

Statement containing salient features of Balance Sheet and Profit and Loss Account

Form of Abridged Financial Statements

SREI EQUIPMENT FINANCE LIMITED

Abridged Balance Sheet as at 31st March, 2023

SREI EQUIPMENT FINANCE LIMITED

Abridged Balance Sheet as at March 31, 2023

(₹ in Lakhs)

Particulars	As at March 31st, 2023	As at March 31st, 2022
ASSETS		
(1) Financial Assets		
(a) Cash and Cash Equivalents	2,52,639	1,27,881
(b) Bank Balance other than (a) above	18,169	18,261
(c) Receivables		
(i) Trade Receivables	146	3,168
(d) Loans	9,62,385	20,47,125
(e) Investments	63,740	1,23,604
(f) Other Financial Assets	65,697	90,531
(2) Non-Financial Assets		
(a) Current Tax Assets (Net)	14,630	24,501
(b) Property, Plant and Equipment	1,22,338	1,83,412
(c) Right-of-use Assets	506	712
(d) Other Intangible Assets	541	838
(e) Other Non-Financial Assets	23,509	38,357
Total Assets	15,24,300	26,58,390
LIABILITIES AND EQUITY		
LIABILITIES		
(1) Financial Liabilities		
(a) Payables		
(i) Trade Payables		
(ii) Total outstanding dues of micro enterprises and small enterprises	190	175
(iii) Total outstanding dues of creditors other than micro enterprises and small enterprises	6,224	6,243
(b) Debt Securities	2,59,944	2,59,552
(c) Borrowings (Other than Debt Securities)	26,69,340	26,76,863
(d) Subordinated Liabilities	2,62,458	2,61,581
(e) Lease Liabilities	636	828
(f) Other Financial Liabilities	14,766	18,672
(2) Non-Financial Liabilities		
(a) Current Tax Liabilities (Net)	13,635	13,652
(b) Provisions	15,329	15,777
(c) Other Non-Financial Liabilities	3,828	4,268
(3) EQUITY		
(a) Equity Share Capital	7,902	7,902
Other Equity	(17,29,952)	(6,07,123)
Total Liabilities and Equity	15,24,300	26,58,390

SREI EQUIPMENT FINANCE LIMITED

Abridged Statement of Profit and Loss for the year ended March 31st, 2023

(₹ in Lakhs)

	Particulars	Year ended	
		March 31, 2023	March 31, 2022
		Audited	Audited
	Revenue from Operations		
	Interest Income	1,28,403	2,54,895
	Rental Income	20,034	44,061
	Fees and Commission Income	904	1,374
	Net gain on fair value changes	1,825	8,142
	Others	2,974	6,483
(I)	Total Revenue from Operations	1,54,140	3,14,955
(II)	Other Income	1,617	(790)
(III)	Total Income (I+II)	1,55,757	3,14,165
	Expenses		
	Finance Costs	7,605	2,16,754
	Fees and Commission Expense	1,018	662
	Net loss on fair value changes	11,531	35,663
	Net loss on derecognition of financial instruments under amortised cost category	5,567	12,328
	Impairment on Financial Instruments (Net)	1,53,440	2,21,149
	Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt	13,257	4,320
	Employee Benefits Expenses	8,142	11,020
	Depreciation, Amortisation and Impairment	43,304	56,331
	Other Expenses	18,228	23,423
(IV)	Total Expenses	2,62,092	5,81,650
(V)	Profit/(Loss) Before Tax and Exceptional Items (III- IV)	(1,06,335)	(2,67,485)
(VI)	Exceptional Items	10,15,593	-
(VII)	Profit/(Loss) Before Tax after Exceptional Items (V- VI)	(11,21,928)	(2,67,485)
(VIII)	Tax Expense:		
	Income Tax in respect of earlier years	-	9,807
(IX)	Profit/(Loss) After Tax (VII-VIII)	(11,21,928)	(2,77,292)
(X)	Other Comprehensive Income		
	A (i) Items that will not be reclassified to Profit or Loss		
	Remeasurements Gains/(Losses) on Defined Benefit Plan	(182)	(42)
	B (i) Items that will be reclassified to Profit or Loss		
	(a) Effective portion of gains and losses on hedging instruments in a cash flow hedge	-	14
	(b) Gains/(Losses) on fair valuation of Loans	(719)	(210)
	SUBTOTAL (a+b)	(719)	(196)
	Other Comprehensive Income [A+B]	(901)	(238)
(XI)	Total Comprehensive Income (IX+X)	(11,22,829)	(2,77,530)
(XII)	Paid-up Equity Share Capital (Face value ₹ 10/- per Equity Share)	7,902	7,902
(XIII)	Other Equity	(17,29,952)	(6,07,123)
(XIV)	Earnings per Equity Share (Face value ₹ 10/- each)		
	Basic (in ₹)	(1419.87)	(350.93)
	Diluted (in ₹)	(1419.87)	(350.93)

SREI EQUIPMENT FINANCE LIMITED

Abridged Statement of Cash Flow for the year ended March 31st, 2023

(₹ in Lakhs)

Particulars	Year ended	
	March 31st, 2023	March 31st, 2022
A. Cash Flows from Operating Activities		
Profit/(Loss) Before Tax	(11,21,928)	(2,67,485)
Adjustments for:		
Depreciation, Amortisation and Impairment	43,304	56,331
Impairment on Financial Instruments (Net)	1,53,440	2,21,149
Impairment on Financial Instruments (Net) on Exceptional items	9,37,100	-
Impairment (gain) / loss on capital advance	-	(29)
Net loss on derecognition of Financial Instruments	5,567	12,328
Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt	13,257	4,320
Net loss on derecognition of Property, Plant and Equipment	7,555	7,413
Liabilities no longer required written back	(304)	(3,087)
Finance Costs	7,605	2,16,754
Interest on Loans	(1,17,835)	(2,53,273)
Rental Income	(20,034)	(44,061)
Interest on Fixed Deposits with Banks	(9,617)	(1,421)
Interest income from Investment	(951)	-
Net unrealised (gain) / loss on foreign currency transaction and translation	-	(3,555)
Net unrealised fair value loss	9,706	22,557
Net unrealised fair value (gain) / loss on exceptional items	78,493	-
Operating profit/(loss) before working capital changes	(14,642)	(32,059)
Changes in working capital:		
Adjustments for:		
(Increase)/Decrease in Trade Receivables and Others Assets	6,312	29,561
(Increase)/Decrease in Loans Assets	57,956	63,807
Increase/(Decrease) in Trade Payables and Others Liabilities	(5,974)	(4,609)
(Increase)/Decrease in Other Bank Balances	1,369	79,839
Cash generated / (used) in operations	45,021	1,36,539
Finance Costs paid	(939)	(96,766)
Interest on Loans received	42,891	54,013
Rental income received	18,124	32,388
Interest on Fixed Deposits with Banks received	8,342	1,978
Interest income from Investment received	951	-
Advance taxes (paid)/refund (including Tax deducted at Source)	9,854	(118)
Net Cash generated / (used) in Operating Activities	1,24,243	1,28,034
B. Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	-	(25)
Sale/(Purchase) of Investments (Net)	367	-
Proceeds from Sale of Property, Plant and Equipment	10,945	9,309
Net Cash generated / (used) in Investing Activities	11,312	9,284
C. Cash Flows from Financing Activities		
Increase/(Decrease) in Working Capital facilities (Net)	-	(15,500)
Repayments of Other Borrowings	(10,798)	(35,579)
Net Cash generated / (used) in Financing Activities	(10,798)	(51,079)
Net Increase in Cash and Cash Equivalents (A+B+C)	1,24,758	86,239
Cash and Cash Equivalents at the beginning of the year	1,27,881	41,642
Cash and Cash Equivalents at the end of year (Refer Note No. 3)	2,52,639	1,27,881

Cash and Cash Equivalents at the end of the year comprises of:

(₹ in Lakhs)

Particulars	As at	
	March 31st, 2023	March 31st, 2022
Cash on hand	7	21
Balances with Banks - in Current Account	28,407	67,541
Balances with Banks - in Fixed Deposit Accounts having original maturity of upto 3 months	2,24,225	60,319
	2,52,639	1,27,881

Explanations:

The above Statement of Cash Flows has been prepared under the Indirect Method as set out in the Ind AS 7 'Statement of Cash Flows'.

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INDEPENDENT AUDITORS' REPORT**To the Members of Srei Equipment Finance Limited****Report on the Audit of the Ind AS Financial Statements****Disclaimer of Opinion**

We were engaged to audit the accompanying Ind AS financial statements of **Srei Equipment Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

We do not express an opinion on the Ind AS financial statements of the Company. Because of the significance of the matters described in "Basis for Disclaimer of Opinion" section of this report and the uncertainties involved, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the Ind AS financial statements.

Basis for Disclaimer of Opinion

- (a) Note No. 61 to the Ind AS financial statements explains that since the Administrator has taken charge of the affairs of the Company on October 4, 2021, the Administrator is not liable or responsible for any actions and regarding the information pertaining to the period prior to October 4, 2021 has relied upon the explanations, clarifications, certifications, representations and statements made by the Chief Financial Officer, Company Secretary, Chief Business Officer, Chief Risk Officer, Chief Compliance Officer and Legal Head ('the existing officials of the Company'), who were also part of the Company prior to the appointment of the Administrator. Note No. 61 to the Ind AS financial statements explains that the Administrator got conducted audits/reviews relating to the processes and compliances of the Company and has also appointed professionals for conducting transaction audit as per section 43, 45, 50 and 66 of the Code. Further, as stated in Note No. 61, the Administrator of the Company received certain account wise transaction audit reports from the professional agency appointed as the transaction auditor indicating that there are certain transactions which are fraudulent in nature as per section 66 of the Code. Accordingly, the Administrator has filed applications under section 60(5) and section 66 of the Code before the Kolkata bench of the Hon'ble National Company Law Tribunal (NCLT) on various dates till May 05, 2023 for adjudication. Further, as mentioned in the said note, the transaction audit has been completed and the impact of the same has been incorporated in the Ind AS financial statements. However, the said transaction audit reports have not been made available to us and accordingly, we are unable to comment whether or not all impact of the same has been incorporated in the Ind AS financial statements.

As per Ind AS 109, for a financial asset that is credit-impaired at the reporting date, an entity shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial

asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss. Note No. 61 to the Ind AS financial statements explains that the Company has considered impairment reserve of Rs. 5,24,931 lakhs created in earlier periods as per RBI guidelines while calculating the impairment on such accounts which is not in accordance with Ind AS 109. Further, Note No. 63 to the Ind AS financial statements explains that basis revised ECL rates and the impairment reserve made in earlier periods in cases where they exceed gross exposure, the Company made a lesser provision under the ECL, so as to restrict the net exposure at Nil, since no withdrawal from impairment reserve is permitted which is also not in accordance with Ind AS 109.

- (b) Note No. 62 to the Ind AS financial statements which states that the Company adopted a policy, to not to recognise interest income on accounts in which transactions are determined as fraudulent by the Company. Had the Company recognised the interest income, as aforesaid, interest income would have been higher by Rs. 59,237 lakhs for the year ended March 31, 2023, and consequently the ECL provision would also have been higher by Rs. 59,237 lakhs for the year ended March 31, 2023, resulting in no change in the loss for the year ended March 31, 2023.
- (c) Note No. 63 to the Ind AS financial statements which explains that the Administrator as part of the CIRP process had appointed independent valuers to conduct valuation of the assets of the company and assets/collaterals held as securities. Since the Ind AS financial statements, disclosures, categorisation and classification of assets are subject to the outcome of such valuation and CIRP process, we are unable to comment on the impact, if any, of the Ind AS financial statements.
- (d) Note No. 64 to the Ind AS financial statements which explains that during the financial year 2019-20, the Company accounted for the slump exchange transaction and consequently recognized the relevant assets and liabilities in its books of account, pursuant to the Business Transfer Agreement ('BTA') with SIFL, with effect from October 1, 2019, subject to necessary approvals. The superseded Board of Directors and erstwhile management of the Company obtained expert legal and accounting opinions in relation to the accounting of BTA which confirmed that the accounting treatment so given is in accordance with the relevant Ind AS and the underlying guidance and framework. The Note further explains that during the financial year 2020-21, the Company had filed two separate applications under Section 230 of the Companies Act, 2013 ('the Act') before the Hon'ble NCLT proposing Schemes of Arrangement (the Schemes) with all its secured and unsecured lenders. Since applications/appeals in connection with the Scheme were pending before Hon'ble NCLT/NCLAT, the superseded Board of Directors and erstwhile management had maintained status quo on the Scheme including accounting of BTA. Both the schemes of arrangement were rejected by majority of the creditors and an application of withdrawal was filed by the Administrator in this matter which has been allowed by the Tribunal vide order dated February 11, 2022.

As stated in the said Note, the Company is in the process of consolidated resolution of SEFL and SIFL and hence no further action is being contemplated regarding establishing the validity of BTA or otherwise, consequent upon the withdrawal of Schemes. Accordingly, the status quo regarding BTA, as it existed on the date of commencement of CIRP, has been maintained. In view of the uncertainties that exists in the matter of BTA, we are unable to comment on the accounting of BTA, as aforesaid, done by the Company and accordingly on the impact of the same, if any, on the Ind AS financial statements.

- (e) Note No. 66 to the Ind AS financial statements which explains that the Administrator has invited the financial/operational/other creditors to file their respective claims. As per the said note, admission of claims of the financial/operational/ other creditor received by the Administrator is completed and the effect of the same has been given in the books of accounts. However, the figures of the claims admitted in the books of accounts might undergo change in the subsequent periods before the resolution plan is approved by Adjudicating Authority in case the Administrator comes across any additional information warranting such revision of claim amounts of the financial/operational/ other creditors. Hence, adjustments, if any, arising out of such additional information, will be given effect in subsequent periods. We are unable to comment on the impact of the same, if any, on the Ind AS financial statements.

Further, Note No. 66 to the Ind AS financial statements explains that the Company as per the Code on the date of commencement of CIRP i.e. October 8, 2021 has converted foreign currency debt into INR and accordingly has not translated its foreign currency exposure as on March 31, 2023, as per requirements of Ind AS 21. We are unable to comment on the impact of the same, if any, on the Ind AS financial statements.

- (f) Note No. 67 to the Ind AS financial statements which states that the Company has not provided for Rs. 4,66,134 lakhs for the year ended March 31, 2023 pursuant to its admission under the CIRP, in respect of its obligation for interest on all the borrowings since insolvency commencement date i.e. October 8, 2021. Had the Company provided its obligation for interest, as aforesaid, loss before tax for the year ended March 31, 2023 would have been increased by Rs 4,66,134 lakhs.
- (g) Note No. 68 to the Ind AS financial statements which explains the reasons owing to which the Company has not been able to comply with guidelines of RBI in relation to mandatory hedging of exposure in External Commercial Borrowings amounting to Rs. 27,272 lakhs as at March 31, 2023, as per contractual terms. As stated, in the said note, the Company has reported the above fact to RBI and reply of the same is awaited from RBI. We are unable to comment on the impact of the same or any other consequences arising out of such non-compliance, if any, on the Ind AS financial statements.
- (h) Note No. 70 to the Ind AS financial statements which explains that the erstwhile management, as per the specific directions from Reserve Bank of India (RBI) in relation to certain borrowers referred to as 'probable connected parties/related parties', in line with arm's length principles, was in the process of re-assessing & re-negotiating terms and conditions with such borrowers and all other borrowers, who have been granted loans with moratorium period and at interest rate which is linked with the cash flows of the project. However, the said process was not concluded and meanwhile the Company has gone into CIRP. As stated in the said Note, the Administrator is not in a position to comment on the views adopted by the erstwhile management in relation to the RBI's direction since these pertain to the period prior to the Administrator's appointment. As stated in paragraph (a) above, the Administrator got conducted transaction audit/review relating to the process and compliance of the Company and has also appointed professionals for conducting transaction audit as per section 43, 45, 50 and 66 of the Code. Out of Accounts referred by the RBI in the directions, the Administrator has received certain account wise transaction audit reports, which has identified some of such accounts as fraudulent in nature under section 66 of the Code. In respect of such accounts, the Administrator has filed applications under section 60(5) and section 66 of the Code before the Kolkata bench of the Hon'ble National Company Law Tribunal (NCLT) on various dates till May 05, 2023 for adjudication. Further, as mentioned in the said note, the transaction audit has been completed and the impact of the same has been incorporated in the Ind AS financial statements. However, the said transaction audit reports have not been made available to us and accordingly, we are unable to comment whether or not all impact of the same has been incorporated in the Ind AS financial statements. Accordingly, the Ind AS financial statements is subject to such impact, if any.
- (i) Note No. 71 to the Ind AS financial statements which explains that, during the year ended March 31, 2022, based on the directions of RBI the Company has made provisions amounting to Rs. 9,807 lakhs and Rs. 4,991 lakhs in respect of direct tax cases and indirect tax cases respectively where the Company was under various stages of appeal with the relevant tax authorities. However, the Company has not assessed whether the outflow of resource embodying economic benefits is probable or not as per the requirements of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. Hence, in absence of such assessment, we are unable to comment on any non-compliance with Ind AS and the corresponding impact of the same, if any, on the Ind AS financial statements.
- (j) Note No. 72 to the Ind AS financial statements which explains the reasons owing to which the Company was not able to comply with the requirements of Section 135 of the Companies Act, 2013 in relation to depositing unspent amount of CSR. As stated, in the said note, the Company has written to MCA seeking exemption from the obligations of the Company under portions of Section 135(5) and Section 135(7) of the Companies Act, 2013. We are unable to comment on the impact of the same or any other consequences arising out of such non-compliance, if any, on the Ind AS financial statements.
- (k) Note No. 73 to the Ind AS financial statements which states that the Company has not been able to maintain the security cover as stated in the information memorandum/debenture trust deeds etc. which is sufficient to discharge the principal and interest amount at all times for the secured non convertible debentures issued by the Company. Further, as stated in the said Note and paragraph (c) above, latest valuations from independent valuers in respect of assets of the Company is in progress, accordingly, the percentage of security cover given in the said Note No. 73 to the Ind AS financial statements is subject to the outcome of such valuation and CIRP process. Hence, we are unable to comment on impact of the same, if any on the Ind AS financial statements.

- (l) Note No. 74 to the Ind AS financial statements which explains that in relation to certain borrowings (including secured borrowings and NCDs) acquired by the Company from SIFL pursuant to BTA as stated in Note No. 64 to the Ind AS financial statements, charges created on such borrowings are yet to be transferred in the name of the Company and are still appearing in the name of SIFL for the reasons stated in the said Note. We are unable to comment on the impact of the same or any other consequences arising out of it, if any, on the Ind AS financial statements.
- (m) Note No. 75 to the Ind AS financial statements which explains the reasons owing to which the Company was not able to comply with the requirements of Section 125 of the Act in relation to transfer of certain amounts lying unpaid for 7 years to Investor Education Protection Fund ('IEPF'). As stated, in the said note, the Company has written to IEPF authorities and requested guidance in the matter. We are unable to comment on the impact of the same or any other consequences arising out of such non-compliance, if any, on the Ind AS financial statements.
- (n) We had carried out independent balance confirmation process with respect to various parties/lenders, responses for which are pending to be received in majority of the case as on the date of signing this report. Further, the project progress report and the necessary documents for review from various parties are yet to be received. Hence, we are unable to comment on such balances and status and impact of the same on the Ind AS financial statements, if any.
- (o) We have been informed that certain information including the minutes of meetings of the Committee of Creditors and transaction audit reports are confidential in nature and accordingly has not been shared with us. We are therefore unable to comment on the possible financial effects on the Ind AS financial statements, including on presentation and disclosures, if any, that may have arisen if we had been provided access to that information.
- (p) Property, Plant and Equipment includes assets having gross book value of Rs. 5,018 lakhs and written down value of Rs. 1,018 lakhs as on March 31, 2023 are either not traceable or are not in possession of the company. No provision for the same has been made in accounts. As informed by the company, the management has initiated legal proceedings for recovery of the same. Since legal proceedings for recovery are pending, we are unable to comment on the impact of the same, if any, on the Ind AS financial statement.
- (q) In view of the possible effects of the matters described in paragraph (a) to (p) above, we are also unable to comment on the Company's compliance of the covenants in respect of all borrowings (including creation of charges) and consequential implications including disclosures etc., if any.
- (r) In view of the possible effects of the matters described in paragraph (a) to (q) above, we are also unable to comment on the Company's compliance on various regulatory ratios/other ratios/limits and consequential implications including disclosures, if any.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 69 to the Ind AS financial statements which states that the Company has been admitted to CIRP and that the Company has reported net loss during the year ended March 31, 2023 and earlier year/periods as well. As a result, the Company's net worth has fully eroded and it has not been able to comply with various regulatory ratios/limits etc. All this has impacted the Company's ability to continue its operations in normal course in future. These events or conditions, along with other matters as set forth in the aforesaid Note, indicate that there is a material uncertainty which casts significant doubt about the Company's ability to continue as a 'going concern' in the foreseeable future. However, for the reasons stated in the said note, the Company has considered it appropriate to prepare the Ind AS financial statements on a going concern basis.

Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements:

- a. As stated in Note No. 63 to the Ind AS financial statements, the Company on the basis of abundant prudence, has decided to make provision to the extent of interest income recognised during the respective quarter on Net Stage – III accounts.

- b. As stated in Note No. 63 to the Ind AS financial statements, in case of Investments/Loans which were determined as fraudulent under section 66 of the code, the Company has not undertaken the fair valuation as of March 31, 2023 of such Investments/Loans as the net impact on the Statement of Profit and Loss would have been Nil since the company has already made 100% provision on such Investments/Loans.
- c. Note No. 65 to the Ind AS financial statements which explains that in view of the impracticability for preparing the resolution plan on individual basis in the case of the Company and its Holding Company, the Administrator, after adopting proper procedure, has filed applications before the Hon'ble NCLT, Kolkata Bench, seeking, amongst other things, consolidation of the corporate insolvency processes of SIFL and SEFL. The application in the matter is admitted and the final order was received on February 14, 2022 wherein the Hon'ble NCLT approved the consolidation of the corporate insolvency of SIFL and SEFL. The Consolidated Committee of Creditors (CoC) took on record three Resolution Plans received from Prospective Resolution Applicants (PRAs) on January 18, 2023. The three Resolution Plans received by the Consolidated CoC were put to e-voting. The Consolidated CoC took on record the results of the e-voting in CoC meeting held on February 15, 2023, and the resolution plan submitted by National Asset Reconstruction Company Limited (NARCL) was duly approved by CoC by majority voting under section 30(4) of the IBC read with Regulation 39(3) of CIRP Regulations, 2016, thereby, declaring NARCL as Successful Resolution Applicant (SRA). The approved resolution plan of NARCL was filed before Adjudicating Authority on February 18, 2023 for its approval. The Administrator has also filed all the necessary legal and regulatory approvals before the Adjudicating Authority. The approval of the resolution plan is awaited from the Adjudicating Authority pending certain litigations.
- d. Note No. 76 to the Ind AS financial statements which explains that the Company during the quarter and year ended March 31, 2022 had invoked 49% equity shares of Sanjvik Terminals Private Limited ('STPL'), which were pledged as security against the borrowings availed by one of the borrowers of the Company. The Company has taken an expert opinion, which confirms that since the Company is not exercising any significant influence/control over STPL, hence, STPL is not a subsidiary/associate in terms of Ind AS 110/Ind AS 28 and accordingly is not required to prepare consolidated financial statements with respect to its holding of 49% of the equity shares of STPL. Further the entire shares have been sold on April 11, 2023 and the same has been transferred to the demat account of purchaser on April 26, 2023.
- e. Note No. 78 to the Ind AS financial statements states that based on information available in the public domain, some of the lenders have declared the bank account of the Company as fraud. However, in case of one of the lender, on the basis of petition filed by the ex-promoter before the Hon'ble High Court of Delhi, the Hon'ble Court has passed interim relief to the petitioner vide order dated April 22, 2022, restraining the said lender from taking any further steps or action prejudicial to the petitioner on the basis of the order declaring the bank account as fraud. The interim order dated April 22, 2022 shall continue till the next date of hearing i.e. May 15, 2023.

Responsibilities of the Administrator for the Ind AS Financial Statements

The Reserve Bank of India ('RBI') vide press release dated October 4, 2021 in exercise of the powers conferred under Section 45-IE (1) of the Reserve Bank of India Act, 1934 ('RBI Act') superseded the Board of Directors of the Company and appointed an Administrator under Section 45-IE (2) of the RBI Act. Further, RBI, in exercise of powers conferred under section 45-IE (5) (a) of the RBI Act, has constituted a three-member Committee of Advisors for advising the Administrator.

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

We refer to Note No. 61 to the Ind AS financial statements which states that the Ind AS financial statements has been taken on record by the Administrator while discharging the powers of the Board of Directors of the Company which were conferred upon him by the RBI and subsequently by the Hon'ble NCLT vide its order dated October 8, 2021. Further Note No. 61 explains that since the Administrator has taken charge of the affairs of the Company on October 4, 2021, the Administrator is not liable or responsible for any actions and regarding the information pertaining to the period prior to October 4, 2021 has relied upon the explanations, clarifications, certifications, representations, and statements made by the existing officials of the Company, who were also part of the Company prior to the appointment of the Administrator.

The Administrator and the existing officials of the Company ('the management') are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The management is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our responsibility is to conduct an audit of the Company's Ind AS financial statements in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Act and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the Ind AS financial statements.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Other Matter

The audit of Ind AS financial statements of the Company for the year ended March 31, 2022, were carried out and reported by one of the joint statutory auditors and one predecessor joint statutory auditor wherein they expressed Disclaimer of Opinion vide their report dated May 18, 2022.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
 - a. We have sought all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, but to the extent described in the "Basis for Disclaimer of Opinion" section of this report, were unable to obtain such information;

- b. Due to the possible effects of the matters described in the “Basis for Disclaimer of Opinion” section of this report and more particularly paragraph (c) of the same in relation to the uncertainties regarding accounting of BTA, we are unable to comment on maintenance of proper books of accounts, as required by law, by the Company so far as appears from our examination of those books;
- c. Read with the matters described in “Basis for Disclaimer of Opinion” section of this report, the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. Due to the possible effects of the matters described in the “Basis for Disclaimer of Opinion” section of this report, we are unable to state whether the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. The matters described under the “Basis for Disclaimer of Opinion”, “Material Uncertainty Related to Going Concern” and “Emphasis of Matter” section above, in our opinion, may have an adverse effect on the functioning of the Company;
- f. We have been explained that since RBI vide press release dated October 4, 2021 in exercise of the powers conferred under Section 45-IE (1) of the Reserve Bank of India Act, 1934 (‘RBI Act’) superseded the Board of Directors of the Company and appointed an Administrator under Section 45-IE (2) of the RBI Act. Further, RBI, in exercise of powers conferred under section 45-IE (5) (a) of the RBI Act, has constituted a three-member Committee of Advisors for advising the Administrator. Accordingly, the Company has filed form DIR-12 and form GNL 2 on October 11, 2021 and February 1, 2022 respectively in respect of vacation of office of the erstwhile directors of the Company.
- g. The reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith are as stated in the “Basis for Disclaimer of Opinion” section of this report.
- h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure 2” which expresses a disclaimer of opinion on the Company’s internal financial controls with reference to financial statements of the Company for the reasons stated therein;
- i. Due to the possible effects of the matters described in the “Basis for Disclaimer of Opinion” section of this report, we are unable to comment whether the managerial remuneration paid/ provided by the Company during the year is in accordance with the provisions of section 197 of the Act;
- j. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, and to the best of our information and according to the explanations given to us:
 - (i) Due to the possible effects of the matters described in the “Basis for Disclaimer of Opinion” section of this report and in absence of confirmations from the legal counsels/lawyers of the Company, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 34 on Contingent Liabilities to the Ind AS financial statements;
 - (ii) Due to the possible effects of the matters described in the “Basis for Disclaimer of Opinion” section of this report, we are unable to comment whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - (iii) As stated in Note no. 76 to the Ind AS financial statements and paragraph (m) of the “Basis for Disclaimer of Opinion” section of this report, the Company has not been able to transfer the amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (iv) (a) The management of the Company has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (b) The management of the Company has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (c) Due to possible effects of the matters described in the "Basis for Disclaimer of Opinion" section of this report, we are unable to comment whether the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
- (vi) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

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

Jayesh Kala
Partner
Membership No. 101686
UDIN: 23101686BGXUU05429

Place: Kolkata
Date: May 09, 2023

For Dass Gupta & Associates
Chartered Accountants
ICAI Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890
UDIN: 23097890BGZGWU1933

Place: Kolkata
Date: May 09, 2023

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Srei Equipment Finance Limited ("the Company") on the Ind AS financial statements for the year ended March 31, 2023]

In view of the significance of the matters described in "Basis for Disclaimer of Opinion" section of our Independent Auditors' Report of even date and the uncertainties involved, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the Ind AS financial statements and hence we do not express any opinion on the Ind AS financial statements of the Company for the year ended March 31, 2023. Our report on specific matters covered in this Annexure is based on the examination of books of account and after taking into consideration the information, explanations and written representations given to us by the management of the Company while performing our procedures and should be read along with our Independent Auditors' Report as stated above and the various matters stated therein. Accordingly, we report that:

- (i)
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) The Company has a program of physical verification of property, plant and equipment to cover all the items in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the said program, during the year, certain Property, Plant and Equipment of the Company have been physically verified by the management and discrepancies were noticed on such verification.

The company has provided us with Physical Verification Reports (Reports) and the Fixed Asset Register (FAR) as on March 31, 2023. As per the Reports and FAR, it has been observed that Property, Plant and Equipment includes assets having Gross Book Value of Rs 50,18,36,557/- and Written Down Value of Rs 10,18,90,018/- as on March 31, 2023 are either not in possession or not physically found by the company. As informed by the Company, the management has initiated legal proceedings for recovery of the same and since legal proceedings for recovery are pending, we are unable to comment on the impact of the same, if any, on the Ind AS financial statements. The details of discrepancies are as under:

Particulars	No of Assets	Gross Book Value As on 31.03.2023	WDV as on 31.03.2023
Asset not in Company's possession	2,760	47,95,26,043	10,04,47,511
Asset not physically found	592	2,23,10,514	14,42,507
Total	3,352	50,18,36,557	10,18,90,018
% to Owned Assets other than Land and Building		15.70%	5.63%

- (c) The title deeds of all the immovable properties recorded as Property, Plant and Equipment and Other Non-Financial Assets (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee) disclosed in the Ind AS financial statements are held in the name of the Company, except for the details given below:

Description of property	Gross carrying value (INR in Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company
Building	3,883	Srei Infrastructure Finance Limited (SIFL)	Promoter	Since October-2019	Refer Note 1 below
Building	12	Srei Infrastructure Finance Limited (SIFL)	Promoter	Since October-2019	
Land	11,800	Murti Housing and Finance Private Limited	No	Since September-2017	
Building	8	Srei Infrastructure Finance Limited (SIFL)	Promoter	Since January-2008	Refer Note 2 below
Building	51	Srei Infrastructure Finance Limited (SIFL)	Promoter	Since January-2008	
Land	4	Srei Infrastructure Finance Limited (SIFL)	Promoter	Since January-2008	
Land	639	Deccan Chronicle Secunderabad Private Limited and Deccan Chronicle Rajahmundry Private Limited	No	Since June-2018	Refer Note 3 below
Land	678	Krystine Vintrade Private Limited Balanced Dealers Private Limited Shivdhan Sales Private Limited Wellknown Vinimay Private Limited Malank Dealtrade Private Limited Balanced Commotrade Private Limited Kavya Dealmark Private Limited Alaukik Commercial Private Limited Kripa Dealmark Private Limited	No	Since March-2016	
Land	483	Mohamad Akil Shaikh and Ahmad Noor represented by its constituted attorney Mohamad Akil Shaikh	No	Since December-2016	

Building	2,400	Kakralapudi Venkata Madhava Varma	No	Since September-2015
Building	32	Sierra Constructions Private Limited	No	Since September-2016
Land	138	Kabbalamma, Smt. Sukanya & Sri Prasanna represented by constituted attorney holder Sri L. Chandrasekhar	No	Since September-2015
Land	1,444	Wianxx Impex Private Limited	No	Since September-2017

Note 1 - These immovable properties were transferred to the Company pursuant to the Business Transfer Agreement ('BTA') (Refer Note No. 64 to the Ind AS financial statements) entered by the Company with its Holding Company, SIFL.

Note 2 - As represented by the management, these immovable properties were transferred to the Company pursuant to the Scheme of Arrangement approved by the shareholders and sanctioned by the Hon'ble High Court of Calcutta vide Order of 28th January 2008, on a slump sale basis, pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 with effect from 1st January 2008 ('Appointed Date')

Note 3 - These immovable properties were acquired in lieu of discharge of debts as represented by the Management. Due to procedural issues, title deeds are still not registered in the name of the Company.

- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
- (e) As informed to us, to the best of the knowledge of the management of the Company, no proceedings have been initiated or are pending against the Company as at March 31, 2023 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder ('Benami Act'). However, in absence of independent confirmations from the legal counsels/lawyers of the Company with regards to the same, we are unable to report whether any proceedings have been initiated or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Act.
- (ii)
- (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of paragraph 3 of the Order is not applicable.
- (b) According to the information and explanations given to us and the records examined by us the Company has not been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate from banks and/or financial institutions, on the basis of security of current assets and hence reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.
- (iii)
- (a) The Company's principal business is to give loans and therefore, reporting under clauses (iii)(a) and (e) of paragraph 3 of the Order are not applicable.
- (b) During the year, the Company has not made investment in (other than investments acquired by the Company through conversion of loan assets and existing investments), provided any guarantee (other than renewal of existing guarantee) or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under clause (iii)(b) of paragraph 3 of the Order is not applicable.

- (c) The schedules of repayment of principal and payment of interest in respect of the loans and advances in the nature of loans have been stipulated in the normal course of business. The aggregate amount of loan outstanding for INR 22,771 Crores as at March 31, 2023 which are irregular in repayment of principal or payment of interest. In view of the nature of business and volume of transactions, it is not practicable to provide number of cases for the same. As required by various directions for NBFCs issued by Reserve Bank of India and Indian Accounting Standards (Ind AS), the Company has made required disclosures in Note No. 6 to the Ind AS financial statements and Note 20 of Annexure I to the Ind AS financial statements regarding asset classifications.
- (d) In respect of loans and advances in the nature of loans which are overdue for more than ninety days as at March 31, 2023, the aggregate amount of loan outstanding as at March 31, 2023 is INR 21,950 Crores. In view of the nature of business and volume of transactions, it is not practicable to provide number of cases for the same. As required by various directions for NBFCs issued by Reserve Bank of India and Indian Accounting Standards (Ind AS), the Company has made required disclosures in Note No. 6 to the Ind AS financial statements and Note 20 of Annexure I to the Ind AS financial statements regarding asset classifications. Further, the Company has taken reasonable steps for recovery thereof in the normal course of business.
- (e) As informed to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) During the year, the Company has not granted any loans, made investment in (other than investments acquired by the Company through conversion of loan assets and existing investments), or provided guarantee (other than renewal of existing guarantee) and security. Accordingly, reporting under clause (iv) of paragraph 3 of the Order is not applicable. Further, the provisions of Section 186, except for Section 186(1) of the Act are not applicable to the Company as it is engaged in the business of financing.
- (v) The Company is a Non-Banking Finance Company registered with the Reserve Bank of India to which the provisions of sections 73 to 76 of the Act and the relevant rules made there under are not applicable. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under. Accordingly, reporting under clause (vi) of paragraph 3 of the Order is not applicable.
- (vii)
- (a) The Company is generally regular in depositing with the appropriate authorities, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Duty of Customs, Cess and any other material statutory dues applicable to it, except as stated below.

The Company has not been regular in depositing with appropriate authorities, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Goods and Services tax (GST), Employees' State Insurance, Income-Tax and Professional Tax, and there have been significant delays in a large number of cases. In respect of such dues, amount outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows: -

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the statute	Name of the Statute	Nature of the dues	Amount in (INR in Lakhs)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Goods and Services Tax	CGST, SGST & IGST	GST on taxable outward supplies	458.45	2020-21	The lease transaction wise details annexed has the due date specified (transaction wise). All the due dates are within F.Y 2020-21.	Not yet paid*	Kindly refer Note No 1.2 to the Ind AS financial statements
Sales Tax	Tamil Nadu CST	Central Sales tax	3.67	2015-16 to 2016-17	20.11.2021	Not yet paid*	
Goods and Services Tax	Karnataka GST	GST Interest	1.33	2017-18	28.02.2022	Not yet paid*	
Goods and Services Tax	Gujarat GST Audit Order as per CGST Act 2017.	Goods and Service Tax	4.40	2019-2020	18.05.2022	Not yet paid*	
Goods and Services Tax	Orissa GST	Interest on GST	0.24	2020-21	19.08.2022	Not yet paid*	
Sales Tax	Tamil Nadu VAT Assessment	Value Added Tax & Central Sales Tax	32.60	2016-17	20.11.2021	Not yet paid*	
Sales Tax	Jharkhand VAT	Jharkhand VAT	2.47	2017-18 (April to June)	05.05.2022	Not yet paid*	
The Income-tax Act, 1961	The Income-tax Act, 1961	Tax Deducted at Source	308.62	January 2021 to October 2021		Not yet paid *	

* As informed by the Company, Trust Retention Account (TRA) mechanism was stipulated effective November 24, 2020, pursuant to which all payments were being approved/released based on the TRA mechanism. However, this payment was not approved/released. Thereafter, as stated in Note No. 1.2, CIRP was initiated against the Company and due to the moratorium imposed under the Code, the said dues were not released in FY 2022-23, as well.

- (b) There are no dues with respect to GST, Custom Duty and duty of Excise which have not been deposited on account of any dispute. The dues outstanding as at March 31, 2023 with respect to Income Tax, Entry Tax, Sales Tax, Service Tax and Value Added Tax, on account of any dispute, are as follows:

Statement of Disputed Dues**

Name of the statute	Nature of the dues	Amount @ (INR in Lakhs)	Amount Paid under Protest (INR in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	517.67	320.00	Financial Year 2006-07 to 2008-09	SVLDRS - Settlement before Commissioner
Finance Act, 1994	Service Tax	1809.46	135.70	Financial Years from 2008-09 to 2013-14	Customs Excise and Service Tax Appellate Tribunal Kolkata (CESTAT)
Telangana-Value Added Tax Act, 2005.	Value Added Tax.	452.39	150.79	2010-11 to 2012-13	Telangana High Court
Jharkhand Value Added Tax Act, 2005.	Value Added Tax.	56.97	-	2009-10	Jharkhand High Court
Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956 – for the state of Maharashtra	Value Added Tax & Central Sales Tax Act.	400.61	13.72	2013-14	Joint Commissioner of Sales Tax, (Appeal VIII)
Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956 – for the state of Maharashtra	Value Added Tax & Central Sales Tax Act.	285.65	14.64	2014-15	Joint Commissioner of Sales Tax, (Appeal VIII)
Madhya Pradesh Value Added Tax Act	Value Added Tax & Central Sales Tax Act.	15.73	3.93	2017-18 (April to June)	The Appellate Forum. Deputy Commissioner of Commercial Tax
Central Sales Tax Act, 1956 – for the state Delhi	Central Sales Tax.	0.98	-	2017-18	Delhi Objection resolution authority/ Appellate Authority.
Haryana Value Added Tax Act, 2003	Value Added Tax.	2.03	-	2015-16	Joint Excise and Taxation Commissioner (Appeals)
Odissa Tax Act, 1999	Entry Tax	18.71	1.24	2015-16 to 2017-18	Joint Commissioner (Appeal, CT and GST Territorial Range, Bhubaneswar)
Delhi Value Added Tax Act, 2004	Value Added Tax	49.06	-	2015-16 to 2017-18	Delhi Objection Resolution Authority/Appellate Authority
Haryana Value Added Tax Act 2003	Value Added Tax	1.55	1.55	2016-17	Joint Excise and Taxation Commissioner (Appeals)
West Bengal Entry of Goods into Local Areas Act, 2012	Entry Tax	11.18	-	2017-18	The Senior Joint Commissioner Appeals

Finance Act, 1994*	Service Tax	302.36	-	2008-09 & 2009-10	Customs Excise and Service Tax Appellate Tribunal Kolkata (CESTAT)
Finance Act, 1994*	Service Tax	79.79	4.28	2011-12 to 2014-15	CGST & CX Commissioner
Finance Act, 1994*	Service Tax	4,262.62	-	2015-16	CGST & CX Commissioner, North Commissionerate, Kolkata
West Bengal VAT*	Central Sales Tax.	211.43	-	2010-11	West Bengal Sales Tax Appellate and Revisional Board, Kolkata.
The Income Tax Act, 1961	Income Tax	7,156	672	Financial Year 2011-12, 2012-13, 2016-17 and 2017-18	Commissioner of Income-Tax (Appeals)
The Income Tax Act, 1961*	Income Tax	9,356	-	Financial Year 2005-06 to 2008-09, 2010-11, 2011-12 and 2013-14 to 2017-18	At various levels from Commissioner of Income - Tax (Appeals) to Supreme Court of India
The Income Tax Act, 1961*	Income Tax on Fringe Benefits	226	-	Financial Year 2005-06 to 2008-09	Calcutta High Court

* In terms of BTA (Refer Note No. 64 to the Ind AS financial statements), entered by the Company with its Holding Company, SIFL, the Company is liable to pay any future liability arising in relation to these dues, which are being held by SIFL, in its books of account, on behalf of the Company. Hence, these dues have been reported above.

@ This represents total disputed dues without netting off amount paid under protest.

** Also, refer paragraph (i) of "Basis of Disclaimer of Opinion" section of our Independent Auditor's Report of even date.

(viii) As informed to us, to the best of knowledge of management of the Company, there were no transaction(s) which were previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix)

(a) As stated in Note No. 1.2 to the Ind AS financial statements, the Company was admitted to CIRP on October 08, 2021 and accordingly due to the moratorium imposed as per the Code, no payments could be made thereafter to the creditors, until the resolution process is concluded. Hence, for the purpose of reporting under this clause, claims outstanding and accepted has been considered and since the borrowings including interest are overdue and in continuing default as on March 31, 2023, therefore, we are unable to provide the periods of default:

Particulars	Outstanding amount * (INR In Lakhs)	Period of default
Name of the Lenders:		
Axis Bank Limited	8,320.63	Refer comments above
Bank of Baroda	2,15,181.42	
Bank of India	97,140.72	
Bank of Maharashtra	60,988.64	
Canara Bank	3,15,607.45	
Central Bank of India	1,25,197.84	
Dhanlaxmi Bank Limited	8,478.08	
HDFC Bank Limited	21.36	
ICICI Bank Limited	24.82	
IDBI Bank Limited	40,604.32	
Indian Bank	2,03,138.15	
Indian Overseas Bank	64,165.88	
Karnataka Bank Limited	1,264.68	
The Karur Vysya Bank Limited	1,841.07	
Lakshmi Vilas Bank	10,575.17	
Punjab and Sind Bank	1,30,047.71	
Punjab National Bank	2,93,444.90	
South Indian Bank Limited	6,626.11	
State Bank of India	2,80,658.78	
UCO Bank	1,06,613.11	
Union Bank of India	2,69,197.64	
IFCI Limited	19,020.20	
Small Industries Development Bank of India (SIDBI)	1,00,208.66	
National Bank for Agriculture and Rural Development (NABARD)	88,363.31	
Toyota Financial Services India Limited	38.19	
Nicco Engineering Services Limited	106.00	
Non - Convertible Debentures	5,05,577.39	
External Commercial Borrowings	2,26,917.15	
Deferred Payment Liabilities	9,122.65	

* outstanding amount includes amount outstanding as on October 8, 2021 and further amended based on the claims received under CIRP (upto March 31, 2023), that are accepted and accounted for in the books of accounts as at March 31, 2023. Refer Note No. 66 to the Ind AS financial statements.

(b) As informed to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority. However, the Company has received show cause notices (SCNs) from State Bank of India and Bank of Maharashtra during the financial year 2022-23 to show cause as to why the company should not be declared as wilful defaulter. The company has duly submitted its reply but is yet to receive any further communication from the State Bank of India and Bank of Maharashtra in this regard.

(c) The Company did not obtain any money by way of term loans during the year. Accordingly, reporting under clause (ix)(c) of paragraph 3 of the Order is not applicable.

- (d) According to the information and explanation given to us, the Company did not obtain any money by way of short-term loans during the year. Accordingly, reporting under clause (ix)(d) of paragraph 3 of the Order is not applicable.
- (e) During the year ended March 31, 2023, the Company did not have any subsidiaries, associates or joint ventures as defined under the Act. Accordingly, reporting under clause (ix)(e) of paragraph 3 of the Order whether the company has taken any funds from any entity or persons on account of or to meet the obligations of its subsidiaries, associates or joint ventures is not applicable. Also refer to paragraph (d) under "Emphasis of Matter" section of our Independent Auditor's Report of even date on the Ind AS financial statements of the Company.
- (f) During the year ended March 31, 2023, the Company did not have any subsidiaries, associates or joint ventures as defined under the Act. Accordingly, reporting under clause (ix)(f) of paragraph 3 of the Order whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies is not applicable. Also refer to paragraph (d) under "Emphasis of Matter" section of our Independent Auditor's Report of even date on the Ind AS financial statements of the Company.
- (x) (a) The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi) (a) As informed to us, to the best of knowledge of management of the Company, there has been no instance of fraud during the year by the Company. However, there were seventy (70) cases of frauds on the Company amounting to Rs. 18,11,965 lakhs based on transaction audit reports conducted by transaction auditor appointed by the Administrator of the Company. The Company has reported the same to RBI in terms of the Notification Issued by Reserve Bank of India vide DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17. (Refer Note 38 of Annexure – I to notes to the financial statements). Also refer Note No. 78 to the Ind AS financial statements of the Company for the year ended March 31, 2023.

(b) No report under section 143(12) of the Act has been filed with the Central Government by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report. Further, as informed by the Company, the Secretarial Auditor of the Company have not filed any report under section 143(12) of the Act with the Central Government in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. Also, refer paragraph (g) of the "Basis for Disclaimer of Opinion" section of our Independent Auditors' Report of even date on the Ind AS financial statements of the Company.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) The Reserve Bank of India ('RBI') superseded the Board of Directors of the Company on October 4, 2021 and appointed an Administrator under section 45IE(2) of the RBI Act along with three members Advisory Committee to

assist the Administrator in discharge of his duties. Further, Hon'ble NCLT Kolkata bench gave order on October 8, 2021 for Administrator to carry out the function as per the IBC Code and that the management of the Company vest in the Administrator. Hence, provisions of section 192 of the Act are not applicable to the Company.

- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) of paragraph 3 of the Order are not applicable.
- (d) In absence of any specific confirmation from the management of the Company, we are unable to comment whether the Group to which the Company belongs has CIC or not as part of the Group.
- (xvii) In view of the "Disclaimer of Opinion" issued by us vide our Independent Auditor's Report dated May 09, 2023 on the Ind AS financial statements of the Company for the year ended March 31, 2023, we are unable to comment on clause (xvii) of paragraph 3 of the Order in respect of current financial year and immediately preceding financial year.
- (xviii) During the year, Haribhakti & Co. LLP, Chartered Accountants, the statutory auditors of the company for immediately preceding year, have resigned with effect from July 7, 2022. We have taken into consideration issues raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements and our knowledge of the management and its plans and based on our examination of the evidence supporting the assumptions, we believe that material uncertainty exists as on the date of this audit report regarding the Company's ability to meet its liabilities existing as at the date of balance sheet. We further state that our reporting is based on the facts up to date of the audit report. We further draw attention to paragraph 'Material Uncertainty in relation to Going Concern' section of our independent auditor's report of even date, on the Ind AS financial statements of the Company, regarding the applicability of the going concern assumption.
- (xx) (a) In respect of other than ongoing projects, the Company has not transferred the unspent Corporate Social Responsibility (CSR) amount to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to section 135(5) of the said Act, details of which are as follows:

Relevant Financial Year	Amount identified for Spending on CSR Activities "other than On going Projects" (INR in Lakhs)	Unspent amount of (b) (INR in Lakhs)	Amount Transferred to Fund specified in Sch. VII of the Act (INR in Lakhs)	Due date of transfer to the specified Fund	Actual date of transfer to the specified Fund	Number of days of delay, if any
(a)	(b)	(c)	(d)	(e)	(f)	(g)
2020-21	648	523	-	September 30, 2021	*	

*Refer paragraph (j) of "Basis of Disclaimer of Opinion" section of our Independent Auditor's Report of even date.

- (b) The Company does not have any CSR activities for "ongoing projects" in terms of section 135(6) of the Act and accordingly, reporting under clause (xx)(b) of paragraph 3 of the Order is not applicable.

(xxi) During the year ended March 31, 2023, the Company did not have any subsidiaries, associates or joint ventures as defined under the Act. Accordingly, reporting under clause (xxi) of paragraph 3 of the Order is not applicable. Also refer paragraph (d) under “Emphasis of Matter” section of our Independent Auditor’s Report of even date on the Ind AS financial statements of the Company.

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

Jayesh Kala
Partner
Membership No. 101686
UDIN: 23101686BGXUU05429

Place: Kolkata
Date: May 09, 2023

For Dass Gupta & Associates
Chartered Accountants
ICAI Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890
UDIN: 23097890BGZGWU1933

Place: Kolkata
Date: May 09, 2023

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Srei Equipment Finance Limited ('the Company') on the Ind AS financial statements for the year ended March 31, 2023]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls with reference to financial statements of the Company as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Administrator's Responsibility for Internal Financial Controls

As stated in "Responsibilities of the Administrator for the Ind AS Financial Statements" section of our Independent Auditor's Report of even date to the members of the Company, the Administrator and the existing officials of the Company are responsible for establishing and maintaining internal financial controls based on the internal control **with reference to financial statements criteria established by the Company considering the essential components of internal control** stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We were engaged to audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI.

Because of the matters described in the "Basis for Disclaimer of Opinion" section of our Independent Auditor's Report of even date on the Ind AS financial statements of the Company, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Disclaimer of Opinion

Consequent to the matters mentioned in Note No. 1.2 of the Ind AS financial statements of the Company and the matters described in the “Basis for Disclaimer of Opinion” section of our Independent Auditor’s Report of even date on the Ind AS financial statements of the Company, we are unable to determine if the Company has established adequate internal financial controls with reference to financial statements and whether they were operating effectively as at March 31, 2023. Accordingly, we do not express an opinion on the internal financial controls with reference to financial statements.

Explanatory Paragraph

We were engaged to audit, in accordance with the Standards on Auditing issued by the ICAI, as specified under section 143(10) of the Act, the accompanying Ind AS financial statements of the Company, which comprise of the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information. We have considered the disclaimer of opinion reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Ind AS financial statements of the Company for the year ended March 31, 2023 and this report affects our report dated May 09, 2023 which expresses a disclaimer of opinion on the Ind AS financial statements of the Company.

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

Jayesh Kala
Partner
Membership No. 101686
UDIN: 23101686BGXUU05429

Place: Kolkata
Date: May 09, 2023

For Dass Gupta & Associates
Chartered Accountants
ICAI Firm Registration No. 000112N

Pankaj Mangal
Partner
Membership No. 097890
UDIN: 23097890BGZGWU1933

Place: Kolkata
Date: May 09, 2023

Note : Complete Balance Sheet, Statement of Profit and Loss, Other Statements and Notes thereto prepared as per the requirements of Schedule III to the Act are available at the Company’s website at www.srei.com/sefi-financial-reports

Srei Equipment Finance Limited**Boards' Report**

(Report of Implementation and Monitoring Committee)

DEAR MEMBERS,

The Reserve Bank of India (RBI) vide Press Release dated October 04, 2021, in exercise of the powers conferred under Section 45-IE (1) of the Reserve Bank of India Act, 1934 (RBI Act) superseded the Board of Directors of your Company on October 04, 2021 owing to governance concerns and defaults by your Company in meeting various payment obligations and the RBI appointed Mr. Rajneesh Sharma, Ex- Chief General Manager, Bank of Baroda as the Administrator of your Company under Section 45-IE (2) of the RBI Act. Thereafter, RBI vide its Press Release dated October 4, 2021, in exercise of the powers conferred under Section 45-IE 5(a) of the RBI Act, constituted a 3 (Three) member Advisory Committee comprising of Mr. R Subramaniakumar, former MD & CEO of Indian Overseas Bank, Mr. T T Srinivasaraghavan, former Managing Director of Sundaram Finance Limited, Mr. Farokh N Subedar, former Chief Operating Officer and Company Secretary, Tata Sons Limited to assist the Administrator in discharge of his duties and to advise the Administrator in the operations of your Company during the Corporate Insolvency Resolution Process (CIRP). Consequent upon resignation of Mr. R. Subramaniakumar from the Advisory Committee with effect from June 22, 2022, the RBI vide its Press Release dated June 23, 2022 decided to appoint Mr. Venkat Nageswar Chalasani, former Deputy Managing Director, State Bank of India as a member of the Advisory Committee with immediate effect. Further, RBI vide its Press Release dated January 31, 2023 has announced resignation of Mr. Shri Farokh N Subedar from the Advisory Committee with effect from January 31, 2023 and appointment of Mr. V Ramachandra, former Chief General Manager, Canara Bank as a Member of the Advisory Committee with immediate effect. Subsequent to all the changes the Advisory Committee at the end of the Financial Year comprised of Mr. Shri Venkat Nageswar Chalasani, former Deputy Managing Director, State Bank of India, Mr. Shri T T Srinivasaraghavan, former Managing Director, Sundaram Finance Limited and Mr. Shri V Ramachandra, former Chief General Manager, Canara Bank. As per the framework of the Advisory Committee as approved by RBI, primary responsibility of the Advisory Committee was to guide the Administrator to undertake all steps that will maximize the value for all stakeholders of your Company through a successful resolution. Since the Administrator has also taken over the responsibility of the Board of Directors of your Company, the Advisory Committee has supported the Administrator in fulfillment of his role and responsibilities.

On October 08, 2021, the RBI filed a Petition before the Hon'ble National Company Law Tribunal, Kolkata Bench (Hon'ble NCLT/ Adjudicating Authority) under Section 227 read with Section 239(2)(zk) of the Insolvency and Bankruptcy Code, 2016 (IBC / IBC Code / Code) read with Rules 5 and 6 of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudication Authority) Rules, 2019 (FSP Rules), to initiate CIRP against your Company. Accordingly, in terms of Rule 5(b)(i) of the FSP Rules, an interim moratorium came into effect on the date of filing of the application to initiate CIRP. Thereafter, CIRP was initiated against your Company by an Order dated October 08, 2021 of the Hon'ble NCLT. The Hon'ble NCLT, vide the said Order, confirmed the appointment of the Administrator to perform the functions of an Interim Resolution Professional / Resolution Professional to complete the CIRP of your Company as required under the provisions of the Code and also announced commencement of the moratorium under Section 14 of the Code with effect from October 08, 2021. Upon admission

of the petitions for Insolvency Resolution Process by the Hon'ble NCLT in respect of your Company vide the said order dated October 08, 2021, the RBI vide its Press Release dated October 11, 2021 had decided that the three-member Committee shall continue as the Advisory Committee constituted under Rule 5 (c) of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019. The Advisory Committee shall advise the Administrator in the operations of your Company during the CIRP.

The Administrator of your Company in light of the provision of the Code had constituted the Committee of Creditors (CoC) of your Company u/s 21 of the Code read with Regulation 17 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations), based on the claims submitted by the Creditors.

Pursuant to an application filed by the Administrator with the Hon'ble NCLT seeking 'group Insolvency' for your Company and Srei Infrastructure Finance Limited (SIFL), Holding Company on December 21, 2021, the Hon'ble NCLT vide its order dated February 14, 2022 ('Consolidation Order') ordered the consolidation of the CIRP of your Company and SIFL, and has directed the Administrator to constitute a unitary and integrated CoC to conduct CIRP of both the Companies and to conduct the requisite processes in a concerted manner. The Hon'ble NCLT also directed the Administrator to call for consolidated resolution plans for both your Company and SIFL under the Code and the Regulations framed thereunder. The Administrator of your Company, pursuant to the above mentioned Order passed by Hon'ble National Company Law Tribunal on February 14, 2022 had constituted a unitary and integrated CoC to conduct CIRP of your Company and Srei Infrastructure Finance Limited (SIFL), Holding Company, and has called for consolidated resolution plans for both the Companies under the Code and the Regulations framed thereunder.

In accordance with the provisions of the Code and with the approval of the Committee of Creditors of your Company, the Administrator on February 25, 2022 invited Expressions of Interest (EOI) from prospective resolution applicants. Subsequently, resolution plans were invited from eligible prospective resolution applicants on the basis of the Request for Resolution Plan (RFRP), as approved by the CoC.

The legally compliant resolution plans were duly presented by the Administrator to the consolidated CoC held on February 15, 2023 for the consideration of the legally compliant resolution plans in accordance with the provisions of the Code, the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) and the terms of the RFRP.

As per the votes cast by the CoC Members, the resolution plan submitted by National Asset Reconstruction Company Limited (NARCL) in respect of your Company was approved by 89.2% votes and was chosen as the successful resolution plan under Section 30(4) of the Code (Resolution Plan).

Thereafter, the Administrator has filed with RBI an application on February 16, 2023, seeking no objection for change in control/ ownership/ management of your Company in terms of Rule 5(d)(iii) of the FSP Rules and an application under Section 30(6) of the Code for submission of Resolution Plan of NARCL as approved by the consolidated CoC with the Hon'ble NCLT, Kolkata Bench on February 18, 2023. Your Company received the said no objection from RBI on March 23, 2023.

The Competition Commission of India (CCI) also approved the acquisition of control of your Company by NARCL and IDRCL as required under Insolvency and Bankruptcy Code, 2016 by its letter dated April 06, 2023 to NARCL and IDRCL.

The Hon'ble NCLT vide its Order dated August 11, 2023 (uploaded on its website on August 11, 2023) (Plan Approval Order), approved the Resolution Plan submitted by NARCL with respect to the corporate insolvency resolution process of your Company under section 31 of the Code.

As per the Approved Resolution Plan, it is proposed that any existing encumbrance or collateral (whether enforced, crystallized or proceeded with or not) over the assets of the Corporate Debtors (created and/or perfected for debt availed by the Corporate Debtors or a third party) (collectively "Security"), by operation of applicable law, or in connection with any debt owed to financial creditors, operational creditors, other creditors or any other debt or obligation of the Corporate Debtors, or in relation to a third party (including a related party) whose obligations were secured by the Corporate Debtors by creation of any Security in favour of another person, at any time till the effective date (as per the Approved Resolution Plan), shall stand automatically extinguished, revoked, released, cancelled, withdrawn, dismissed and deemed null and void (as the case may be) and all financial obligations in relation to such Security shall be permanently extinguished on the effective date on and with effect from the Plan Approval Date.

In accordance with the terms of the Approved Resolution Plan, an Implementation and Monitoring Committee ("IMC") has been constituted for conducting the affairs of your Company and supervising the implementation of the Resolution Plan until all the steps and actions contemplated therein have been completed.

The members of the IMC are Mr. Rajneesh Sharma, Administrator & Chairman of the Committee (elected by the Committed members); Mrs. Sudha Rathna – General Manager, State Bank of India, Member; Mr. Biswanath Das – Deputy General Manager – Canara Bank, Member; Mr. Kamod Pathak – Assistant General Manager – UCO Bank, Member; Mr. Sandeep Agarwal – representative of NARCL, Member; Mr. Pavel Podder – representative of IRDCL, Member.

Further, upon the approval of the Resolution Plan by the Plan Approval Order and in compliance with the directions of the Hon'ble NCLT in the said Plan Approval Order, the mandate of the RBI constituting the Advisory Committee as per RBI Press Release dated October 04, 2021, to advise the Administrator in the operations of your Company during CIRP and to assist him for discharging his duties was fulfilled. Therefore, the Advisory Committee was dissolved and the same was also intimated to the respective Members of the Advisory Committee.

A detailed summary highlighting the significant portion of the Approved Resolution Plan along with the Order of the Hon'ble NCLT approving the Resolution Plan is hosted on the website of the Company at www.srei.com and the same is also intimated to the Stock Exchanges where the securities of the Company is listed vide letter dated August 12, 2023. The same is not repeated here for the sake of brevity.

The Boards' Report (Report of Implementation and Monitoring Committee chaired by the Administrator) is being taken on record by the Administrator and the Implementation and Monitoring Committee Members (IMC).

The Seventh Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2023 is being presented. Since the Board of Directors of your Company was superseded by the RBI under Press Release dated October 04, 2021, the said following report is being presented by the Administrator and the Implementation and Monitoring Committee of the Company in fulfillment of their duties under the Code. The summarized financial performance of your Company is as follows:

FINANCIAL SUMMARY & STATE OF COMPANY'S AFFAIRS

(Rupees in Lacs)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Total Income	1,55,757	3,14,165
Total expenditure (including depreciation and other expenses etc.)	2,62,092	5,81,650
Profit/(Loss) Before Tax	(11,21,928)	(2,67,485)
Net Tax expense	-	9,807
Profit/(Loss) After Tax	(11,21,928)	(2,77,292)
Other Comprehensive Income	(901)	(238)
Total Comprehensive Income	(11,22,829)	(2,77,530)
Profit/(Loss) brought forward from earlier year	(14,74,437)	(10,75,165)
Retained Earnings amount available for Appropriation	(25,96,547)	(13,52,499)
Paid up Equity Share Capital	7,902	7,902
Amount transferred to/(from) Reserves	45,533	1,21,938
Net Worth	(23,40,940)	(11,73,342)

Note: The above figures are extracted from the financial statements for the financial year ended on March 31, 2023

OPERATIONAL REVIEW

Some of the key highlights of your Company's performance during the year under review are:

- The Loss (before depreciation, amortisation, impairment, Net loss on derecognition of financial instruments under amortised cost category, Impairment on financial instruments (Net), Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt and net tax expenses for the year was Rs. 9,06,360 Lacs as against Rs. 26,643 Lacs last year.
- Loss before taxation for the year was Rs. 11,21,928 Lacs as against Rs. 267,485 in the last year.
- Net Loss after taxation for the year was Rs. 11,21,928 Lacs as against Rs. 277,292 Lacs in the last year.

The Financial Statements of your Company have been prepared in accordance with the Indian Accounting Standards (IND AS) and the relevant provisions of the Companies Act, 2013 and rules made therein, as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. Your Company discloses audited / unaudited financial results on a quarterly/half yearly basis and audited financial results on an annual basis.

Your Company has taken adequate steps and measures, including undertaking of the Compliance Audit by an external party, in order to assess the compliance position in respect of key compliance requirements prescribed by the Reserve Bank of India (RBI) including the Fair practices, Anti Money Laundering and Know Your Customer (KYC) and other applicable regulatory guidelines and policies.

LENDING OPERATIONS

Your Company did not undertake any lending operation in the year under review, due to various factors. The focus of your Company, during the year under review, was to strengthen its base and be future ready for commencing retail lending activities in more efficient and more controlled manner.

Your Company has been closely monitoring the prevalent situation and would continue to take all necessary steps as required to maximise the value of your Company and continue the organisation as a going concern.

RESOURCE MOBILISATION

Your Company vide special resolution passed by the Members of your Company, under Section 180(1)(c) of the Companies Act, 2013, at the Extra Ordinary General Meeting held on January 20, 2018, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid-up share capital and free reserves of your Company upto an amount of Rs. 60,000 Crore (Rupees Sixty Thousand Crores only).

Your Company availed bank borrowings. Your Company had issued and allotted Non-Convertible Debentures and perpetual debentures from time to time through public issues and on private placement basis. However, during the financial year under review, your Company did not raise any funds through Non-Convertible Debentures (NCDs).

Upon commencement of the CIRP of your Company, interim moratorium / moratorium under Section 14 of Insolvency and Bankruptcy Code, 2016 (IBC Code) was imposed with effect from October 08, 2021. The moratorium on initiation and continuation of legal proceedings, including debt enforcement action ensures a stand-still period during which creditors cannot resort to individual enforcement action. The interest on the debt borrowed has also ceased to accrue from the date of commencement of CIRP, and no interest shall be applicable for the CIRP period as per legal opinion obtained by your Company. Further, any such payment of interest and principal may amount to according preferential treatment to a set of creditors to the prejudice of other stakeholders. In accordance with law, all creditors are bound by the process laid out under the IBC Code.

CREDIT RATINGS

All the debts owed to Financial Creditors have crystallized as on Insolvency Commencement Date i.e. 8th October, 2021 and these debts would be payable as per the Resolution Plan approved by Adjudicating Authority. The credit rating agencies have reaffirmed 'default grade' credit ratings of various loan facilities / financial instruments of your Company during the FY 2022-23. This reaffirmation has been done by them based on the best available information.

DIVIDEND

Owing to the loss incurred by your Company and also your Company being under CIRP for the Financial Year under review, no dividend has been declared/ recommended on Equity Shares for the financial year ended March 31, 2023.

TRANSFER TO RESERVES

During the year under review, your Company incurred a loss mainly on account of increased provisioning and higher impact of impairment on financial instruments and consequently, no transfers were made to the reserves out of the amount available for appropriation.

CORPORATE INSOLVENCY RESOLUTION PROCESS

In the earlier part of this Report, sequence of events have been presented pertaining to commencement of CIRP of your Company until the approval of the resolution plan of NARCL by Hon'ble National Company Law Tribunal (NCLT), Kolkata Bench on August 11, 2023 and undergoing implementation of the approved Resolution Plan.

In accordance to Section 24 of the IBC, your Administrator had convened and conducted 34 (thirty four) meetings of consolidated CoC during the Financial Year under review, to discuss the updates in the CIRP process of your Company and to consider, analyse and approve appropriate resolution plan to revive your Company.

As part of the CIRP of your Company, the Administrator, Advisory Committee and the management team have taken various initiatives to ensure 'going concern' status of your Company as required u/s 20 of the Code. Further, the Code and Regulations thereunder stipulate prior approval by the Committee of Creditors for certain actions to be taken during the process, including as provided u/s 28 of the Code. The Administrator and the Advisory Committee as set up by the RBI to assist the Administrator in discharge of his duties, had exercised oversight on the operations of your Company apart from running the CIRP in accordance with the provisions of the Code and Regulations under IBC, 2016. The Administrator had appointed Ernst & Young LLP and AZB & Partners as Process and Legal advisors, respectively to assist him in completion of the CIRP of your Company. Further, various committees have been constituted/re-constituted by the Administrator with a view to have a group of in-house executives of your Company who can help the business navigate its compliance obligations.

Various measures, under the directions of the Administrator, have been taken to strengthen the internal processes of your Company including review of the risk management process, conduct of Compliance Audit and Transaction Audit of your Company. These initiatives contributed to strengthen your Company's overall governance structure and control environment. On conclusion and implementation of all such initiatives, it is expected that the operational efficiency will improve and operational issues will get addressed.

The Administrator acting as the Resolution Professional under the provision of the Code, had appointed BDO India LLP as Transaction Auditor.

The Administrator on the advice of the Advisory Committee and in consultation with the Process Advisors and Legal Advisors filed necessary applications before the Hon'ble NCLT, as and when reports under the above sections were submitted by the BDO India LLP. The disclosure in relation to said filings as approved by the Advisory Committee were submitted by your Company to the Stock Exchanges pursuant to the provisions of Regulation 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and also placed at web-site of your Company at the link <https://www.srei.com/sefi-shareholder-information>.

PUBLIC DEPOSITS

During the year under review, your Company, being a Non deposit taking Non-Banking Financial Institution (NBFI), has not accepted any deposits from the public under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.

DETAILS OF SUBSIDIARY/ASSOCIATES/JOINT VENTURE COMPANY

Your Company does not have any subsidiary/associates/joint venture company as on March 31, 2023.

RESERVE BANK OF INDIA (RBI) CLASSIFICATION

Pursuant to the circular issued by Reserve Bank of India (RBI) on Harmonisation of different categories of NBFCs dated February 22, 2019, your Company has been classified as an 'NBFC - Investment and Credit Company (NBFC-ICC)'. Further, pursuant to RBI circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021, your Company has been placed under 'Middle Layer'.

SHARE CAPITAL

The Authorized Share Capital of your Company is Rs. 10,00,00,00,000/- (Rupees One Thousand Crore Only) divided into 50,00,00,000 Equity Shares of Rs. 10/- each and 5,00,00,000 Preference Shares of Rs. 100/- each and the paid-up Equity Share capital of your Company is Rs. 79,01,64,150 (Rupees Seventy Nine Crore One Lac Sixty Four Thousand One Hundred and Fifty only).

Presently, the entire paid-up Equity share capital of your Company is held by Srei Infrastructure Finance Limited along with their 6 (Six) nominees. There was no change in the Authorized Equity Share Capital and the Paid-up Equity Share Capital of your Company during the year under review.

TRANSFER OF LENDING BUSINESS, INTEREST EARNING BUSINESS & LEASE BUSINESS OF SREI INFRASTRUCTURE FINANCE LIMITED (SIFL), THE HOLDING COMPANY TO YOUR COMPANY AS A GOING CONCERN ON SLUMP EXCHANGE BASIS

During the Financial Year 2019-20, the Board of Directors of your Company and its holding Company, Srei Infrastructure Finance Limited (SIFL) at their respective meetings held on July 04, 2019, had for the purposes of consolidation of lending business approved the transfer, assignment and delivery of the Lending Business, Interest Earning Business & Lease Business of SIFL together with associated employees, assets & liabilities (including liabilities towards issued & outstanding non - convertible debentures), ("Transferred Undertaking") as a going concern by way of slump exchange to your Company through a Business Transfer Agreement (BTA), in exchange of fully paid up equity shares to be issued and allotted by your Company, subject to all necessary approvals.

Pursuant to the aforesaid, BTA was signed and executed by your Company and SIFL on August 16, 2019. Further, in accordance with the said BTA, the entire fund-based business division of SIFL alongwith all its assets and liabilities has been transferred to your Company with effect from October 01, 2019. Further, an amendment to the aforesaid BTA was executed on November 14, 2019 with SIFL. Pursuant to this, your Company has entered into various assignment agreements, in connection with the Transferred Undertaking, with SIFL to give effect of the slump exchange and accordingly your Company and SIFL has passed the relevant accounting entries in their respective books of accounts effective October 01, 2019, after receiving the necessary approvals.

Your Company had also proposed the Schemes with its Creditors and the application to that effect had been filed with the Hon'ble National Company Law Tribunal, Kolkata (Hon'ble NCLT). The BTA, inter alia, constituted an integral part of the Scheme. The Hon'ble NCLT vide order dated October 21, 2020, directed your Company to hold meetings of the Creditors to vote on the Scheme and the same was rejected by the Creditors and thus the slump exchange under the BTA did not fructify. Pending final decision in the matter, SIFL and your Company had maintained status quo for BTA as per the directions of Hon'ble NCLT.

After the commencement of CIRP, an Application was filed by the Administrator of your Company seeking to withdraw the Scheme which has been allowed by the NCLT by an order dated February 11, 2022 and hence no further action was taken in this regard consequent upon the withdrawal of Schemes as stated above. Accordingly, the status quo

regarding Business Transfer Agreement, as it existed on the date of commencement of the Corporate Insolvency Resolution Process, has been maintained.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW

a. Global Outlook

According to the International Monetary Fund (IMF), the global economy is set to grow by 6.0 per cent in 2021 and then by 4.4 per cent in 2022 after experiencing a contraction of 3.3 per cent in 2020 because of the COVID-19 induced 'Great Lockdown'. Although a globally coordinated vaccination drive is in progress, the pandemic's second wave is spreading fast, forcing governments to implement lockdowns once again, although in a much localised manner. Thus, a full-fledged economic recovery may be some time away, and therefore any projection of future growth at this stage can prove to be premature.

The fight against the pandemic is topmost on every government's agenda. A global initiative of 190 countries, COVAX (abbreviation for COVID-19 Vaccines Global Access), has been launched to ensure rapid and equitable access to COVID-19 vaccines for all countries, regardless of income level. COVAX has lined up almost 2 billion doses of existing and candidate COVID-19 vaccines for use worldwide, including delivery of at least 1.3 billion donor-funded doses of approved vaccines in 2021 to the 92 low and middle income economies. Although COVAX is principally funded by the developed countries, it has also received private sector and philanthropic contributions. Such co-ordinated global action is a welcome change with respect to the 'each country for itself' mindset that was prevalent in the last few years.

While countries have joined hands in their fight against COVID-19, the ongoing second wave has witnessed the emergence of new variants of the virus, some of which are more infectious than the original. As there is little medical evidence on how effective the present vaccines are against the new variants of the virus, there is little clarity on to what extent would the vaccination drive be able to contain the spread of the pandemic.

The global recovery in the year ahead is expected to be driven by China and the US. In fact, a broad-based recovery was visible in the last two quarters of FY21 in several countries, but the second wave has halted it somewhat. This can have economic consequences. To avoid any economic crisis, most central banks are likely to continue the accommodative monetary policies they have followed throughout FY21. During the first wave, following the example of the U.S. Federal Reserve, most central banks adopted ultra-accommodative monetary policies by reducing interest rates to historic lows. Unprecedented liquidity infusions by the central banks in the developed nations were aimed at fuelling debt-financed economic activity. Liquidity worth more than USD 12 trillion had been printed in a matter of few months. The objective has been to enable debt-fuelled demand at both individual and corporate levels.

Even before the pandemic, there was a significant build-up in indebtedness of the non-financial private sector since 2016. With the pandemic, the total global debt stood at USD 277 trillion at the end of 2020, which is 365 per cent of world GDP. The IMF pointed out that such massive recourse to debt was necessary to protect the global economy in the short term. However, a further debt overhang from continued accommodative monetary policies aimed at countering the second wave can have a long term ramifications on the global economy.

The World Trade Organization (WTO) has predicted an uneven recovery for global trade. As per WTO estimates, the world trade in merchandise, or goods, will grow 8 per cent in volume in 2021 and by 4 per cent in 2022, after falling

5.3 per cent in 2020. A surge in demand for merchandise during the final half of 2020 helped counterbalance the pandemic's initial disruption to global trade and produced more muted annual decline. The WTO believes that economic recovery across the globe will be dependent on the ramping up of production of vaccines.

The year under review was a turbulent one for most commodities. The widespread global shutdown of economic activity depressed demand and disrupted supply chains for commodities in virtually all sectors – energy, base metals, agricultural products and even the odd precious metals. The price of crude oil, for the first time in history, entered into negative territory. But during the latter half of the year, the prices of several commodities rallied spectacularly and, in certain cases, reached multi-year highs. A combination of expansionary monetary policy and a growing demand for commodities with more and more countries taking the infrastructure road to economic recovery, has been largely responsible for this.

A new world order with multiple protocols related to health, socializing, work culture and others will emerge. As each country comes up with its own protocols, going forward, trade and commerce, travel and tourism, movement of individuals among countries will increasingly be determined by bilateral deals and limited regional co-operations. These “new normal”-s will fundamentally change certain industries and they would need to re-engineer their business models in order to survive. Adapting to these “new normal”-s will have to be the focus in the short to medium term.

b. Indian Scenario

During the year under review, because of the impact of the pandemic, the Indian economy contracted by 7.3 per cent after growing at a rate of 4 per cent in FY20. The country went into a brief recession as the first two quarters of FY21 registered negative GDP growth, however it came out of the recession in the third quarter as the Q3 GDP expanded by 0.5 per cent. The GDP growth predictions for India are quite varied. While the IMF projects a more optimistic growth rate of 12.5 per cent for India in 2021 and a follow-up growth of 6.9 per cent growth in 2022, the United Nations, taking note of the impact of the second wave, has predicted a more conservative growth rate 7.5 per cent in 2021 followed by a 10.1 per cent growth in 2022. The Reserve Bank of India (RBI) has predicted a 9.5 per cent GDP growth for India in FY22.

After recording a total FDI (equity + re-invested earnings + other capital) of USD 74.39 billion in FY20, India was able to attract FDI worth USD 81.72 billion in FY21. The disruption in global trade due to the pandemic was reflected in India's trade figures too. Total exports (goods and services combined) in FY21 stood at USD 493.19 billion and total imports stood at USD 505.94 billion (much lower than the USD 544.7 billion and USD 645.6 billion figures respectively in FY20). However, in spite of all these, India's foreign exchange reserves continued to accumulate and presently it stands at over USD 600 billion, much of which was due to a sharp narrowing of the trade deficit in FY21.

The economy was steadily losing momentum in the pre-pandemic phase. The national lockdown brought economic activity to a virtual standstill for a couple of months at the start of the year under review. The composite index of 8 core industries (namely coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity) contracted by 7 per cent during FY21 after a marginal growth of 0.4 per cent in FY20. The Index for Industrial Production (IIP) shrunk by 8.6 per cent in FY21 compared to a 0.8 per cent contraction in FY20. Capital goods output contracted by 19.2 per cent, infrastructure and construction goods by 9.1 per cent and consumer durables by 15.2 per cent in FY21. Sales of vehicles continued to decline second year in a row – passenger vehicles by 2.24 per cent and commercial vehicles by 20.77 per cent. Bank credit growth decelerated to an over five-decade low of 5.56 per cent in FY21. The prolonged slowdown has severely curbed consumption which, in turn, has slowed down considerably investments for fresh capacity creation.

Because of a prolonged period of slow growth, a stressed financial system and other downside risks, India's sovereign credit rating was downgraded by credit rating agency Moody's to "Baa3" with a negative outlook. Meanwhile, Fitch Ratings retained "BBB-" sovereign rating for India with a negative outlook and S&P Global Ratings also kept India's sovereign rating unchanged at "BBB-" for the next two years.

The government tried to address the urgent needs of the most vulnerable segments of the society and announced a number of initiatives aimed at reviving growth. At the same time the RBI reduced the policy rates and had taken a number of measures to preserve financial stability. During the last two quarters, a nascent recovery was visible with mixed signals emerging from a number of high frequency indicators. However, supply-side disruptions had started pushing up inflation despite a lack of consumption demand. Now with localised lockdowns and containment measures on account of the second wave, there can be a further rise in inflation, as evident from the April 2021 Wholesale Price Index (WPI) inflation (or factory-gate price inflation) figure overshooting the Consumer Price Index (CPI) inflation (or retail inflation) figure by a wide margin. Early signs of renewed stress are once again visible in the economy. In this backdrop, the RBI is likely to continue its accommodative stance, but chances of further reduction in policy interest rates are minimal now as inflationary trends are already visible.

The second wave has been more virulent with increased cases of fatalities. But, despite that, the shock to economic activity is likely to be less severe than what it was in 2020. Equipped with the experience of the first wave, the authorities are resorting to more narrow lockdowns. While the year under review has been a struggle for survival and stabilization for most enterprises, the year ahead is likely to be a phase of cautious growth.

NBFCs IN INDIA

In India, the Non Banking Financial Companies (NBFCs) play an active role in meeting the funding needs of those segments of the society who mostly remain outside the coverage of formal modes of institutional funding. NBFCs are essentially fuelling entrepreneurship by catering to the funding needs of the micro, small and medium enterprises (MSMEs), many are involved in the infrastructure sector in services like construction and transportation. Thus, NBFCs are performing a dual role of promoting financial inclusion and nation building.

As on January 2021, there were 9,507 NBFCs registered with the RBI. This was a second consecutive challenging year for the NBFC sector. While the flow of funds to NBFCs from the institutional sources had significantly dried up in FY20, there was a drastic fall in revenues in FY21 as the RBI actively intervened to alleviate the problems of the borrower community.

The following regulatory amendments were made by the RBI during the year under review which had a significant impact on the NBFC sector :

- NBFCs were allowed to extend to their stressed borrowers a moratorium on loan payment of all installments in respect of term loans, for six months.
- NBFCs figured among the targeted pandemic-affected entities which were to receive liquidity support from the RBI under the Targeted Long-Term Repo Operations (TLTRO) 2.0. A total of up to Rs. 500 billion was to be availed under the scheme at the policy repo rate for tenors up to three years and the amount had to be deployed in investment grade bonds, Commercial Papers and Non-Convertible Debentures of NBFCs. Subsequently, on-tap TLTRO with tenors of up to three years for a total of up to Rs.1 trillion was announced. The scheme was made available at a floating rate linked to the policy repo rate and was available up to end-FY21 with an in-built flexibility to enhance the amount and period, if required.
- NBFCs, as well as banks, were instructed to adhere to Fair Practices Code and Outsourcing Guidelines regarding the loans sourced by them over Digital Lending Platforms.
- NBFCs were instructed to allow a one-time restructuring of the stressed loan accounts of those borrowers who have been affected due to the pandemic.

- A co-lending model aimed at meeting the credit needs of priority sectors was introduced with a funding ratio of 80:20 between banks and NBFCs. The intent was to make both banks and NBFCs to benefit from each other's core strengths.
- Draft guidelines on dividend distribution by NBFCs (effective financial year beginning April 01, 2020) were proposed to infuse greater transparency and uniformity. Only those NBFCs which comply with the minimum prudential requirements (inter alia w.r.t. the Capital Adequacy, Leverage Ratio, net NPA ratio and other conditions) would be eligible to declare dividend.
- Guidelines on appointment of Statutory Auditors for commercial banks, urban co-operative banks (UCBs) and NBFCs are to be harmonized to enable these supervised entities to appoint audit firms as per their needs in a timely, transparent and effective manner.
- A discussion paper outlining a 4-layered classification of NBFCs with varied regulatory intensity has been proposed and the classification is done on the basis of parameters like asset size, type of liabilities and their relative systemic importance.
- Entry-point requirement for new NBFC registrations is proposed to be increased from Rs. 20 million to Rs. 200 million and existing NBFCs falling short need to measure up within given a timeframe.
- RBI has conditionally allowed investments from or through Financial Action Task Force (FATF) non-compliant jurisdictions, whether in existing NBFCs or in companies seeking Certification of Registration, provided investors from such jurisdictions should not directly or indirectly acquire 'significant influence' in the NBFC, as outlined under applicable accounting standards.
- Minimum loan size from NBFCs reduced from Rs. 0.5 million to Rs. 0.2 million in order to become eligible for debt recovery under SARFAESI Act, 2002

A special liquidity scheme with an allocation of Rs. 300 billion was announced enabling investments in both primary and secondary market transactions in investment grade debt paper of NBFCs, housing finance companies (HFCs) and micro-finance institutions (MFIs), the securities being fully guaranteed by Government of India. In addition, Rs. 450 billion was allocated for a Partial Credit Guarantee Scheme 2.0 to cover borrowings such as primary issuance of bonds and commercial papers of NBFCs, HFCs and MFIs, which involve sub-AA ratings and even unrated papers. Government agreed to guarantee the first 20 per cent of the losses. These schemes were routed through the banks, but a reluctant approach on part of the banks ensured that not enough liquidity was available for all categories of NBFCs. Without a steady access to liquidity, several NBFCs, especially the small and medium sized NBFCs, found the operating environment extremely difficult.

The second wave being more pervasive and having spread into the hinterland where a significant portion of NBFCs' clients reside, it will be another challenging year for the NBFC sector. The NBFCs are already facing renewed asset quality risks and liquidity risks. The adverse impact of this on the securitisation market will thwart fund-raising for NBFCs, at least in the near term. The fragile recovery that was visible in the sector is likely to get delayed.

Operational challenges for the NBFC sector make it more difficult for the MSMEs to sustain. For the MSMEs to weather this pandemic, it is necessary to have a vibrant NBFC sector. Therefore, the government and the RBI must provide adequate regulatory support to the NBFCs, just the way they have been helping the banking sector in the last few years.

BUSINESS OUTLOOK AND FUTURE PLANS

The Post-pandemic situation is looking good after being stretched for more than a year. The government strategies at both the Centre and State levels, which had aimed to strike a fine balance are now taking shape, so that neither life nor

livelihood is threatened. The central government is clearly working towards scripting an infrastructure driven economic recovery. The multiplier impact of building infrastructure is manifold in terms of generating new employment, creating entrepreneurship opportunities and fuelling demand through upstream and downstream linkages.

In Union Budget 2023-24, notwithstanding its impact on pushing up the fiscal deficit, Revenue deficit in 2023-24 is targeted at 2.9% of GDP, which is lower than the revised estimate of 4.1% in 2022-23. Fiscal deficit in 2023-24 is targeted at 5.9% of GDP, lower than the revised estimate of 6.4% of GDP in 2022-23. While the revised estimate as a percentage of GDP was the same as the budget estimate, in nominal terms, fiscal deficit was higher by Rs. 94,123 crores (increase of 5.7%) in 2022-23. Among the top 13 ministries with the highest allocations, in 2023-24, the highest percentage increase in allocation is observed in the Ministry of Railways (49%), followed by the Ministry of Jal Shakti (31%), and the Ministry of Road Transport and Highways (25%).

The scheme providing 50-year interest free loans to state governments will be made available in 2023-24 also with an outlay of Rs. 1.3 lakh crores. 100 critical transport infrastructure projects for last and first mile connectivity for various sectors such as ports, coal, steel will be taken up. This will have an investment of Rs. 75,000 crores including Rs. 15,000 crores from private sources.

The National Infrastructure Pipeline (NIP) of projects which envisages at Rs. 10,800,000 crores, more than 97 percent of the envisaged Rs. 11,100,000 crores investment-worth projects are currently under implementation.

The Economic Survey document noted, of these 8,964 projects were under the different stages of implementation. More than half of these belong to the transportation sector, while the rest belong to communication, energy, logistics, social infrastructure, transport, water and sanitation and commercial infrastructure.

- In 2023-24, the Ministry has allocated Rs. 330 crores for road safety, 20% greater than the revised estimates for 2022-23. Between 2017-18 and 2022-23, the Ministry has underutilised road safety funds by about 41%. The Ministry targeted to construct 12,200 km of NHs in 2022-23, of which 5,774 km (47%) has been constructed as of December 2022. As part of the Ministry's target to construct 60,000 km of NHs between 2019-20 and 2023-24, it envisaged to construct 13,000 km in 2023-24. Allocation towards road safety provides for safety programmes, relief support for accident victims, strengthening public transport, research and development, and setting up of facilities on NHs. The 2023-24 allocation for road safety is 0.1% of the Ministry's budget. However, revised estimates in 2022-23 are greater than the actual expenditure in the past five years.
- The Indian Railways has been allocated a capital outlay of Rs. 2.4 lakh crores in the Union Budget 2023-24. This is the highest ever allocation to the national transporter and continues on the trend followed last year with a gross budgetary support of Rs. 1.37 lakh crores in fiscal 2022-23.
- The budget has emphasised development of metro rails in public-private partnership (PPP) mode in different parts of the country. Metro Lite and Metro Neo technologies are being adapted to provide metro rail systems at much lesser cost with similar experience in tier-2 cities and peripheral areas of tier-1 cities. The government has allocated a total of Rs. 19,518 crores to all metro projects across India in the Union Budget 2023-24.

The outlay for this year includes equity investment of Rs. 4,471 crores, subordinate debt of Rs. 1,324 crores and pass through assistance Rs. 13,723 crores. The Centre has allocated Rs. 3,596 crores to the National Capital Region Transport Corporation (NCRTC) for the country's first Regional Rapid Transit System (RRTS) project, a fall of about 23 per cent from the outlay in the last budget.

- 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertiliser, and food grains sectors have been identified and will be taken up on priority with investment of Rs. 75,000 crores, including

Rs. 15,000 crores from private sources. A revamped reforms-based result linked power distribution scheme will be launched with an outlay of Rs. 306,000 crores over 5 years.

- With entry of commercial miners into the mining scene and India's aim to get rid of coal imports, mining activity will only increase. India has set for itself a production target of 1 billion tonne coal domestically by 2023-24.
- As the government's deadline is fast approaching for their ambitious bid to provide piped water to every rural household by 2024, the Centre's marquee Jal Jeevan Mission has been allocated Rs. 69,684 crores, up from the Rs. 54,808 crores which the department is expected to spend in the current financial year. This works out to a roughly 27% hike.

All these projects are expected yet again to generate significant demand for equipment required in construction and mining, and so will the financing for these equipment.

The Covid – 19 pandemic continued to impact India and world in FY23, creating unforeseen challenges. The Indian Construction and Mining Equipment Industry witnessed growth of 25% in FY23, primarily attributed to the significant slowdown observed in construction activity across the country. The most significant decline was observed in the space of Roads and Highways construction which declined to 10,993 Kms per day during FY23 vis-a-vis 12,375 Kms per day recorded in FY-22. Besides, the Revamped Graded Response Action Plan (GRAP) states that under the severe pollution category when the air quality index varies between 401-450, there will be a ban on construction activities but "emergent and essential projects" like railways, metros, airports etc; non-polluting and non-dust generating activities such as plumbing works, electrical works and carpentry related works will be exempted, had an adverse impact on the CE industry. On a positive note, though the QoQ sales were down, a comparison with the same period of the previous financial year shows a 59% increase in sales in Q1 FY2022-23. The growth however has been registered on a lower base as India was going through the 2nd wave of COVID-19, leading to muted sales during Q1 FY2021-22. With new CEV-IV emission standards, now completely adopted by the industry, there are significant opportunities for the Indian CE manufacturers to tap into the developed markets.

However, in recent years, India's growth story has been closely associated with a strong focus on not only physical, but also social and digital infrastructure. Budget 2023 gives a powerful thrust to these three dimensions of infrastructure development which, put together, accelerate inclusive growth. To enhance opportunities for private investment in infrastructure - Infrastructure Finance Secretariat is being established. The secretariat will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure, and power, which are predominantly dependent on public resources. Along with this a Harmonized Master List of Infrastructure will be reviewed by an expert committee for recommending the classification and financing framework. India has become the third-largest aviation market in the world. The UDAN Yojana has played an important role in this regard. To give further impetus to aviation sector fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity. To further improve India's logistics sector, one hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified.

These budget provisions build on the government's National Infrastructure Pipeline (NIP) combined with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of infrastructure sector. In the Union Budget 2023-24, the Capital Investment Outlay has been increased steeply for the third year in a row by 33 per cent to Rs. 10 lakh crores, which would be 3.3 per cent of GDP. This will be almost three times the outlay in 2019-20. The Indian construction equipment industry clocked strong YoY sales growth of 23% in the third quarter of the current fiscal over Q3 FY22. This uptrend in Q3 results of FY23 comes on the back of improved performance across all equipment segments, i.e., earthmoving, material handling, material processing, and road construction equipment.

The positive industry performance in Q3 of FY23 has primarily been powered by the robust 22% YoY sales growth

of earthmoving equipment (EME), which accounts for nearly three-fourths of total CE sales. Though backhoe loader sales which account for about half of the earthmoving equipment sales have been declining in recent months of November and December, excavator sales with more than 30% share in total EME sales, have been on the rise during this period, leading to the upward trend observed in the overall sales of earthmoving equipment. The material handling equipment mainly comprising pick & carry cranes, observed a YoY sales growth of 56% during the 3rd quarter, while road construction equipment sales grew by 12%.

A similar trend has been witnessed in the quarter-on-quarter (QoQ) growth as well. Sales in Q3 FY23 were up by 21% as compared to Q2 sales in the current fiscal year. While earthmoving equipment with its lion's share of CE sales grew 19% over the last quarter, material handling equipment and concrete equipment recorded QoQ sales growth of 25% and 18% respectively in the third quarter of FY23. Material processing equipment registered a 5% quarterly growth while road construction equipment, which had showed worrying downward trends over the last two quarters, staged a recovery with a whopping 75% QoQ growth in Q3 of the current fiscal year, albeit on a low base.

The Indian Construction Equipment industry recorded an excellent 26% growth YoY with sales crossing the one lakh unit mark in FY2022-23. CE sales in Q4 of FY23 (Jan-Mar 2023) increased by 23% over Q4-FY22 and by 22% over Q3-FY23. On a month-on-month basis, sales in March 2023 increased by 17% over February 2023.

The growth comes on the back of the enhanced pace of construction and mining activity during the year which resulted in a significant increase in demand for all types of construction equipment. It is estimated that road and highway construction was about 30 km/day during FY23, which created demand for machines like excavators, motor graders, crushers & screeners, etc.

In 2023-24, the Ministry of Health and Family Welfare has been allocated Rs. 89,155 crores. This is an increase of 13% over revised estimates for 2022-23. The Department of Health and Family Welfare has been allocated Rs. 86,175 crores, which accounts for 97% of the Ministry's expenditure. Notably, this allocation was an increase of approximately 13% over Rs. 79,145 crores allocated in the 2022-23 union budget. The 2023-24 budget incorporated one of the most fundamental changes in healthcare required to transform the sector. The finance minister reported that the Union Budget 2023-24 has included the establishment of 157 new nursing colleges in co-location with the current medical colleges. This move showcases the government's focus on transforming the healthcare sector by first ensuring that there are sufficient frontline medical professionals in the hospitals. Further, the increase in nursing colleges will help bridge the gap relating to the number of nurses required per bed as India continues to become the preferred healthcare destination. In addition, the providers are now focusing on creating healthcare facilities in tier 2 and tier 3 cities as well. Further, the finance minister announced the government's mission of eliminating sickle cell anemia by 2047. Once launched, the initiative will allow for universal screening of 7 crore people between 0 and 40 years in affected tribal areas.

In 2023-24, the Ministry of Rural Development has been allocated Rs. 1, 59,964 crores in 2023-24. The Department of Rural Development has been allocated Rs. 1, 57,545 crores, 13% less than the revised estimates of 2022-23. Major schemes under this department are MGNREGS (38%) and PMAY-G (35%) together account for almost 75% of the budgetary allocation. This is followed by PMGSY (12%), National Rural Livelihood Mission (NRLM, 9%), and the National Social Assistance Programme (NSAP, 6%).

Tech sector looks forward to a period of growth, stability propelled by fresh policies in the Budget. With India emerging as a global hub for digital capability and the roll out of 5G services in the country, the tech sector in the country is looking forward to a period of growth and stability propelled by fresh policies and other provisions from the budget. The industry has been a propellant for positive changes for years as it braces itself for up for new ones. The budget for 2023-24 has allocated Rs. 16,549 crores for the Ministry of Electronics and Information Technology, which is nearly 40% higher on year.

The management of your Company is closely tracking these developments in order to source new business opportunities and make the business verticals future ready with investor identification process reaching its legitimate closure.

BUSINESS REVIEW

Your Company is registered with the Reserve Bank of India (RBI) as a systemically important non-deposit taking NBFC and is one of the significant financiers in the Construction, Mining and allied Equipment (CME) sector in India. In addition to CME, your Company is also diversified into financing of tippers, IT and allied equipment, medical and allied equipment, farm equipment and other assets. The financial products and services comprise loans, for new and used equipment, and leases.

The infrastructure sector is considered as the backbone of the country's economy as it integrates projects on a large scale and strengthens its competitiveness on a global level. It is estimated that India should invest \$4.5 trillion in Infrastructure by 2030 to support faster growth. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a sustainable development of the country and to boost the expansive growth to the sector. The National Infrastructure Pipeline (NIP), which was launched in December 2019 is a part of that attempt to invest \$4.5 trillion. The aim of the National Infrastructure Pipeline (NIP) is to help make India a \$5 trillion economy by 2025. The NIP pipeline since then has been increased from 6,835 projects to more than 7600 projects. The Government has suggested investment of Rs. 50 trillion (US\$ 750 billion) for railways infrastructure from 2018-30. India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for Development of Northeast to undertake strategic infrastructure projects for the region.

Public Capital Investment in Union Budget of 23-24

- Public capital investment would need to do the heavy lifting to support in growth in 2023-24
- The Centre will hike the capital expenditure (capex) outlay for 2023-24 by 33 per cent to Rs 10 trillion. In the Budget 2023 speech, she also said that the outlay for the PM Awas Yojana will be hiked by 66 per cent to Rs 79,000 crore. This is the highest outlay for capex ever. In FY23, the capex outlay was Rs 7.5 trillion. The new outlay will amount to 3.3 per cent of the gross domestic product (GDP).
- The fiscal policy statement highlighted the total expenditure is to be Rs. 45.03 lakh crore in 2023-24; increase of 7.5% over 2022-23.
- The government has estimated a nominal GDP growth rate of 10.5% in 2023-24 (i.e., real growth plus inflation).

While the infrastructure sector continues to be one of government's primary drivers towards creating capacity and capability for the future, the current fiscal has delivered consistent growth, thus enabling a growth multiplier for all businesses across most sectors, including the construction equipment sector and the NBFC sector.

In FY2023, your Company's Total income rose to ₹795 crores from ₹595 crores, while expenses fell to ₹482 crores from ₹3,986 crores. The quarterly profit was on account of a rise in recovery of loans, which helped total income to grow, and a sharp fall in expenditure. In this challenging environment, your Company has focused on recovery of dues to improve the collection and has directed all its efforts in reducing the NPA of the company. Your company is re-engineering the business model through multiple stake holder partnerships with an endeavor to make the model sustainable.

Since the forthcoming year is about being future ready your company would increase its focus on generating off-balance sheet income in progressing towards generating more value from the existing enterprise in an effort to making the future enterprise self-sustainable and unique from a business model perspective.

RISK MANAGEMENT

Management of risk remains an integral part of your Company's operations and it enables your Company to maintain high standards of asset quality at time of rapid growth of its lending business. The objectives of risk is to maintain robust asset quality alongside growth in business, optimal allocation of capital simultaneously with enhancement of shareholders' value and hedging against unforeseen events and macro-economic or environmental conditions.

Your Company has constituted a Risk Committee of the Board which meets every quarter to deal with such matter as may be referred to by the Board of Directors from time to time. Your Company has also designated a senior executive as Chief Risk Officer (CRO) pursuant to the provisions of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 issued by RBI. Your Company's risk management strategy is based on a clear understanding of various risks, and adherence to well-laid out risk policies and procedures that are benchmarked with industry best practices. Your Company has a defined Risk policy for risk management which aims to put in place a robust risk management framework to help in achieving the objectives. The broad objective of the Committee is inter alia to:

- a) To identify and assess various risks;
- b) To strengthen the risk management practices and compliance framework to manage various risks across the Company;
- c) To evaluate the effectiveness of mitigation strategies periodically to address material risks of the Company's operations and businesses;
- d) To review any material findings and recommendations of the Risk Department; prescribe and monitor appropriate action to address the identified gaps.

Risk is managed through a framework of policies and principles approved by the Board of Directors supported by an independent risk function which ensures that your Company operates within a pre-defined risk contours. The risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks and put in place mitigants through change in policies and enhanced process controls.

Governance Structure

The risk strategy of your Company is enunciated and overseen by the Risk Committee of the Board (RCB), an independent Board level sub-committee that strives to put in place specific policies, frameworks and systems for effectively managing the various risks. Policies approved from time to time by the Board of Directors or the RCB in consultation with other sub-committees of the Board, viz. ALM & Treasury Committee (ALM) and Credit & Investment Committee, constitute the governing framework for various types of risk and business activities undertaken within this policy framework. Overall risk management is guided by well-defined procedures appropriate for the assessment and management of individual risk categories viz. credit risk, asset risk, treasury & market risk, operational risk, liquidity risk and counterparty risk supplemented by periodic validations of the methods used. Under the guidance of RCB, the Risk department is responsible for assessing and managing risks on a regular and dynamic basis. This entails, as an imperative, garnering adequate knowledge of macroeconomic trends, insights into dynamics of various sectors, understanding of regulatory environment and application of quantitative and qualitative tools facilitating an accurate assessment of risk at all times.

After the initiation of the Corporate Insolvency Resolution Process vide Order dated 8th October, 2021 of the Hon'ble National Company Law Tribunal, Kolkata Bench, the Risk Committee was reconstituted to manage the integrated risk of your Company and consisting of the senior management of the Company. The Risk Committee is further supported by the Credit and Risk Management Committee of Executives (CRMCE), Operational Risk Management Committee, and Product & Process Approval Committee.

Credit Risk

Risk aims at mitigating the credit risk by client grading, developing scoring models, doing an industry analysis to which the client belongs, existing portfolio analysis, regional analysis, and review of credit decision. The credit proposals are vetted to provide views on the future outlook of the sector/segment for short to medium term with particular emphasis on various geographies. The perspective of governmental support, regulatory issues, growth trend & demand potential, capital intensity & back-up, competition, recoverability of receivables, and other parameters impacting credit quality are analyzed to arrive at a risk aware and risk integrated decision. Your Company has strong a framework for the appraisal and execution of finance transactions that involves a detailed evaluation of technical, commercial, financial, marketing and management factors including sponsor's financial strength and experience.

Asset Risk

As an asset financing NBFC, one of the key elements for assessing the underlying transaction risk is the intrinsic value of the asset being financed through the life of the financial facility extended. Risk department monitors the intrinsic value of assets being financed across the financing life cycle and suggests mitigation measures to counter balance the credit risk through value preservation of the asset being financed through the life cycle of the facility.

Portfolio Risk

The portfolio risk is assessed through various analytical tools to help in portfolio monitoring via reflection of trends, ratios, actual vs. budgeted etc. Various models are developed to understand the behavior pattern of the portfolio to mitigate the risk arising from the same. The patterns of the past data is analysed to determine the probability in the future. Your Company periodically reviews the impact of the stress scenarios resulting from rating downgrades or drop in the asset values in case of secured exposures on the portfolio. Your Company works within identified limits on exposure to borrower groups, industry sectors and geographies, and regularly tracks portfolio level concentrations. These limits are periodically reviewed based on changes in macro-economic environment, regulatory environment and industry dynamics. Existing credit exposure in the portfolio is continuously monitored and reviewed. Key sectors are analyzed in details to suggest strategies considering both risks and opportunities. Corrective action is taken, wherever required, based on portfolio analysis and early warning signals.

Treasury Risk

As an integral part of the overall risk management system, your Company addresses different forms of market risks, viz., liquidity risk, capital risk, interest rate risk and foreign exchange risk.

Capital risk is generally defined as an enterprise's access to cash at any given time and balancing this with its efficient use. Your Company involves in assessing the overall cash flow position of your company on a monthly basis over a horizon of one year comprising maturity profile of all liabilities, amortization of credit portfolio and targeted disbursement. Thereafter, the net position is sensitized with lower collection rate, based on the prevailing trend & emerging scenario for various business verticals through scenario analysis.

Liquidity risk is two-dimensional: risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). Your Company's Asset Liability Management Committee (ALCO) lays down a broad framework for liquidity risk management to ensure that it is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from industry, market or a combination of them. The liquidity profile is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically.

Interest rate risk is the probability that variations in the interest rates will have a negative influence on the quality of a given financial instrument or portfolio, as well as on your Company's condition as a whole. Interest rate risk is generally managed through floating rate mechanism by linking the lending rate of interest to your Company's benchmark rate and is reviewed periodically with changes in your Company's cost of funds. Your Company conducts stress testing at periodical intervals to monitor vulnerability towards unfavorable interest rate movements in line with regulatory guidelines.

Exchange rate risk management becomes necessary as your Company borrows money in foreign currency and lends in domestic currency. In order to optimize the cost of funds, your Company adopts effective hedging strategies considering the overall risk appetite of your Company. Your Company measures, monitors and controls exchange rate risk through statistical measures.

Operational Risk

Operational risk is defined as the risk of loss arising out of inadequate or failed internal processes, people and systems or from external events. Your Company has Standard Operating Procedures (SOPs) for the operating processes of your Company with dual control in all major processes. The key processes are tested for adequacy of controls at periodical intervals. The Operational Risk Framework has been strengthened to include risk control matrices and risk control self-assessment framework. The Policy framework within the organization has been strengthened within the organization with review of policies of the Company viz Credit Policy, Risk Policy and Stressed Asset Management Policy.

Your Company ensures that the anti-money laundering procedures are implemented, effective and compliant with the latest statutory regulations. It involves in setting up of a consistent system throughout your Company, with an adequate level of formalization and traceability that will serve to provide management, the Board of Directors, and regulatory bodies with reasonable assurance of risk control.

In addition, to manage operational risk prudently, 'Know Your Customer (KYC) and 'Anti- Money Laundering (AML) Policy' are in place, which helps to prevent your Company from being used intentionally or unintentionally by criminal elements for money laundering.

IT Risk

➤ **SREI has its Data Center (DC) on AWS (Amazon Web Services) Cloud.**

✓ **AWS Features**

Every AWS Region consists of multiple Availability Zones (AZs). Each AZ consists of more than one data centres (Mumbai region has 3 data centres), located in a separate and distinct geographic location. Each AZ is designed as an independent failure zone which means that AZs are physically separated within a typical metropolitan region and are located in lower risk flood plains. This significantly reduces the risk of a single event impacting more than one AZ. In addition to discrete Uninterruptible Power Supply (UPS) and onsite backup generation facilities, DCs

located in different AZs are designed to be supplied by independent substations to reduce the risk of an event on the power grid impacting more than one AZ.

✓ **AWS Backup as a Service**

SREI uses AWS Backup as a Service which is a fully-managed service that makes it easy to centralize and automate data protection across AWS services, in the cloud. This service allows configuring backup policies and monitoring activity for our AWS resources in one place. It allows automating and consolidating backup tasks and removes the need to create custom scripts and manual processes. A complete AMI (Amazon Machine Image) backup is taken for each application and database server from the AWS console and stored on a daily, weekly and monthly basis, as per the policies defined by SREI. Servers can be restored from the AMIs which are spread across all the AZs in a region to handle disasters.

✓ **AWS S3 (Simple Storage Service) Backups for Databases**

Database backup dumps are also stored in Amazon S3 buckets. S3 buckets are designed to provide 99.999999999% durability and 99.99% availability of objects. S3 redundantly stores objects on multiple devices across multiple AZs in an AWS Region.

✓ **Backup and Restoration**

For AZ failover, in addition to data recovery from backup, it is also possible to restore the infrastructure in the recovery zone by spinning off the requisite servers in an alternate AZ.

✓ **Testing of Disaster Recovery**

Periodic DR Drill is carried out by the IT team where key business application / database servers (for Ambit, Newgen, Kastle & Oracle) are restored in a different AZ from the previous day's AMI. The necessary evidences for the same are stored for reference.

➤ **Full-fledged BCP (Business Continuity Plan) has been taken up and is under process.**

Regulatory Risk

Your Company has adopted a maker and checker based system for implementation and control management for ensuring regulatory compliances. This system is designed to adapt to the changes in the regulatory environment to avoid breach of compliances and provide greater clarity and confidence around the regulatory risk framework and the ability to manage regulatory change. It involves understanding of both regulator expectations and business processes and challenges. It involves identification of process improvement opportunities to ensure the effective and consistent management of compliance and regulatory obligations. However, your Company is in process to automate the regulatory compliance framework.

Your Company also takes cognizance of the interplay of the risks enumerated above in addition to other risks which could have a bearing on the above risk factors, e.g. legal, reputational risks. The recent pandemic related to Covid-19 have had impact on one or more of the risks enumerated above, particularly on Credit Risk, Portfolio Risk and Treasury Risk, Liquidity risk, etc.

HUMAN RESOURCES ACTIVITIES

The pandemic induced disruptions continued in FY 2022-2023 as well.

The first half of FY 2022 witnessed a significant impact of the third wave of the Omicron strain which was more transmissible — impacting performance of certain services but however, its impact on SEFL's operation was limited.

The organization structure which was put in place the previous year leading to a leaner, flatter and more agile organization proved highly beneficial in the current environment.

Human Resources features to be one of the most critical functions of any financial services organization.

Your company laid special emphasis on staff governance, ethics / value sensitization workshops and compliance initiatives to create robust governance.

Your Company principally drove home the concept of, "Keep People Inspired, Keep People Involved" by way of staff engagement activities to increase employee morale, maintaining the essence of engaging through varied philanthropic reaches and also to motivate employees throughout the year.

This not only impacted the mental being but also provided a stress free environment and enabled employees to interact, share and also kept them involved, especially at the branches.

Respect for women at the workplace along with the spirit of diversity and inclusion being an integral guiding HR principal - The International Women's Day celebrations flagged off both at the HO and the branches marking the significance and acknowledging the contribution by all women employees.

Your company in collaboration with SREI Insurance Broking Private Limited ran a series of health checkups and wellness workshops throughout the year for employees.

Staff Welfare was pitched a notch higher with the Raichak on the Ganges Guest House which was made available for employees and their families at minimal and subsidized costs thus balancing the work life pressures and encouraging all employees to spend quality time with their families.

The employee canteen that got non-operational during the pandemic was finally reopened and made functional for all.

During this period, your Company re-assessed all its internal policies and practices and brought in measures to make them more compliant as well as mitigate risks that it was being exposed to.

RBI administrator led management meetups kept the focus of "going concern" at an all-time high.

Your Company's skilled workforce needed to work together effectively as well as show quicker response time through taking increased responsibility for decision making as well as displaying greater accountability. This was successfully demonstrated throughout the past year by all teams.

A key point was the increased focus on Collections and reduction of NPA. Learning interventions were critical in order to prepare employees to adopt the new model and new focus that had been introduced.

Your Company addressed these two points mainly through learning and development initiatives.

These included:

- The focus shifting to Collections – the techniques of dealing and retail and strategic customer collections became pivotal .This needed a large section of employees to quickly develop knowledge and skills in Collections
- De-centralized decision making without increasing risk for the organization - a key parameter for any financial institution. Teams had to learn how to shoulder greater responsibility for decision-making and display agility in working. Learning initiatives were necessitated to accelerate this.
- Huge focus on corporate governance and compliance was established resulting in need for training and awareness creation.
- HR statutory and labour compliance was 100%. Your company has adhered to all statutory / labour compliance as per laws

Learning and Development (L&D) initiatives adopted technology in order to increase the scope speed and the extent of its reach so as to be able to help the organization achieve the operational efficiency required.

Training continued to be a key factor in developing agility, adaptability and engaging with employees. Learning initiatives were a key driver to constantly connect with employees across the country and strengthen a culture of collaboration. Learning interventions focused on up-skilling employees, building organizational capability and achieving compliance standards.

Regulatory Training sessions commenced between the last two quarters of the year through the platform of E-Learning. The drive was to ensure all employees completed the necessary regulatory training so as to achieve a compliance driven and policy adhering environment. RBI mandated e-learning courses were 100% compliant.

The Human Resource (HR) Team has continued to lay stress on providing timely and meaningful support to each employee - reaching out to them through the HR Business Partner team, finding ways to create positivity and dialogue. Building resilience was a priority and wellness was an area of focus throughout the year. Connecting people and ensuring timely and effective communication was prioritized.

Your Company, focused on their human assets and kept instilling a feeling of pride and belonging to the organization.

A key objective was to inspire, give hope and a sense of purpose to all employees, customers and stakeholders.

On 31st March, 2023 the headcount of our Company was 668.

INFORMATION TECHNOLOGY

Information Technology plays a pivotal role in your Company's journey. Your Company continues to leverage its technology to implement a resilient and secure infrastructure.

Your Company manages a variety of risks that can significantly affect its performance and ability to meet the expectations of its customers, shareholders, regulators and other stakeholders. Information Security risks include the risks arising from unauthorized access, use, disclosure, disruption, modification or destruction of information or information systems. In view of the same, your Company has conducted IT Risk Assessment to assess its IT-related vulnerabilities and to ensure that proper controls are in place. Your Company has also developed Key Risk Indicators (KRIs) pertaining to IT Security in order to monitor changes in the levels of risk exposure and mitigate them in time.

During the year in review, your Company focussed on the formalization of an IT Disaster Recovery (DR) Plan, as a part of its overall Business Continuity Plan (BCP). This IT DR Plan is expected to support the management of critical operations in future as well. Your Company successfully conducted IT DR Drill as per the BCP Policy.

The Company's Cyber Security Operations Centre (C-SOC) continues to monitor and improve its security posture while preventing, detecting, analyzing and responding to cyber security incidents. Your Company has not yet experienced any material losses relating to cyber-attacks.

Your Company runs regular awareness campaigns to educate its employees regarding the various aspects of Information Security, through various modes like periodic advisories and online trainings.

INTERNAL CONTROL AND AUDIT

Your Company's vision, mission and core values have laid the foundation for internal controls. On the administrative controls side, your Company has a proper reporting structure, oversight Committees and rigorous performance appraisal system to ensure checks and balances. On the financial controls side, your Company has in place segregation of duties and reporting mechanism to deter and detect misstatements in financial reporting.

Your Company's internal control system is commensurate with the nature of its business and the size and complexity of its operations and ensures compliance with policies and procedures. The Internal Control Systems are being constantly updated with new as well as revised standard operating procedures.

Your Company has an Internal Audit Department, which provides comprehensive audit coverage of functional areas and operations of your Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements.

Your Company has a dedicated and independent Internal Audit Department which is accountable to the Internal Committees/Advisory Committee/Administrator during CIRP period. The purpose, scope, authority and responsibility of the Internal Audit Department are delineated in the Risk Based Internal Policy and the Audit Charter approved by the Internal Committees/Advisory Committee/Administrator. Internal Audit Department influences and facilitates improvements in the control environment by constantly evaluating the internal control systems. Significant deviations are brought to the notice of Internal Committees/Advisory Committee/Administrator. Status of compliances of audit observations and follow up actions taken thereon are reported to the Internal Committees/Advisory Committee/Administrator. The Internal Committees/Advisory Committee/Administrator reviews and evaluates adequacy and effectiveness of your Company's internal control environment and monitors the implementation of audit recommendations.

Further, in accordance with the regulatory guidelines, your Company's Internal Financial Controls (IFC) have been reviewed and actions have been taken to strengthen financial reporting and overall risk management procedures. Further, an Information System (IS) Audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by your Company.

Based on the internal audit report, process owners undertake corrective action in their respective areas. All these measures help in maintaining a healthy internal control environment.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated a codified Whistle Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, in order to encourage and support Directors and Employees of your Company to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of your Company's Code of Conduct and Code of Business Ethics and any issue of concerns impacting and compromising with the interest of your Company and its stakeholders in any way. The said Policy was last revised on April 17, 2023. Your Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The said Policy is available on https://www.srei.com/sefl-corporate-policies/Whistle_Blower_Policy.pdf

A Whistle Blower Committee is in place that reviews all matters and guides the management to the relevant guideline in the spirit and keeps a close ridged.

NOMINATION AND REMUNERATION POLICY & PERFORMANCE EVALUATION

Prior to supersession of the Board of Directors of your Company by the RBI on October 04, 2021, your Company had a combination of Executive and Non-Executive Directors as well as Independent Directors including a Woman Independent Director on its Board of Directors.

The Nomination and Remuneration Policy of your Company, has been formulated as per the provisions of Section 178 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Additional details with respect to the said policy are as annexure to the Board's Report and forms part of this Annual Report.

The said policy is available on the website of your Company at https://www.srei.com/sefl-corporate-policies/Nomination_and_Remuneration_Policy.pdf

The Board of Directors of your Company was superseded by RBI on October 04, 2021 as stated above therefore, neither the requirement of separate meeting of the Independent Directors was relevant during the Financial Year under review nor the evaluation of performance of Directors, Board or the Committees thereof.

During the CIRP, the role of the Board and Committees was fulfilled by the Administrator supported by the Internal Committees/Advisory Committee.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company perceives Corporate Social Responsibility (CSR) as a strategic social investment aimed at uplifting the society at large, empowering individuals, making them self-reliant. The CSR philosophy of your Company is embedded in its commitment to all stakeholders—consumers, employees, environment and society while your Company's approach extends both to external community as well as to your Company's large and diverse internal employee base & their families.

Your Company has in place a Corporate Social Responsibility Policy (CSR Policy), as per the provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. The said Policy is available on https://www.srei.com/sefl-corporate-policies/SEFL_Corporate_Social_Responsibility_Policy.pdf.

The CSR Policy describes the multiple lines around which the CSR activities of your Company are positioned being education and skills development, social and economic welfare, environmental sustainability and such other activities included in Schedule VII of the Act as may be identified by the CSR Committee, existing prior to the Board supersession, from time to time.

Since, the Board of Directors of your Company has been superseded by the Reserve Bank of India (RBI) as mentioned earlier in this report and the Average Net Profit of the Company for the three immediately preceding financial years is negative. In the view of such conditions, your Company is having Nil CSR obligation for the year under review. The Company is however committed to remain a socially responsible organization supporting the national aspirations and missions.

During CIRP, the role of the Board and Committees was being fulfilled by the Administrator supported by the Internal Committees/Advisory Committee.

An Annual Report on CSR activities for the Financial Year 2022-23 is set out as an annexure to the Board's Report and forms part of this Annual Report.

WEBSITE

The website of your Company www.srei.com has been developed on the new responsive technology based platform known as 'Laravel', ensuring uniform display across all devices like mobile, tablet, desktop etc. and all the operating systems. The website has an inbuilt sophisticated and customized content management system for easy change in content. A simple, improved navigation system needs a lesser number of clicks to reach the information available in the different sections of the website. The contemporary and smart look of the website ensures a customer centric approach catering to the requirements of prospective customers, investors and employees. The website carries a comprehensive database of information of interest to the investors including the financial results, financial products, corporate codes and policies, corporate presentations, stock exchange intimation and business activities of your Company and the services rendered by your Company. Some useful features like credit ratings and active and mature NCDs, registrar point, NCDs touch points, etc. are also available on the website. The customers can also download essential documents directly from the website.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION

No specific material changes and commitments, unless as disclosed in this Report, affecting the financial position of your Company have occurred between the end of the financial year under review, i.e. March 31, 2023 and the date of the Report.

KEY MANAGERIAL PERSONNEL (KMPs)

The Administration of your Company, post supersession of the Board of Directors, for operational convenience and for efficient conduct of business affairs of your Company, have additionally designated Mr. Devendra Kumar Vyas, Chief Business Officer; Mr. Manoj Kumar Beriwal, Chief Compliance Officer (RBI Compliances) and Ms. Nidhi Saharia, Chief Risk Officer as the KMPs of your Company, inline with Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, who acted as additional KMP during the financial year under review.

The following executives of your Company are the Whole-time Key Managerial Personnel (KMPs) as on March 31, 2023, in accordance with the provisions of Section 203 of the Companies Act, 2013 –

Name	Designation
Mr. Yogesh Kajaria	Chief Financial Officer
Mr. Sumit Kumar Surana	Company Secretary
Mr. Devendra Kumar Vyas	Chief Business Officer
Ms. Nidhi Saharia	Chief Risk Officer
Mr. Manoj Kumar Beriwal	Chief Compliance Officer

None of the KMPs hold any securities of your Company except Mr. Manoj Kumar Beriwal and Mr. Yogesh Kajaria, who hold 1 (one) share each of your Company as nominees of Srei Infrastructure Finance Limited (SIFL), holding company.

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 Rule 8(3) of the Companies (Accounts) Rules, 2014. However, your Company has always been conscious of the need for conservation of energy. Adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy at the offices and branches of your Company. Your Company uses information technology extensively in its operations and also continues its endeavor to improve energy conservation and utilization, safety and environment.

During the year under review, the total foreign exchange expenditure of your Company was Rs. 7,73,56,903 (previous year Rs. 8,131 Lacs) and has not earned any foreign exchange (Previous Year - Nil).

DETAILS OF TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In accordance with section 124(5) of the Companies Act, 2013, a Company is required to transfer the amount lying in the unpaid dividend account, for 7 years, to the Investor Education Protection Fund (IEPF). Pursuant to the Order dated October 08, 2021 passed by the Hon'ble NCLT, Kolkata, CIRP has been initiated for your Company and the moratorium has been commenced under Section 14 of the Code read with Rule 5(b)(i) of FSP Rules effective from October 08, 2021. During the last financial year, but prior to the date of commencement of moratorium/CIRP i.e. October 08, 2021 (CIRP commencement date) an amount of Rs. 18,574/- (Rupees Eighteen Thousand Five Hundred and Seventy Four) and post commencement of moratorium/CIRP an amount of Rs. 31,633/- (Rupees Thirty One Thousand Six Hundred and Thirty Three) was transferable by your Company to IEPF in terms of Section 124 (5) of the Companies Act, 2013 being the unclaimed interest in respect of NCDs issued by your Company.

Further, during the current financial year, an amount of Rs. 25,195/- (Rupees Twenty Five Thousand One Hundred and Ninety Five), Rs. 3,17,512/- (Rupees Three Lakhs Seventeen Thousand Five Hundred and Twelve) and Rs. 2,16,518/- (Rupees Two Lakhs Sixteen Thousand Five Hundred and Eighteen) was transferable by your Company to IEPF in terms of Section 125 of the Companies Act, 2013, on account of the interest on application money. However, the same have not been transferred post October 08, 2021, as your Company was under IBC.

The Company was unable to comply with the provision or Section 125 of the Companies Act, 2013 as the Company needs to comply with the General Circular No. 08/ 2020 issued by the Ministry of Corporate Affairs (MCA) dated 6th March, 2020 captioned "Filing of forms in the Registry (MCA-21) by the Insolvency Professional (Interim Resolution Professional (IRP) or Resolution Professional (RP) or Liquidator) appointed under Insolvency Bankruptcy Code, 2016 (IBC, 2016)" which states that in respect of Companies which are marked under CIRP in the Registry, Annual Return (e-form

No.MGT-7) and Financial Statement (e-form AOC-4) and other documents under the provisions of the Companies Act, 2013, in accordance with directions issued by the NCLT/ NCLAT / Courts, shall be filed as attachments with e-form GNL-2 against the payment of one time normal fee only, till such time the Company remains under CIRP. Separate GNL-2 forms shall be filed for each such document, by the IRP/ RP. Your Company, as a part of compliance, has filed separate Form IEPF-1 for each of the amount which was transferable to IEPF, through Form GNL-2. However since the GNL -2 form is not linked with IEPF -I your Company is unable to generate Service Request Number (SRN) for payment to IEPF Authorities. Due to said technical difficulty your Company could not comply with the provisions of Section 125 & other applicable provisions of the Companies Act, 2013. The Company has requested for guidance from IPEF Authorities and also requested them to file claim for pre CIRP amount. The revert from IEPF Authorities on the same is awaited.

MEETINGS OF THE BOARD AND BOARD COMMITTEES

As stated earlier in this Report, due to the supersession of the Board of Directors by RBI vide its Press Release dated October 04, 2021, your Company did not have Board of Directors during the Financial Year under review. Hence, no Board Meetings were held during the year. In view of the same, your Company also did not have any Board Committee during Financial Year under review.

ADVISORY COMMITTEE AND IMPLEMENTATION AND MONITORING COMMITTEE

RBI vide its Press Release dated October 04, 2021, in exercise of the powers conferred under Section 45 IE of the RBI Act, constituted a 3 (three) member Advisory Committee to assist the Administrator in discharge of his duties and to advise the Administrator in the operations of your Company during the Corporate Insolvency Resolution Process (CIRP).

Further as stated earlier that in accordance to the framework of the Advisory Committee as approved by RBI, primary responsibility of the Advisory Committee was to advise the Administrator in the operations of your Company during CIRP and guide the Administrator to undertake all steps that will maximize the value for all stakeholders of your Company through a successful resolution. Since the Administrator has taken over the responsibility of the Board of Directors of your Company, the Advisory Committee has supported the Administrator in fulfillment of his role and responsibilities. The Members of the Advisory Committee during the Financial Year under review comprised of Mr. R Subramaniakumar, former MD & CEO of Indian Overseas Bank (resigned w.e.f. June 22, 2022), Mr. TT Srinivasaraghavan, former Managing Director of Sundaram Finance Limited, Mr. Farokh N Subedar, former Chief Operating Officer and Company Secretary, Tata Sons Limited (resigned w.e.f. January 31, 2023), Mr. Shri Venkat Nageshwar Chalasani, former Deputy Managing Director, State Bank of India (appointed w.e.f. June 23, 2022) and Mr. Shri V Ramachandra, former Chief General Manager, Canara Bank (appointed w.e.f. January 31, 2023.)

The Administrator is the Chairman of the meetings and the minimum quorum is Chairman and at least two advisors. During the Financial Year 2022-23, 30 (Thirty) Advisory Committee Meetings were held covering a very wide range of agenda pertaining to the CIRP matters as well as your Company's status as a going concern.

Further, upon the approval of the Resolution Plan by the Order dated August 11, 2023 passed by Hon'ble NCLT, Kolkata and in compliance with the directions of Hon'ble NCLT, the purpose of the RBI constituting the Advisory Committee as per RBI press release dated October 04, 2021, to advise the Administrator in the operations of your Company during the CIRP and to assist him for discharging his duties was fulfilled. Therefore, the Advisory Committee was dissolved and the same was also intimated to the Members of the Advisory Committee.

Furthermore, an Implementation and Monitoring Committee has been constituted for smooth implementation of the approved Resolution Plan.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND YOUR COMPANY'S OPERATIONS IN FUTURE

Subsequent to the supersession of the Board of Directors of your Company by RBI vide its Press Release dated October 04, 2021, RBI had filed an application for initiation of Corporate Insolvency Resolution Process against your Company under Section 227 read with clause (zk) of sub-section (2) of Section 239 of the Insolvency and Bankruptcy Code (IBC) 2016 read with Rules 5 and 6 of the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 before Kolkata Bench of the Hon'ble National Company Law Tribunal ("Hon'ble NCLT")

In the said petition being C.P. (IB) No. 294/KB/2021, the Hon'ble NCLT vide order dated October 08, 2021 was pleased to admit the said petition application and accordingly Corporate Insolvency Resolution Process (CIRP) was initiated against your Company.

Accordingly, Mr. Rajneesh Sharma was appointed as the Administrator of SEFL in terms of rule 5(a)(iii) of the Insolvency & Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 to carry out the functions as contemplated by Sections 15, 17, 18, 19 and 20 of the Insolvency and Bankruptcy Code, 2016. The Order further provides that there shall be moratorium in terms of Section 14 of the said Code in respect of your Company.

The Administrator on 16th February, 2023, filed an application for obtaining no-objection from the Reserve Bank of India (RBI) as required under Rule 5 of the Insolvency & Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 against the Plan.

Therefore, your Company received the said no-objection from the RBI via its letter dated March 23, 2023 in terms of Rule 5(d)(iii) of the FSP Rules.

The Administrator had also filed an application under Section 30(6) of the Code before the Hon'ble National Company Law Tribunal (NCLT), Kolkata on February 18, 2023 for its approval of the Plan.

The Hon'ble NCLT has issued an Order dated August 11, 2023, approving the resolution plan submitted by National Asset Reconstruction Company Limited with respect to the Corporate Insolvency Resolution Process of the Companies under Section 31 of the IBC ("Approved Resolution Plan"). The same can be downloaded from the link: https://nclt.gov.in/gen_pdf.php?filepath=/Efile_Document/ncltdoc/casedoc/1908134009832023/04/Order-Challenge/04_order-Challenge_004_1691756009157129507964d625e9e66a0.pdf

DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements of your Company for the financial year ended March 31, 2023 have been taken on record by the Administrator while discharging the powers of the erstwhile Board of Directors of your Company which were conferred upon him by the RBI vide its Press Release dated October 04, 2021 and subsequently, powers conferred upon him in accordance with the NCLT Order dated October 08, 2021 to run your Company as a going concern during CIRP. Hence the financial statements for the year ended March 31, 2023 have been prepared on "going concern" assumptions.

In certain instances, the amount of the claim admitted or to be admitted by the Administrator under CIRP process may differ from the amount reflecting in the books of accounts of your Company. The audited financial statements are drawn on the basis of figures appearing in the books of accounts of your Company as on March 31, 2023.

In terms of provisions of Section 134(5) of the Companies Act, 2013, your Administrator to the best of their knowledge and ability confirm that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the Financial Year ended March 31, 2023 and of the profit and loss of your Company for the Financial Year 2022-23;
- (iii) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared for the Financial Year ended March 31, 2023 on a going concern basis;
- (v) internal financial controls to be followed by your Company have been laid down and that such internal controls are adequate and are operating effectively;
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws to your Company and the systems are adequate and operating effectively.

AUDITORS

Pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Reserve Bank of India (RBI) Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27th April, 2021 and other applicable Laws, if any (including any statutory modification or re-enactment(s) thereof, for the time being in force) and Rules framed thereunder, and upon the recommendation of the Administrator of your Company (exercising the powers of the Board of Directors of your Company pursuant to Section 17 of the Insolvency and Bankruptcy Code, 2016), M/s. J Kala & Associates Chartered Accountants, having Firm Registration No. 118769W allotted by The Institute of Chartered Accountants of India (ICAI) and M/s. Dass Gupta & Associates, Chartered Accountants, partnership firm, having Firm Registration No. 000112N, allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as the Joint Statutory Auditors of your Company at the 16th (Sixteenth) Annual General Meeting (AGM) held on September 22, 2022 to hold office for a period of 1 (One) consecutive year from the conclusion of the 16th (Sixteenth) Annual General Meeting till the conclusion of the 17th (Seventeenth) AGM of your Company in terms of Section 139 of the Companies Act, 2013 and the Rules framed thereunder.

The Implementation and Monitoring (IMC) recommend the appointment of M/s. J Kala & Associates Chartered Accountants, having Firm Registration No. 118769W allotted by The Institute of Chartered Accountants of India (ICAI) and M/s. Dass Gupta & Associates, Chartered Accountants, partnership firm, having Firm Registration No. 000112N, allotted by The Institute of Chartered Accountants of India (ICAI) as the Joint Statutory Auditors of your Company for a period of 1 (One) year, to hold office from the conclusion of the 17th (Seventeenth) Annual General Meeting till the conclusion of the 18th (Eighteenth) AGM of your Company.

Both J Kala & Associates Chartered Accountants and Dass Gupta & Associates, Chartered Accountants meets the eligibility, qualifications and other requirements of the Auditors as specified in the Companies Act, 2013 and a certificate to this effect have also been furnished by them along with their consent to hold office as the Joint Statutory Auditors of your Company. Further, J Kala & Associates Chartered Accountants and Dass Gupta & Associates, Chartered Accountants have also provided a certificate to the effect that their appointment as the Statutory Auditors of your Company, if made, would be within the limit prescribed under Section 141 of the Companies Act, 2013 and that they are not disqualified to be appointed as the Statutory Auditors in terms of Sections 139 and 141 of the Act. J Kala & Associates Chartered Accountants and Dass Gupta & Associates, Chartered Accountants, have also furnished the peer review certificate issued to them by The Institute of Chartered Accountants of India (ICAI).

AUDITORS' REPORT

The Administrator (assisted by the Advisory Committee), at the Advisory Committee Meeting held on May 09, 2023 have inter-alia, considered and taken on record the Ind AS Audited Financial Results of your Company for Financial Year ended March 31, 2023, as per Regulation 52 and other applicable regulations of the SEBI Listing Regulations and in compliance with Section 129 of the Companies Act, 2013 and the Ind AS as per the provisions of the Companies (Indian Accounting Standards) Rules, 2015.

The Report of the Statutory Auditors to the Members for the Financial Year under review contains disclaimer of opinion, the management's response to the Basis for Disclaimer of Opinion contained in the Statutory Auditors' Report are given in the notes to accounts which are self-explanatory and the same is not repeated here for the sake of brevity.

SECRETARIAL AUDIT REPORT

Your Company appointed M/s. S.K. Khemka & Associates, Practicing Company Secretaries (Peer Review Certificate No. 1313/2021) as the Secretarial Auditor of your Company for the Financial Year 2022-23 to conduct the Secretarial Audit pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report confirms that your Company has complied inter alia with all the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, The Foreign Exchange Management Act, 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2)), SEBI (Prohibition of Insider Trading) Regulations, 2015, Securities Contracts (Regulation) Act, 1956, all the Regulations and Guidelines of SEBI as applicable to your Company, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Reserve Bank of India Directions, Guidelines and Circulars applicable to Systemically Important Non-Deposit Accepting or Holding NBFCs (NBFC – ND – SI).

The Secretarial Audit Report for the Financial Year ended March 31, 2023 does not contain any qualification, reservation or adverse remark or disclaimer and the same forms part of the Annual Report.

CORPORATE POLICIES

The details of Policies adopted by your Company along with salient features are provided as annexure to the Board's Report and forms part of this Annual Report.

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH RELATED PARTIES

Your Company has in place a Related Party Transaction Policy as per the provisions of the Companies Act, 2013 read with the rules made thereunder which describes the related party transactions requiring requisite approvals and requirements of appropriate reporting and disclosure of transactions between your Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with such transactions. The said Policy was last revised on July 08, 2022. The said Policy is available on https://www.srei.com/sefl-corporate-policies/SEFL_Related_Party_Transaction_Policy.pdf

All the related party transactions of your Company are entered in the ordinary course of business and conducted on arm's length basis wherever applicable and on commercially reasonable terms and are in compliance with the

applicable provisions of the Companies Act, 2013. There are no materially significant transactions entered into by your Company with Promoters, Directors or Key Managerial Personnel (KMPs), which have potential conflict with the interest of your Company at large. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and your Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements and liquidity.

Since all related party transactions entered into by your Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to your Company.

For the financial year ended March 31, 2023, the details of the related party transactions entered into by your Company in the ordinary course of business at arm's length basis are mentioned in the notes to the accounts forming part of the audited (standalone) financial statements.

Members may refer to the notes to the financial statements for details of related party transactions.

PARTICULARS OF EMPLOYEES

The Board of Directors of your Company has been superseded by the Reserve Bank of India vide its Press Release dated October 04, 2021 as noted above. The ratio of the remuneration of each erstwhile director holding position of director during the year under review to the median employees' remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, are set out as an annexure to the Board's Report and forms a part of this Annual Report.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 forms part of this Report.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the extract of the Annual Return of your Company as at March 31, 2023, is available on website of your Company at <https://www.srei.com/sefi-financial-reports>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company is exempt from the disclosure regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business as per the provisions of Section 186 of the Companies Act, 2013 read with Rule 11 of the Companies (Meetings of Board and its Powers) Rules as your Company is engaged in the business of financing of companies or of providing infrastructural facilities.

POLICY AGAINST SEXUAL AND WORKPLACE HARASSMENT

Your Company is committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. Your Company in its endeavor to provide a safe and healthy work environment for all its employees has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another employee's work performance or creates an intimidating, offensive or hostile environment such that each employee can

realize his / her maximum potential.

Your Company has put in place a 'Policy on Prevention of Sexual Harassment' as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is meant to sensitize the employees about their fundamental right to have safe and healthy environment at workplace. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee constituted for this purpose. The said Policy is available on https://www.srei.com/sefl-corporate-policies/SEFL_Policy_on_Prevention_of_Sexual_Harassment.pdf

Your Company affirms that during the year under review, adequate access was provided to any complainant who wished to register a complaint under the Policy and that your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year, your Company has received 2 (Two) complaint of sexual harassment which have been addressed by the Internal Complaints Committee duly constituted by your Company under per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Administrator would like to express their grateful appreciation for the excellent support and co-operation received from its Committee of Creditors (CoC), Advisory Committee, shareholders, Financial Institutions, Banks, Central & State Government Authorities, RBI, SEBI, MCA, Stock Exchanges, Depositories, Credit Rating Agencies, Customers, Manufacturers, Vendors, Suppliers, Business Associates, Debenture holders, Debenture Trustees, National Company Law Tribunal, National Company Law Appellate Tribunal and other Stakeholders during the year under review. Your Administrator also place on record their deep appreciation for the valuable contribution of the employees for the progress of your Company during the year and look forward to their continued co-operation in realization of the corporate goals in the years ahead.

For and on behalf of Srei Equipment Finance Limited

Sd/-

Place : Kolkata

Date : September 26, 2023

Rajneesh Sharma

Administrator (Acting as a member of the IMC pursuant to Hon'ble NCLT Order dated 11th August, 2023)

The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Rajneesh Sharma who acts as agent of the Company only and without any personal liability.

Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

SREI EQUIPMENT FINANCE LIMITED

'VISHWAKAMA', 86C, TOPSIA ROAD (SOUTH)

KOLKATA – 700046, WEST BENGAL.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SREI EQUIPMENT FINANCE LIMITED ('SEFL'/'Company') having CIN - U70101WB2006PLC109898 for the financial year ended 31st March, 2023 ('Audit Period'). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, and also the information, including certain preliminary information as listed in Annexure I, provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period covering the Financial year ended on the 31st day of March, 2023, (the 'Audit Period') complied with the statutory provisions listed hereunder, except with respect to the observations as listed in Annexure I, Annexure II, Annexure III and Annexure IV. In view of the same, our comment as to adequacy of processes and compliance-mechanism has to be read in light of the aforesaid observations and qualifications.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023, according to the provisions of:

1. The Companies Act, 2013 ['Companies Act'] and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 ['SCRA'] and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ['SEBI Act'], to the extent applicable:
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ['PIT Regulations'];
 - (iii) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ['ILDS Regulations'];
 - (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['LODR Regulations'];
 - (vii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (viii) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;
 - (ix) Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018.
5. SPECIAL LAWS APPLICABLE TO THE COMPANY
 - (A) RESERVE BANK OF INDIA REGULATIONS

- (i) Reserve Bank of India Act, 1934;
- (ii) Non-Banking Financial Companies (Opening of Branch/Subsidiary/Joint Venture/ Representative Office or Undertaking Investment Abroad by NBFCs Directions, 2011;
- (iii) NBFC Auditor's Report (Reserve Bank) Directions, 2016;
- (iv) Monitoring of Frauds in NBFCs (Reserve Banks) Directions, 2016;
- (v) Master Directions – Information Technology Framework for the NBFC Sector;
- (vi) Reserve Bank of India (NBFC) Returns Specifications, 1997;
- (vii) Master Directions Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016;
- (viii) Non-Banking Financial Company – systematically Important non-Deposit taking company and Deposit Taking company (Reserve Bank) Directions, 2016;
- (ix) Miscellaneous RBI Circulars & Notifications;
- (x) Master Directions – Know Your Customer (KYC) Direction, 2016;

(B) INSURANCE LAWS –

- (i) Insurance Act, 1938
- (ii) Insurance Regulatory and Development Authority Act, 1999, Regulations and Rules framed hereunder;

(C) FEMA LAWS

- (i) Foreign Exchange Management Act, 1999;
- (ii) Rules framed by from time to time under FEMA;
- (iii) Regulations notified by RBI from time to time under FEMA;
- (iv) Foreign Trade (Development & Regulation) Act, 1992;
- (v) The Prevention of Money Laundering Act, 2002 and Rules framed thereunder;
- (vi) FEMA Rules;
- (vii) The issue of Foreign Currency Convertible Bonds;
- (viii) Exim Policy;
- (ix) Consolidated foreign Direct Investment policy issued by department of industrial Policy & Promotion (DIPP);

(D) INSOLVENCY AND BANKRUPTCY CODE

- (i) Insolvency and Bankruptcy Code, 2016;
- (ii) The National Company Law Tribunal Rules, 2016;
- (iii) The National Company Law Appellate Tribunal Rules, 2016;

6. GENERAL LAWS

- (i) Indian Contract Act, 1872;
- (ii) Customer Protection Act, 1986;
- (iii) Negotiable Instruments Act, 1881;
- (iv) Arbitration and Conciliation Act, 1996;
- (v) Specific Reliefs Act, 1963;
- (vi) Emblems and names (Prevention and Improper use) Act;
- (vii) Motor Vehicles Act, 1988;
- (viii) Transfer of Property Act, 1882;
- (ix) Benami Transactions (Prohibition) Act; 1988;
- (x) Code of Civil Procedure, 1908;

- (xi) Code of Criminal Procedure, 1973;
 - (xii) Environment (Protection) Act, 1986;
 - (xiii) Indian Evidence Act, 1872;
 - (xiv) Indian Penal Code, 1860;
 - (xv) Indian Limitation Act, 1963;
 - (xvi) Power of Attorney act, 1882;
 - (xvii) Indian Trusts Act, 1882;
 - (xviii) Hire Purchase Act, 1972;
 - (xix) Registration Act, 1908;
 - (xx) Indian Stamp Act, 1899;
 - (xxi) Indian Standard code of Practice for Selection, Installation and Maintenance of Portable First Aid fire Extinguishers Code of Practice;
 - (xxii) Shops and Commercial Establishments Act;
 - (xxiii) License agreements with Landlords;
 - (xxiv) License for all software currently in use;
 - (xxv) Information Technology Act, 2000;
 - (xxvi) The Privacy Act, 1974;
 - (xxvii) Competition Act, 2002;
 - (xxviii) The Representation of People Act, 1951;
 - (xxix) The Rights of persons with disabilities Act, 2016;
 - (xxx) The Rights of persons with disabilities Rules, 2017;
7. Specific laws applicable, as mentioned hereunder:
- (E) TRADE MARKS ACT, 1999
 - (F) COPYRIGHT ACT, 1957
 - (G) PATENTS ACT, 1970
 - (H) TAXATION LAWS
 - (i) Income Tax Act, 1961 and Rules Framed hereunder;
 - (ii) Customs Act, 1962;
 - (iii) Profession Tax Act;
 - (iv) Goods & Services Act, 2016;

We have also examined compliance with the applicable clauses (with limited application owing to ongoing CIRP) of the Secretarial Standards for Board Meetings (SS-1) and for General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except in relation to matters provided as in Annexure I, Annexure II, Annexure III and Annexure IV.

It is further stated that the Reserve Bank of India ['RBI'], vide its Press Release dated 4th October, 2021 issued under Section 45-IE of the Reserve Bank of India Act, 1934 ['RBI Act'] superseded the Board of Directors ['Board'] of SEFL [RBI appointed Mr. Rajneesh Sharma as the Administrator ['Administrator'] under Section 45-IE(2) of the RBI Act. Further, RBI, constituted a three-member advisory committee ['Advisory Committee'] to assist the Administrator of SEFL in discharge of his duties. Subsequently, on an application being filed by RBI under the provisions of the Insolvency and Bankruptcy Code, 2016 ['IBC'] read with the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ['IBC Rules'], the National Company Law Tribunal, Kolkata Bench

['NCLT'], vide Order dated 8th day of October, 2021, ordered commencement of Corporate Insolvency Resolution Process ['CIRP'] with effect from the same date. The NCLT appointed Administrator as the resolution professional to discharge the functions of the resolution professional under IBC and other rules, and regulations, as may be applicable. Further, RBI, confirmed that the Advisory Committee shall continue as the advisory committee required to be constituted under Rule 5 (c) of the IBC Rules [ref., Press Release dated 4th day of October, 2021].

Accordingly, the Secretarial Audit is relating to the CIRP period.

We further report that

Since the Board of SEFL was superseded and the entire Board has resigned, Secretarial Standard 1 (SS-1) which governs the Board Meeting becomes inoperative and thus not applicable to the Company during the Audit Period.

We further report that, in the current scenario, the systems and processes for compliances in the Company, which ought to be commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, may call for further improvement.

Management and Auditor Responsibility:

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. Wherever our Audit has required our examination of books and records maintained by the Company, we have relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of business of the Company, the same was provided to us.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis and to the extent possible under the circumstances.
6. Due to the inherent limitations of an audit including internal, financial, and operating controls as well as specific circumstances noted above, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
7. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/ agencies/authorities with respect to the Company.
8. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. K. Khemka & Associates
Practising Company Secretaries

Sd/-
Sushil Kumar Khemka
Membership No. FCS 3315
CP No. 2941
UDIN No. F003315E000782577.

Place : Kolkata
Date : 10.08.2023

PRELIMINARY NOTES

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. Wherever our audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of the business of the Company, the same has been done by us as much as possible.
4. We have not verified the correctness and appropriateness of financial records and books of Accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
5. The Compliances of the provisions of Corporate and other applicable laws, Rules, Regulations and Standards is the responsibility of the management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. Due to the inherent limitations of an Audit including internal, financial and operating controls as well as specific circumstances noted above, there is an unavoidable risk that some mis-statements of material non-compliances may not be detected even though the audit is properly planned and performed in accordance with audit practices.

OBSERVATIONS FOR THE AUDIT PERIOD

The observations, as pertaining to the Audit Period, may not be strictly called non-compliances, as the timelines for complying with the provisions might not be specified under law, or where compliance with the provisions became impossible in the prevailing circumstances, or for similar reasons. Such observations have been listed as follows –

The Companies Act, 2013

1. As per MCA General Circular No. 08/2020 dated 06.03.2020, the resolution professional shall have to file the NCLT Order in Form INC-28 to change the MCA Master Data status to indicate that the company is under Corporate Insolvency Resolution Process. The e-form INC-28 has been filed on 26.10.2021 and the same was taken on record and Master data changed.
2. As per Section 124(5) of the Companies Act 2013 a Company is required to transfer the amount lying in the unpaid dividend account for 7 years to Investor Education Protection Fund (IEPF). Prior to the date of commencement of CIRP i.e. October 08, 2021, an amount of Rs.18,574 and post commencement of Moratorium/CIRP an amount of Rs.5,90,858/- is transferrable by SEFL to IEPF in terms of Section 124(5) of the Companies Act 2013. The Company is unable to comply with the provisions of Section 124(5) of the Companies Act, 2013 as its compliance as it was not permitted by the MCA 21 System to upload due E- forms. was in accord to breach of the moratorium in terms of Section 14 of the IBC 2016. However, the Company has requested guidance from IEPF Authority in this regard and same is awaited for their response.
3. As per para. VII of schedule VI of the Companies Act, the independent directors of the Company are required hold at least one meeting in a Financial Year, without the attendance of non-independent directors and members of management. The Company is presently undergoing CIRP and there is no Board of Directors at present, hence no such meeting was held during the period under review.

SEBI Regulations [LODR Regulations, PIT Regulations]

1. As per reg. 54(1) of LODR regulations, in respect of listed NCDs, the Company is required to maintain hundred per cent asset cover sufficient to discharge the principal amount at all times for the secured redeemable non-convertible debentures issued. As reported by the auditors in the financial results filed with the stock exchange, for the year ended 31.03.2022, the asset cover may fall short of the required asset cover to be maintained for the said debentures. Given the fact that the company is in insolvency proceedings and pendency of the audit of the financials of the FY, it is not possible to comment on the compliance of the said regulations.
2. The Company, at present, relies on the disclosures made by the designated persons, etc. to have information on trades exceeding ten lakhs rupees over any calendar quarter under reg. 7(2)(a) & (b) of PIT Regulations.

Events during Audit Period having major bearing on the Company's Affairs

As per the guidance available in CSAS-4, Auditing Standard on Secretarial Audit, an event/action shall be considered as having major bearing on the auditee's affairs if it affects its going concern or alters the charter or capital structure or management or business operation or control, etc. The events, as in our opinion, falling in any of the aforesaid categories, have been listed below –

S. No.	Particulars
1.	Events affecting going concern status, business operations or control
(a)	The Company committed defaults in repayment of NCDs.
(b)	The Reserve Bank of India superseded the Board of Directors of the Company on 04.10.2021. Subsequently, on an application filed by RBI, the NCLT (Kolkata Bench), vide Order dated 08.10.2021, ordered commencement of CIRP of the Company. Mr. Rajneesh Sharma has been appointed as the Administrator, who shall also act as the resolution professional under IBC.
(c)	Post commencement of CIRP, the Company continued its activities like a going concern.
(d)	It was informed that the COC has approved the Resolution Plan and the same was submitted to the Adjudicating Authority but the copy of the same was not provided to us.
2.	Events altering management, etc.
(a)	In terms of the Order of the NCLT, Kolkata Bench the company is under CIRP and Mr. Rajneesh Sharma has been appointed as Administrator/ Resolution Professional.
(b)	<p>During the Pre – CIRP period the Company had many Board level Committees like:</p> <ul style="list-style-type: none"> • Audit Committee • Nomination and Remuneration Committee • Corporate Social Responsibility Committee • Stakeholders Relationship Committee • Committee of Directors • Credit and Investment Committee • Asset Liability Management Committee • Risk Committee • IT Strategy Committee • Strategic Coordination Committee • Restructuring & Settlement Committee <p>After the commencement of CIRP, all the Board level committees ceased to operate due to supersession of Board of Directors. However, in order to conduct the affairs of the Company smoothly, the Administrator constituted/re-constituted many Committees which were operational during the Audit Period:</p> <ul style="list-style-type: none"> • Core Strategic Committee • Corporate Governance & Audit Committee • Asset Liability Management Committee • Nomination and Remuneration Committee • Credit and Investment Committee

	<ul style="list-style-type: none"> • IT Strategy Committee • IT Steering Committee • Alliance Committee • Payments Advisory Committee • Property & Premise Committee • Joint Statutory Auditors Appointment Evaluation Committee • People Committee • Corporate Social Responsibility Committee
(c)	As stated earlier, RBI had superseded the Board of the Company. Also, post commencement of CIRP, the powers of the Board stand suspended, and the management of the affairs of the Company vest with the Administrator.
3.	Other Events
(a)	The Statutory Auditors of the Company, namely, M/s. Haribhakti & Co. LLP resigned as Statutory Auditors with effect from 07.07.2022. Later, M/s. J. Kala & Associates and M/s. Dass Gupta & Associates were appointed as the Joint Statutory Auditors with effect from 29-10-2021 and 08-07-2022 respectively.

ANNEXURE IV**LIST OF DOCUMENTS PERUSED**

- Minutes of the following were provided:
 - Annual General Meetings
- Forms and returns filed with the ROC;
- Registers maintained under the Companies Act, 2013

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2022-23

[Pursuant to Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 including any amendments thereof]

1. Brief outline on CSR Policy of the Company

Your Company has in place a well-defined CSR Policy framed inline with Section 135 of the Companies Act, 2013 (Act) read with Schedule VII of the Act, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and other applicable provisions of the Act. Your Company's CSR Policy is a statement containing the approach and direction to be followed by your Company and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

2. The Composition of the CSR Committee

Sl. No.	Name of Director Designation / Nature of Directorship	Number of meetings of CSR Committee held during the Year	Number of meetings of CSR Committee attended during the Year
Not Applicable*			

*Reserve Bank of India (RBI) vide Press Release dated October 04, 2021 superseded the Board of Directors of your Company and appointed Mr. Rajneesh Sharma as the Administrator of the Company in terms of Section 45-IE (1) of the Reserve Bank of India Act, 1934 (RBI Act) with immediate effect. The Administrator was vested with powers of the Board of Directors of your Company, pursuant to the above and as per the provisions of the Insolvency and Bankruptcy Code (IBC), 2016. During CIRP, the role of the Board and Committees was fulfilled by the Administrator by the support of Advisory Committee.

3. The web-link(s) where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

Post supersession of the Board of Directors by RBI vide its Press Release dated October 04, 2021, your Company doesn't have a CSR Committee constituted in terms of Section 135 of the Companies Act, 2013 (the Act).

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is: https://www.srei.com/sefl-corporate-policies/SEFL_Corporate_Social_Responsibility_Policy.pdf

In the light of the existing Corporate Insolvency situation, your Company has not undertaken any CSR projects during the Financial Year under review.

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of Sub-rule (3) of Rule 8, if applicable.: Not Applicable.

5. (a) Average net profit of the Company as per Sub-section (5) of Section 135 of the Companies Act, 2013: (Rs. 3,00,861 Lakhs)

(b) Two percent of average net profit of the Company as per Sub-section (5) of Section 135 of the Companies Act, 2013: NIL

(c) Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years: NIL

(d) Amount required to be set-off for the Financial Year, if any: Not Applicable

(d) Total CSR obligation for the Financial Year (5b+5c-5d): NIL

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): NIL

(b) Amount spent in Administrative Overheads: NIL

(c) Amount spent on Impact Assessment, if applicable: Not Applicable

(d) Total amount spent for the Financial Year (6a+6b+6c): NIL

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
NIL	Not Applicable		Not Applicable		

(f) Excess amount for set off, if any: N.A.

Sl. No.	Particulars	Amount (in Rs.)
i.	Two percent of average net profit of the Company as per Section 135(5)	NIL
ii.	Total amount spent for the Financial Year	
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. (a) Details of Unspent CSR amount for the preceding three Financial Years: Rs. 96,144,838.

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under Sub-section (6) of Section 135 (in Rs.)	Amount spent in the Financial Year (in Rs.)	Amount transferred to a fund as specified under Schedule VII as per second proviso to Section 135(5), if any.		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs)	Date of transfer		
1.	2020-2021	Not Applicable	Not Applicable	Not Applicable	NIL		52,250,332	52,250,332
2.	2019-2020	Not Applicable	Not Applicable	Not Applicable	Not Applicable		4,38,94,506	4,38,94,506

- 8. Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year:**
Not Applicable
- 9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) of the Companies Act, 2013:** Not Applicable.

For and on behalf of Srei Equipment Finance Limited

Sd/-

Place : Kolkata

Date : September 26, 2023

Rajneesh Sharma

(Administrator (Acting as a member of the IMC pursuant to Hon'ble NCLT Order dated 11th August, 2023))

The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, who acts as agent of the Company only and without any personal liability.

Srei Equipment Finance Limited
REPORT ON CORPORATE GOVERNANCE

Good Corporate Governance is not simply a phrase but the hallmark of every global organisation that enthrals shareholders, stakeholders and the likes. Combined with multi-disciplinary practices, efficient business functions, codes of ethics and legal compliance, an organisation's strengths grow from pillar to pillar owing to effective control and management ultimately leading to sustainable increased value and growth. Corporate Governance plays a very imperative role in assisting the differentiation between a good organisation and an extraordinary organisation because legal compliance is mandatory and stipulated whereas sound corporate governance is rare skillset.

At Srei, our focus remains in our incessant attempts to congregate our shareholders with their expectations through organisational goals. For more than decade now, our trait continues to be transparency and disclosure. Srei is committed to the adherence of global standards of Corporate Governance practices year on year. We strongly believe that the management is merely the trustee of the shareholders' capital and not the owner and therefore, prime significance is given to shareholder interests in all our policies.

Corporate Governance is not a destination but a journey for constantly improving sustainable value creation along with legal compliance, which Srei firmly believes in. It is due to this rationale that in addition to complying with mandatory statutory requirements, Srei implements effective governance practices which are continuously helping improve transparency, disclosures, internal controls and promotion of ethics at work place.

The Reserve Bank of India (RBI) has recognised the contribution of Non-Banking Financial Company (NBFCs) towards supporting real economic activity and their role as a supplemental channel of credit intermediation alongside banks. Over the years, the sector has undergone considerable evolution in terms of size, complexity, and interconnectedness within the financial sector. Many entities have grown and become systemically significant and hence RBI has realised the need to align the Regulatory Framework for NBFCs keeping in view their changing risk profile. In the light of the growing economic contribution of the NBFCs RBI has issued Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs, to integrate Regulatory Framework for NBFCs under SBR providing a holistic view of the SBR structure and a set of fresh Regulations being introduced under such SBR.

Further, on April 19, 2022 RBI has issued Circular under SBR pursuant to which the NBFCs have to furnish additional disclosure in its Financial Statements in addition to and not in substitution of the disclosure requirements specified under other Laws, Regulations, or Accounting and Financial Reporting Standards. In accordance to the Circular, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) (Paragraph C of Schedule V - Annual Report) as amended from time to time, specifies disclosures to be made in the section on the Corporate Governance of the Annual Report. With respect to the Corporate Governance Report, Non-Listed NBFCs should also endeavor to make full disclosure in accordance with the Requirement of SEBI (LODR) Regulation, 2015. Non-Listed NBFCs at the minimum should make disclosure on its Corporate Governance practices adapted under the Corporate Governance section of the Annual Report.

In accordance to the Regulation 15(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), Regulation 16 to Regulation 27 of the Listing Regulations is applicable to a High Value Debt Listed Entities, i.e. Listed Entities which have listed its Non-Convertible Debt Securities and has an outstanding value of listed Non-Convertible Debt Securities of Rupees 500 (Five Hundred) Crore and above as on March 31, 2021. As your Company has outstanding Non-Convertible Debentures (NCD) listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) of 500 (Five Hundred) Crore and above as on March 31, 2021, hence your Company has complied with the aforementioned Regulations on a 'comply or explain' basis until March 31, 2024 and on a mandatory basis thereafter, in line with the Regulation 15(1A) of the Listing regulations, hence your Company during the Financial Year under review has endeavoured to ensure compliance with the Corporate Governance Code as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") and is in the process of establishing the best Corporate Governance practices in place in its present CIRP situation. As your Company has always prioritised good Corporate Governance Practices and have endeavoured to make complete disclosure, to enhance transparency for ensuring maximization of Stakeholders' sustainable value, your Company is presenting the Corporate Governance Report forming part of the Annual Report for the Financial Year 2022-23 in terms of the RBI Circular dated April 19, 2022, issued under the SBR. The disclosures on the Corporate Governance practices adapted by your Company during the Financial Year under review are as follow:

A. MANDATORY REQUIREMENTS**1. Composition of the Board***

Sl. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended			Salary and other compensation	Sitting Fee	
NA											

Details of change in composition of the Board during the current* and previous Financial Year.

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment) *	Effective date
1.	Mr. Hemant Kanoria	Chairman - Executive	Board Superseded	04.10.2021
2.	Mr. Sunil Kanoria	Vice Chairman - Executive	Board Superseded	04.10.2021
3.	Mr. Devendra Kumar Vyas	Executive - Managing Director	Board Superseded	04.10.2021
4.	Mr. Indranil Sengupta**	Executive - Whole-time Director	Board Superseded	04.10.2021
5.	Mr. Suresh Kumar Jain	Non- Executive - Independent Director	Board Superseded	04.10.2021
6.	Mr. Uma Shankar Paliwal	Non- Executive - Independent Director	Board Superseded	04.10.2021
7.	Dr. (Mrs.) Tamali Sen Gupta	Non- Executive - Independent Director	Board Superseded	04.10.2021
8.	Mr. Shyamalendu Chatterjee	Non- Executive - Independent Director	Board Superseded	04.10.2021
9.	Mr. Malay Mukherjee	Non- Executive - Independent Director	Board Superseded	04.10.2021
10.	Mr. Deepak Verma	Non- Executive - Independent Director	Appointed	23.04.2021
11.	Mr. Deepak Verma	Non- Executive - Independent Director	Board Superseded	04.10.2021

*The Reserve Bank of India (RBI) in exercise of the powers conferred under Section 45-IE (1) of the Reserve Bank of India (RBI) Act, 1934, has issued Press Release on October 04, 2021 w.r.t. the supersession of the Board of Directors of your Company and has appointed Shri Rajneesh Sharma as its Administrator under Section 45-IE (2) of the RBI Act, 1934 with immediate effect. Further, pursuant to the Order dated October 08, 2021 of the National Company Law Tribunal, Kolkata Bench (NCLT), Corporate Insolvency Resolution Process (CIRP) has been initiated against your Company as per the Provisions of the Insolvency and Bankruptcy Code, 2016 (Code). The Administrator since then is caring out his functions as contemplated by sections 15,17,18,19 and 20 of the Code.

**Mr. Indranil Sengupta has been appointed as a Whole-time Director for a period of 1 (one) year w.e.f 1st August, 2020 ending on 31st July, 2021 at the 14th Annual General Meeting (AGM) held on 25.08.2020 and thereafter has been re-appointment of as a Director and Whole-time Director for a period of 1 (one) year w.e.f 1st August, 2021 ending on 31st July, 2022.

2. Committees of the Board and their composition

i. Mention the names of the committees of the Board.

As sated earlier in this Report, due to the supersession of the Board of Directors by RBI vide its Press Release dated October 04, 2021, your Company did not have Board of Directors during the Financial Year under review. In view of the same, your Company also did not have any Board Committee during Financial Year under review.

ii. For each committee, mention the summarized terms of reference and provide the following details.

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
NA*						

As sated earlier in this Report, due to the supersession of the Board of Directors by RBI vide its Press Release dated October 04, 2021, your Company did not have Board of Directors during the Financial Year under review. In view of the same, your Company also did not have any Board Committee during Financial Year under review.

3. General Body Meetings

Give details of the date, place and special resolutions passed at the General Body Meetings.

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1.	Extra-Ordinary	11.07.2022 at 11:30 A.M.	-
2.	Annual	22.09.2022 at 11:00 A.M.	-

4. Details of non-compliance with requirements of Companies Act, 2013

During the Financial Year under review the Company has conducted and maintained such checks as are considered necessary, including, where necessary, with external professional assistance, to ensure adequate compliance with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any amendment thereof.

There are no instances of non-compliance were noticed during the Reporting Period except as mentioned below:

- **Filing of Form IEPF- 1 under Section 124(5) of Companies Act, 2013 for transfer of an amount of Rs. 3,92,914/- w.r.t. unclaimed and unpaid amounts to Investor Education Protection Fund (IEPF)** - Due to technical difficulties, the Company was unable to file the form and transfer the amount to IEPF. The Company has sent necessary intimation in this regard to the IEPF authorities vide mails dated December 28, 2021 and has also send reminder mails to the IEPF Authorities on various dates viz March 28, 2022, June 30, 2022, August 25, 2022 and October 28, 2022 and March 24, 2023.
- **Transfer of unspent CSR amount of Rs, 52,250,332/- (Five Crore Twenty Two Lakhs Fifty Thousand Three Hundred and Thirty Two) under Section 135(5) of the Companies Act, 2013 for the Financial Year 2020-21 to the Fund specified in Schedule VII of the Companies Act, 2013** - Pursuant to Section 135(5) of the Companies Act, 2013, the Company has not transferred the unspent amount of Rs, 52,250,332/- for the Financial Year 2020-21 w.r.t. CSR contribution to a Fund specified in Schedule VII of the Companies Act, 2013 due to the establishment of Trust and Retention Account (TRA) whereby all the business payments of the Company were controlled by the Bankers and the Company had no control on its cash flows. The Company has sent necessary intimation in this regard to the MCA vide its Letter dated December 02, 2021. Another reminder Letter has been sent to MCA dated May 02, 2022.
- **Non appointment of Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director under Section 203(1) of the Companies Act, 2013:** Pursuant to Section 203(1) of the Companies Act, 2013, the Company needs to have a **Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director**. However, pursuant to orders dated 8th October, 2021 of the National Company Law Tribunal, Kolkata Bench (NCLT), Corporate Insolvency Resolution Process (CIRP)

has been initiated against the Company, as per the provisions of the Insolvency and Bankruptcy Code, 2016 (Code) and Shri Rajneesh Sharma has been appointed as the Administrator for the Company. Accordingly, as per the provisions of MCA General Circular No. 08/2020 dated March 06, 2020, the MCA returns being filed by the Company is being signed by the Administrator in the capacity of the CEO of the Company.

5. Details of penalties and strictures

The details of the penalties and strictures as imposed on your Company by the Reserve Bank or any other statutory authority during the Financial Year under review are as follows:

- The Company had received a Letter vide Letter No. OW/EAD/BRK/PR/39704/2021 dated 28th December, 2021 from the Securities and Exchange Board of India (SEBI) being a Show Cause Notice under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (Rules) where the Company has been called to Show Cause as why an inquiry should not be held against the Company in terms of Rule 4 of the Rules read with 15-I of SEBI Act for the violation alleged in the Show Cause Notice. Further, the Company had replied to the aforesaid letter of SEBI vide Letter dated 28th December, 2021. Thereafter, Securities and Exchange Board of India (SEBI) had passed Order No. Order/BRK/JS/2022-23/16719 dated 31st May, 2022 wherein it had imposed a penalty of Rs. 5,00,000/- (Five Lakhs) on the Company subject to the outcome of the appeal filed by SEBI before the Hon'ble Supreme Court in the matter of *Securities and Exchange Board of India vs. Dewan Housing Finance Corporation Ltd.* under Section 15 I of Securities and Exchange Board of India Act.
- The Central Depository Securities Limited (CDSL) and National Securities Depository Limited (NSDL) have levied a penalty of Rs. 100/- per International Securities Identification Number (ISINs) vide an email on the Company for non-extinguishment of ISINs. An email requesting waiver of penalty has been sent by the Company to NSDL.
- Email from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) has been received by the Company during the Quarter, imposing Penalty of 5900/- individually for non - compliance under Regulation 50(1) of SEBI LODR. A reply was made to BSE and NSE along with the copy of the said intimation and acknowledgement copy stating that the said intimation was duly made in its specified time, hence penalty levied was not applicable to the Company. Further, the Company has not received any further communication regarding the said matter from either Exchanges.

For and on behalf of Srei Equipment Finance Limited

Sd/-

Place : Kolkata

Date : May 09, 2023

Rajneesh Sharma
(Administrator)

The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Rajneesh Sharma who acts as agent of the Company only and without any personal liability.

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of the remuneration of each Director* to the median remuneration of the employees of the Company for the financial year 2022-23:

Sl. No.	Name of the Director*	Remuneration (Rs.):**	Median Remuneration of employees (Rs.)	Ratio (In times)
NA				

*The Reserve Bank of India ("RBI"), on October 04, 2021, had superseded the Board of Directors of the Company and appointed Mr. Rajneesh Sharma as the Administrator and all the erstwhile Directors ceased to be the Directors of the company with immediate effect. Accordingly, during the Financial Year 2022-23 Company did not have any Board of Directors.

- ii. The percentage increase in remuneration of each Director*, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2022-23:

Sl. No.	Name	Designation	Remuneration of previous year** (Rs.)	Remuneration of Current year** (Rs.)	% increase/ (decrease)
1.	Mr. Hemant Kanoria	Chairman	1,63,257	Nil	NA
2.	Mr. Sunil Kanoria	Vice Chairman	1,63,257	Nil	NA
3.	Mr. Devendra Kumar Vyas	Chief Business Officer	2,62,97,720	2,54,57,720	(3.30%)
4.	Mr. Indranil Sengupta	Whole-time Director	57,83,038	Nil	NA
5.	Mr. Shyamalendu Chatterjee	Independent Directors	19,10,000	Nil	NA
6.	Mr. Suresh Kumar Jain		23,00,000	Nil	NA
7.	Dr. (Mrs.) Tamali Sengupta		21,75,000	Nil	NA
8.	Mr. Uma Shankar Paliwal		22,50,000	Nil	NA
9.	Mr. Deepak Verma		7,75,000	Nil	NA
10.	Mr. Malay Mukherjee		26,25,000	Nil	NA
11.	Ms. Ritu Bhojak**	Company Secretary	10,21,650	Nil	NA
12.	Mr. Yogesh Kajaria	Chief Financial Officer	70,27,210	82,88,053	15.21%
13.	Mr. Sumit Surana	Company Secretary	20,81,383#	37,93,128	45.13%

*The Reserve Bank of India ("RBI"), on October 04, 2021, has superseded the Board of Directors of the Company and appointed Mr. Rajneesh Sharma as the Administrator and all the erstwhile Directors ceased to be the Directors of the company with immediate effect. Accordingly during the Financial Year 2022-23 the Company did not have any Board of Director.

**Resigned w.e.f. 10.05.2021

#Appointed as Company Secretary w.e.f. August 20, 2021.

Note:

The remuneration of the Key Managerial Personnel (KMPs) is linked to the market and is commensurate with their diverse responsibilities and experience.

- iii. **The percentage increase in the median remuneration of employees in the financial year 2022-23:**

Median remuneration of previous year (Rs.)	Median remuneration of current year (Rs.)	% increase
4,99,992	5,08,003	1.60%

- iv. The number of permanent employees on the rolls of Company:

There were 668 (Six Hundred & Sixty Eight only) employees as on 31st March, 2023.

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Sl. No.	Particulars	Average % increase
1.	Increase in salary of Managerial Personnel	Less than 1 % (Approx.) in PMS 2022-23
2.	Increase in salary of employee (other than Managerial Personnel)	1 % (Approx.) in PMS 2022-23

- vi. Affirmation that the remuneration is as per the remuneration policy of the Company:

Yes it is confirmed.

On behalf of Srei Equipment Finance Limited

Place : Kolkata

Date : September 26, 2023

Sd/-

Rajneesh Sharma

Administrator (Acting as a member of the IMC pursuant to Hon'ble NCLT Order dated 11th August, 2023)

The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Rajneesh Sharma who acts as agent of the Company only and without any personal liability

PARTICULARS OF EMPLOYEES**Information pursuant to Section 197(12) read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year ended 31st March, 2023**

List of top 10 (Ten) employees of the Company in terms of the remuneration drawn and names of every employee who was employed for throughout and part of the year and was in receipt of remuneration exceeding the limits laid down in the Companies Act, 2013 -

Sl. No.	Name	Designation	Remuneration Received [Rs.]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held by the employee before joining the Company	Percentage of equity shares held by the employee in the Company
1.	Mr. Devendra Kumar Vyas	Chief Business Officer	2,54,57,720	B. Com, CA	31	54	01.04.1997	G P Agrawal & Co., Chartered Accountants (Partner)	NIL
2.	Mr. Ganesh Prasad Bagree	CEO-Financial Solution Group	87,65,785	B. Com , CA	30	54	19.06.2008	ICICI Winfra (AGM)	NIL
3.	Mr. Yogesh Kajaria	Chief Financial Officer	82,88,053	B. Com , CA	25	48	03.09.2001	Web Valley Softwares (Founder of the Company)	NIL
4.	Mr. Manoj Kumar Beriwalla	Chief Compliance Officer	73,36,091	FCA	28	51	05.12.1995	G.P Agarwal & Co (Manager)	NIL
5.	Mr. Binay Kumar Mishra	Senior Vice President	70,18,592	LLB	19	43	05.08.2021	Capri Global Capital Ltd, Senior Vice President	NIL
6.	Mr. Rajesh Agarwal	Senior Vice President	69,94,963	B. Com , CA	26	50	17.06.2008	ICICI Bank Ltd (Regional Head – Operation)	NIL
7.	Mr. Sandeep Kumar Ghosh	Head	66,57,111	B. Com , PGDBM	28	52	01.10.2013	Tata AIG Life (VP & National Account Head)	NIL
8.	Mr. Vinod Kumar Dubey	Head	63,50,520	CA, CS	33	57	16.01.2014	Balrampur Chini Mills Ltd, Senior General Manager – Taxation	NIL

Sl. No.	Name	Designation	Remuneration Received [Rs.]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held by the employee before joining the Company	Percentage of equity shares held by the employee in the Company
9.	Mr. Sibadatta Mohanty	Senior Vice President	59,40,836	B.Sc, MBA	29	52	03.12.2007	Tata Motor Finance (Regional Manager Collection)	NIL
10.	Mr. Somnath* Bhattacharjee	President	63,73,002	BE - Mechanical	38	60	09.12.2016	TIL Limited (President & CEO)	NIL

*Employed for part of the year

Notes:

- Remuneration includes Basic Salary, House Rent Allowance (HRA), Special Allowance, Super Annuation Allowance, Commission, Ex-gratia, Leave Travel Allowance (LTA), Medical, Leave Encashment, Employer's contribution to Provident Fund, Employer's contribution to NPS, Incentives and other Perquisites.
- Nature of Employment and duties: Contractual and in accordance with terms and conditions as per Company's rules and policies.

For and on behalf of Srei Equipment Finance Limited

Sd/-

Place : Kolkata

Date : September 26, 2023

Rajneesh Sharma

Administrator (Acting as a member of the IMC pursuant to Hon'ble NCLT Order dated 11th August, 2023)

The affairs, business and property of Srei Equipment Finance Limited are being managed by the Administrator, Rajneesh Sharma who acts as agent of the Company only and without any personal liability.

Srei Equipment Finance Limited Corporate Codes & Policies – FY 2022-23

The Summary of Key Statutory Codes & Policies that have been adopted are as follows:-

Sl. No.	Name of the Code and Policy	Salient Features	Web Link
1.	Related Party Transactions Policy	The policy provides a framework to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.	https://www.srei.com/sefl-corporate-policies/SEFL_Related_Party_Transaction_Policy.pdf
2.	Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/ non-executive) and also the criteria for determining the remuneration of the Directors, Key Managerial Personnel (KMPs) and other employees.	https://www.srei.com/sefl-corporate-policies/Nomination_and_Remuneration_Policy.pdf
3.	Corporate Governance Framework	The policy provides the framework for Corporate Governance so that executives act in accordance with the highest standards of governance while working for and on behalf of the Company.	https://www.srei.com/sefl-corporate-policies/SEFL_Corporate-Governance_Framework.pdf
4.	Code of Conduct for Board of Directors and Senior Executives	To deter wrongdoing and promote ethical conduct in the Company.	https://www.srei.com/sefl-corporate-policies/SEFL-Code-of-Conduct-for-Board-of-Directors-and-Senior-Executives.pdf
5.	Policy on Board Diversity	The Policy sets out the approach to diversity on the Board of Directors of the Company.	https://www.srei.com/sefl-corporate-policies/SEFL_Policy_on_Board_Diversity.pdf
6.	Policy on “Fit and Proper” Criteria for Directors	The Policy sets a framework to determine whether a Director is fit and proper to hold such position in the Company.	https://www.srei.com/sefl-corporate-policies/SEFL_Fit_and_Proper_criteria_for_Directors.pdf
7.	Code of Conduct for Prohibition of Insider Trading (SEFL Insider Code)	To regulate, monitor and report trading by Insiders.	https://www.srei.com/sefl-corporate-policies/SEFL_Code_of_Conduct_for_Prohibition_of_Insider_Trading.pdf

Sl. No.	Name of the Code and Policy	Salient Features	Web Link
8.	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (SEFL Fair Disclosure Code)	The policy provides the framework for following the best practices, duly compliant with Applicable Law, in the matter of disclosure of UPSI.	https://www.srei.com/sefl-corporate-policies/Code_of_Practices_and_Procedures%20for_Fair_Disclosure_of_Unpublished_Price_Sensitive_Information.pdf
9.	Corporate Social Responsibility Policy	To regulate, monitor and report Corporate Social Responsibility activities of the Company.	https://www.srei.com/sefl-corporate-policies/SEFL_Corporate_Social_Responsibility_Policy.pdf
10.	Whistle Blower Policy	The Company has adopted a whistleblower mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics.	https://www.srei.com/sefl-corporate-policies/Whistle_Blower_Policy.pdf
11.	Fair Practice Code	To provide all stakeholders, especially customers effective overview of practices followed by the Company in respect of the financial facilities and services offered by the Company to its customers.	https://www.srei.com/sefl-corporate-policies/Fair_Practice_Code_May22.pdf
12.	Grievance Redressal Policy	To minimize instances of customer complaints and grievances.	https://www.srei.com/sefl-corporate-policies/Grievance_Redressal_Policy.pdf
13.	Investment Policy	The Policy lays down, inter alia, the guidelines to be followed by the Credit and Investment Committee to approve investments.	-
14.	Policy for Preservation of Documents	The Policy integrates, harmonizes and standardizes the procedure and manner for preservation and destruction of documents which are required to be prepared or maintained under the SEBI laws and the Act. This Policy also contains guidelines to identify documents that are required to be maintained and the period for which those documents should be retained.	https://www.srei.com/sefl-corporate-policies/SEFL_Policy_for_preservation_of_Documents.pdf

Sl. No.	Name of the Code and Policy	Salient Features	Web Link
15.	Archival Policy	Part of Policy for preservation of documents.	https://www.srei.com/sefl-corporate-policies/SEFL_Archival_Policy.pdf
16.	Policy on Prevention of Sexual Harassment	This policy is meant to sensitize the employees about their fundamental right to have safe and healthy environment at their workplace and what conduct constitutes sexual harassment.	https://www.srei.com/sefl-corporate-policies/SEFL_Policy_on_Prevention_of_Sexual_Harassment.pdf
17.	Environmental and Social Management System Policy	This policy provides a framework to facilitate the implementation of appropriate Environmental and Social Management System (ESMS) in the Company with the prime objective of reducing Environmental and Social impacts of its portfolio.	-
18.	Credit Policy	The policy details the guidelines to be followed in terms of credit assessment standards, eligibility criteria for borrowers, funding norms, documents and monitoring mechanism.	-
19.	Risk Management Policy	The Policy aims at outlining the various types of Risk faced by the Company as a Systematically Important NBFC and the policy seeks to set out the guidelines, principles and approach for risk management in the company and put in place a robust framework to identify, assess, measure, control and monitor various risks in a timely, efficient and an effective manner.	-