



SEFL/SECT/AA/22-23/14

May 18, 2022

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot no. C/1, G Block
Bandra – Kurla Complex
Bandra (E), Mumbai – 400 051

Dear Sirs,

Sub: Outcome of the Administrator (assisted by the Advisory Committee) Meeting held on 17th May, 2022 and adjourned to 18th May, 2022 and Disclosure pursuant to Regulation 51 and 54 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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

Pursuant to the above and also in reference to the Letter dated 12th May, 2022 and 17th May, 2022, we wish to inform you that the Administrator (assisted by the Advisory Committee), at the Advisory Committee Meeting held on 17th May, 2022 and thereafter adjourned to today, i.e. 18th May, 2022, which concluded at 11:00 p.m., have inter-alia, considered and approved the following:

- (i) Audited Financial Results for the quarter and financial year ended on March 31, 2022; and
- (ii) Audit Report with a "Basis for Disclaimer of Opinion" on the Audited Financial Results provided by Haribhakti & Co. LLP, Chartered Accountants, and J Kala & Associates, Chartered Accountants, Joint Statutory Auditors of the Company pursuant to Regulation 52(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27th May, 2016. The Statement of Impact of audit qualifications alongwith the report issued by the Statutory Auditors in accordance with the Listing Regulations are enclosed herewith for your records.

Srei Equipment Finance Limited

CIN: U70101WB2006PLC109898

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

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

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

Email: sefl@srei.com Website: www.srei.com

Registered Office: "Vishwakarma", 86C Topsia Road (South), Kolkata - 700 046



A copy of the Audited Financial Results of the Company prepared in compliance with IND AS together with a copy of the Auditors' Report on the Financial Results for the half year and financial year ended on March 31, 2022 pursuant to Regulation 52 of the Listing Regulations are enclosed for your information. We are also arranging to upload the aforesaid Financial Results on the Company's website www.srei.com and publish the Financial Results in the newspapers in the format prescribed under Regulation 52(8) of the Listing Regulations.

Further, kindly note that the disclosure as required under the provisions of Regulation 54(2) and 54(3) of the Listing Regulations are included in Note No. 18 to the aforementioned Audited Financial Results

Thanking you.

Yours faithfully,

For **Srei Equipment Finance Limited**

Sumit Kumar Surana
Company Secretary
ACS 19243

Srei Equipment Finance Limited

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Haribhakti & Co. LLP
Chartered Accountants
701 Leela Business Park,
Andheri Kurla Road,
Andheri (East),
Mumbai- 400 059

J. Kala & Associates
Chartered Accountants
504 Rainbow Chambers
S.V. Road,
Kandivali (West),
Mumbai- 400 067

INDEPENDENT AUDITOR'S REPORT

To the Administrator of Srei Equipment Finance Limited

Report on the Audit of the Financial Results

Disclaimer of Opinion

We were engaged to audit the accompanying annual financial results of **Srei Equipment Finance Limited** ("the Company") for the year ended March 31, 2022 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

We do not express an opinion on the accompanying Statement. 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 as to whether the Statement:

(i) is presented in accordance with the requirements of Regulation 52 of the Listing Regulations in this regard; and

(ii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, and other accounting principles generally accepted in India, of net loss and other comprehensive income and other financial information of the Company for the year ended March 31, 2022.

We had issued a Disclaimer of Conclusion basis the observations forming part of the report for the quarter and six months ended September 30, 2021 and for the quarter and nine months ended December 31, 2021.

Basis for Disclaimer of Opinion

- (a) Note No. 2 to the Statement which explains that the Administrator has initiated 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. Hence, the Statement is subject to outcome of such audits/reviews. Pending the outcome of the transaction audit, we are unable to comment on the impact, if any, of the same on the Statement. Further Note No. 2 also 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.
- (b) Note No. 5 to the Statement which explains that the latest valuations from independent valuers as a part of CIRP in respect of assets/collaterals held as securities and considered for loan loss provision is in progress. Further, the Note also explains that, the Statement, disclosures, categorisation and classification of assets are subject to the outcome of such valuation process. Hence, pending completion of the process, we are unable to comment on the impact, if any, of the same on the Statement.



- (c) Note No. 6 to the Statement which explains that during the financial year 2019-20, the Company accounted for the slump exchange transaction and consequently recognized the relevant assets and liabilities in its books of account, pursuant to the Business Transfer Agreement ('BTA') with SIFL, with effect from October 1, 2019, 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 Statement.

- (d) Note No. 8 to the Statement which explains that the Administrator has invited the financial/operational/other creditors to file their respective claims and that the admission of such claims is in process. Further, the note explains that the effect in respect of the claims, as on October 8, 2021, admitted by the Administrator till May 4, 2022 has been given in the books of account. Further, the note also explains that the creditors can file their claim during CIRP and the figures of claims admitted and accounted in the books of accounts might undergo changes during CIRP. Hence, adjustments, if any, arising out of the claim verification and submission process, will be given effect in subsequent periods. We are unable to comment on the impact of the same, if any, on the Statement.

Further, Note No. 8 to the Statement 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, 2022, as per requirements of Ind AS 21. We are unable to comment on the impact of the same, if any, on the Statement.

- (e) Note No. 9 to the Statement which states that the Company has not provided for Rs. 1,043 crore approx. and Rs. 2,000 crore approx. for the quarter and year ended March 31, 2022 respectively, 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, profit before tax for the quarter and loss before tax for the year ended March 31, 2022 would have resulted in a loss before tax of Rs. 928 crore and Rs. 4,675 crore for the quarter and year ended March 31, 2022 respectively.
- (f) Note No. 10 to the Statement which explains the reasons owing to which the Company has not been able to comply with guidelines of RBI in relation to mandatory hedging of exposure in External Commercial Borrowings amounting to Rs. 273 crore, as per contractual terms, as at March 31, 2022. 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 Statement.
- (g) Note No. 12 to the Statement which explains that the erstwhile management, as per the specific directions from 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 has initiated a 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, which is in process. We are unable to comment on the impact of the same, if any, on the Statement.

- (h) Note No. 15 to the Statement which explains that, during the quarter ended September 30, 2021, based on the directions of RBI the Company has made provisions amounting to Rs. 98 crore and Rs. 50 crore 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 Statement.
- (i) Note No. 16 to the Statement which explains the reasons owing to which the Company was not able to comply with the requirements of Section 135 of the Act in relation to depositing unspent amount of CSR. As stated, in the said note, 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 Act. 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 Statement.
- (j) Note No. 18 to the Statement which states that the Company has not been able to maintain the asset cover as stated in the information memorandum/debenture trust deeds etc. which is sufficient to discharge the principal amount at all times for the secured non-convertible debentures issued by the Company. Further, as stated in the said Note and paragraph (b) above, latest valuations from independent valuers in respect of assets of the Company is in progress, accordingly, the percentage of asset cover given in Note No. 18 to the Statement is subject to the outcome of such valuation process. Hence, we are unable to comment on Note No. 18 as given by the Company in the Statement.
- (k) Note No. 19 to the Statement 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. 6 to the Statement, 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 Statement.
- (l) Note No. 20 to the Statement 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 Statement.
- (m) We had carried out independent balance confirmation process with respect to various parties/lenders, responses for which are pending to be received as on the date of signing this report. Also the project progress report, for the year ended March 31, 2022, 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 Statement, if any.
- (n) We have been informed that certain information including the minutes of meetings of the Committee of Creditors are confidential in nature and cannot be shared with anyone other than the Committee of Creditors and Hon'ble NCLT. Accordingly, we are unable to comment on the possible financial effects on the Statement, including on presentation and disclosures, if any, that may have arisen if we had been provided access to those information.
- (o) In view of the possible effects of the matters described in paragraph 5(a) to 5(n) 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.



- (p) In view of the possible effects of the matters described in paragraph 5(a) to 5(o) above, we are also unable to comment on the Company's compliance on various regulatory ratios/limits and consequential implications including disclosures, if any.
- (q) In view of the possible effects of the matters described in paragraph 5(a) to 5(p) above, we are also unable to comment on the ratios disclosed by the Company in Annexure 1 to Note No. 24 to the Statement.

Material Uncertainty Related to Going Concern

We draw attention to Note No. 11 to the Statement which states that the Company has been admitted to CIRP and that the Company has reported net loss during the year ended March 31, 2022 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 have impacted the Company's ability to continue its operations in normal course in future. These events or conditions, along with other matters as set forth in the aforesaid Note, indicate that there is a material uncertainty which casts significant doubt about the Company's ability to continue as a 'going concern' in foreseeable future. However, for the reasons stated in the said note, the Company has considered it appropriate to prepare the Statement on a going concern basis.

Emphasis of Matter

We draw attention to the following matters in the notes to the Statement:

- a. Note No. 4 to the Statement which explains the extent to which Covid-19 pandemic has impacted the operations of the Company. Further, the extent to which there may be further impact on the operations, financial results and asset quality of the Company is highly uncertain at this point of time.
- Further, as stated in Note No. 5 to the Statement based on the overall assessment of financial stress being faced by the borrowers and the lessees and covering the overall economic and business uncertainty, the Company has made ECL provision aggregating to Rs. 241 crore and Rs. 1,750 crore for the quarter and year ended March 31, 2022 respectively. Also, as stated in the said Note, the Company in view of the uncertainty, as stated in Note No. 4 to the Statement, has made further provision of Rs. 103 crore, as management overlay, during the quarter and year ended March 31, 2022, which is over and above the provision as required by the ECL model of the Company.
- b. Note No. 7 to the Statement 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.
- c. Note No. 21 to the Statement 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.

Administrator's Responsibilities for the Financial Results

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. 2 to the Statement which states that the Statement 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. 2 also 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 Statement has been prepared on the basis of the annual financial statements. The Administrator and the existing officials of the Company are responsible for the preparation and presentation of this Statement that give a true and fair view of the net loss and other comprehensive income and other financial information of the Company in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. 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 Statement that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Administrator and the existing officials 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 Administrator and the existing officials of the Company are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our responsibility is to conduct an audit of the Statement 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 Statement.

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 Statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.



Other Matter

- a) The financial results of the Company for the quarter and year ended March 31, 2021, were audited by one of the joint statutory auditors wherein they expressed unmodified opinion vide their report dated June 29, 2021.
- b) The Statement includes the results for the quarter ended March 31, 2022, being the balancing figure between audited figures in respect of full financial year and published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For Haribhakti & Co. LLP
Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Manoj Daga

Partner

Membership No. 048523

UDIN: 22048523AJFJMM1814

Place: Mumbai

Date: May 18, 2022



For J. Kala & Associates
Chartered Accountants

ICAI Firm Registration No. 118769W


Jayesh Kala

Partner

Membership No. 101686

UDIN: 22101686AJFJOE6351

Place: Kolkata

Date: May 18, 2022



(₹ in Lakhs)

| | Particulars | Quarter ended | | | Year ended | |
|--------|---|--------------------------------|----------------------------------|--------------------------------|-------------------|-------------------|
| | | March 31, 2022 | December 31, 2021 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | | Audited (Refer Note No. 26) | Unaudited (Refer Note No. 25) | Audited (Refer Note No. 26) | Audited | Audited |
| | Revenue from Operations | | | | | |
| | Interest Income | 64,318 | 67,827 | 58,757 | 2,54,895 | 2,87,948 |
| | Rental Income | 11,195 | 11,093 | (2,754) | 44,061 | 46,419 |
| | Fees and Commission Income | 79 | 491 | 416 | 1,374 | 1,682 |
| | Net gain on fair value changes | 5,268 | - | (2,557) | 8,142 | - |
| | Others | 2,831 | 1,975 | (284) | 6,483 | 4,679 |
| (I) | Total Revenue from Operations | 83,691 | 81,386 | 53,578 | 3,14,955 | 3,40,728 |
| (II) | Other Income | 60 | 236 | 2,142 | (790) | 4,906 |
| (III) | Total Income (I+II) | 83,751 | 81,622 | 55,720 | 3,14,165 | 3,45,634 |
| | Expenses | | | | | |
| | Finance Costs | 10,407 | 31,113 | 79,717 | 2,16,754 | 3,32,646 |
| | Fees and Commission Expense | (25) | (41) | 2,616 | 662 | 4,283 |
| | Net loss on fair value changes | 6,956 | (299) | 22,311 | 35,663 | 49,905 |
| | Net loss on derecognition of financial instruments under amortised cost category | 582 | 1,113 | 811 | 12,328 | 3,635 |
| | Impairment on Financial Instruments (Net) | 35,019 | 21,313 | 2,57,562 | 2,21,149 | 5,49,876 |
| | Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt | 279 | 709 | 730 | 4,320 | 12,451 |
| | Employee Benefits Expenses | 2,485 | 2,669 | 3,246 | 11,020 | 12,821 |
| | Depreciation, Amortisation and Impairment | 13,062 | 13,922 | 18,392 | 56,331 | 72,636 |
| | Other Expenses | 3,498 | 4,431 | 7,729 | 23,423 | 21,470 |
| (IV) | Total Expenses | 72,263 | 74,930 | 3,93,114 | 5,81,650 | 10,59,723 |
| (V) | Profit/(Loss) Before Tax (III- IV) | 11,488 | 6,692 | (3,37,394) | (2,67,485) | (7,14,089) |
| (VI) | Tax Expense: | | | | | |
| | (1) Income Tax in respect of earlier years | - | - | - | 9,807 | (4,333) |
| | (2) Deferred Tax | - | - | (24) | - | 3,855 |
| (VII) | Profit/(Loss) After Tax (V-VI) | 11,488 | 6,692 | (3,37,370) | (2,77,292) | (7,13,611) |
| (VIII) | Other Comprehensive Income | | | | | |
| | A (i) Items that will not be reclassified to Profit or Loss | | | | | |
| | (a) Remeasurements Gains/(Losses) on Defined Benefit Plan | 89 | (44) | (74) | (42) | 16 |
| | (b) Income tax relating to items that will not be reclassified to Profit or Loss | - | - | (25) | - | 222 |
| | SUBTOTAL (a+b) | 89 | (44) | (99) | (42) | 238 |
| | 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 | - | - | 719 | 14 | 1,573 |
| | (b) Gains/(Losses) on fair valuation of Loans | 682 | (229) | (3,601) | (210) | (2,713) |
| | (c) Income tax relating to items that will be reclassified to Profit or Loss | - | - | - | - | 800 |
| | SUBTOTAL (a+b+c) | 682 | (229) | (2,882) | (196) | (340) |
| | Other Comprehensive Income [A+B] | 771 | (273) | (2,981) | (238) | (102) |
| (IX) | Total Comprehensive Income (VII+VIII) | 12,259 | 6,419 | (3,40,351) | (2,77,530) | (7,13,713) |
| (X) | Paid-up Equity Share Capital (Face value ₹ 10/- per Equity Share) | 7,902 | 7,902 | 7,902 | 7,902 | 7,902 |
| (XI) | Other Equity | | | | (6,07,123) | (3,29,593) |
| (XII) | Earnings per Equity Share (Face value ₹ 10/- per Equity Share) (*Not Annualised) | | | | | |
| | Basic (in ₹) | 14.54* | 8.47* | (426.94)* | (350.93) | (903.08) |
| | Diluted (in ₹) | 14.54* | 8.47* | (426.94)* | (350.93) | (903.08) |



For SREI Equipment Finance Limited

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

Mr. Rajneesh Sharma
Administrator appointed under IBC

Place: Kolkata
Date: May 18, 2022

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

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



Notes:

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

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

2. These audited financial results of the Company for the quarter and year ended March 31, 2022 have been taken on record by the Administrator on May 18, 2022 while discharging the powers of the Board of Directors of the Company which were conferred upon him by the RBI press release dated October 4, 2021 and subsequently, powers conferred upon him in accordance with Hon'ble NCLT order dated October 8, 2021. It is also incumbent upon the Resolution Professional, under Section 20 of the Code, to manage the operations of the Company as a going concern. As a part of the CIRP, the Administrator has initiated 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. As such, these financial results are subject to outcome of such audits/reviews. 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 has no personal knowledge of any such actions of the Company prior to his appointment and has relied on the position of the financial statements of the Company as they existed on October 4, 2021. Regarding information pertaining to period prior to October 4, 2021 the Administrator 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. The above financial results for the quarter and year ended March 31, 2022 were subjected to audit by the Joint Statutory Auditors (Haribhakti & Co. LLP, Chartered Accountants and J. Kala & Associates, Chartered Accountants) of the Company as required under Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('Listing Regulations').

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

Segment wise Revenue, Results, Assets and Liabilities

(Rs. in Lakhs)

| Particulars | Quarter ended | | | Year ended | |
|-----------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | Audited | Unaudited | Audited | Audited | Audited |
| 1. Segment Revenue | | | | | |
| Financial Services | 83,691 | 81,386 | 53,578 | 3,14,955 | 3,40,728 |
| Total | 83,691 | 81,386 | 53,578 | 3,14,955 | 3,40,728 |
| Less: Inter Segment Revenue | - | - | - | - | - |
| Net Income from Operations | 83,691 | 81,386 | 53,578 | 3,14,955 | 3,40,728 |
| 2. Segment Results | | | | | |
| Financial Services | 11,488 | 6,692 | (3,37,394) | (2,67,485) | (7,14,089) |
| Profit/(Loss) Before Tax | 11,488 | 6,692 | (3,37,394) | (2,67,485) | (7,14,089) |
| 3. Segment Assets | | | | | |
| Financial Services | 26,58,390 | 26,45,240 | 28,72,647 | 26,58,390 | 28,72,647 |
| Un-allocable | - | - | - | - | - |
| Total Segment Assets | 26,58,390 | 26,45,240 | 28,72,647 | 26,58,390 | 28,72,647 |
| 4. Segment Liabilities | | | | | |
| Financial Services | 32,57,611 | 32,56,720 | 31,94,338 | 32,57,611 | 31,94,338 |
| Un-allocable | - | - | - | - | - |
| Total Segment Liabilities | 32,57,611 | 32,56,720 | 31,94,338 | 32,57,611 | 31,94,338 |

4. Moratorium granted to borrowers pursuant to RBI guidelines due to Covid-19 pandemic

The outbreak of Covid-19 pandemic in 2020 followed by lockdown extended from time to time across India caused significant adverse impact due to slowdown in economic activities during the previous year, which has continued even thereafter.

In the previous year, as a measure for revival of economic activities, RBI issued guidelines relating to Covid-19 Regulatory Packages on March 27, 2020, April 17, 2020 and May 23, 2020 as well as resolution framework for Micro, Small and Medium Enterprises (MSME) sector and other eligible borrowers on August 6, 2020 and May 5, 2021. In accordance with these guidelines and on the basis of the then Board approved policy, the Company offered repayment moratorium/resolution plan to eligible borrowers to whom loans have been granted (including cases of co-lending and loans assigned) (hereinafter referred to as 'borrowers') and to eligible customers to whom assets are given on lease (hereinafter referred to as 'lessees').

Owing to the above, the collection from the borrowers and the lessees had been severely impacted and which also adversely affected the cash flows of the Company.

While economic activities are returning to normalcy, the extent to which the effect of remedial measures taken during pandemic may further unfold in foreseeable future and also the extent to which any new wave of Covid-19 may further impact the operations, financial results of the Company and asset quality, is still unascertainable at this point of time.

5. Loan loss provisioning

Based on the annual review of ECL model carried out during the year and also the overall assessment of financial stress being faced by the borrowers and the lessees and considering the overall economic and business uncertainty, the Company has made ECL provision aggregating to Rs. 241 crores and Rs. 1,750 crores for the quarter and year ended March 31, 2022 respectively.

In view of the uncertainty, as stated in Note No. 4 above, the Company has made further provision of Rs. 103 crores as management overlay in the quarter and year ended March 2022, which is over and above the provision as required by the ECL model of the Company.

Further, in terms of paragraph 2 (b) of Annex to the guidelines DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 issued by RBI on Implementation of Indian Accounting Standards for Non-Banking Finance Companies and Asset Reconstruction Companies, the Company has also considered provision amounting to Rs. Nil and Rs. 1,229 crores, for the quarter and year ended March 31, 2022 respectively, under Income Recognition, Asset Classification and Provisioning Norms. Such provision is also over and above ECL provision as stated above and has been accounted as 'Impairment Reserve'.

As per the existing officials of the Company, in respect of borrowers/lessees where the above provisions have been made, based on the recent realization efforts being made, the Company is hopeful of recovery against such borrowers/lessees and also has assets/collaterals as applicable held as securities.

As a part of the ongoing CIRP process the Administrator has appointed, two (2) independent valuers to conduct the valuation of the assets of the Company and assets/collateral held as securities as required under the provisions of the Code. Accordingly, the financial results, disclosures, categorisation and classification of assets are subject to the outcome of such valuation process.



6. Business Transfer Agreement and Scheme of Arrangement

During the year 2019-20, the Company and its holding Company, Srei Infrastructure Finance Limited (SIFL) entered into an agreement ('Business Transfer Agreement') to transfer 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 the Company pursuant to the Business Transfer Agreement, subject to all necessary approvals. Accordingly, the Company and SIFL passed the relevant accounting entries in their respective books of account to reflect the slump exchange w.e.f. October 1, 2019 while allotment of shares by SEFL was made on December 31, 2019. The superseded board of directors and erstwhile management of the Company, as existed prior to the Appointment of the Administrator, had obtained external 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.

During the year 2020-2021, the Company had filed two separate applications under Section 230 of the Companies Act, 2013 ('the Act') before the Hon'ble NCLT (CA 1106/KB/2020 and CA 1492/KB/2020 at the Hon'ble NCLT Kolkata) proposing Schemes of Arrangement (the Schemes) with all its secured and unsecured lenders (Creditors). Business Transfer Agreement, constituted an integral part of the Schemes.

The first scheme (i.e. CA 1106/KB/2020) sought for amongst other things "formal consent to be obtained from the required majority of the creditors of SEFL to the completed acquisition by way of slump exchange of the Transferred Undertaking from SIFL in terms of the BTA and consequential formal novation of the loans and securities already forming part of SEFL liabilities and outstanding to the creditor." (as set out in the Scheme filed CA 1106/KB/2020).

The second scheme (i.e. CA 1492/KB/2020) sought for amongst other things restructuring of the debt due to certain creditors of the Company including secured debenture holders, unsecured debenture holders, perpetual debt instrument holders, secured ECB lenders and unsecured ECB lenders and individual debenture holders.

Pursuant to the directions of Hon'ble NCLT vide order dated October 21, 2020, the superseded board of directors and erstwhile management had maintained status quo on the Scheme including accounting of BTA. The final order/s in connection with the Schemes was awaited from Hon'ble NCLT/NCLAT at that time.

Both the schemes of arrangement were rejected by the majority of the creditors during the meetings held pursuant to Hon' NCLT's directions (dated 21/10/2020 and 30/12/2020 respectively). Further, certain appeals were filed by rating agencies in the matter relating to the second scheme of arrangement (i.e. CA 1492/KB/2020). An application of withdrawal was filed by the Administrator in this matter which has been allowed by the Tribunal by an order dated February 11, 2022. As stated in Note 7 below, 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 as stated above. Accordingly, the status quo regarding BTA, as it existed on the date of commencement of CIRP, has been maintained.

In accordance with the obligations imposed on the Administrator under Section 18(f) of the Code, the Administrator has taken custody and control of the corporate debtor with the financial position as recorded in the balance sheet as on insolvency commencement date on an 'as-is where-is' basis. The accounts for the quarter and year ended March 31, 2022 have been taken on record in the manner and form in which it existed on the insolvency commencement date in view of the initiation of the CIRP and this fact has also been informed by the Administrator to the lenders and other stakeholders. Further, in line with the provisions of Section 14 of the Code, the Company has not alienated any of the assets appearing on the insolvency commencement date.

7. Consolidated Resolution under CIRP

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, had filed applications before the Hon'ble National Company Law Tribunal- Kolkata Bench (Hon'ble NCLT) in the insolvency resolution processed of SIFL and SEFL (IA No. 1099 of 2021 under CP.294/KB/2021 and IA No. 1100 of 2021 under CP.295/KB/2021) seeking the following prayers:

- Directing the consolidation of the corporate insolvency resolution processes of SIFL and SEFL;
- Directing formation of a consolidated committee of creditors for the consolidated corporate insolvency resolution processes of SIFL and SEFL;
- Directing and permitting the conduct of the corporate insolvency resolution processes of SIFL and SEFL in terms of the provisions of the Code in a consolidated manner including audit of transactions in relation to Section 43, Section 45, Section 50 and Section 66 of the Code, issuance of single request for submission of resolution plans by the Administrator and the submission and consideration of single resolution plan, for the consolidated resolution of SEFL and SIFL in terms of the provisions of the Code; and
- Directing and permitting the submission and approval of one consolidated resolution plan for the resolution of SEFL and SIFL in terms of the provisions of the Code.

The application in this matter was admitted and the final order received on February 14, 2022 wherein the Hon'ble NCLT approved the consolidation of the corporate insolvency of SIFL and SEFL. Further, the Company has received Expression of Interest from various prospective Resolution Applicants and the Company has finalised the list of the prospective Resolution Applicants who are in the process of submitting the resolution plan in terms of the Code.

8. Payment to lenders/others and claims under CIRP

CIRP has been initiated against the Company, as stated in Note No. 1 and accordingly, as per the Code, the Administrator has invited the financial/operational/other creditors to file their respective claims as on October 8, 2021 (i.e. date of commencement of CIRP). As per the Code, the Administrator has to receive, collate and verify all the claims submitted by the creditors of the Company. The claims as on October 8, 2021 so received by the Administrator till May 4, 2022 is in the process of being verified/updated from time to time and wherever, the claims are admitted, the effect of the same has been given in the books of accounts.

In respect of claims of creditors, which are rejected or under verification, the effect of the same in the books of accounts will be taken once the verification of the same is completed and it is admitted. Further, as aforesaid, since the creditors can file their claims during the CIRP, the figures of claims admitted in the books of accounts might undergo changes during the CIRP. Adjustments, if any arising out of the claim verification and admission process will be given effect in subsequent periods.

Further, the foreign currency debt of the Company has been converted into INR as per the Code on the date of commencement of CIRP and accordingly, the Company has not translated its foreign currency exposure as on March 31, 2022 as per the requirements of Ind AS 21 'The effects of changes in foreign exchange rates'.

9. Pursuant to the admission of the Company under the CIRP, the Company has not provided for interest amount of Rs. 1,043 crores approx. and Rs. 2,000 crores approx. for the quarter and year ended March 31, 2022 respectively, on Borrowings since insolvency commencement date i.e. October 8, 2021 in respect of the Company's obligation for interest and principal amount for all the borrowings. Under the Code, the treatment of creditors under the resolution plan is as per debts due as on insolvency commencement date and therefore no interest is accrued and payable after this date. If the interest was accrued on borrowings, as aforesaid, the profit/loss before tax for the quarter and year ended March 31, 2022 would have resulted in a loss before tax of Rs. 928 crores and Rs. 4,675 crores for the quarter and year ended March 31, 2022 respectively.

10. Unhedged Foreign Currency Exposure

As per the requirements of RBI notification RBI/FED/2018-19/67 FED Master Direction No.5/2018-19 dated March 26, 2019 entities raising External Commercial Borrowings ('ECB') are required to mandatorily hedge 70 per cent of their ECB exposure in case the average maturity of ECB is less than 5 years, which the Company complied on an ongoing basis till the nine months ended December 31, 2020. Thereafter, the Company was not able to meet the requirements of the aforesaid RBI notification due to procedural issues. The Company was not able to make payment of the hedging premium/cost to the concerned banks for keeping the ECB exposures hedged, as aforesaid. Therefore, the concerned banks unwind the currency risk hedges, which resulted in ECB exposures amounting to Rs. 273 crores as per contractual terms being not hedged, in terms of the aforesaid RBI notification, as on March 31, 2022. The Company has reported the above fact to RBI and reply from the same is awaited.



11. Going Concern

The Company had reported losses during the year ended March 31, 2022 and earlier year/periods as well. Hence, the net worth of the Company has fully eroded. There is persistent severe strain on the working capital and operations of the Company and it is undergoing significant financial stress. As stated in Note No. 1, CIRP was initiated in respect of the Company w.e.f. October 8, 2021. The Company has assessed that the use of the going concern assumption is appropriate in the circumstances and hence, these financial results has been prepared on a going concern assumption basis as per below:

- The Code requires the Administrator to, among other things, run the Company as a going concern during CIRP.
- The Administrator, in consultation with the Committee of Creditors ('CoC') of the Company, in accordance with the provisions of the IBC, is making all endeavours to run the Company as a going concern. Considering the future business outlook and with time bound recovery of its due from borrowers/lessees and monetization of assets/securities, the Company is very hopeful of significant improvement in its cash flows in due course of time.
- Reduction in overhead expenditure.
- The Company also formed dedicated focused collection team to increase the collection and is also exploring all possibilities to start new business with the launch of various schemes.

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

12. Probable Connected / Related Companies

The Reserve Bank of India (RBI) in its inspection report and risk assessment report (the directions) for the year ended March 31, 2020 had identified 'certain borrowers' as probable connected/related companies. In the directions, the Company has been advised to re-assess and re-evaluate the relationship with the said borrowers to assess whether they are related parties to the Company or to Srei Infrastructure Finance Limited ('SIFL' or 'Holding Company') and also whether these are on arm's length basis.

It has been brought to the Administrator's notice that the erstwhile management of the Company had taken legal view to determine whether such borrowers are related parties to the Company or SIFL. Based on the legal view, the erstwhile management was advised and had therefore come to the conclusion that the Company or its Holding Company have no direct or indirect control or significant influence (as per Companies Act, 2013, Ind AS) over such borrowers and are not under common control and accordingly, are not a related party of the Company or its Holding Company. The erstwhile management had also obtained an assessment report on the review & verification of the transactions with the aforesaid probable connected/related companies from an independent Chartered Accountant firm, which states that the transactions of the Company/SIFL with probable connected parties were done at arm's length principles and are in the ordinary course of business and that such parties are not related parties of the Company/SIFL under the Companies Act, 2013 or Ind AS 24.

Further, in view of the RBI directions, in line with arm's length principles, the erstwhile management was in the process of re-assessing & re-negotiating terms and conditions with the aforesaid borrowers and all other borrowers, who have been granted loans with moratorium period and at interest rate which is linked with the cash flows of the project while ensuring that the overall yield is maintained. However, the same was not concluded and meanwhile the Company has gone into CIRP.

The total exposure (net of impairment) towards such borrowers is Rs. 7,088 crores and Rs. 8,576 crores as on March 31, 2022 and as on March 31, 2021 respectively.

However, the Administrator is not in a position to comment on the views adopted by the erstwhile management of the Company in relation to the findings of the directions since these pertain to the period prior to the Administrator's appointment. As a part of the CIRP, the Administrator has initiated transaction audits/reviews relating to the process 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. As such, these financials results are subject to outcome of such audits/reviews.

13. Disclosures as required by RBI circular dated August 6, 2020 'Resolution Framework for Covid-19 - related Stress' are as below for the period ended March 31, 2022

(Rs. in crores)

| Type of borrower | Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A) | Of (A), aggregate debt that slipped into NPA during the half-year | Of (A), amount written off during the half-year | Of (A), amount paid by the borrowers during the half-year | Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the half-year |
|--------------------|--|---|---|---|---|
| Personal Loans | - | - | - | - | - |
| Corporate persons* | 79 | - | - | 4 | 81 |
| Of which, MSMEs | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total | 79 | - | - | 4 | 81 |

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

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

(Rs. in crores)

| No. of accounts restructured | Amount outstanding as at March 31, 2022 |
|------------------------------|---|
| 130 | 13 |

15. Based on the directions of RBI, during the year ended March 31, 2022 the Company has made provision amounting to Rs. 98 crores and Rs. 50 crores in respect of direct tax cases and indirect tax cases respectively where the Company was under various stages of appeal with the relevant tax authorities. These amounts which have been provided for were appearing under 'Contingent Liabilities' earlier. Since, the provision, as aforesaid, has been done on the directions of RBI, the Company has not assessed whether the outflow of resource embodying economic benefits is probable or not as per the requirements of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'.

16. As at March 31, 2021 the Company was having funds amounting to Rs. 5.23 crores in relation to the Corporate Social Responsibility ('CSR') which were unspent. These unspent amounts as per the requirements of Section 135 of the Companies Act, 2013 ('Act') were to be transferred to funds specified under Schedule VII to the Act within a period of 6 months. However, the domestic lenders of the Company had stipulated Trust and Retention Account (TRA) mechanism effective November 24, 2020, pursuant to which all the payments being made by the Company were being approved/released based on the TRA mechanism. The Company was not able to transfer the aforesaid unspent CSR amount as per the requirements of Section 135 of the Act. The Company has written letter to the Ministry of Corporate Affairs ('MCA') seeking exemptions from the obligations of the Company under portions of Section 135(5) and Section 135(7) of the Act. The reply from MCA in this regard is awaited.



17. Pursuant to the RBI circular dated November 12, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has taken necessary steps to comply with norms/changes as they become applicable. Thereafter, vide circular dated February 15, 2022, RBI deferred the applicability of para 10 of the circular dated November 12, 2021, till September 30, 2022 pertaining to implementing the provisions for upgradation of NPA assets as 'standard' asset only if entire arrears of interest and principal are paid by the borrower and accordingly advances amounting to Rs. 67 crores has been upgraded during the quarter ended March 31, 2022 which was downgraded during quarter ended December 31, 2021 as aforesaid.
18. As per Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the secured redeemable non-convertible debentures as on March 31, 2022 are secured by first pari-passu charge by mortgage of immovable property at West Bengal and Tamil Nadu and exclusive and/or specific charge on the specific & identified receivables of the Company. Assets cover available as on March 31, 2022, net of provisions as per Ind AS norms excluding provisions made under IRACP is 77.75% of the principal amount of its secured redeemable non-convertible debentures. The Company has not been able to maintain the asset cover as stated in the Information Memorandum/Debt Trust Deeds etc. As stated in Note No. 5 above, as part of the ongoing CIRP process the Administrator has appointed, two (2) independent valuers to conduct the valuation of the assets of the Company as required under the provisions of the Code. Accordingly, the percentage of asset cover given above is subject to the outcome of such valuation process.
19. As stated in Note No. 6, the Company had acquired borrowings (including secured borrowings and NCDs) from SIFL and charges created with ROC in relation to such borrowings were to be transferred in the name of the Company.
In relation to the above, cases where the novation agreements are signed by the lenders / trustees pursuant to Slump Exchange Transaction between SIFL to SEFL, necessary e-forms w.r.t. charges have been filed by SEFL with the Registrar of Companies, Kolkata (ROC) except for one ISIN whereby principal outstanding is Rs. 0.70 crores only. However, charges filed by SEFL w.r.t. such listed NCDs are yet to be approved by the ROC and thus the charges are appearing in the name of SIFL.
For cases of secured borrowings, other than the secured listed NCDs, as stated above, the relevant novation agreements are yet to be signed by all the banks / financial institutions. Hence, the charges which were originally created in the name of SIFL for such secured borrowings are still continuing so in the records of ROC.
Further, with respect to certain borrowings where, though borrowed facilities have been repaid in full, charge satisfactions are still pending. These pendencies are mainly on account of non-receipt of NOC from lenders etc. / completion of satisfaction formalities.
20. As per section 125 of the Companies Act, 2013 a Company is required to transfer certain amount lying unpaid, for 7 years, to Investor Education Protection Fund ("IEPF"). Prior to the date of commencement of CIRP i.e. October 8, 2021 (CIRP commencement date) an amount of Rs. 18,574/- and post commencement of CIRP an amount of Rs. 31,633/- was transferable by SEFL to IEPF in terms of section 125 of the Companies Act, 2013 pertaining to the interest on application money due for refund of 2014-15 of SEFL.
The Company was unable to comply with the provision of Section 125 of the Companies Act, 2013 as its compliance will accord to breach of the moratorium in terms of section 14 of the IBC. To the extent that the provision of the Companies Act is inconsistent with section 14 of the IBC, the provisions of the IBC will prevail, in light of section 238 of the IBC. However, the Company has written to IEPF authorities and requested guidance in this regard / submission of their claim and await their response.
21. During the quarter ended March 31, 2022, the Company has invoked 49% equity shares of Sanjivik Terminals Private Limited ('STPL'), which were pledged with the Company as security against the loan availed by one of the borrowers of the Company. As at March 31, 2022, these shares appear in the demat statement of SIFL, whereas the borrower was transferred to the Company pursuant to BTA, as stated in Note No. 6 above. The Company is in the process of getting these shares transferred in its name. Till such name transfer, SIFL is holding these shares in trust for the Company for disposal in due course.
The Company has no intention to exercise any control/significant influence over STPL in terms of Ind AS 110/Ind AS 28.
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.
22. Details of loan transferred / acquired during the year ended March 31, 2022 pursuant to RBI Master Direction RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 on Transfer of Loan Exposures are given below:
- (a) The Company has not transferred or acquired any loans not in default during the year ended March 31, 2022
(b) The Company has not transferred or acquired any stressed loan during the year ended March 31, 2022
(c) Details on recovery ratings assigned for Security Receipts as on March 31, 2022

| Recovery Ratings | Anticipated recovery as per recovery rating | Amount (Rs. in crores) |
|------------------|---|------------------------|
| RR1 | 100%-150% | 194.56 |
| RR2 | 75%- 100% | 355.83 |
| RR5* | 0%- 25% | - |

* The last available recovery rating is as at August 28, 2020.

23. Based on the information available in the public domain, few 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-promoters, Hon'ble High Court of Delhi has restrained the said lender from taking any further steps or action prejudicial to the petitioner on the basis of the order declaring the petitioner's bank account as fraud. The next hearing in the matter has been listed August 23, 2022.
24. Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, has been given in Annexure 1.
25. The figures for the quarter ended December 31, 2021 are balancing figures between reviewed amounts in respect of the nine months ended December 31, 2021 and the reviewed amounts of half year i.e. six months ended September 30, 2021 of the current financial year.
26. The figures for the quarter ended March in each of the financial years are the balancing figures between figures in respect of the year and the year to date figures upto the end of the first nine months of the respective financial year.
27. Previous period/year figures have been regrouped/rearranged, wherever considered necessary, to conform to the classification of the current period/year.

Place: Kolkata
Date: May 18, 2022

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



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

Mr. Rajneesh Sharma
Administrator appointed under IBC



Annexure 1

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

| | Particulars | Quarter ended | | | Year ended | |
|-------------------------------|---|----------------|-------------------|----------------|----------------|----------------|
| | | March 31, 2022 | December 31, 2021 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| | | Audited | Unaudited | Audited | Audited | Audited |
| 1 | Debt equity ratio (No. of times) (Note 1) | (2.73) | (2.69) | (4.06) | (2.73) | (4.06) |
| 2 | Debt service coverage ratio (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 3 | Interest service coverage ratio (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 4 | Outstanding redeemable preference shares (Nos. in Lakhs) | - | - | - | - | - |
| 5 | Outstanding redeemable preference shares (Values) | - | - | - | - | - |
| 6 | Capital redemption reserve | - | - | - | - | - |
| 7 | Debenure redemption reserve (₹ in Lakhs) | 39,824 | 39,824 | 39,824 | 39,824 | 39,824 |
| 8 | Networth (₹ in Lakhs) (Note 2) | (11,73,342) | (11,84,938) | (7,72,829) | (11,73,342) | (7,72,829) |
| 9 | Net Profit/(Loss) after tax (₹ in Lakhs) | 11,488 | 6,692 | (3,37,370) | (2,77,292) | (7,13,611) |
| 10 | Earnings per share (in ₹) | 14.54* | 8.47* | (426.94)* | (350.93) | (903.08) |
| 11 | Current ratio (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 12 | Long term debt to working capital (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 13 | Bad debts to account receivable ratio (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 14 | Current liability ratio (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 15 | Total debts to total assets (%) (Note 3) | 120.30% | 120.72% | 109.21% | 120.30% | 109.21% |
| 16 | Debtor turnover ratio (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 17 | Inventory turnover (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 18 | Operating margin (%) (Note 8) | N.A. | N.A. | N.A. | N.A. | N.A. |
| 19 | Net profit/(loss) margin(%) (Note 4) | 13.73% | 8.22% | -629.68% | -88.04% | -209.44% |
| Sector Specific Ratios | | | | | | |
| 20 | Gross Non Performing Assets % ("GNPA") (Note 5) | 71.52% | 78.87% | 60.94% | 71.52% | 60.94% |
| 21 | Net Non Performing Assets % ("NNPA")(Excl. impairment Reserve) (Note 6) | 61.88% | 71.83% | 51.65% | 61.88% | 51.65% |
| 22 | Net Non Performing Assets % ("NNPA")(Incl. impairment Reserve) (Note 6) | 52.97% | 64.01% | 43.52% | 52.97% | 43.52% |
| 23 | Provision Coverage Ratio % ("PCR")(Excl. impairment Reserve)(Note 7) | 35.37% | 31.68% | 31.52% | 35.37% | 31.52% |
| 24 | Provision Coverage Ratio % ("PCR")(Incl. impairment Reserve) (Note 7) | 55.16% | 52.35% | 50.60% | 55.16% | 50.60% |

* Not Annualised

Note:

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

Formulae for Computation of Ratios are as follows :

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

Place: Kolkata

Date: May 18, 2022

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

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

Email ID for Correspondence - sreiaministrator@srei.com



For SREI Equipment Finance Limited

(a Company under Corporate Insolvency Resolution Process by an

order dated October-8, 2021 passed by Hon'ble NCLT, Kolkata)

Mr. Rajneesh Sharma

Administrator appointed under IBC



SREI EQUIPMENT FINANCE LIMITED
 Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com
 CIN: U70101WB2006PLC109898
 Balance Sheet as at March 31, 2022

(₹ in Lakhs)

| Particulars | As at March 31, 2022 Audited | As at March 31, 2021 Audited |
|---|---------------------------------|---------------------------------|
| ASSETS | | |
| (1) Financial Assets | | |
| (a) Cash and Cash Equivalents | 1,27,881 | 41,642 |
| (b) Bank Balance other than (a) above | 18,261 | 98,657 |
| (c) Derivative Financial Instruments | - | 936 |
| (d) Receivables | | |
| (I) Trade Receivables | 3,168 | 2,712 |
| (e) Loans | 20,47,125 | 21,85,791 |
| (f) Investments | 1,23,604 | 1,02,018 |
| (g) Other Financial Assets | 90,531 | 1,10,941 |
| (2) Non-Financial Assets | | |
| (a) Current Tax Assets (Net) | 24,501 | 24,068 |
| (b) Property, Plant and Equipment | 1,83,412 | 2,55,620 |
| (c) Right-of-use Assets | 712 | 1,069 |
| (d) Other Intangible Assets | 838 | 1,173 |
| (e) Other Non-Financial Assets | 38,357 | 48,020 |
| Total Assets | 26,58,390 | 28,72,647 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| (1) Financial Liabilities | | |
| (a) Derivative Financial Instruments | - | 1,151 |
| (b) Payables | | |
| (I) Trade Payables | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 175 | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 6,243 | 8,875 |
| (c) Debt Securities | 2,59,552 | 2,44,148 |
| (d) Borrowings (Other than Debt Securities) | 26,76,863 | 26,47,553 |
| (e) Subordinated Liabilities | 2,61,581 | 2,45,531 |
| (f) Lease Liabilities | 828 | 1,142 |
| (g) Other Financial Liabilities | 18,672 | 23,019 |
| (2) Non-Financial Liabilities | | |
| (a) Current Tax Liabilities (Net) | 13,652 | 13,337 |
| (b) Provisions | 15,777 | 1,442 |
| (c) Other Non-Financial Liabilities | 4,268 | 8,140 |
| (3) EQUITY | | |
| (a) Equity Share Capital | 7,902 | 7,902 |
| (b) Other Equity | (6,07,123) | (3,29,593) |
| Total Liabilities and Equity | 26,58,390 | 28,72,647 |



For SREI Equipment Finance Limited

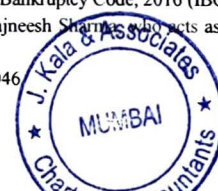
(a Company under Corporate Insolvency Resolution Process by an order dated October 8, 2021 passed by Hon'ble NCLT, Kolkata)

Mr. Rajneesh Sharma
Administrator appointed under IBC

Place: Kolkata
Date: May 18, 2022

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

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



SREI EQUIPMENT FINANCE LIMITED
 Regd. Office: 'Vishwakarma', 86C, Topsia Road (South), Kolkata- 700 046, Website: www.srei.com
 CIN: U70101WB2006PLC109898
 Statement of Cash Flows for the year ended March 31, 2022

(₹ in Lakhs)

| Particulars | Year ended | |
|---|---------------------------|---------------------------|
| | March 31, 2022 Audited | March 31, 2021 Audited |
| A. Cash Flows from Operating Activities | | |
| Profit/(Loss) Before Tax | (2,67,485) | (7,14,089) |
| Adjustments for: | | |
| Depreciation, Amortisation and Impairment | 56,331 | 72,636 |
| Impairment on Financial Instruments (Net) | 2,21,149 | 5,49,876 |
| Impairment (gain) / loss on capital advance | (29) | 500 |
| Net loss on derecognition of Financial Instruments | 12,328 | 3,635 |
| Loss / write-off on Repossessed Assets and Assets acquired in satisfaction of debt | 4,320 | 12,451 |
| Net loss on derecognition of Property, Plant and Equipment | 7,413 | 5,657 |
| Liabilities no longer required written back | (3,087) | (271) |
| Finance costs | 2,16,754 | 3,32,646 |
| Interest on Loans | (2,53,273) | (2,82,968) |
| Interest on Fixed Deposits with Banks | (1,421) | (4,955) |
| Net unrealised (gain) / loss on foreign currency transaction and translation | (3,555) | (4,860) |
| Net unrealised fair value loss | 28,446 | 66,005 |
| Operating profit/(loss) before working capital changes | 17,891 | 36,263 |
| Changes in working capital: | | |
| Adjustments for: | | |
| (Increase)/Decrease in Trade Receivables and Others Assets | 16,454 | (17,194) |
| (Increase)/Decrease in Loans Assets | 59,352 | 3,14,334 |
| Increase/(Decrease) in Trade Payables and Others Liabilities | (4,609) | (1,17,091) |
| (Increase)/Decrease in Other Bank Balances | 79,839 | 30,976 |
| Cash generated / (used) in operations | 1,68,927 | 2,47,288 |
| Finance costs paid | (96,766) | (2,42,298) |
| Interest on Loans received | 54,013 | 65,477 |
| Interest on Fixed Deposits with Banks received | 1,978 | 8,052 |
| Advance taxes (paid)/refund (including Tax deducted at Source) | (118) | (559) |
| Net Cash generated / (used) in Operating Activities | 1,28,034 | 77,960 |
| B. Cash Flows from Investing Activities | | |
| Purchase of Property, Plant and Equipment | (25) | (1,100) |
| Sale/(Purchase) of Investments (Net) | - | 8,112 |
| Proceeds from Sale of Property, Plant and Equipment | 9,309 | 9,614 |
| Net Cash generated / (used) in Investing Activities | 9,284 | 16,626 |
| C. Cash Flows from Financing Activities | | |
| Repayment on redemption of Debt securities (including subordinated debt securities) | - | (42,775) |
| Increase/(Decrease) in Working Capital facilities (Net) | (15,500) | 1,28,730 |
| Proceeds from Other Borrowings | - | 79,750 |
| Repayments of Other Borrowings | (35,579) | (2,56,042) |
| Net Cash generated / (used) in Financing Activities | (51,079) | (90,337) |
| Net Increase in Cash and Cash Equivalents (A+B+C) | 86,239 | 4,249 |
| Cash and Cash Equivalents at the beginning of the year | 41,642 | 37,393 |
| Cash and Cash Equivalents at the end of the year | 1,27,881 | 41,642 |

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

(₹ in Lakhs)

| Particulars | As at | |
|--|-----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Cash on hand | 21 | 30 |
| Balances with Banks - in Current Account | 67,541 | 41,576 |
| Balances with Banks - in Fixed Deposit Accounts (less than 3 months) | 60,319 | 36 |
| | 1,27,881 | 41,642 |



For SREI Equipment Finance Limited

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

[Signature]

Mr. Rajneesh Sharma
 Administrator appointed under IBC

Place: Kolkata
Date: May 18, 2022

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

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 Email ID for Correspondence - sreiaadministrator@srei.com





**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with
Annual Audited Financial Results**

**Statement on Impact of Audit Qualifications for the Financial Year ended 31st March, 2022
[Sec Regulation 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

| I. | Sl.No. | Particulars | Audited Figure (as reported before adjusting for qualifications) ₹ in Lakhs | Audited Figure (as reported after adjusting for qualifications) ₹ in Lakhs * |
|----|--------|--|--|---|
| | 1 | Total Income | 3,14,165 | 3,14,165 |
| | 2 | Total Expenses (including tax expense) | 5,91,457 | 7,91,427 |
| | 3 | Net Profit/(Loss) | (2,77,292) | (4,77,262) |
| | 4 | Earnings Per Share | | |
| | | - Basic | (350.93) | (604.00) |
| | | -Diluted | (350.93) | (604.00) |
| | 5 | Total Assets | 26,58,390 | 26,58,390 |
| | 6 | Total Liabilities | 32,57,611 | 34,57,581 |
| | 7 | Net Worth | (11,73,342) | (13,73,312) |
| | 8 | Any Other financial item (s) (as felt appropriate by the management) | None | None |

* Refer comment given by Management in item No.II (d) herein below

II. Audit Qualification (each audit qualification separately):

- Details of Audit Qualification : Refer Annexure - A
- Type of Audit Qualification: Disclaimer of Opinion
- Frequency of qualification: First time
- For audit Qualification (s) where the impact is quantified by the auditor, Management's views:
The impact of the quantification has been given in (I) above. The said Audit qualification is reproduced in Sl no (e) of Annexure-A. Refer comment given by management in Sl no. (e) under 'Management's view' of Annexure-A in this regards.
- For Audit Qualification (s) where the impact is not quantified by the auditor :
 - Management's estimation on the impact of audit qualification : In view of management's views given in Annexure A, Sl. No. (a) to (q) except (e), the financial impact is not ascertainable.
 - If management is unable to estimate the impact, reasons for the same: Please refer management's views in Annexure A Sl. No. (a) to (q) except (e)
 - Auditors' Comments on (i) or (ii) above : Our views remains unchanged considering the matter referred to in paragraph 5(a) to 5(q) and the matter referred to in the "Material Uncertainty related to Going Concern" section of our Independent Auditors Report dated May 18, 2022 on the Financial Results of the Company for the year ended March 31, 2022.

Signatories:

| | |
|--|--|
| Mr. Rajneesh Sharma: Administrator | |
| Mr. Devendra Kumar Vyas: Chief Business Officer | |

Srei Equipment Finance Limited

CIN: U70101WB2006PLC109898

Head Office : Plot No. Y-10, Block EP, Sector-V, Salt Lake City, Kolkata-700091
Tel: +91 33 6639 4700 / 6602 2000 Fax: +91 33 6602 2200 / 2600 / 18002667734 (Toll Free)
Email: corporate@srei.com Website: www.srei.com
Registered Office : 'Vishwakarma' 86C, Topsia Road (South), Kolkata-700046



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

| Details of Audit Qualification (s) | Management's Views * |
|---|--|
| <p>Basis for Disclaimer of Opinion</p> <p>(a) Note No. 2 to the Statement which explains that the Administrator has initiated 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. Hence, the Statement is subject to outcome of such audits/reviews. Pending the outcome of the transaction audit, we are unable to comment on the impact, if any, of the same on the Statement. Further Note No. 2 also 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.</p> | <p>(a) Management's View</p> <p>The CIRP of the Company has been initiated on 8th October, 2021. As a part of the CIRP, the Administrator has initiated 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. As such, the financial results are subject to outcome of such audits/reviews.</p> |
| <p>(b) Note No. 5 to the Statement which explains that the latest valuations from independent valuers as part of CIRP process in respect of assets/collaterals held as securities and considered for loan loss provision is in progress. Further, the Note also explains that, the Statement, disclosures, categorisation and classification of assets are subject to the outcome of such valuation process. Hence, pending completion of the process, we are unable to comment on the impact, if any, of the same on the Statement.</p> | <p>(b) Management's View</p> <p>Most of the valuations of Assets/Collaterals held as securities, wherever applicable, have been done by Independent valuers during pre CIRP period. However, valuation of the Company (including Assets) has been initiated under the provisions of the Code by two (2) independent IBBI registered valuers and the same is currently underway. Thus the financials of the Company are subject to outcome of such valuation.</p> |
| <p>(c) Note No. 6 to the Statement which explains that during the financial year 2019-20, the Company accounted for the slump exchange transaction and consequently recognized the relevant assets and liabilities in its books of account pursuant to the Business Transfer Agreement ('BTA') with SIFL, with effect from October 1, 2019, 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.</p> <p>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 Statement.</p> | <p>(c) Management's View</p> <p>The Company in the past gave effect to the BTA based on expert legal and accounting opinions in relation to the accounting of BTA which confirmed that the accounting treatment is in accordance with the relevant Ind AS and the underlying guidance and framework.</p> <p>The accounts for the quarter and year ended March 31, 2022 have been taken on record in the manner and form in which it existed on the insolvency commencement date in view of the initiation of the CIRP in accordance with the obligations imposed on the Administrator under Section 18(f) of the Code and this fact has been also been informed by the Administrator to the lenders and other stakeholders</p> <p>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 the Schemes.</p> |
| <p>(d) Note No. 8 to the Statement which explains that the Administrator has invited the financial/operational/other creditors to file their respective claims and that the admission of such claims is in process. Further, the note explains that the effect in respect of the claims, as on October 8, 2021, admitted by the Administrator till May 4, 2022 has been given in the books of account. Further, the note also explains that the creditors can file their claim during CIRP and the figures of claims admitted and accounted in the books of accounts might undergo changes during CIRP. Hence, adjustments, if any, arising out of the claim verification and submission process, will be given effect in subsequent periods. We are unable to comment on the impact of the same, if any, on the Statement.</p> <p>Further, Note No. 8 to the Statement 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, 2022, as per requirements of Ind AS 21. We are unable to comment on the impact of the same, if any, on the Statement.</p> | <p>(d) Management's View</p> <p>As per provisions of the Code, creditors are required to submit their claims against the Company which may undergo revision based on additional documents/clarification/information which may be furnished by such creditors. Accordingly, adjustments if any arising out of the claim verification and admission process will be given effect in subsequent periods.</p> <p>Since in terms of the provisions of the Code, the foreign currency debt of the Company is required to be admitted as claim in INR, we have recognised the same in our books accordingly.</p> |
| <p>(e) Note No. 9 to the Statement which states that the Company has not provided for Rs. 1,043 crore approx. and Rs. 2,000 crore approx. for the quarter and year ended March 31, 2022 respectively, 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, profit before tax for the quarter and loss before tax for the year ended March 31, 2022 would have resulted in a loss before tax of Rs. 928 crore and Rs. 4,675 crore for the quarter and year ended March 31, 2022 respectively.</p> | <p>(e) Management's View</p> <p>Pursuant to the admission of the company under the CIRP and the consequent moratorium u/s 14 of the Code, the claims of the creditors of the Company have been admitted/in the process of being admitted, which shall be settled in terms of the Resolution Plan to be approved by the Hon'ble NCLT.</p> |
| <p>(f) Note No. 10 to the Statement which explains the reasons owing to which the Company has not been able to comply with guidelines of RBI in relation to mandatory hedging of exposure in External Commercial Borrowings amounting to Rs. 273 crore, as per contractual terms, as at March 31, 2022. 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 Statement.</p> | <p>(f) Management's View</p> <p>The domestic lenders of the Company had stipulated Trust and Retention Account (TRA) mechanism effective November 24, 2020, pursuant to which all the payments being made by the Company were being approved/released based on the TRA mechanism and as such the Company was not able to make payment of the hedging premium/cost to the concerned banks for keeping the ECB exposures hedged and hence was not able to meet the requirements of the RBI notification. The Company has reported the said fact to RBI and reply from the same is awaited.</p> |

| | |
|---|---|
| <p>(g) Note No. 12 to the Statement which explains that the erstwhile management, as per the specific directions from 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 has initiated a 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, which is in process. We are unable to comment on the impact of the same, if any, on the Statement.</p> | <p>(g) Management's View The Reserve Bank of India (RBI) in its inspection report and risk assessment report (the directions) for the year ended March 31, 2020 had identified 'certain borrowers' as probable connected/ related companies. In the directions, the Company has been advised to reassess and re-evaluate the relationship with the said borrowers to assess whether they are related parties to the Company or to Srei Infrastructure Finance Limited ('SIFL' or 'Holding Company') and also whether these are on arm's length basis. In view of the directions, the previous management had taken legal view to determine whether such borrowers are related parties to the Company or SIFL. Based on the legal view, the previous management was advised and had therefore come to conclusion that the Company or its Holding Company have no direct or indirect control or significant influence (as per Companies Act, 2013, Ind AS) over such borrowers and are not under common control and accordingly, are not a related party of the Company or its Holding Company. The previous management had obtained an assessment report on the review & verification of the transactions with the aforesaid probable connected/related companies from an independent Chartered Accountant firm, which stated that the transactions of the Company/SIFL with probable connected parties were done at arm's length principles and are in the ordinary course of business and that such parties are not related parties of the Company/SIFL under the Companies Act, 2013 or Ind AS 24.</p> <p>In accordance with above, erstwhile management 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.</p> <p>As such, Administrator is not in a position to comment about the actions taken by the Company pursuant to RBI's inspection report as mentioned above since the same pertain to period prior to his appointment. As a part of the CIRP, the Administrator has initiated an audit/reviews relating to the process 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.</p> |
| <p>(h) Note No. 15 to the Statement which explains that, during the quarter ended September 30, 2021, based on the directions of RBI the Company has made provisions amounting to Rs. 98 crores and Rs. 50 crores in respect of direct tax cases and indirect tax cases respectively where the Company was under various stages of appeal with the relevant tax authorities. However, the Company has not assessed whether the outflow of resource embodying economic benefits is probable or not as per the requirements of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. Hence, in absence of such assessment, we are unable to comment on any non-compliance with Ind AS and the corresponding impact of the same, if any, on the Statement</p> | <p>(h) Management's View The Company has made provisions in respect of direct tax cases and indirect tax cases where the Company was under various stages of appeal with the relevant tax authorities, based on directions from RBI. Hence, we are not in a position to do assessment as per the requirements of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'.</p> |
| <p>(i) Note No. 16 to the Statement which explains the reasons owing to which the Company was not able to comply with the requirements of Section 135 of the Act in relation to depositing unspent amount of CSR. As stated, in the said note, 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 Act. 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 Statement.</p> | <p>(i) Management's View The domestic lenders of the Company had stipulated Trust and Retention Account (TRA) mechanism effective November 24, 2020, pursuant to which all the payments being made by the Company were being approved/released based on the TRA mechanism. The Company was not able to transfer the aforesaid unspent CSR amount as per the requirements of Section 135 of the Act. The Company has written letter to the Ministry of Corporate Affairs ('MCA') seeking exemptions from the obligations of the Company under portions of Section 135(5) and Section 135(7) of the Act. The reply from MCA in this regards is awaited.</p> |
| <p>(j) Note No. 18 to the Statement which states that the Company has not been able to maintain the asset cover as stated in the information memorandum/debenture trust deeds etc. which is sufficient to discharge the principal amount at all times for the secured non-convertible debentures issued by the Company. Further, as stated in the said Note and paragraph (b) above, latest valuations from independent valuers in respect of assets of the Company is in progress, accordingly, the percentage of asset cover given in Note No. 18 to the Statement is subject to the outcome of such valuation process. Hence, we are unable to comment on Note No. 18 as given by the Company in the Statement.</p> | <p>(j) Management's View Valuation of the Company has been initiated under the provisions of the Code by two (2) independent IBBI registered valuers and the same is currently underway. Accordingly, the percentage of asset cover is subject to the outcome of such process</p> |
| <p>(k) Note No. 19 to the Statement 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. 6 to the Statement, 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 Statement.</p> | <p>(k) Management's view: In certain cases of borrowings wherein the novation agreements are signed by the lenders / trustees, the Company has filed the e-forms, except for one ISIN, with ROC, Kolkata, which are yet to be approved. In some other cases, the novation agreements are yet to be signed by the lenders. Hence, the charges which were originally created in the name of SIFL for such secured borrowings are still continuing so in the records of ROC. Further, with respect to certain borrowings where, though borrowed facilities have been repaid in full, charge satisfactions are still pending. These pendencies are mainly on account of non-receipt of NOC from lenders etc. / completion of satisfaction formalities.</p> |
| <p>(l) Note No. 20 to the Statement 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 Statement.</p> | <p>(l) Management's View : The Company was unable to comply with the provision of Section 125 of the Companies Act, 2013 as its compliance will accord to breach of the moratorium in terms of section 14 of the IBC. To the extent that the provision of the Companies Act is inconsistent with section 14 of the IBC, the provisions of the IBC will prevail, in light of section 238 of the IBC. However, the Company has written to IEPF authorities and requested guidance in this regard / submission of their claim and await their response.</p> |
| <p>(m) We had carried out independent balance confirmation process with respect to various parties/lenders, responses for which are pending to be received as on the date of signing this report. Also the project progress report, for the year ended March 31, 2022, 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 Statement, if any.</p> | <p>(m) Management's View: Since the confirmation is an independent process carried out by the Statutory Auditors, we have no comments to make on the same. The review of the large exposures as part of the ACR including the project progress of the borrower for the year ended March 31, 2022 would be undertaken.</p> |

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| (n) We have been informed that certain information including the minutes of meetings of the Committee of Creditors are confidential in nature and cannot be shared with anyone other than the Committee of Creditors and Hon'ble NCLT. Accordingly, we are unable to comment on the possible financial effects on the Statement, including on presentation and disclosures, if any, that may have arisen if we had been provided access to those information. | (n) <u>Management's View</u> - The proceedings of the CoC are in relation to the CIRP of the Company and include confidential information in relation to the CIRP of SEFI. |
| (o) In view of the possible effects of the matters described in paragraph 5(a) to 5(n) 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. | (o) <u>Management's View</u> Refer to views given in Point (a) to (n) above. |
| (p) In view of the possible effects of the matters described in paragraph 5(a) to 5(n) above, we are also unable to comment on the Company's compliance on various regulatory ratios/limits and consequential implications including disclosures, if any. | (p) <u>Management's View</u> Refer to our response against (o). |
| (q) In view of the possible effects of the matters described in paragraph 5(a) to 5(p) above, we are also unable to comment on the ratios disclosed by the Company in Annexure 1 to Note No. 24 to the Statement. | (q) <u>Management's View</u> Refer to our response against (o). |
| Material Uncertainty Related to Going Concern Note No. 11 to the Statement which states that the Company has been admitted to CIRP and that the Company has reported net loss during the year ended March 31, 2022 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 have impacted the Company's ability to continue its operations in normal course in future. These events or conditions, along with other matters as set forth in the aforesaid Note, indicate that there is a material uncertainty which casts significant doubt about the Company's ability to continue as a 'going concern' in foreseeable future. However, for the reasons stated in the said note, the Company has considered it appropriate to prepare the Statement on a going concern basis. | Management views are stated in Note No. 11 to the Financial Results for the year ended March 31, 2022. |

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| <u>SIGNATORIES:</u> | |
| Mr. Rajneesh Sharma : | |
| Administrator | |
| Mr. Devendra Kumar Vyas : | |
| Chief Business Officer | |
| Mr. Yogesh Kajaria : | |
| Chief Financial Officer | |
| Mr. Sumit Surana : | |
| Company Secretary | |
| Statutory Auditors: | |
| For Haribhakti & Co. LLP Chartered Accountants ICAI Firm Registration No. 103523W-V-100148 | |
| Manoj Daga Partner Membership no. 048523 Place : Mumbai | |
| For J Kala & Associates Chartered Accountants ICAI Firm Registration No. 118769W | |
| Jayesh Kala Partner Membership no. 101686 Place : Kolkata | |
| Date: May 18, 2022 | |

