Amount due from subsidiaries**

The loan to SREI Advisors PTE Ltd. was given in two tranches in total of SGD 329.015 and was converted in € with the exchange rate of the payment date.

**3. Other Receivables**

Other receivables included tax refunds.

**4. Cash at banks**

Cash at banks are a current bank account (EURO 5.258,59)(Rs. 319,080) and fixed deposit at Deutsche Bank AG (EURO 27.032,5)(Rs. 1,640,273) with the nominal value at March 31, 2010.

**5. Share Capital**

The share capital of the company amounts to EURO 6.370.000,00. (Rs. 386,517,586) It was proposed to be increased by the amount of EURO 7.000.000,00, (Rs. 424,744,600)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 inscription in the "Handelsregister" will be done in 2010. The share capital of EURO 6.370.000,00 (Rs. 386,517,586) was fully paid into the company by the shareholders at March 31, 2010 which are:

	Amount in Euro	Amount in Rupees
Srei Infrastructure Finance Ltd., India	5.895.000,00	357,695,631
MBCV Holding Ltd., Mauritius	250.000,00	15,169,450
Eternity Venture Pty Ltd., Singapore	224.000,00	13,591,827
Dr. Kinnemann, Germany	1.000,00	60,678
	<b>6.370.000,00</b>	<b>386,517,586</b>

**6. Liabilities**

Liabilities are valued at their nominal value. The amounts recognized as accrued expenses are the best estimate of the expenditure required to settle the present obligation. The Deferred items are guarantee commissions, received from SREI Leasing, for standing surety to a credit amount up to RUB 150.000.000,00. The composition of the Liabilities are:

	Amount in Euro	Amount in Rupees
1. Other reserves and accrued liabilities	15.000,00	910,167
2. Deferred items	18.740,49	1,137,132
	<b>33.740,49</b>	<b>2,047,299</b>

**Profit and loss statement****7. Other operating income**

Other operating incomes are guarantee commissions and were invoiced to ZAO SREI Leasing.

**8. Other operating expenses**

	Amount in Euro	Amount in Rupees
Legal and consulting cost	33.501,92	2,141,617
Other Cost	7.814,62	499,551
<b>Other operating expenses</b>	<b>41.316,54</b>	<b>2,641,168</b>



Due to the taxable loss carry forward no taxes on profit from ordinary operations are disclosed.

## 9. Other Informations

The company has entered into a suretyship agreement of RUB 150,0 mio. for the benefit of Commercial Bank of India LLC. The suretyship ends:

	Amount in RUB
November 15, 2010	30.000.000,00
May 15, 2011	30.000.000,00
November 15, 2011	30.000.000,00
May 15, 2012	30.000.000,00
November 15, 2012	30.000.000,00
	<b>150.000.000,00</b>

The surety interests are limited to the total amount of RUB 203.152.000,00 and were given for credits for the subsidiary ZAO SREI Leasing.

In performing its operating, investing and financing activities, the Company is exposed to the following financial risks:

Credit risk, liquidity risk and market risk as define as following:

- Credit risk: the possibility that a subsidiary will not repay all or a portion of a loan or will not repay in a timely manner and therefore will cause a loss for the Company.
- Liquidity risk: the Company defines 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.

In order to effectively manage those risks, Management has implemented same 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:

- Minimize 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
- The Company can invest in shares or similar instruments only in the case of temporary excess of liquidity and such transactions have to be authorized by Management.

**Credit risk**

As at March 31, 2010 the financial assets, which potentially subject the Company to concentrations of credit risk, amount € 163.471,01 (Rs. 9,919,061) (as at March 31, 2009 €0,00) (Rs. Nil) are the loan to their subsidiary SREI Advisory Pte Ltd., The management of the company believes, that there is no increased risk of loan default, because the subsidiary will generate profit and meet its obligations.

The cash has been deposited in bank with high international credit rating (Deutsche Bank).

**Liquidity risk**

The company has no significant long-term liabilities, which could be a threat to the liquidity of the company.

The company pays all liabilities at the contractual maturity date.

**Foreign currency risk**

Since the Company operates internationally, it is exposed to foreign currency risk as part of its normal industrial and commercial business. Currency risks are part of the engagement in share capital of the subsidiaries and loans to the subsidiaries.

**Events after the balance sheet date**

There were no events after the balance sheet date which could have material effect on the financial statements.

**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, May 3, 2010

**DIRECTORS**

Mr. Rajinder Singh Sethi - Chairman  
 Mr. Hemant Kanoria  
 Mr. Sunil Kanoria  
 Mr. Arnab Basu  
 Mr. Rostyslav Futalo  
 Ms. Ekatarina Greigorieva

**GENERAL DIRECTOR**

Mr. Rostyslav Futalo

**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 Sixth Annual Report together with the Audited Accounts of your Company for the Financial Year ended 31st December, 2009.

**FINANCIAL RESULTS AND OPERATIONS**

Particulars	(Amount in RUR)		(Amount in Rupees)	
	Year ended 31st December, 2009	Year ended 31st December, 2008	Year ended 31st December, 2009	Year ended 31st December, 2008
Net Interest Income	141,973,317	125,560,791	221,970,413	205,970,748
Foreign currency translation differences, net	(10,716,613)	5,197,530	(16,755,057)	8,526,062
Other Income	(616,265)	12,059,396	(963,509)	19,782,313
Operating Expenses	(111,081,528)	(104,928,563)	(173,672,161)	(172,125,506)
Profit / (Loss) before Bad Debts and Provisions / Write offs	19,558,911	37,889,154	30,579,686	62,153,617
<b>Profit / (Loss) before Income Tax</b>	<b>7,764,297</b>	<b>7,955,769</b>	<b>12,139,212</b>	<b>13,050,695</b>
Income Tax	(4,482,033)	(1,938,280)	(7,007,505)	(3,179,567)
<b>Net Profit</b>	<b>3,282,264</b>	<b>6,017,489</b>	<b>5,131,707</b>	<b>9,871,128</b>
Profit Carried Forward	6,119,159	101,670	9,301,839	(489,420)
Accumulated Surplus	9,401,423	6,119,159	14,433,546	9,381,708

**RESULTS OF OPERATIONS**

The total income during the year under report was RUR 277,830,305 (Rs. 434,378,155/-) as against RUR 234,353,074 (Rs. 384,434,326/-) during the previous year. Net profit for the year was RUR 3,282,264 (Rs. 5,131,707/-) against the profit of RUR 6,017,489 (Rs. 9,871,128/-) in the year 2008.

The global financial crisis in 2008-09 impacted Russia somewhat higher than the other European nations. However, since the last quarter of 2009, the Russian Economy has shown signs of improvement although it has been slow. These were challenging times but your Company has survived successfully and maintained its track record of profitability since its inception, even under difficult circumstances. Your Company is confident of taking advantage of the economic revival and generating superior performance in the coming years and is currently concentrating on strengthening its position to vitiate the reversal of last year.

**DIVIDEND**

In order to conserve resources, the Directors do not recommend any Dividend for the Financial Year ended 31st December, 2009.

**SHARE CAPITAL**

There was no increase in share capital during the year. Your Company is a subsidiary of IIS International Infrastructure Services GmbH.

**DIRECTORS**

During the year under review, Mr. Rostyslav Futalo was appointed as General Director of your Company in place of Mr. Rajesh Bhalotia who tendered his resignation as General Director of your Company. The Board also takes on record the valuable contribution provided by Mr. Bhalotia during his tenure as General Director of your Company.

**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, 2009.

**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

Date: 30th March, 2010

## 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 statement of financial position as of 31st December, 2009 and the statement of comprehensive income, statement of cash flows and statement of changes in Shareholders' 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.

### OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as of 31 December 2009, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

For **RSM Top - Audit**

Place : Moscow, Russian Federation  
Date : 6th May, 2010

**Nina Dantser**  
Partner



## Statement of financial position for the year ended 31st December, 2009

		(Amount in RUR)		(Amount in Rupees)	
	Notes	2009	2008	2009	2008
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
Property and equipment, less accumulated depreciation	4	3,858,680	4,305,442	5,924,043	6,600,973
Intangible Assets	5	691,599	1,981,396	1,061,778	3,037,815
Investment in leases, less allowance for losses	6	371,521,253	490,866,543	570,378,460	752,581,629
		<b>376,071,532</b>	<b>497,153,381</b>	<b>577,364,281</b>	<b>762,220,417</b>
<b>Current Assets</b>					
Financial and Other Current Assets	7	409,127,722	356,660,880	628,113,838	546,821,595
Investment in leases, less allowance for losses	6	356,290,385	460,482,385	546,995,251	705,997,563
Short - term Investments	8	-	8,822,934	-	13,527,054
Cash and cash equivalents	9	89,501,674	108,750,675	137,407,555	166,733,222
		<b>854,919,781</b>	<b>934,716,874</b>	<b>1,312,516,644</b>	<b>1,433,079,434</b>
<b>Total Assets</b>		<b>1,230,991,313</b>	<b>1,431,870,255</b>	<b>1,889,880,925</b>	<b>2,195,299,851</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
<b>Shareholders' Equity</b>					
Share Capital	10	330,750,000	330,750,000	507,784,344	507,095,823
Share Premium		9,450,000	9,450,000	14,508,124	14,488,452
Retained earnings		9,401,423	6,119,159	14,433,546	9,381,708
		<b>349,601,423</b>	<b>346,319,159</b>	<b>536,726,014</b>	<b>530,965,983</b>
<b>Non - Current Liabilities</b>					
Long-term borrowings – Secured	11	345,754,610	543,154,939	530,820,190	832,748,604
Long-term borrowings – Unsecured sub-ordinated debt	11	136,620,038	131,647,045	209,746,081	201,837,239
Deferred Tax Liability	12	5,161,746	1,217,310	7,924,577	1,866,343
		<b>487,536,394</b>	<b>676,019,294</b>	<b>748,490,848</b>	<b>1,036,452,186</b>
<b>Current Liabilities</b>					
Short - term borrowings and short - term part of long - term borrowings	11	322,146,577	341,115,285	494,575,928	522,987,563
Accounts payable and accrued charges	13	42,026,523	64,106,681	64,521,271	98,286,410
Short - term taxes payable	14	29,680,396	4,309,836	45,566,864	6,607,709
		<b>393,853,496</b>	<b>409,531,802</b>	<b>604,664,063</b>	<b>627,881,682</b>
<b>Total Liabilities</b>		<b>881,389,890</b>	<b>1,085,551,096</b>	<b>1,353,154,911</b>	<b>1,664,333,868</b>
<b>Total Liabilities And Shareholders' Equity</b>		<b>1,230,991,313</b>	<b>1,431,870,255</b>	<b>1,889,880,925</b>	<b>2,195,299,851</b>

6th May, 2010

Rostyslav Futalo  
General Director

## Statement of comprehensive income for the year ended 31st December, 2009

	Notes	(Amount in RUR)		(Amount in Rupees)	
		2009	2008	2009	2008
Interest Income & Management Fees	15	277,830,305	222,293,678	434,378,155	364,652,013
		<b>277,830,305</b>	<b>222,293,678</b>	<b>434,378,155</b>	<b>364,652,013</b>
Interest expense and commissions	16	(135,856,988)	(96,732,887)	(212,407,742)	(158,681,265)
		<b>(135,856,988)</b>	<b>(96,732,887)</b>	<b>(212,407,742)</b>	<b>(158,681,265)</b>
<b>Net Interest Income</b>		<b>141,973,317</b>	<b>125,560,791</b>	<b>221,970,413</b>	<b>205,970,748</b>
Foreign currency translation differences, net	17	(10,716,613)	5,197,530	(16,755,057)	8,526,062
Other income / (expense)	18	(616,265)	12,059,396	(963,509)	19,782,313
<b>Net Non - Interest Income / (Expense)</b>		<b>(11,332,878)</b>	<b>17,256,926</b>	<b>(17,718,566)</b>	<b>28,308,375</b>
Salaries and employees' benefits		(66,594,693)	(62,068,623)	(104,118,519)	(101,817,778)
Administrative and other operating expenses	19	(42,599,073)	(40,803,070)	(66,602,190)	(66,933,625)
Depreciation of property and equipment	4	(583,765)	(469,730)	(912,697)	(770,548)
Amortisation of intangible assets	5	(1,303,997)	(1,587,140)	(2,038,755)	(2,603,555)
<b>Operating Expenses</b>		<b>(111,081,528)</b>	<b>(104,928,563)</b>	<b>(173,672,161)</b>	<b>(172,125,506)</b>
<b>Profit / (loss) before bad debts and provisions / write off's</b>		<b>19,558,911</b>	<b>37,889,154</b>	<b>30,579,686</b>	<b>62,153,617</b>
Impairment loss (charge)/reversal on interest assets	6	14,533,377	(19,723,791)	22,722,437	(32,355,037)
Provision for doubtful debtors	7	(20,270,082)	(10,209,594)	(31,691,578)	(16,747,885)
Impairment loss on repossessed stock	7	(6,057,909)	-	(9,471,333)	
<b>Profit / (loss) Before Income Tax</b>		<b>7,764,297</b>	<b>7,955,769</b>	<b>12,139,212</b>	<b>13,050,695</b>
Income Tax Expense	12	(4,482,033)	(1,938,280)	(7,007,505)	(3,179,567)
<b>Net Profit / (Loss)</b>		<b>3,282,264</b>	<b>6,017,489</b>	<b>5,131,707</b>	<b>9,871,128</b>
<b>Total Comprehensive Income</b>		<b>3,282,264</b>	<b>6,017,489</b>	<b>5,131,707</b>	<b>9,871,128</b>

## Statement of Cash Flow for the year ended 31st December, 2009

		(Amount in RUR)		(Amount in Rupees)	
	Notes	2009	2008	2009	2008
<b>Cash flow from operating activities:</b>					
<b>Profit / (loss) before income tax</b>		<b>7,764,297</b>	<b>7,955,769</b>	<b>11,920,147</b>	<b>12,197,543</b>
Adjustments for:			-		
Depreciation / Amortisation expense	4, 5	1,887,762	2,056,870	2,951,452	3,374,103
Foreign exchange differences in financing activities, net		22,728,002	56,298,969	35,534,452	92,353,199
Non-monetary adjustments in financing activities		5,197,620	(2,244,176)	8,126,301	(3,681,361)
Foreign exchange differences in investing activities, net		(467,938)	(432,283)	(731,605)	(709,120)
Impairment loss (charge) / reversal on interest assets	6	(14,533,377)	19,723,791	(22,722,437)	32,355,037
Provision for doubtful debtors	7	20,270,082	10,209,594	31,691,578	16,747,885
Impairment loss on repossessed stock	7	6,057,909	-	9,471,333	-
Accrued expenses		1,808,083	1,539,360	2,826,876	2,525,175
Interest expense		127,328,750	88,933,081	199,074,135	145,886,412
Interest income on short-term deposits		(219,143)	(36,702)	(342,623)	(60,206)
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>177,822,047</b>	<b>184,004,273</b>	<b>277,799,609</b>	<b>300,988,667</b>
<i>(Increase)/decrease in operating assets</i>					
Investment in leases		238,070,667	(222,338,125)	365,498,284	(340,882,039)
Other assets		(78,984,172)	(137,991,512)	(121,260,547)	(211,564,382)
<i>Increase/(decrease) in operating liabilities</i>					
Other liabilities		(24,078,291)	14,663,969	(36,966,226)	22,482,351
Taxes payable, other than income tax		25,370,560	(88,137)	38,950,183	(135,129)
<b>Net cash provided by operating activities before income tax and interest paid</b>		<b>338,200,811</b>	<b>(161,749,532)</b>	<b>524,021,303</b>	<b>(229,110,532)</b>
Income tax paid		(362,460)	-	(566,694)	-
Interest paid		(129,902,198)	(81,537,516)	(203,097,632)	(133,754,678)
<b>Net cash provided by operating activities</b>		<b>207,936,153</b>	<b>(243,287,048)</b>	<b>320,356,977</b>	<b>(362,865,210)</b>
<b>Cash Flows From Investing Activities:</b>					
Purchase of property and equipment		(137,003)	(2,021,158)	(210,334)	(3,098,778)
Short-term deposits (invested) / returned		9,304,585	(8,390,652)	14,284,876	(12,864,293)
Interest received		242,132	-	378,565	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>9,409,714</b>	<b>(10,411,810)</b>	<b>14,453,107</b>	<b>(15,963,071)</b>
<b>Cash Flows From Financing Activities:</b>					
Loans returned		(346,594,868)	(355,741,049)	(532,110,197)	(545,411,338)
Loans received		110,000,000	434,634,184	168,877,635	666,367,889
Proceeds from shareholders		-	208,662,000	-	319,914,221
<b>Net cash inflow/ (outflow) from financing activities</b>		<b>(236,594,868)</b>	<b>287,555,135</b>	<b>(363,232,562)</b>	<b>440,870,772</b>
<b>Increase/ (decrease) in cash and cash equivalents</b>		<b>(19,249,001)</b>	<b>33,856,277</b>	<b>(28,422,478)</b>	<b>62,042,491</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>108,750,675</b>	<b>74,894,398</b>	<b>166,959,607</b>	<b>114,825,809</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>89,501,674</b>	<b>108,750,675</b>	<b>138,537,129</b>	<b>176,868,300</b>

## Statement of Changes in Shareholders' Equity

for the year ended 31st December, 2009

	Note	(Amount in RUR)			(Amount in Rupees)		
		Registered Share Capital	Accumulated Profit / (Deficit)	Total Shareholders' Equity	Registered Share Capital	Accumulated Profit / (Deficit)	Total Shareholders' Equity
<b>Balance, 31 December 2007</b>		<b>236,250,000</b>	<b>101,670</b>	<b>236,351,670</b>	<b>362,211,302</b>	<b>155,877</b>	<b>362,367,179</b>
Net Profit		-	6,017,489	6,017,489	-	9,225,831	9,225,831
<b>Total comprehensive income</b>		<b>-</b>	<b>6,017,489</b>	<b>6,017,489</b>	<b>-</b>	<b>9,225,831</b>	<b>9,225,831</b>
Contributions to share capital (including Share Premium RUR 9,450,000)		103,950,000	-	103,950,000	159,372,973	-	159,372,973
<b>Balance, 31 December 2008</b>		<b>340,200,000</b>	<b>6,119,159</b>	<b>346,319,159</b>	<b>521,584,275</b>	<b>9,381,708</b>	<b>530,965,983</b>
Net Profit		-	3,282,264	3,282,264	-	5,039,100	5,039,100
<b>Total comprehensive income</b>		<b>-</b>	<b>3,282,264</b>	<b>3,282,264</b>	<b>-</b>	<b>5,039,100</b>	<b>5,039,100</b>
Contributions to share capital		-	-	-	-	-	-
<b>Balance, 31 December 2009</b>		<b>340,200,000</b>	<b>9,401,423</b>	<b>349,601,423</b>	<b>522,292,468</b>	<b>14,433,546</b>	<b>536,726,014</b>



## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009

### 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 a companies 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 Germany) having 14.29% interest, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (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.

In the first board meeting of the year 2009 on 28th Feb 2009, Rostyslav Futalo was appointed as managing director reporting to the board of directors. The General Director for the reporting period was Rajesh Bhalotia and subsequent to the last board meeting held on March, 30, 2010, new General Director Rostyslav Futalo was appointed. The number of employees on payroll as at 31.12.2009 was 43 (as at 31.12.2008 –46).

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 requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available as of the date of the financial statements. Actual results, therefore, could differ from these estimates.

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 recognizes financial assets and liabilities in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognized 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 recognized 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 recognized 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 realized 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 realized.

Deferred income tax assets and liabilities are offset when:

- The Company has a legally enforceable right to offset the recognized amounts of current tax assets and current tax liabilities;
- The Company has an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously;

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (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

**Assets held-for-sale** - Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

**Impairment of financial assets**- The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the company uses to determine that there is objective evidence of an impairment loss include: Significant financial difficulty of the issuer or obligor; A breach of contract, such as a default or delinquency in interest or principal payments; The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; It becomes probable that the borrower will enter bankruptcy or other financial reorganization; The disappearance of an active market for that financial asset because of financial difficulties; or Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

**Loans from banks and customers** - Loans and Borrowings are measured at amortized costs.

**Provisions** - Provisions are recognized 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 recognized at restated cost.

Dividends will be recognized in shareholders' equity as a reduction in the period in 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 Reporting period" and disclosed accordingly.

**Recognition of income and expense** - Interest income and expense are recognized on an accrual basis calculated using the effective interest rate method. Commissions and other income are credited to income when the related transactions are completed. Non-interest expenses are recognized at the time when the transaction occurs.

Management fees are recognized as an income at the moment of signing of act of management services.

**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 recognized in the profit and loss account as net gain/(loss) on foreign currency translation differences.

### Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company designates derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The method of recognizing the resulting gain or loss depends on whether a hedge meets the criteria for hedge accounting set in IAS 39.

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

### 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 January 2008. The share capital was completely paid.

**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 December 2007. The share capital was completely paid.

There have been no loans provided during the reporting period.

**European Bank For Reconstruction and Development (EBRD) (London, UK)** 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 was completely paid in 2008.

During the 2007 year EBRD gave the Company a loan in the amount of Euro 5,000,000; this loan was converted into Ruble loan of RUR 178,237,500 (Rs. 273,639,341/-) in November 2007. Outstanding amount of the loan as on reporting date is RUR 124,766,250 (Rs. 191,547,539/-).

**DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH (Cologne, Germany)** 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 was completely paid in 2008.

During the 2007 year DEG gave the Company a loan in the amount of Euro 5,000,000; this loan was converted into Ruble loan of RUR 184,100,000 (Rs. 282,639,751/-) in May 2008. Outstanding amount of the loan as on reporting date is RUR 105,200,000 (Rs. 161,508,429/-).

**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 2009 was RUR 6,005,918 (Rs. 9,390,047/-) (RUR 7,268,127 (Rs. 11,922,683/-) in 2008) .

### 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
<b>Cost</b>								
Opening balance as at 31/12/2008	1,481,658	2,097,992	1,600,965	5,180,615	2,271,633	3,216,578	2,454,551	7,942,762
Additions	44,017	37,645	55,341	137,003	67,577	57,795	84,962	210,334
Disposals	-	-	-	-	-	-	-	-
Closing balance as at 31/12/2009	1,525,675	2,135,637	1,656,306	5,317,618	2,339,210	3,274,373	2,539,513	8,153,096
<b>Accumulated depreciation</b>								
Opening balance as at 31/12/2008	(203,094)	(535,107)	(136,972)	(875,173)	(311,378)	(820,410)	(210,001)	(1,341,789)
Charge for the year	(143,206)	(337,129)	(103,430)	(583,765)	(223,898)	(527,090)	(161,709)	(912,697)
Disposals	-	-	-	-	-	-	-	-
Closing balance as at 31/12/2009	(346,300)	(872,236)	(240,402)	(1,458,938)	(535,276)	(1,347,500)	(371,710)	(2,254,486)
Net book Value as at 31/12/2008	1,278,564	1,562,885	1,463,993	4,305,442	1,960,256	2,396,168	2,244,549	6,600,973
Net book Value as at 31/12/2009	1,179,375	1,263,401	1,415,904	3,858,680	1,810,637	1,939,638	2,173,768	5,924,043

There were no indications of impairment for property and equipment at the reporting date.

### Note 5. Intangible assets

	Software and licenses	Total	Software and licenses	Total
<b>Cost</b>				
Opening balance as at 31/12/2008	3,820,548	3,820,548	5,857,548	5,857,548
Additions	14,200	14,200	21,800	21,800
Disposals	-	-	-	-
Closing balance as at 31/12/2009	3,834,748	3,834,748	5,879,348	5,879,348
<b>Accumulated depreciation</b>				
Opening balance as at 31/12/2008	(1,839,152)	(1,839,152)	(2,819,732)	(2,819,732)
Charge for the year	(1,303,997)	(1,303,997)	(2,038,755)	(2,038,755)
Disposals	-	-	-	-
Closing balance as at 31/12/2009	(3,143,149)	(3,143,149)	(4,858,487)	(4,858,487)
Net book value as at 31/12/2008	1,981,396	1,981,396	3,037,816	3,037,816
Net book value as at 31/12/2009	691,599	691,599	1,061,778	1,061,778

There were no indications of impairment for intangible assets at the reporting date.

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

### Note 6. 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	
	2009	2008	2009	2008	2009	2008	2009	2008
Investments in leases, gross								
- under 1 year	502,764,331	660,122,918	360,558,847	480,206,176	771,869,557	1,012,080,346	553,548,413	736,237,479
- 1 – 5 years	446,871,680	595,584,497	371,521,253	490,866,543	686,060,296	913,132,005	570,378,460	752,581,629
	949,636,011	1,255,707,415	732,080,100	971,072,719	1,457,929,853	1,925,212,351	1,123,926,873	1,488,819,108
Less: future finance income	(217,555,911)	(284,634,696)	-	-	(334,002,980)	(436,393,244)	-	-
<b>Present value of lease obligations</b>	<b>732,080,100</b>	<b>971,072,719</b>	<b>732,080,100</b>	<b>971,072,719</b>	<b>1,123,926,873</b>	<b>1,488,819,107</b>	<b>1,123,926,873</b>	<b>1,488,819,108</b>
Less: allowance for losses			(4,268,462)	(19,723,791)			(6,553,162)	(30,239,915)
Less: Amount due for settlement within 12 months (shown under current Assets net of allowance for losses of RUR 4,268,462 (Rs. 6,553,162) as at 31st Dec. 2009 and of RUR 19,723,791 (Rs.32,355,037) as at 31st Dec. 2008)			(356,290,385)	(460,482,385)			(546,995,251)	(705,997,563)
<b>Amount due for settlement after 12 months</b>			<b>371,521,253</b>	<b>490,866,543</b>			<b>570,378,460</b>	<b>752,581,630</b>

	(Amount in RUR)				(Amount in Rupees)			
	2009	Impairment loss charge and reversal	Write-off	2008	2009	Impairment loss charge and reversal	Write-off	2008
Allowance for impairment loss	4,268,462	(14,533,377)	(921,952)	19,723,791	6,553,162	(22,722,437)	(1,441,440)	32,355,037

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 the terms of lease contracts management fees should be paid as Onetime lease Fees which were non-refundable and non-adjustable under any circumstances irrespective of whether the lease is terminated or not.

As at 31st December 2009 investment in leases balances of RUR 555,855,136 (Rs. 853,377,281) (RUR 580,997,389 (Rs. 890,767,496) as at 31st December 2008) relate to leased assets pledged as collateral according to loan agreements with financial institutions.

### Note 7. Financial and Other Current Assets

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Trade and other receivables (net of provision for doubtful debtors of RUR 30,068,361 (Rs.46,162,488) as at 31 December 2009 and of RUR 10,209,594 (Rs.16,747,885) as at 31 December 2008)	163,414,030	83,659,371	250,881,590	128,263,999
<b>Total financial assets</b>	<b>163,414,030</b>	<b>83,659,371</b>	<b>250,881,590</b>	<b>128,263,999</b>
Repossessed stock (net of impairment loss of RUR 6,057,909 (Rs.9,471,333) as at 31 December 2009)	135,764,946	34,320,420	208,433,300	52,619,022
Advances paid to suppliers (net of provision for doubtful debtors of 411,315 RUR (Rs.643,077) as at 31 December 2009)	70,789,136	114,937,276	108,679,108	176,218,330
Value added tax recoverable	28,722,410	113,383,887	44,096,115	173,836,721
Advance income tax	5,470,122	5,658,344	8,398,012	8,675,201
Prepaid Expenses	4,896,867	4 683,792	7,517,921	7,181,047
Inventory	70,211	17,790	107,792	27,275
<b>Total</b>	<b>409,127,722</b>	<b>356,660,880</b>	<b>628,113,838</b>	<b>546,821,595</b>

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.

Advance income tax was reclassified from financial assets to other current assets and comparable information was presented as at 31 December 2008.

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 realize the net receivable amount through direct collections and other non-cash settlements, and that therefore the recorded value approximates their fair value.

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

Provision for trade and other receivables is provided on debtors who are doubtful and are in arrears for more than 90 days. The provision for doubtful trade debtors is set out in the table below:

	RUR			INR		
	2009	Provision accrual and reversal	2008	2009	Provision accrual and reversal	2008
Provision for doubtful trade debtors	30,068,361	19,858,767	10,209,594	46,162,488	31,048,501	16,747,885
Provision for doubtful other debtors and advances paid	411,315	411,315	-	631,472	643,077	-
<b>Total provision for doubtful debtors</b>	<b>30,479,676</b>	<b>20,270,082</b>	<b>10,209,594</b>	<b>46,793,960</b>	<b>31,691,578</b>	<b>16,747,885</b>

Repossessed stock are the repossessed leased assets held for sale and stated at the lower of carrying amount and fair value less costs to sell as their carrying amount is to be recovered principally through a sale transaction that is probable within 12 months after the reporting date.

Most repossessed stock as at 31st December 2008 was sold in 2009 with actual loss on sale of RUR 2,282,203 (Rs. 3,503,755) included in Gain/(loss) on sale of equipment for the reporting period. The other repossessed equipment as at 31st December 2008 were leased out in 2009 and included in investment in leases as at 31st December 2009.

As at 31st December 2009 repossessed stock carrying amount of RUR 39,722,412 (Rs. 60,983,882) (RUR Nil (Rs. Nil) as at 31st December 2008) relates to assets pledged as collateral according to loan agreements with financial institutions.

### Note 8. Short-term Investment

There is no short-term investment as on the reporting date. As at 31st December 2008 three deposits of USD 100,100 each were made on 2nd December 2008, at interest rate of 5.25% per annum, totaling to USD 300,300 with maturity date 1st June 2009 at ICICI Bank Eurasia LLC. They were actually recovered on the maturity date in 2009.

### Note 9. Cash and cash equivalents

	Interest Rate	Rating Agency	Rating	(Amount in RUR)		(Amount in Rupees)	
				2009	2008	2009	2008
Deposits in ZAO Standard Bank	9.00%	Fitch	BBB	-	23,900,000	-	36,642,752
Deposits in ZAO Standard Bank	5.25%	Fitch	BBB	6,000,000		9,211,507	-
Deposits in ZAO Standard Bank	5.25%	Fitch	BBB	14,700,000		22,568,193	-
Deposits in ZAO Standard Bank	5.25%	Fitch	BBB	10,000,000		15,352,512	-
Deposits in ZAO Standard Bank	4.75%	Fitch	BBB	10,000,000		15,352,512	-
Deposits in ZAO Standard Bank	4.75%	Fitch	BBB	7,500,000		11,514,384	-
<b>Deposits in ZAO Standard Bank</b>		<b>Fitch</b>	<b>BBB</b>	<b>48,200,000</b>	<b>23,900,000</b>	<b>73,999,108</b>	<b>36,642,752</b>
<b>Cash in banks</b>							
ICICI Bank Eurasia LLC		Moody's	Baa2	7,102,320	81,446,459	10,903,846	124,871,230
ZAO Standard Bank		Fitch	BBB	22,049,907	1,045,882	33,852,147	1,603,514
Sberbank		Fitch	BBB	320,790	1,031,088	492,493	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		11,203,379	742,790	17,200,002	1,138,823
ING Bank		Moody's	Baa1	625,278	584,456	959,959	896,070
				<b>41,301,674</b>	<b>84,850,675</b>	<b>63,408,447</b>	<b>130,090,470</b>
<b>Total</b>				<b>89,501,674</b>	<b>108,750,675</b>	<b>137,407,555</b>	<b>166,733,222</b>

Deposits in ZAO Standard Bank as at 31 December 2009 have been actually demanded by 1st February 2010, as at 31 December 2008 – by 12th January 2009.

Although some of the banks have no international credit rating, management treats them as reliable counterparties with a stable position on the market.

### Note 10. Share capital

There was no increase of Share capital during the reporting period. Last increase of share capital was in the year 2008 to the amount of RUR 340,200,000 (Rs. 521,584,275) including share premium of RUR 9,450,000 (Rs. 14,488,452).

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 of a nominal value of RUR 1,000 (Rs. 1,535) each.



## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

**Deferred income 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 income tax assets and liabilities are measured at 20 percent, the rate applicable when the asset or liability will be realized.

	(Amount in RUR)			(Amount in Rupees)		
	2009	2008 Income Statement	2008	2009	2008 Income Statement	2008
Property and equipment	(453,487)	(66,108)	(387,379)	(696,217)	(101,492)	(593,918)
Intangible assets	(136,340)	104,952	(241,292)	(209,316)	161,128	(369,942)
Investment in leases	(38,031,350)	(38,710,533)	679,183	(58,387,677)	(59,430,393)	1,041,303
Trade and other receivables and advances paid	30,278,127	28,565,805	1,712,322	46,484,532	43,855,687	2,625,280
Repossessed stock	10,877,638	12,086,197	(1,208,559)	16,699,907	18,555,349	(1,852,926)
Borrowings	(704,784)	3,500,277	(4,205,061)	(1,082,020)	5,373,805	(6,447,072)
Accounts payable and accrued charges	(6,991,550)	(7,901,425)	909,875	(10,733,786)	(12,130,672)	1,394,993
Loss according to tax accounting	-	(1,523,601)	1,523,601	-	(2,339,110)	2,335,939
<b>Total deferred income tax asset (liabilities), net</b>	<b>(5,161,746)</b>	<b>(3,944,436)</b>	<b>(1,217,310)</b>	<b>(7,924,577)</b>	<b>(6,055,698)</b>	<b>(1,866,343)</b>

### Note 13. Accounts payable and accrued charges

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Trade payables	309,566	1,209,672	475,262	1,854,632
Other financial liability (Interest swap)	147,799	-	226,909	-
<b>Total financial liabilities</b>	<b>457,365</b>	<b>1,209,672</b>	<b>702,171</b>	<b>1,854,632</b>
Advances received	32,898,780	55,462,914	50,507,892	85,034,050
Accrued liabilities and other creditors	8,670,378	7,434,095	13,311,208	11,397,728
<b>Total</b>	<b>42,026,523</b>	<b>64,106,681</b>	<b>64,521,271</b>	<b>98,286,410</b>

The advances received consist of receipts from the lease before transferring of the equipment.

Other financial liability relates to the interest rate swap transaction entered into with Standard Bank Plc effective on 23 April 2009 with termination date 29 October 2010. The swap is used to change the floating interest rate payments of Euribor+3.75% per annum for Euro loan, availed from Standard Bank Plc with maturity date 29 October 2010, to the fixed interest rate payments of 6% per annum. As at 31 December 2009 interest swap is stated at fair value of future payments determined on the rate reset date

### Note 14. Short-term taxes payable

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Property tax	3,616,952	4,309,836	5,552,930	6,607,709
Value added tax	26,063,444	-	40,013,934	-
<b>Total</b>	<b>29,680,396</b>	<b>4,309,836</b>	<b>45,566,864</b>	<b>6,607,709</b>

### Note 15. Interest income and management fees

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Finance leases:				
Interest income	212,731,696	192,926,195	332,598,712	316,477,400
Management fees	62,458,526	26,206,604	97,651,763	42,989,486
	<b>275,190,222</b>	<b>219,132,799</b>	<b>430,250,475</b>	<b>359,466,886</b>
Interest income from bank deposits	2,640,083	3,160,879	4,127,680	5,185,127
<b>Total</b>	<b>277,830,305</b>	<b>222,293,678</b>	<b>434,378,155</b>	<b>364,652,013</b>

### Note 16. Interest expense and commissions

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Loans interest	(125,481,123)	(88,933,081)	(196,185,433)	(145,886,413)
Interest swap charges	(1,847,627)	-	(2,888,701)	-
Bank commissions expense	(8,528,238)	(7,799,806)	(13,333,608)	(12,794,852)
<b>Total</b>	<b>(135,856,988)</b>	<b>(96,732,887)</b>	<b>(212,407,742)</b>	<b>(158,681,265)</b>

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

### Note 17. Foreign currency translation differences, net

Company incurred a loss of RUR 10,716,613 (Rs. 16,755,057) that was mainly due to impact of fast devaluation of Ruble in the beginning of the year.

### Note 18. Other income

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Penalties and fines	10,100,949	5,112,002	15,792,487	8,385,762
Insurance commission	5,004,075	3,184,287	7,823,700	5,223,525
Gain/(loss) on sale of equipment	(2,841,028)	2,537,055	(4,441,850)	4,161,802
Profit/ (loss) on lease termination	(9,965,439)	1,205,242	(15,580,622)	1,977,087
Debt & penalty remission	(3,204,479)	-	(5,010,093)	-
Other Income	289,657	20,810	452,869	34,137
<b>Total</b>	<b>(616,265)</b>	<b>12,059,396</b>	<b>(963,509)</b>	<b>19,782,313</b>

Penalties and fines are the revenue received from lessees and vendors for breach of the lease contracts.

### Note 19. Administrative and other operating expenses

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
Taxes other than on income	(15,315,200)	(14,113,352)	(23,944,790)	(23,151,636)
Rent	(6,221,631)	(8,102,488)	(9,727,307)	(13,291,374)
Leased equipment insurance	(5,057,740)	(2,268,165)	(7,907,603)	(3,720,712)
Audit, legal and consulting services	(2,677,083)	(4,456,190)	(4,185,528)	(7,309,964)
Business and travel expenses	(2,025,246)	(1,952,628)	(3,166,403)	(3,203,104)
Repossession expenses	(1,952,917)	-	(3,053,319)	-
State Duties	(1,872,690)	(263,055)	(2,927,887)	(431,517)
Telephone, post, internet	(1,668,089)	(1,699,041)	(2,607,999)	(2,787,118)
Software maintenance	(913,675)	(2,044,796)	(1,428,500)	(3,354,297)
Advertising expenditure	(889,324)	(2,496,715)	(1,390,428)	(4,095,627)
Bank charges	(644,823)	(948,487)	(1,008,158)	(1,555,904)
Office & repossessed equipment insurance	(478,443)	(284,425)	(748,029)	(466,573)
Office supply	(465,233)	(608,129)	(727,376)	(997,579)
Transportation expenses	(171,281)	(163,777)	(267,792)	(268,661)
Translation expenses	(58,951)	(147,992)	(92,167)	(242,767)
Staff recruitment and training	(13,535)	(491,860)	(21,162)	(806,851)
Other administrative expenses	(2,173,212)	(761,970)	(3,397,742)	(1,249,941)
<b>Total</b>	<b>(42,599,073)</b>	<b>(40,803,070)</b>	<b>(66,602,190)</b>	<b>(66,933,625)</b>

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
<b>Taxes other than on income</b>				
Property tax	(15,107,434)	(14,007,680)	(23,619,955)	(22,978,291)
Other taxes	(207,766)	(105,672)	(324,835)	(173,345)
<b>Total</b>	<b>(15,315,200)</b>	<b>(14,113,352)</b>	<b>(23,944,790)</b>	<b>(23,151,636)</b>

### Note 20. Financial commitments and contingencies

**Operating environment** - The Russian economy, while deemed to be of market status continues to display certain characteristics consistent with that of a market in transition. These attributes have in the past included higher than normal historic inflation, lack of liquidity in capital market and the existence of currency controls that cause the national currency to be illiquid outside of Russia. The government of the Russian Federation continues to reform the business and commercial infrastructure in its transition to a market economy. As a result laws and regulations affecting businesses continue to change rapidly. The continued success and stability of the Russian economy will be significantly impacted by the government's continued actions with regard to supervisory, legal and economic reforms. The Company could be affected, for the foreseeable future, by these risks and their consequences. As a result, there are significant uncertainties that may affect future operations, the recoverability of the Company's assets, and the ability of the Company to maintain or pay its debts as they mature.

During 2009 interest rate (Mosprime) once peaked to 28% (now in the range of 4% - 5%) in the beginning of the year has shown a consistent downward trend in line with Central Bank rate also which remained at high of 13% for around 5 months in the beginning of



## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

2009 and now at 8%. Initial quarters of 2009 showed a huge downfall in market due to extremely lower demand. GDP of Russia once expected to be negative 12% finally settled at negative 7.9% owing to improvements in last quarter of 2009 with the help of higher oil prices. Following the global financial crisis, Company also tightened its credit norms and restrained from extending credits in first 3 quarters with exception to some sound clients. Reduced rates are helping the pick up in demand and accordingly Company expects to do good business especially in Q3 and Q4 of 2010.

**Insurance.** The Company has insurance contracts in relation to collateralized property, 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. Most of the cases were related to non payment of lease rentals, and repossession of equipments. Management believes that chances of positive outcome are high, in case of hesitation debtors are allowed for loss provisions.

There are also ongoing cases with tax authorities in response of decisions where Company is claimed for underpayment of taxes and penalties in total amount of RUR 12,212,380 (Rs. 18,749,071) and overstatement of VAT recoverable by RUR 18,310,425 (Rs. 28,111,102 ) for the 2006-2008 tax periods. Main reasons for these cases were non-compliance with legal regulations by some of the Company’s vendors. Company has initiated administrative procedures to appeal tax authorities decisions. Company has also taken legal advice of outside legal lawyers and believes that position of the Company is supported by legal regulations.

In one case, where equipment was repossessed from company Ryazanneftgazstroy 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 52,255 and penalty of RUR 130,700 (Rs. 200,657). The last court decision was for the Company, but there are chances that Soyuzneftgazstroy will appeal the decision. Company expects positive outcome of the case.

**Guarantee.** Company has given guarantee to ICICI Bank Eurasia LLC in favor of ‘Russian – Indian Drilling Oil Company’ for obtaining loan to buy drilling rigs. Original amount of Financing was USD 1 million out of which USD 372,964 is outstanding as on 31st December 2009. The leased equipment was pledged as collateral for the given guarantee with the pledged cost of RUR 37,255,799 (Rs. 57,197,011 ). As at 31st December 2009 net investment in leases in amount of RUR 6,538,311 (Rs. 10,037,950) relate to contracts which leased equipment was pledged as collateral for the given guarantee.

**Environment.** The Company has no liabilities for environmental damage.

### Note 21. 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 defines 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 two market price risks.
  - **Interest rate risk:** this was fairly managed by entering into interest rate swap when interest rates were lower, in the beginning of 2010 major part of Ruble loans were hedged for this.
  - **Currency risk:** this was managed by creating a natural hedge though some losses were incurred due to repossessions and subsequent open positions which were covered later by above. Presently company has negligible open position and concluding new transactions to keep this at minimum.

In order to effectively manage those risks, Management has implemented some 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:

- Minimize 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
- The Company can invest in shares or similar instruments only in the case of temporary excess of liquidity and such transactions have to be authorized by Management.

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

The Following table summarizes the carrying amount of financial assets and liabilities recorded at 31 December by IAS 39 category:

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
<b>Financial assets</b>				
Investment in leases (Note 6)	727,811,638	951,348,928	1,117,373,711	1,458,579,192
Trade and other receivables (Note 7)	163,414,030	83,659,371	250,881,590	128,263,999
Short-term investments (Note 8)	-	8,822,934	-	13,527,054
Cash and cash equivalents (Note 9)	89,501,674	108,750,675	137,407,555	166,733,222
<b>Balance at 31 December</b>	<b>980,727,342</b>	<b>1,152,581,908</b>	<b>1,505,662,856</b>	<b>1,767,103,467</b>
<b>Financial liabilities</b>				
Measured at amortised cost:				
Long-term borrowings (Note 11)	482,374,648	674,801,984	740,566,271	1,034,585,843
Short-term borrowings and short-term part of long-term borrowings (Note 11)	322,146,577	341,115,285	494,575,928	522,987,563
Trade payables and other financial liabilities (Note 13)	457,365	1,209,672	702,171	1,854,632
<b>Balance at 31 December</b>	<b>804,978,590</b>	<b>1,017,126,941</b>	<b>1,235,844,370</b>	<b>1,559,428,038</b>

### Credit risk

As at 31st December 2009 the financial assets, which potentially subject the Company to concentrations of credit risk, amount to RUR 980,727,342 (Rs.1,505,662,857) (as at 31st December 2008: RUR 1,152,581,908 (Rs.1,767,103,466)). 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.

The Company controls its exposure to credit risk by setting limits on its exposure to individual customers.

### Liquidity risk

The Company manages liquidity risk on the basis of expected maturity dates.

At present the Company does expect to pay all liabilities at their contractual maturity. In order to meet such cash commitments the Company expects the operating activity to generate sufficient cash inflows. In addition, the Company holds financial assets for which there is a liquid market and that are readily available to meet liquidity needs.

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
<b>As at 31st December, 2009</b>										
Long - term borrowings (Note 11)	-	320,481,438	127,845,732	34,047,478	482,374,648	-	492,019,522	196,275,317	52,271,432	740,566,271
Short - term borrowings and short - term part of long - term borrowings (Note 11)	322,146,577	-	-	-	322,146,577	494,575,928	-	-	-	494,575,928
Trade payables and other financial liabilities (Note 13)	457,365				457,365	702,171	-	-	-	702,171
<b>Total at 31st December 2009</b>	<b>322,603,942</b>	<b>320,481,438</b>	<b>127,845,732</b>	<b>34,047,478</b>	<b>804,978,590</b>	<b>495,278,099</b>	<b>492,019,522</b>	<b>196,275,317</b>	<b>52,271,432</b>	<b>1,235,844,370</b>
<b>As at 31st December 2008</b>										
Long-term borrowings (Note 11)	-	283,275,935	292,255,261	99,270,788	674,801,984	-	434,310,034	448,076,862	152,198,948	1,034,585,844
Short-term borrowings and short-term part of long-term borrowings (Note 11)	341,115,285	-	-	-	341,115,285	522,987,562	-	-	-	522,987,562
Trade payables and other financial liabilities (Note 13)	1,209,672	-	-	-	1,209,672	1,854,632	-	-	-	1,854,632
<b>Total at 31st December 2008</b>	<b>342,324,957</b>	<b>283,275,935</b>	<b>292,255,261</b>	<b>99,270,788</b>	<b>1,017,126,941</b>	<b>524,842,194</b>	<b>434,310,034</b>	<b>448,076,862</b>	<b>152,198,948</b>	<b>1,559,428,038</b>

## Accounting Policies and Explanatory Notes for the year ended 31st December, 2009 (Contd.)

### Interest rate risk

The Company's exposure to interest rate risk mainly concerns financial liabilities. Most of the liabilities had floating rates, but Company has concluded one interest rate swap derivative in 2009 and 3 more in the beginning of 2010 due to lower interest rates. Interest rates have very insignificant open position now which company does not see having significant adverse impact in future.

### Foreign currency risk

Since the Company operates internationally, it is exposed to foreign currency risk as part of its normal industrial and commercial business. The Company's operations are partly financed by local currency loans. Owing to global crisis, Ruble has shown wide fluctuation. Over a period company has created natural hedges and considers currency open position as not very significant.

### Financial liabilities by currency

	(Amount in RUR)		(Amount in Rupees)	
	2009	2008	2009	2008
US Dollar	139,386,673	193,930,178	213,993,561	297,327,840
EURO	112,478,875	229,423,839	172,683,331	351,745,641
RUR	552,655,677	592,563,252	848,465,307	908,499,925
<b>Balance as at 31 December</b>	<b>804,521,225</b>	<b>1,015,917,269</b>	<b>1,235,142,199</b>	<b>1,557,573,406</b>

**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 22. Events after the balance sheet date

There were no events after the balance sheet date which could have material effect on the financial statements











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