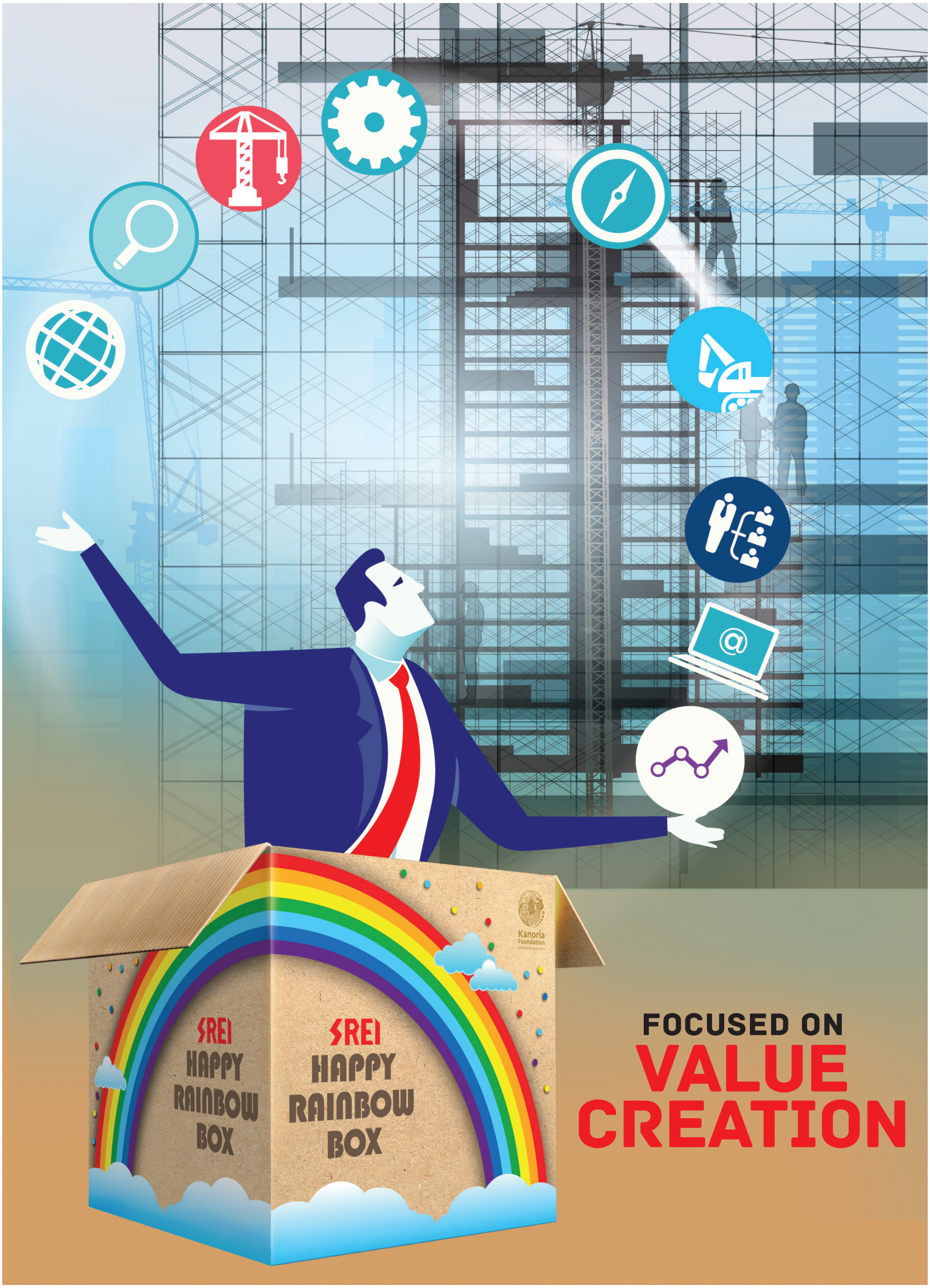
Srei Equipment Finance Limited

Annual Report 2017-18

SREI

Together We Make Tomorrow Happen



Debenture Trustees

In respect of NCD issued under Private Placement basis:

Catalyst Trusteeship Limited:
(Erstwhile GDA Trusteeship Limited)
8th Floor, 'Mittal Tower', 'B' Wing
Nariman Point, Mumbai – 400021
MB: 9833630277
Phone: +91 22-4922 0506
Fax: +91 22-4922 0505
Office No. 83 – 87
Website: www.catalysttrustee.com
Mail: deesha.trivedi@ctltrustee.com

IDBI Trusteeship Services Limited:
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate
Mumbai – 400 001
Phone: +91 22-4080 7068
Website: www.idbitrustee.com
Mail: swapneil.tiwari@idbitrustee.com

Axis Trustee Services Limited:
Axis House, Ground Floor
Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai – 400 025
Phone: +91 22-6226 0074
Extn: 771074 | +91 9819838852 | 022 - 4325 3000
Website: www.axistrustee.com
Email: Mangalagowri.bhat@axistrustee.com

Board of Directors

Hemant Kanoria	**Sunil Kanoria**	**Supriya Prakash Sen**
Chairman & Managing Director	Vice Chairman	(DIN: 07932937)
(DIN: 00193015)	(DIN: 00421564)	
Shyamalendu Chatterjee	**Suresh Kumar Jain**	
(DIN: 00048249)	(DIN: 05103064)	

Chief Executive Officer	Chief Financial Officer	Company Secretary
Devendra Kumar Vyas	**Manoj Kumar Beriwala**	**Ritu Bhojak**

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032, Telangana, India
Tel: +91 40 6716 2222; Fax: +91 40 2343 1551
Investor grievance e-mail: einward.ris@karvy.com

Corporate Identification Number U70101WB2006PLC109898

Registered Office:	Head Office:	Corporate Office:
"Vishwakarma"	Plot: Y-10, Block EP	Room no. 12 & 13
86C, Topsia Road (South)	Sector V, Salt Lake City	2nd Floor, 6A Kiran Shankar
Kolkata 700046	Kolkata 700091	Roy Road, Kolkata 700001
Tel: +91 33 6160 7734	Tel: +91 33 6639 4700	Tel: +91 33 6499 0230
Fax: +91 33 228 57542	Fax: +91 33 6602 2600	

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twelfth Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2018. The summarised financial performance of your Company is as follows:

FINANCIAL SUMMARY

(Rs. in Lacs)

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Total Income	3,32,091	2,49,533
Total expenditure (including depreciation and other expenses etc.)	2,58,448	2,02,618
Profit before Bad debts, provisions & tax	73,643	46,915
Bad Debts written off (Net of recovery), provisions and contingencies	34,202	25,273
Profit Before Tax	**39,441**	**21,642**
Net Tax expense	13,092	6,758
Profit After Tax	**26,349**	**14,884**
Profit brought forward from earlier year	43,557	34,096
Profit available for Appropriation	69,906	48,696
Paid up Equity Share Capital	5,966	5,966
Amount transferred to Reserves	8,269	5,139
Net Worth	**2,71,047**	**2,47,270**

Note: The above figures are extracted from the financial statements for the financial year ended on March 31, 2018

OPERATIONAL REVIEW

Your Company continues to maintain its market leadership in the infrastructure equipment financing business. Some of the key highlights of your Company's performance during the year under review are:

- The gross profit (before depreciation, bad debts, provision and tax) for the year was Rs. 131,609 Lacs as against Rs. 82,844 Lacs last year.
- Profit before taxation for the year was Rs. 39,441 Lacs as against Rs. 21,642 Lacs in the last year.
- Net profit after taxation for the year was Rs. 26,349 Lacs as against Rs. 14,884 Lacs in the last year.
- The total asset under management was Rs. 30,073 Crores as against Rs. 21,232 Crores last year.

The Capital Adequacy Ratio (CAR) of your Company stands at 15.94 per cent as on March 31, 2018, well above the regulatory minimum level of 15 percent prescribed by the Reserve Bank of India for systemically important non-deposit taking NBFCs (NBFCs-ND-SI) and of this, the Tier I CAR was 10.68 per cent.

The Financial Statements of your Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 in terms of Rule 7 of The Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, as applicable and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard, if initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. Your Company discloses audited / unaudited financial results on a half yearly basis and audited financial results on an annual basis.

Your Company has complied with all the norms prescribed by the Reserve Bank of India (RBI) including the Fair practices, Anti Money Laundering and Know Your Customer (KYC) guidelines.

DIVIDEND

In order to conserve the resources of your Company, the Board of Directors of your Company do not recommend any dividend for the year ended March 31, 2018.

PUBLIC DEPOSITS

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

DETAILS OF SUBSIDIARY / ASSOCIATES / JOINT VENTURE COMPANY

Your Company does not have any subsidiary / associates / joint venture company as on March 31, 2018.

CLASSIFICATION AS AN ASSET FINANCE COMPANY (AFC)

The Reserve Bank of India (RBI) has classified your Company as an 'Asset Finance Company' within the overall classification of 'Non Banking Financial Institution'.

SHARE CAPITAL

During the year under review, the Authorised Share Capital of your Company was increased from Rs. 75,00,00,000/- (Rupees Seventy Five Crores only) divided into 7,50,00,000 Equity Shares of Rs. 10/- each to Rs. 10,00,00,00,000/- (Rupees One Thousand Crores Only) divided into 50,00,00,000 Equity Shares of Rs. 10/- each and 5,00,00,000 Preference Shares of Rs. 100/- each vide an Ordinary Resolution passed by the shareholders at the Extra-ordinary General Meeting held on July 31, 2017. Accordingly, the Memorandum of Association (MOA) of your Company was altered by substituting the existing clause.

Presently, the entire paid-up Equity share capital of your Company is held by Srei Infrastructure Finance Limited along with its 6 (Six) nominees.

AMENDMENT OF THE ARTICLES OF ASSOCIATION (AOA)

The Ministry of Corporate Affairs (MCA) has notified and brought into force most of the Sections and corresponding Rules of the Companies Act, 2013 ('the Act') which replaces the provisions of the Companies Act, 1956. In order to bring the Articles of Association (AOA) of your Company in lines with the provisions of the Act, your Company recommended that the Members adopt a new set of AOA in substitution of and to the complete exclusion of the existing AOA. The resolution to adopt the new AOA was duly passed and approved by the shareholders of your Company at its Extra-ordinary General Meeting held on October 27, 2017.

UPDATE ON INITIAL PUBLIC OFFERING (IPO)

Your Company has filed a Draft Red Herring Prospectus dated November 28, 2017 with the Securities and Exchange Board of India (SEBI) and the Stock Exchanges for an Initial Public Offering of equity shares of your Company comprising a fresh issue aggregating to Rs.11,000 million and an offer for sale of upto 4,386,765 equity shares by Srei Infrastructure Finance Limited, Promoter of your Company. The Board and Shareholders of your Company have authorised the Offer, pursuant to their resolutions dated October 25, 2017 and October 27, 2017, respectively. In-principle approval for listing has been received from BSE Limited on 15th December, 2017. The SEBI approval is awaited.

PUBLIC ISSUE OF NON-CONVERTIBLE DEBENTURES

During the year under review, your Company made a public issue of Unsecured Subordinated Redeemable Non-Convertible Debentures (the "Debentures") of face value of Rs. 1,000 each, eligible for inclusion as Tier II Capital, as per the details given hereunder:

Date of opening of Issue	Base Issue Size (Rs. in Crores)	Total Issue Size including Green Shoe Option (Rs. in Crores)	Maturity Period	Allotment Date	Amount Allotted (Rs. in Crores)
17.07.2017	500	Up to 1000	5 years 3 months / 7 years / 10 years	08.08.2017	561.99

Debenture Trustee Agreement(s) for the aforesaid issue was duly executed with Axis Trustee Services Limited. The said Debentures are listed on Debt Segment of the BSE Limited (BSE) and National Stock Exchange Limited (NSE). The entire proceeds have been utilised for the purpose of various financing activities, repayment of existing loans and other business operations including working capital requirements. Your Company has made all interest payments to debenture holders within the stipulated time.

The public issue of the said Debentures has not only facilitated diversification of your Company's sources for mobilising long term resources but has also provided the retail investors an opportunity to participate in India's infrastructure development and progress. The said Issue was subscribed by 1.12 times of the Base Issue. Through this public issue launched in FY 2017-18, your Company has acquired more than 17,000 retail investors. Along with the previous issues, your Company has broad-based retail base of more than 40,000 investors. That signifies the growing confidence of investors in your Company.

Your Company filed a draft prospectus dated March 28, 2018 with The Securities and Exchange Board of India ("SEBI") and BSE Limited for public issue of Secured Redeemable Non-Convertible Debentures (the "Secured NCDs") of face value of Rs. 1,000/- each for an amount upto Rs. 5,000,000,000 (Rupees Five Thousand Million) ("Base Issue Size") with an option to retain over subscription upto additional NCDs of Face Value of Rs. 1,000/- each, for an amount upto Rs. 5,000,000,000 (Rupees Five Thousand Million) aggregating to Rs. 10,000,000,000 (Rupees Ten Thousand Million). In-principle approval for the draft prospectus was received by BSE Limited on April 09, 2018. Further, the prospectus dated April 16, 2018 was filed with the Registrar of Companies (the "ROC") and approval of the ROC was received on April 20, 2018. The Issue will open for subscription on Wednesday, 25th April, 2018 and will close on Wednesday, 16th May, 2018.

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

Your Company appointed Karvy Computershare Private Limited (Karvy), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, India, as the Registrar and Share Transfer Agents (RTA) for Equity Shares of your Company w.e.f. November 24, 2017.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW

a. Global Outlook

The World Bank forecasts global economic growth to edge up to 3.1 per cent in 2018. This comes after a 3 per cent growth achieved in 2017. Growth rate is projected to be 3 per cent in 2019. The International Monetary Fund (IMF) presents a more positive outlook. It expects the global economy to grow at 3.9 per cent both in 2018 and 2019 after growing at 3.6 per cent in 2017.

The global economy is experiencing a broad-based cyclical upturn, riding on a recovery in investment, manufacturing, trade and firming commodity prices, which is expected to sustain over the next couple of years. However, downside risks persist which can have wider ramifications on other countries:

- US economy is becoming increasingly protectionist. The recent increase in tariffs for select import items and China's retaliation can escalate into a full-fledged trade war
- Crude prices have started firming up. The future direction of oil prices will depend on how much US-based shale producers can step up production to counter the production cuts carried out by Organization of Petroleum Exporting Countries (OPEC)-plus grouping
- There is a sense of growing uncertainty in geopolitics in several pockets – be it the civil war at Syria, the conflict in the Middle East between Saudi Arabia and Iran-Qatar, the tension in Korean peninsula, or even China's aggressive expansionism and belligerent posturing in the South China Sea

Meanwhile, confusing signals are coming out of Europe. The European Union and the United Kingdom are making progress on their talks to make Brexit smooth. Within the Eurozone, despite political uncertainty in some of the countries, the economy appears to be on a steady footing presently. The star performers in Eurozone during the last quarter of 2017 were Estonia, Slovenia and Lithuania, and interestingly China has a role to play in this. In fact, China has offered to build infrastructure in 16 Eastern European countries, 11 of which belong to European Union. As the countries are using the Chinese assistance as a bargaining tool against Brussels, this is apparently creating a divide between Western and European Europe.

Putting an end to its quantitative easing (QE) programme, the US Federal Reserve has increased its key interest rate six times since December 2015. The European Central Bank (ECB) is also contracting its monetary expansion. But despite that, the emerging markets have not witnessed any major outflow of foreign capital as there has been a steady supply of liquidity from Japan and China to these markets. In fact, Japan and China now compete in many markets, including investments in areas of high-technology and infrastructure. China, in particular, has been on a major expansionary drive, financing infrastructure in different countries and also buying up companies from around the world. The move by Xi Jinping to indefinitely extend his term as Chinese President is a very important as it clearly indicates China's ambition to position itself as the top global power.

Many of the emerging markets are undergoing a distinct change in the nature of their growth models. Earlier, the fortunes of many of those were linked to the commodities for which they were exporters. Now, those markets are diversifying and harnessing technology to make innovative offerings of products and services thus creating new markets for themselves. In fact, many of them are no longer dependent on developed nations for their exports. Their trade with other emerging markets continuously rising.

It is therefore not a surprise that as per the World Bank forecasts, the Emerging Market and Developing Economies (EMDEs) will be the main drivers of global growth. The EMDEs, after registering a 4.3 per cent growth rate in 2017, is expected to clock a growth rate of 4.5 per cent in 2018 and thereafter growth rate will further strengthen to 4.7 per cent in 2019. The advanced economies (AEs), after growing at 2.3 per cent growth rate in 2017, are expected to clock a growth rate of 2.2 per cent in 2018 and then further slow down to 1.9 per cent in 2019.

b. Indian Scenario

India's GDP growth stood at 6.6 per cent in 2017-18 as per data from Central Statistics Office (CSO). After conceding its position as the fastest growing major economy to China for a year in 2017, India is poised to regain the position in 2018. The World Bank predicts a GDP growth rate of 7.3 per cent in 2018 whereas the IMF estimates the figure at 7.8 per cent for the same year. The Economic Survey 2017-18 has forecast a GDP growth of 7-7.5% in 2018-19.

Clear signs of a pick-up in economic activity were visible during the year under review. Growth momentum in sectors like agriculture, manufacturing and construction has been on the rise. The Index for Industrial Production (IIP) has grown at more than 7 per cent for four consecutive months from November 2017 to February 2018. The manufacturing sector, which constitutes over 77 per cent of the IIP index, grew at

8.7 per cent in February 2018. Capital goods output rose by a robust 20 per cent in the same month. Consumer demand has remained strong and a sharp pick-up in demand for consumer durables is also visible in recent months. Meanwhile, both retail and wholesale inflation figures have decelerated for the fourth consecutive month till March 2018, indicating that there is no reason for Reserve Bank of India (RBI) to go for an increase in its policy rate any time soon. All these developments give an impression that the economy may be on a sustained recovery path.

However, most of this growth has been fuelled by government spending, and for that the government had to slightly relax its fiscal deficit target. Thankfully, the record high foreign exchange reserve of USD 425 billion provides an adequate buffer. In addition, foreign direct investment (FDI) inflow has remained steady. After recording a total FDI (equity + re-invested earnings + other capital) inflow of USD 60 billion in 2016-17, India has attracted a total FDI of USD 48.2 billion during April-December 2017. India is presently the leading country for attracting greenfield FDI. This is an endorsement of the fact that the global investor community is upbeat about the India Growth Story.

Some points to be conscious of, while crafting growth plans:

- While the economy came to terms with the after-effects of the demonetization episode, the implementation of the Goods and Services Tax (GST) created some new challenges, especially for small businesses and entrepreneurs who found the documentation quite cumbersome
- The Insolvency and Bankruptcy Code (IBC), introduced by the government to address the bad loans problem of the banking sector, is still a work-in-progress. Meanwhile, a recapitalization package has been announced for the public sector banks so that banks can resume lending
- Private sector investment in infrastructure is yet to pick up despite a number of sector-specific reforms undertaken by the government
- India's export growth has slowed at a time when global trade flows are accelerating. The trade deficit for 2017-18 increased by almost 50 per cent y-o-y to USD 156.83 billion. The firming up of crude prices can further widen India's trade deficit which will weigh on the Indian Rupee (INR) trajectory in the coming months. In addition, for labour-intensive sectors such as gems and jewellery, readymade garments, jute products, agriculture products and other MSME-dominated sectors, the exporters are facing problems of liquidity on account of banks tightening lending norms and delays in GST refunds

Despite the initial niggles, the GST is expected to benefit economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems, drawing informal activity into the formal sector, fuelling entrepreneurship and expanding the tax base. In addition, there has been a marked improvement in the direct tax collections. With the IBC gradually evolving, the stress in the banking sector is likely to get addressed in an orderly manner going forward. Structural reforms in the banking sector are also being planned which will vastly improve the credit intermediation. In addition, the forecast of a normal monsoon in 2018 augurs well for the economy.

NBFCs IN INDIA

NBFCs have been playing a complementary role to the other financial institutions including banks in meeting the funding needs of the economy. They help fill the gaps in the availability of financial services that otherwise occur in bank-dominated financial systems. NBFCs have traditionally focused on customer segments which were not served by banks like micro, small and medium enterprises (MSMEs), construction, mining and farm equipment, commercial vehicles (new and used) and plant and machinery etc. NBFCs typically are specialized vehicles – both in terms of products and the geographies in which they operate. This specialization provides them a unique framework to assess the risk in the undertaken business. The ability of NBFCs to produce innovative products in consonance with needs of their clients is well recognized. This, in addition to the proximity to the clients, makes the NBFCs distinct from its banking sector counterparts.

The Economic Survey 2017-18 has highlighted that NBFCs bring in diversity and efficiency to the financial sector and makes it more responsive to the needs of the customers. The flow of non-bank resources to the corporate sector, which includes bond market borrowing and lending by NBFCs, has increased by 43 per cent from April to December, 2017 substituting in part for weak bank credit.

During the year under review, RBI made the following amendments to the regulatory framework for NBFCs:

- Information Technology Framework for the NBFC sector was prescribed with focus; on IT Governance, IT Policy, Information & Cyber Security, IT Operations, IS Audit and IT Outsourcing;
- Infomerics Valuation and Rating Private Limited (IVRPL) was accredited for rating of NBFCs;
- All NBFCs notified as Financial Institutions under the SARFAESI Act were asked to appoint nominated counsels in Hon'ble Delhi High Court;

- Regulation of Peer to Peer Lending NBFCs were issued;
- Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs were issued;
- Mandatory submission of financial information and information relating to assets in which security interest has been created, to the Information Utility in compliance to the Insolvency and Bankruptcy Code, 2016. National E-Governance Services Ltd (NeSL) has been registered as the Information Utility by IBBI;
- Ombudsman Scheme for NBFCs was introduced. It shall be applicable to only Deposit Taking NBFCs in the initial phase and then extended to all NBFCs with asset base of Rs. 100 crores and above;
- Relief given to MSME borrowers registered under GST by way of extending the asset classification norm to 180 days for amounts overdue on September 01, 2017 and amounts due between September 01, 2017 and January 31, 2018.

Your Company is keeping a consistent monitoring of all these developments and is continuously exploring new opportunities. Your Company has been the flag bearer for the NBFC sector for the last decade now and has been aggressively taking up the cause of the sector by way of regular interaction with the regulators and the Governments, both at the Centre and the States.

BUSINESS OUTLOOK AND FUTURE PLANS

The government is earnestly working towards enhancing India's attractiveness as an investment destination. These efforts have started bearing fruits:

- India has climbed up 30 places in the World Bank's Ease of Doing Business Index
- India has moved up 32 places in the last two years in the Global Competitiveness Index of the World Economic Forum
- India has moved up 21 places on the Global Innovation Index of World Intellectual Property Organization in two years
- For the first time in 13 years, Moody's has raised India's sovereign ratings

In order to sustain the growth momentum and to create jobs, the government has been proactively spending on infrastructure creation. An estimated budgetary and extra budgetary expenditure of Rs. 5.97 trillion has been finalized for 2018-19 as against an estimated expenditure of Rs. 4.94 trillion in 2017-18, an increase of 21 per cent.

Elaborate investment plans have been drawn up by the government for sectors like roads, railways and ports :

- Under the Bharatmala Pariyojana, 35,000 km of new highways (subsuming existing plans to add 10,000 km of national highways) are to be added with an outlay of Rs. 5.35 trillion over the next five years. An additional Rs. 1.57 trillion is set to be used in existing projects. Thus, a total of Rs. 6.92 trillion will be spent on highway construction over the next five years. In addition, another Rs. 882 billion will be spent on rural roads in the next three years.
- An investment plan of Rs. 35.3 trillion up to 2032 has been drawn up for Indian Railways. The bulk of this investment is aimed at capital expenditure towards capacity creation including track doubling, gauge conversion, replacement of old tracks, introduction of modern trains, creation of dedicated freight corridors, redevelopment of 600 stations, overhauling of signaling system. Enhancing safety measures and improving passenger amenities are integral to this grand overhaul plan.
- An investment plan of Rs. 1.42 trillion has been envisioned for modernization of ports till 2035. A new Model Concession Agreement (MCA) for Public Private Partnerships (PPPs) in port projects has been approved to make this sector attractive for private investments.

In addition, a number of sector-specific initiatives have been taken during the year under review to attract private investments into infrastructure. The announcement to dismantle the monopoly of Coal India Ltd. is a major development. Not only will this augment domestic coal production by attracting private majors from around the world, it will also ease the supply of coal for power generation besides exposing our mining practices to the global best practices. The Open Acreage Licensing policy in hydrocarbon sector has already started attracting global majors. There are renewed efforts to bring in necessary changes in the Special Economic Zone (SEZ) policy to address the concerns of present and potential investors. Union Budget 2018-19 has provided an impetus to affordable housing by creating a dedicated fund under the National Housing Bank.

Union Budget 2018-19 had a strong rural focus. A wide array of steps including expansion of rural infrastructure, enhanced outlay for irrigation, adoption of cluster model for horticulture and upgradation of Rural Haat-s were announced which augur well for the agro-economy. The decision to set up an Agri-Market Infrastructure Fund with a corpus of Rs. 20 billion and creation of 42 Mega Food Parks can provide fillip to the agro-processing industries and fuel entrepreneurship at the rural level.

Demand for infrastructure equipment is expected to multiply as a result of all these. Thus, demand for financing of such assets is also bound to rise. With GST unifying the Indian market, inter-state mobility of these assets is no longer a problem. Thus, this is the ideal time to promote cost-effective methods of utilisation of these assets like renting and leasing. Apart from demand for construction, mining and allied equipment, a spurt in demand for agriculture equipment is also expected. Due to the budget announcements on expansion of healthcare, demand for medical equipment is also expected to increase as well. Quite naturally, all these open up huge opportunities for your Company.

Your Company is actively tracking all these developments and the management is confident that the business scenario will improve significantly during FY 2018-19.

BUSINESS REVIEW

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

Infrastructure sector being a key driver for the Indian economy enjoys continued focus from government. In the recent years, Indian infrastructure sector is characterised by high budgetary allocation, increasing number of deals, increasing private sector investment, reforms, and rising foreign direct investment (FDI) in the sector. In the Union Budget for 2018-19, allocation to infrastructure sector increased by more than a trillion rupees to Rs. 5.97 trillion. Sectors like roads and highways, irrigation, railways, and renewable energy will drive the investments in the coming years. The recent Goods and Services Tax (GST) implementation is benefitting the construction equipment leasing segment and thereby aiding as a vital tool for asset creation as it allows the companies to use equipment without leveraging.

The construction, mining, and allied equipment (CME) industry is estimated to have grown by upwards of 20 per cent year-on-year in Fiscal 2018 in terms of unit sales.

Your Company, with the total disbursement of Rs. 19,106 crores in FY 2018, continues to be a dominant financer in the CME market. In a report by Feedback Consulting, your Company was a leading financier in the CME sector in India, with an approximately 32.7 per cent market share in Fiscal 2017. The report also highlights that the construction equipment finance industry is expected to grow at a CAGR of 19 per cent to Rs. 470 billion for the next three years (2016-17 to 2019-20).

The year under review saw a marked improvement in the financial performance of your Company. Buoyed by a rejuvenated infrastructure segment, the total disbursements in terms of asset cost of your Company grew by 40.46 per cent during the year under review. The total Asset under Management (AUM) grew to Rs. 30,073 crores, representing a 41.64 per cent growth over last year. The Gross Non-Performing Assets (GNPA) reduced from 2.48 per cent in 2016-17 to 1.84 per cent in 2017-18, while the Net Non-Performing Assets have reduced from 1.76 per cent in 2016-17 to 1.30 per cent in 2017-18. The Capital Adequacy Ratio (CAR) remained compliant at 15.94 per cent. The profit before tax grew to Rs. 394.41crores in the year under review from Rs. 216.42 crores in 2016-17.

The improved financial performance is a result of your Company's continued inroads into newer asset classes and lifecycle solutions that provides customer value and investment in technology which benefits its service delivery, customer experience and risk prognosis.

In the forthcoming year, your Company would continue to leverage growth opportunities in the Indian equipment financing market through its end-to-end asset lifecycle business model and strive to maintain its strong market position. Further, your Company will remain focussed on upgrading its existing technology systems with automated, digitised and other technology-enabled platforms and tools to strengthen its financing initiatives and derive operational cost and management efficiencies.

During the year under review, your Company explored on the possibilities of raising of fresh capital by issue and / or transfer and allotment of equity shares through Initial Public Offering (IPO) comprising a combination of fresh issue and offer for sale by the parent company. The said issue was approved by the Members of the Company and accordingly Draft Red Herring Prospectus (DRHP) was filed with BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and The Securities and Exchange Board of India ("SEBI") on November 28, 2017. Further, necessary application was made to the Stock Exchanges for obtaining in-principle approval for listing of Equity shares of the Company. The SEBI approval is awaited.

RESOURCES

During FY 2017-18, the Treasury department of your Company has seamlessly mobilised resources at competitive rates in the market. Leveraging its long standing relationship and robust track record, your Company has been able to maintain cost while ensuring proper asset liability match.

i. Loans from Banks:

The domestic resource mobilization team (unit of Liability & Treasury Management Group) of your Company has been able to further enhance the Cash Credit limits to Rs. 11,465 crores from a consortium of banks. The non-fund based limit of your Company is Rs. 651 crores as on the year end. During the year, fresh Term facilities of Rs. 2,050 crores were raised from various domestic banks and financial institutions both in the form of Indian Rupee as well US Dollars.

ii. Securitisation / Assignment of Loan Portfolio:

Your Company is regularly securitizing / assigning loans receivables in order to get liquidity and releasing capital for further business. During the year, your Company had securitised / assigned loans to the extent of Rs. 5,034 Crores. The assets securitised / assigned assets have been de-recognized in the books of the Company. All the securitization & assignment transactions were carried out in line with RBI guidelines on securitisation of standard assets.

iii. Short Term Loans & Commercial Paper:

The issuances of Commercial Papers (CPs) and availing Short term loans from banks by earmarking Cash credit limits, helps your Company to bring down the cost of working capital. During the year, your Company issued CPs to Mutual Funds, Banks and other investors and also raised short term loans from banks by earmarking of cash credit limits.

iv. Private Placement of Non-Convertible Debentures (NCDs):

Your Company has done reasonably well in augmenting the long term resources and increasing the capital base through raising Subordinated Debt for an amount aggregating to Rs. 45 Crores during the year. Further, resources have also been raised through issuance of Secured and Unsecured NCDs aggregating to Rs. 266 Crores.

v. International Borrowings:

Unlike in FY 2016-17, in the FY 2017-18, Foreign Currency loans to the equivalent of USD 141.05 million, amounting to INR 904.35 crores, were drawn down due to the fact that the loan cost and cost of hedge were at low levels. Short-term foreign currency trade credits were availed to the equivalent of USD 65.65 million, amounting to INR 430.60 crores, at competitive rates which also helped in bringing down the overall cost of funds. Going forward, your Company will make use of such opportunities to raise resources through various types of foreign currency short and long-term loans under different tenors.

RISK MANAGEMENT

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

Your Company has constituted a Risk Committee of the Board which meets every quarter to deal with such matter as may be referred to by the Board of Directors from time to time. Your Company's risk management strategy is based on a clear understanding of various risks, and adherence to well-laid out risk policies and procedures that are benchmarked with industry best practices. Your Company has a defined Risk policy for risk management which aims to put in place a robust risk management framework to help in achieving the objectives. The broad objective of the Committee is to identify and assess various risks of your Company, to strengthen the risk management practices and compliance framework of your Company, to evaluate the effectiveness of mitigating strategies periodically to address material risks, to review any material findings and recommendations of the Risk Department and prescribe and monitor appropriate action to address the identified gaps.

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

Governance Structure

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

Credit Risk

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

Asset Risk

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

Portfolio Risk

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

Treasury Risk

As an integral part of the overall risk management system, your Company addresses different forms of market risks, viz., liquidity risk, capital risk, interest rate risk and foreign exchange risk. Capital risk is generally defined as an enterprise's access to cash at any given time and balancing this with its efficient use. Your Company involves in assessing the overall cash flow position of the company on a monthly basis over a horizon of one year comprising maturity profile of all liabilities, amortization of credit portfolio and targeted disbursement. Thereafter, the net position is sensitized with lower collection rate, based on the prevailing trend & emerging scenario for various business verticals through scenario analysis. Liquidity risk is two-dimensional: risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). Your Company's Asset Liability Management Committee (ALCO) lays down a broad framework for liquidity risk management to ensure that it is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from industry, market or a combination of them. The liquidity profile is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. Interest rate risk is the probability that variations in the interest rates will have a negative influence on the quality of a given financial instrument or portfolio, as well as on your Company's condition as a whole. Interest rate risk is generally managed through floating rate mechanism by linking the lending rate of interest to your Company's benchmark rate and is reviewed periodically with changes in your Company's cost of funds. Your Company conducts stress testing at periodical intervals to monitor vulnerability towards unfavourable interest rate movements. Exchange rate risk management becomes necessary as your Company borrows money in foreign currency and lends in domestic currency. In order to optimize the cost of funds, your Company adopts effective hedging strategies considering the overall risk appetite of your Company. Your Company measures, monitors and controls exchange rate risk through statistical measures.

Operational risk

Operational risk is defined as the risk of loss arising out of inadequate or failed internal processes, people and systems or from external events. This risk should be managed in the sense that it must be contained within acceptable limits by means of avoidance, reduction or transfer actions. Your Company involves in development of various policies, second level controls and risk control matrices to mitigate errors. Your Company ensures that the companies anti-money laundering procedures are implemented, effective, and compliant with the latest statutory regulations. It involves in setting up of a consistent system throughout the company, with an adequate level of formalization and traceability that will serve to provide management, the board of directors, and regulatory bodies with reasonable assurance of risk control. A well - formulated Business Continuity Plan (BCP) is in place which ensures business continuity in unlikely event of disaster or disruption. Further to provide continued and uninterrupted service even during natural disasters, a Disaster Recovery (DR) Site is also in place. In addition, to manage operational risk prudently, Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy are in place, which helps to prevent your Company from being used intentionally or unintentionally by criminal elements for money laundering.

Regulatory Risk

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

Risk department also takes cognisance of the interplay of the risks enumerated above in addition to other risks which could have a bearing on the above risk factors, e.g. legal, reputational risks. With the objective of mitigating Compliance Risks, an IT enabled Legal and Compliance support solution styled 'SREIVishwas' is being used to facilitate monitoring and control of Compliances across functions.

HUMAN RESOURCES ACTIVITIES

The three pillars of the people strategy of your Company have focussed on building organization capability, creating process excellence and working on strengthening the collaborative culture.

Your Company has continued to focus on leveraging technology and digitization as a key part of its people strategy, driven by HR.

In terms of building organizational capability and people development, the Human Resources (HR) Team of your Company, worked with world class faculty from institutions such as Singularity University, MIT and Stanford Univerity, to create cutting edge workshops on disruptive technologies that are going to shape our future. Your Company also worked on creating a future focused mindset with workshops on design thinking and scenario planning.

As a part of your Company's Leadership Development initiatives, your Company together with Korn Ferry Hay Group will be working with selected senior leaders in building future-oriented leadership capabilities. Each leader will have an individual development plan which is based on assessments carried out in a Development Centre. The interventions include workshops, coaching, action learning projects, among others, as per individual needs.

In order to exponentially increase collaboration, idea sharing and engagement between employees, your Company had earlier launched Srei Sampark, an app-based social media platform which also acts as a digital sensor for employee mood and engagement. This has gone from strength to strength. More than one million points have been redeemed for SREI branded products against "Shabash" received. This platform has been used for several major initiatives including engagement activities, Employee Value Proposition (EVP), competitions, surveys etc.

For your Company, all employees form part of an extended family - the Srei Parivar and your Company has continued in its efforts to encourage wellness in mind, body and spirit. Through Swasth Srei, your Company continues to encourage wellness and healthy lifestyles of the employees.

The cloud based Human Resource Management System (HRMS) which was launched in the year 2016 has been extended to cover more areas in HR Operations.

Your Company has received several prestigious awards this year. These includes being certified as a Great Place to Work by the Great Place to Work Institute and being awarded "Dream Companies to Work for " by ranking 22nd in the Times Ascent - Dream Companies to Work for Awards 2018. Your Company was also awarded the Kolkata Best Employer Brand Award for 2017.

The employee count of your Company stands at 2061 as on March 31, 2018.

INFORMATION TECHNOLOGY

Information Technology (IT) in your Company has remained focussed to stay upright in the shifting sands of the technology world to ensure growth, managing risk return while ensuring productivity. Your Company has taken proactive technology strategy to compete more effectively disrupting the current market and help your Company gain strategic advantages to retain the industry leadership. High importance has been given on operational risks, such as availability, business continuity planning and disaster recovery planning and regulatory and government compliance issues, such as privacy, and business compliance. Major thrust has been given to constantly scan for opportunities opening up in the technology front eying at transforming business process not only to automate but also to raise the bar for products or services.

During the year under review, the IT Function has made strategic alignments to ensure compliance to the new RBI IT framework and build cloud Disaster Recovery (DR) with Business Continuity Planning (BCP) along with system controls in respect to risk and governance. Systems were subject to rigorous test process to eradicate vulnerability to threat ensuring effective backups processes in place. Your Company has complied with the requirements of ISO 27001:2013 and continued with certification in the last surveillance audit with no non-compliance. There were no instances of business impact through cyber-attacks, including the WannaCry which affected multiple organisations. Your Company has progressed significantly to adhere to the requirements of the new RBI Master Direction on Information Technology Framework for the NBFC Sector and continue to take necessary actions accordingly.

Comprehensive security strategies have been framed, and the controls have been designed to mitigate the risk and enhance resistance to cyber-attacks. Your Company has revamped the risk management methodology and did a comprehensive IT risk identification exercise aligned with your Company's business processes. Rigorous review mechanism has been put in place and all major IT applications were aligned with related policies and procedures with your Company's business stake holders.

Your Company has further progressed in its cloud first strategy and deployed all new business services on the cloud. This has in turn given it scalability and eliminated technology obsolescence. The IT function was able to address the large change of Goods and Services Tax (GST) implementation and is readying itself for IND-AS Reporting standards. Your Company's digital strategy is now set on the right path and is poised to ensure that your Company's leadership status and financial health is ably supported in the coming year.

Your Company has strategically driven towards re-making, re-developing, and re-energising the business processes in an agile and effective manner to ensure all-round development in terms of customer delivery and productivity, essentially a Customer facing architecture, flexible / modular growth model. With this objective that primarily translates to shortest period of waiting time to the customer at the acquisition stage, Straight through processing (enabler-Mobility) and utmost simplification as well as industrialisation of acquisition process, your Company successfully implemented fast track efficient and agile mobility solutions.

INTERNAL CONTROL AND AUDIT

Your Company's vision, mission and core values have laid down the foundation for the entire internal control mechanism. On the administrative controls side, your Company has a proper reporting structure, several oversight committees, defined roles and responsibilities at all levels and rigorous performance appraisal system to ensure appropriate checks and balances. On the financial controls side, management with the knowledge and understanding of the business, its organization, operations, and processes has put in place appropriate controls including segregation of duties and reporting mechanism to deter and detect misstatements in financial reporting.

Your Company has an Internal Financial Control System, commensurate with the nature of its business and the size and complexity of its operations. Your Company's system of internal control has been designed to provide a reasonable assurance with regard to policies and procedures for ensuring the orderly and efficient conduct of business, maintaining of proper accounting controls, protecting assets from unauthorized use or losses, prevention and detection of frauds and errors, compliance with regulations and for ensuring timeliness and reliability of financial reporting.

Your Company has a dedicated and independent Internal Audit Department commensurate with the size and nature of operations and reporting directly to the Audit Committee of the Board. The Internal Audit Department is adequately staffed with Chartered Accountants and other professionals, who are well experienced in financial services and related risks and controls. The purpose, scope, authority and responsibility of the Internal Audit Department are delineated in the Audit Charter approved by the Audit Committee. Internal Audit Department influences and facilitates improvements in the control environment by constantly evaluating the risk management and internal control systems. It acts as an active and effective change agent. The Team ensures seamless efficient business operation and supports mitigation of associated risks by the process owners.

Furthermore, the Audit Committee of your Company evaluates and reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen them. Your Company has a robust Management Information System, which is an integral part of the control mechanism. Significant deviations are brought to the notice of the Audit Committee periodically and corrective measures are recommended for implementation. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. All these steps facilitate timely detection of any irregularities and early remedial measures.

During the year under review, 3 (three) cases of fraud committed by the staffs aggregating to Rs. 207 Lacs were reported to the Reserve Bank of India.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated a codified Whistle Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013, in order to encourage Directors and Employees of your Company to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of your Company and its stakeholders in any way. The said Policy was last revised on October 25, 2017. Your Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The said Policy is available on the link- http://www.sreiequipment.com/investor/corporate-policies/pdf/whistle-blower-policy.pdf

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company perceives Corporate Social Responsibility (CSR) as a strategic social investment aimed at uplifting the society at large, empowering individuals, making them self-reliant. The CSR philosophy of your Company is embedded in its commitment to all stakeholders - consumers, employees, environment and society while your Company's approach extends both to external community as well as to your Company's large and diverse internal employee base & their families. Your Company's sustainable approaches towards practicing humble service to Humanity on a sustainable basis, has enabled it to continue fulfilling its commitment to be a socially responsible corporate citizen.

The Corporate Social Responsibility (CSR) Committee constituted in terms of Section 135 of the Companies Act, 2013 ("the Act") and the rules thereon is established with primary function of the Committee to undertake activities mandated by the Act. The Board of Directors of your Company, at its meeting held on October 25, 2017, reconstituted the Corporate Social Responsibility Committee consequent to cessation of Mr. Kora Ipe Puthenpurackal as the Member of the Committee. The Committee presently comprises of Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Vice Chairman and Mr. Shyamalendu Chatterjee, Non-Executive & Independent Director. Mr. Hemant Kanoria, Chairman and Managing Director of your Company acts as the Chairman and the Company Secretary acts as the Secretary to the CSR Committee.

The CSR Committee of your Company has formulated a CSR Policy which describes the multiple lines around which the CSR activities of your Company are positioned being education and skills development, social and economic welfare, environmental sustainability and such other activities included in Schedule VII of the Companies Act, 2013 as may be identified by the CSR Committee from time to time. The said Policy is available on the Link - http://www.sreiequipment.com/investor/corporate-policies/pdf/Corporate-Social-Responsibility-Policy-for-SEFL.pdf

Recognising its social responsibility, your Company has supported Srei Foundation towards educating deserving and talented candidates through scholarships and grants, setting up of schools, colleges, medical and scientific research institutions by contributing Rs. 3,00,00,000/- (Rupees Three Crores only) during the financial year 2017-18. Donations to Srei Foundation qualify for deduction under Section 80G of the Income Tax Act, 1961.

Apart from Srei Foundation, your Company supported a variety of other charitable projects and social welfare activities also and contributed an aggregate sum of Rs. 99,21,000/- (Rupees Ninety Nine Lacs Twenty One Thousand only) to several welfare and charitable organisations viz IISD Edu World, Global Hospital and Research Centre, Indian Institute of Cerebral Palsy, Srihari Global School Foundation and S.V.S Marwari Hospital.

During the year, your Company spent an aggregate amount of Rs. 3,99,21,000/- (Rupees Three Crore Ninety Nine Lacs and Twenty One Thousand only), being 2.007 per cent of the average net profits of last 3 (three) years, towards CSR activities pursuant to CSR Policy of your Company, which is more than the minimum statutory requirement, which is 2 per cent of the average net profits of last 3 (three) years.

During the year under review, the CSR Committee met 3 (Three) times on 8th May, 2017, 25th October, 2017 and 15th January, 2018.

WEBSITE

The website of your Company www.sreiequipment.com was developed during the year and revamped recently. This website has been developed on the new responsive technology based platform known as 'Drupal', ensuring uniform display across all devices like mobile, tablet, desktop etc. and all the operating systems. The website has an inbuilt sophisticated and customized content management system for easy change in content. A simple, improved navigation system needs a lesser number of clicks to reach the information available in the different sections of the website. The contemporary and smart look of the website ensures a customer centric approach catering to the requirements of prospective customers, investors and employees. The site carries a comprehensive database of information of interest to the investors including the Financial Results, Financial Products, Manufacture Partner, Corporate

Codes and Policies, Corporate Presentations, Stock Exchange Intimation, Media Coverage, Initial Public Offering (IPO) related information and business activities of your Company and the services rendered by your Company. Some useful features like Credit Rating and Active and Mature NCD, Registrar Point, NCDS Touch Points, Draft Prospectus for Non-convertible debentures of your Company etc. The customers can access their account and download the essential documents directly from the website. The links to different social media i.e. Facebook, YouTube, Twitter, LinkedIn has been embedded in the home page of the new website to get access of the key initiatives and achievements of your Company.

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

There is no such material change and commitment affecting the financial position of your Company which have occurred between the end of the financial year of your Company to which the financial statements relate and the date of the Report.

KEY MANAGERIAL PERSONNEL (KMPs)

The following directors/executives of your Company are the whole-time Key Managerial Personnel (KMPs) as on March 31, 2018, in accordance with the provisions of Section 203 of the Companies Act, 2013 -

Name	Designation
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Sunil Kanoria	Vice Chairman
Mr. Devendra Kumar Vyas	Chief Executive Officer
Mr. Manoj Kumar Beriwala	Chief Financial Officer
Ms. Ritu Bhojak*	Company Secretary

*Appointed w.e.f. November 27, 2017.

During the year, Ms. Ritu Bhojak (FCS 8532) was appointed as the Company Secretary and Compliance Officer of your Company w.e.f. November 27, 2017. Further, pursuant to the provisions of Section 2(51) of the Companies Act, 2013 ('Act') as amended by the Companies (Amendment) Act, 2017 read with Section 203 of the Act and rules made thereunder, the Board of Directors of your Company at their meeting held on April 24, 2018, designated the following Executives of your Company as whole-time Key Managerial Personnel (KMPs) of your Company w.e.f. April 24, 2018, in addition to the existing KMPs:

Name	Designation
Mr. Debashis Ghosh	Chief Internal Auditor
Mr. Indranil Sengupta	Chief Risk Officer
Mr. Rajdeep Khullar	Group Head - Litigation
Mr. Pulak Bagchi	Group Head - Corporate Legal

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in Rule 8(3) of the Companies (Accounts) Rules, 2014. However, your Company uses information technology extensively in its operations and also continues its endeavor to improve energy conservation and utilisation, safety and environment.

During the year under review, the total foreign exchange expenditure of your Company was Rs. 7,100 lacs (previous year Rs. 5,041 lacs) and has not earned any foreign exchange (Previous Year - Nil).

MEETINGS OF THE BOARD

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board meeting.

6 (Six) Board meetings were held during the year 2017-18 on May 08, 2017, July 21, 2017, August 17, 2017, October 25, 2017, November 27, 2017 and January 15, 2018.The maximum time gap between any two consecutive meetings did not exceed 120 days. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

DIRECTORS

During the year under review, the Board of Directors of your Company appointed Ms. Supriya Prakash Sen (DIN 07932937) and Mr. Suresh Kumar Jain (DIN 05103064), as Additional Directors (Category - Non-Executive & Independent) of your Company w.e.f. September 9, 2017 and October 25, 2017 respectively. Further, at the Extra-ordinary General Meeting of your Company held on October 27, 2017, they were appointed as Independent Directors of your Company for a period of 5 (five) consecutive years from October 27, 2017 to October 26, 2022 pursuant to the provisions of Sections 149, 152, 161 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV to the Companies Act, 2013.

Mr. Kora Ipe Puthenpurackal resigned as Director of your Company w.e.f. 22nd September, 2017 in terms of Section 168 of the Companies Act, 2013 and Dr. Tamali Sengupta resigned as Director of your Company w.e.f. 25th October, 2017 in terms of Section 164(2) of the Companies Act, 2013.

In accordance with the provisions of Section 152 of the Companies Act, 2013 (Act) and the relevant Rules and your

Company's Articles of Association, Mr. Hemant Kanoria (DIN 00193015) retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The brief resume / details relating to Director who is proposed to be re-appointed is furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the re-appointment of the above Director.

Your Company has received declaration from each of the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013. All requisite declarations were placed before the Board.

Further, Mr. Hemant Kanoria, Chairman and Managing Director (CMD) and Mr. Sunil Kanoria, Vice Chairman (Executive Director) of your Company, are also the CMD and Vice Chairman (Non-executive Director), respectively, of Srei Infrastructure Finance Limited (SIFL), the holding company of your Company and are in receipt of remuneration (including commission and sitting fees) during the Financial Year 2017-18 from SIFL as per the details given below:

Name of Director	Remuneration (Rs. in Lacs)
Hemant Kanoria	361.60
Sunil Kanoria	23.10

Mr. Shyamalendu Chatterjee, Independent Director of your Company, is an Independent Director of Srei Infrastructure Finance Limited (SIFL), holding company of your Company and Chairman (Non – Executive) of Srei Capital Markets Limited, fellow subsidiary of your Company and is in receipt of sitting fees and commission from both the companies.

AUDIT COMMITTEE

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013.

The Board of Directors vide a resolution passed by circulation on October 18, 2017, reconstituted the Audit Committee, consequent to resignation of Mr. Kora Ipe Puthenpurackal, Independent Director and appointment of Ms. Supriya Prakash Sen, Independent Director as a Member of the Committee. Further, Mr. Shyamalendu Chatterjee was appointed as Chairman of the Audit Committee in place of Mr. Sunil Kanoria, who continued as a Member of the Committee w.e.f. October 25, 2017. The terms of reference of the Committee was last revised on 25th October, 2017. The Audit Committee presently comprises of Mr. Shyamalendu Chatterjee, Ms. Supriya Prakash Sen, Independent Directors and Mr. Sunil Kanoria, Vice Chairman. Mr. Shyamalendu Chatterjee, Independent Director of your Company is the Chairman of the Audit Committee. The Company Secretary of your Company acts as the Secretary to the Audit Committee.

4 (Four) meetings of the Audit Committee were held during the year 2017-18 on May 08, 2017, July 21, 2017, October 25, 2017 and January 15, 2018.

During the year under review, there were no such instances wherein the Board had not accepted the recommendation of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of your Company has earlier constituted a Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013. The Board of Directors of your Company by way of a resolution passed by circulation dated October 18, 2017, reconstituted the Nomination and Remuneration Committee by inducting Ms. Supriya Prakash Sen as a Member in place of Mr. Kora Ipe Puthenpurackal and designated Mr. Shyamalendu Chatterjee, Independent Director, as the Chairman of the Committee. Further, the Board of Directors of your Company, at its meeting held on October 25, 2017, reconstituted the Nomination and Remuneration Committee by inducting Mr. Suresh Kumar Jain, Independent Director as a Member of the Committee. The terms of reference of the Committee was last revised on 25th October, 2017. The Nomination and Remuneration Committee presently comprises of Mr. Shyamalendu Chatterjee, Ms. Supriya Prakash Sen, Mr. Suresh Kumar Jain Independent Directors and Mr. Hemant Kanoria, Chairman and Managing Director. Mr. Shyamalendu Chatterjee, Independent Director of your Company acts as the Chairman of the Nomination and Remuneration Committee w.e.f. October 25, 2017. The Company Secretary of your Company acts as the Secretary to the Nomination and Remuneration Committee.

3 (Three) meetings of the Nomination and Remuneration Committee of your Company were held during the year 2017-18 on May 08, 2017, October 25, 2017 and November 27, 2017. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

The Committee has formulated the Nomination and Remuneration Policy ('SEFL Nomination and Remuneration Policy') which broadly lays down the various principles of remuneration being support for strategic objectives, transparency, internal & external equity, flexibility, performance-driven remuneration, affordability and sustainability, and covers the procedure for selection, appointment and compensation structure of the Board members, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) of your Company. The said policy is available on http://www.sreiequipment.com/investor/corporate-policies/pdf/Sefl-Nomination-and-Remuneration-Policy.pdf

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors of your Company has earlier constituted a Stakeholders Relationship Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014. The Board of Directors of your Company, at its meeting held on October 25, 2017, reconstituted the Stakeholders Relationship Committee by inducting Mr. Hemant Kanoria, Chairman and Managing Director as a member of the Committee in place of Mr. Kora Ipe Puthenpurackal, Independent Director. The terms of reference of the Committee was last revised on 25th October, 2017. The Stakeholders Relationship Committee presently comprises of Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Vice Chairman and Mr. Shyamalendu Chatterjee, Independent Director. Mr. Shyamalendu Chatterjee, Independent Director of your Company is the Chairman of the Stakeholders Relationship Committee. The Company Secretary of your Company acts as the Secretary to the Stakeholders Relationship Committee.

2 (Two) meetings of the Stakeholders Relationship Committee were held during the year 2017-18 on May 08, 2017 and March 27, 2018.

The Committee oversees and reviews redressal of security holders and investor grievances, deals with matters relating to Srei Equipment Finance Limited Code of Conduct for Prohibition of Insider Trading (SEFL Insider Code) framed in line with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and related matters.

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

There are no such orders passed by the regulators / courts / tribunals impacting the going concern status and your Company's operations in future.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts for the year ended March 31, 2018 on a going concern basis;

(v) they have laid down internal financial controls to be followed by your Company and that such internal controls are adequate and are operating effectively;

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws to your Company and the systems are adequate and operating effectively.

Your Company has complied with all applicable provisions of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) on Board Meetings and General Meetings.

AUDITORS

At the 8th (Eighth) Annual General Meeting (AGM) of your Company held on 1st July, 2014, Messrs Deloitte Haskins & Sells, Chartered Accountants having registration No. 302009E allotted by The Institute of Chartered Accountants of India were appointed as the Statutory Auditors of your Company to hold office for a term of 5 (Five) years from the conclusion of 8th (Eighth) AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 13th (Thirteenth) AGM of your Company.

Accordingly, the appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of your Company, is placed for ratification by the Members. Your Company has received a confirmation from Messrs Deloitte Haskins & Sells, Chartered Accountants, to this effect that their appointment, if ratified, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and the rules framed thereunder and in accordance with Section 141 of the Companies Act, 2013. They have also confirmed that they hold a valid peer review certificate. The Audit Committee and the Board of Directors of your Company recommend ratification of their appointment from the conclusion of this AGM upto the conclusion of the 13th (Thirteenth) AGM of your Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer. Further, the Statutory Auditors have not reported any incident of fraud during the year under review to the Audit Committee of your Company under Section 143 of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

Your Company appointed Messrs MR & Associates, Practising Company Secretaries, holding membership of The Institute of Company Secretaries of India (Membership No. FCS 4515; Certificate of Practice No. 2551) as the Secretarial Auditor of your Company for the financial year 2017-18 to conduct the Secretarial Audit pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report confirms that your Company has complied inter alia with all the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, The Foreign Exchange Management Act, 1999, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2)), SEBI (Prohibition of Insider Trading) Regulations, 2015, Securities Contracts (Regulation) Act, 1956, all the Regulations and Guidelines of SEBI as applicable to your Company, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Reserve Bank of India Directions, Guidelines and Circulars applicable to Systemically Important Non-Deposit Accepting or Holding NBFCs (NBFC – ND – SI).

The Secretarial Audit Report for the financial year ended March 31, 2018 does not contain any qualification, reservation or adverse remark or disclaimer and the same forms part of the Annual Report.

PARTICULARS OF CONTRACTS/ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions of your Company are entered in the ordinary course of business and conducted on arm's length basis wherever applicable and on commercially reasonable terms and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant transactions entered into by your Company with Promoters, Directors or Key Managerial Personnel (KMPs), which have potential conflict with the interest of your Company at large. Your Company has not entered into any material related party transactions with any of its related parties during the financial year 2017-18. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and your Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements and liquidity.

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

In terms of Section 177 of the Companies Act, 2013, your Company obtained approval of the Audit Committee for entering into any transaction with related parties as applicable. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

A Related Party Policy has been devised by your Company which is effective from 28th November, 2017 for determining the materiality of transactions with related parties and dealings with them. The said Policy is available on the Link- http://www.sreiequipment.com/investor/corporate-policies/pdf/SEFL-Related-Party-Transactions-(RPTs)-Policy.pdf

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

PARTICULARS OF EMPLOYEES

The prescribed particulars of remuneration of employees pursuant to Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out as an annexure to the Directors' Report and forms a part of this Annual Report.

EXTRACT OF ANNUAL RETURN

An extract of Annual Return as on the financial year ended on March 31, 2018 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is set out as an annexure to the Directors' Report and forms part of this Annual Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company is exempted from the applicability of the provisions of Section 186 of the Companies Act, 2013 (Act) read with Rule 11 of the Companies (Meetings of Board and its Powers) Rules, 2014 relating to loan made, guarantee given or security provided as your Company is engaged in the business of financing of companies/of providing infrastructural facilities.

PERFORMANCE EVALUATION

The Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors) pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and

Section 178 of the Companies Act, 2013 covers inter-alia the following parameters namely:

i) Board Evaluation - degree of fulfillment of key responsibilities; Board culture and dynamics.

ii) Board Committee Evaluation - effectiveness of meetings; Committee dynamics.

iii) Individual Director Evaluation (including IDs) - contribution at Board Meetings.

Further, the Chairman & Managing Director is evaluated on key aspects of the role which includes inter-alia effective leadership to the Board and adequate guidance to the CEO.

During the year under review, the Board carried out annual evaluation of its own performance as well as evaluation of the working of various Board Committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee (NRC) and Corporate Social Responsibility Committee. This exercise was carried out through a structured questionnaire prepared separately for Individual Board Members (including the Chairman) and Board Committees based on the criteria as formulated by the NRC and in context of the Guidance note dated January 05, 2017 issued by SEBI. The said questionnaire was circulated to the Directors in physical mode and the same was also made available to the Directors on their iPads under the 'Diligent Boards' (Diligent) Application to carry out performance evaluation for the Financial Year 2017-18 on the broad parameters as laid down by the NRC.

Based on these criteria, the performance of the Board, various Board Committees viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee and Individual Directors (including Independent Directors) was evaluated and found to be satisfactory.

During the year under review, the Independent Directors of your Company reviewed the performance of Non-Independent Directors and Chairperson of your Company.

Further, the Independent Directors hold unanimous opinion that the Non-Independent Directors as well as the Chairman and Managing Director bring to the Board, abundant knowledge in their respective field and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation, mature and have a deep knowledge of your Company.

The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and discussed when required, with each Director bringing professional domain knowledge to the table. All Directors are participative, interactive and communicative.

The Chairman and Managing Director has abundant knowledge, experience, skills and understanding of the Board's functioning, possesses a mind for detail, is meticulous to the core and conducts the Meetings with poise and maturity.

The information flow between your Company's Management and the Board is complete, timely with good quality and sufficient quantity.

POLICY AGAINST SEXUAL AND WORKPLACE HARASSMENT

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

Your Company has put in place a 'Policy on Prevention of Sexual Harassment' as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said Policy was last revised on October 25, 2017. The Policy is meant to sensitize the employees about their fundamental right to have safe and healthy environment at workplace. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee constituted for this purpose. The said Policy is available on the Link - http://www.sreiequipment.com/investor/corporate-policies/pdf/policy-on-prevention-of-sexual-harassment.pdf

Your Company affirms that during the year under review adequate access was provided to any complainant who wished to register a complaint under the Policy.

During the year, your Company has not received any complaint of sexual harassment.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise
- Issue of sweat equity shares

- Your Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees
- There was no revision in the Financial Statements
- There was no change in the nature of business.

AWARDS AND RECOGNITION

During the year under review, your Company received the following awards and recognitions-

- CIA World Construction & Infra Awards 2018 - Best Company in Construction Equipment Finance
- Times Ascent – "Dream Companies to Work For" Award 2018
- Economic Times Now Presents BFSI Awards 2018 – Brand Excellence and Marketing Best BFSI Company
- Equipment Times – Yellow Dot Awards 2017 – Best Construction Equipment Finance Company of the Year
- Employer Branding Institute – Best Employer Award India 2017
- Best Company in Construction Equipment Finance for the CIA World Awards 2017
- Best Company in Construction Equipment Finance – CIA Builders and Infra Awards 2017.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Sd/-
Hemant Kanoria
Chairman and Managing Director
DIN: 00193015

Place : Kolkata
Date : April 24, 2018

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members,
SREI EQUIPMENT FINANCE LIMITED
'Vishwakarma', 86C, Topsia Road
Kolkata- 700046
West Bengal

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Srei Equipment Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of following Acts as amended from time to time alongwith the rules and regulations made thereunder:

i) The Companies Act, 2013 (the Act) and the rules made thereunder read with the Companies (Amendment) Act, 2017 to the extent notified as on Financial year ended 31st March, 2018;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were applicable to the Company during the Audit Period:-

  a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations / guidelines / circulars as may be issued by SEBI from time to time to the extent applicable.

I further report that during the audit period, there were no actions / events in pursuance of;

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

Having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, we further report that the Company has complied with the following laws applicable specifically to the Company:

i) Reserve Bank of India Act, 1934 and guidelines, directions and instructions issued by RBI through notifications and circulars relating to Non-banking Financial Institution Laws.

We have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards as issued and mandated by the Institute of Company Secretaries of India,

ii) The Listing Agreements entered into by the Company for listing of its debt securities with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings and agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review the Company decided to raise fresh capital by issue and/or transfer and allotment of Equity Shares through Initial Public Offering (IPO) comprising a combination of fresh issue and offer for sale by the existing shareholders. The said issue was approved by the Members of the Company and accordingly Draft Red Herring Prospectus (DRHP) was filed with BSE Ltd. ("BSE"), National Stock Exchange of India Limited ("NSE") and The Securities and Exchange Board of India ("SEBI") on November 28, 2017. In-principle approval was obtained from BSE Ltd. vide their letter dated December 15, 2017.

We further report that during the audit period the Company had,

i) Issue of Redeemable Non-Convertible Debentures on private placement upto an aggregate amount of Rs. 5000 Crores by way of Special Resolution passed on July 1, 2017.

ii) Increase in Authorized Share Capital of the Company from Rs. 75 Crores to Rs. 1000 Crores and consequential amendment in Clause V of the Memorandum of Association of the Company by way of an Ordinary Resolution passed in the Extra Ordinary General Meeting dated July 31, 2017.

iii) Proposal for IPO of equity share of the Company pursuant to the provision of 62(1) of the Companies act, 2013 by way of a Special Resolution passed in the Extra Ordinary General Meeting dated October 27, 2017.

iv) Alteration of Articles of Association of the Company by adopting the new Articles of Association of the Company in substitution of the existing Articles of Association of the Company in order to align with the requirements of the Companies Act 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Stock Exchanges by way of a Special Resolution passed in the Extra Ordinary General Meeting dated October 27, 2017.

v) Increase in Foreign Portfolio Investment (FPI) limit in the Company to 49% and Non Resident Indian investment limit to 24% by way of a Special Resolution passed in the Extra Ordinary General Meeting dated October 27, 2017.

vi) Issue of Redeemable NCD (Bonds) aggregating upto Rs. 25,000 Crores on Private Placement Basis by way of a Special Resolution passed in the Extra Ordinary General Meeting dated January 20, 2018.

vii) Authority to the Board of Director pursuant to Section 180(1) (c) of the Companies Act, 2013 to borrow upto Rs. 60,000 Crores by way of a Special Resolution passed in the Extra Ordinary General Meeting dated January 20, 2018.

viii) Issued 200 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 20 Crores pursuant to Disclosure Document on a Private Placement Basis dated May 25, 2017.

ix) Issued 100 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 10 Crores pursuant to Disclosure Document on a Private Placement Basis dated May 30, 2017.

x) Issued 200 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 20 Crores pursuant to Disclosure Document on a Private Placement Basis dated June 21, 2017.

xi) Issued 50 Unsecured Subordinated Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 5 Crores pursuant to Disclosure Document on a Private Placement Basis dated June 22, 2017.

xii) Issued 50,00,000 Unsecured Subordinated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 1000 each, eligible for inclusion as Tier-II Capital for an amount of Rs. 5000 Million ("Base Issue Size") with an option to retain Over Subscription upto additional 5,000,000 NCDs of Rs. 1000 each, for an amount of Rs. 5000 Million aggregating to Rs. 10,000 Million ("Overall Issue Size") pursuant to Prospectus dated July 10, 2017 by way of Public Issue.

xiii) Issued 200 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 20 Crores pursuant to Disclosure Document on a Private Placement Basis dated September 15, 2017.

xiv) Issued 60 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 6 Crores pursuant to Disclosure Document on a Private Placement Basis dated October 03, 2017.

xv) Issued 1500 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 150 Crores pursuant to Disclosure Document on a Private Placement Basis dated October 13, 2017.

xvi) Issued 100 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 10 Crores pursuant to Disclosure Document on a Private Placement Basis dated December 27, 2017. However, 50 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each were allotted on December 28, 2017.

xvii) Issued 25 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 25 million pursuant to Disclosure Document on a Private Placement Basis dated January 09, 2018.

xviii) Issued 10 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 1 Crore pursuant to Disclosure Document on a Private Placement Basis dated January 16, 2018.

xix) Issued 100 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 10 Crores with additional 100 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each for an amount upto Rs. 10 Crores as Green Shoe Option pursuant to Disclosure Document on a Private Placement Basis dated January 17, 2018.

xx) Issued 50 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 5 Crore pursuant to Disclosure Document on a Private Placement Basis dated March 14, 2018.

xxi) Issued 100 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 10 Crore with additional 100 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 10 Crore as Green Shoe Option pursuant to Disclosure Document on a Private Placement Basis dated March 26, 2018. However, 165 Secured Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each were allotted on March 26, 2018.

xxii) Issued 500 Unsecured Subordinated Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each, for an amount upto Rs. 50 Crore pursuant to Disclosure Document on a Private Placement Basis dated March 27, 2018. However, 400 Unsecured Subordinated Listed Rated Redeemable Non-Convertible Debenture (NCDs) of Face Value of Rs. 10 Lacs each were allotted on March 31, 2018.

This Report is to be read with our letter of even date which is annexed **"Annexure A"** and forms an integral part of this Report.

For MR & Associates
Company Secretaries
[M R Goenka]
Partner

Place : Kolkata
FCS No.:4515

Date : April 24, 2018
C P No.:2551

"ANNEXURE – A"

(TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018)

To,
The Members
SREI EQUIPMENT FINANCE LIMITED
'Vishwakarma', 86C, Topsia Road,
Kolkata- 700046,
West Bengal

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

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the Audit practices and processes as where appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibilities of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MR & Associates
Company Secretaries

[M R Goenka]
Partner
FCS No.:4515
C P No.:2551

Place : Kolkata
Date : April 24, 2018

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

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

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   CSR activities at Srei Equipment Finance Limited are carried out in multiple ways:

   a. Independently

   b. Jointly with Srei Foundation and IISD Edu World

   c. In partnership with external social bodies / NGOs.

   Our activities are carried out along the following thrust areas:

   a. Education and Skills Development:
   Supporting education institutions and providing opportunities to deserving students (from marginalized sections of society) through various channels.

   b. Healthcare / Medical facilities:
   Ensure and promote a culture of healthy workforce by creating awareness and raising consciousness among people.

   c. Social and Economic Welfare:
   Support the cause of building social institutions by advancing financial grant towards construction of houses, girl marriage, and other social essentialities to the underserved.

   d. Environmental Sustainability:
   Raise consciousness towards building a healthy environment among the stakeholders and community at large.

   The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is: http://www.sreiequipment.com/investor/corporate-policies/pdf/Corporate-Social-Responsibility-Policy-for-SEFL.pdf

   The details of the CSR activities undertaken at Srei Equipment Finance Limited can be accessed at: http://www.sreiequipment.com/csr/what-do-we-do.

2. **The Composition of the CSR Committee**

   Committee Members:

   ➢ Mr. Hemant Kanoria, Chairman (Chairman & Managing Director)

   ➢ Mr. Sunil Kanoria, Vice Chairman

   ➢ Mr. Shyamalendu Chatterjee, Non-Executive and Independent Director

   Secretary to the CSR Committee:

   ➢ Ms. Ritu Bhojak

3. **Average net profit of the company for last three financial years**

   Rs. 1,98,89,86,749/-

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

   Rs. 3,97,79,735/-

5. **Details of CSR spent during the financial year**

   a. **Total amount to be spent for the Financial Year:** The Company has spent Rs. 3,99,21,000/- against the mandated requirement of Rs. 3,97,79,735/-

b. **Amount unspent, if any:** Nil

c. **Manner in which the amount spent during the financial year is detailed below:**

(Amount in Rs.)

Sl. No.	CSR project or activity identified	Sector in which the Project is covered (clause no. (Cl.) of Schedule VII to the Companies Act, 2013, as amended)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period*	Amount spent: Direct or through implementing agency
1.	Promoting Education, Enhancing vocational skills, Promoting health and culture including women empowerment	Cl.(i) Health Cl.(ii) Promoting Education; Cl.(iii) Empowering Women	Local areas in and around West Bengal, Rajasthan, Bihar and Chennai	3,00,00,000	3,00,00,000	6,75,00,000	Implementing Agency – Srei Foundation**
2.	S.V.S Marwari Hospital	Cl.(i) Health	Kolkata, West Bengal	21,000	21,000	78,000	Direct
3.	Indian Institute of Cerebral Palsy	Cl.(ii) Promoting Education	Kolkata, West Bengal	8,00,000	8,00,000	32,00,000	Direct
4.	IISD Edu World	Cl.(ii) Promoting Education	Kolkata, West Bengal	60,00,000	60,00,000	95,08,000	Direct
5.	Global Hospital & Research Center	Cl.(i) Health	Sirohi, Rajasthan	1,00,000	1,00,000	1,00,000	Direct
6.	Srihari Global School Foundation	Cl.(ii) Promoting Education	Asansol, West Bengal	30,00,000	30,00,000	30,00,000	Direct
	TOTAL			**3,99,21,000**	**3,99,21,000**	**8,33,86,000**	

*Considering the expenditure during the previous financial years, the cumulative expenditure upto the reporting period is Rs. 9,36,67,000

**Srei Foundation is a Public Charitable Trust established with the objective of serving the humanity inter-alia through promotion of education, health, housing, socio-economic support and awakening of women, free holistic treatment and assistance to various NGOs in their respective fields. Srei Foundation has an established track record of more than 3 (three) years in undertaking such projects and programs.

6. **Reasons for not spending the two per cent of the average net profit of the last three financial years** Not Applicable

7. **Responsibility statement of the CSR Committee** The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of Corporate Social Responsibility Committee

	Sd/-	Sd/-
	Hemant Kanoria	**Shyamalendu Chatterjee**
	(DIN: 00193015)	(DIN: 00048249)
Place : Kolkata	Chairman of the Committee	Member of the Committee
Date : April 24, 2018	(Chairman & Managing Director)	(Independent Director)

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U70101WB2006PLC109898
ii.	Registration Date	13th June, 2006
iii.	Name of the Company	Srei Equipment Finance Limited
iv.	Category / Sub-Category of the Company	Public Company limited by Shares
v.	Address of the Registered office and contact details	"Vishwakarma", 86C, Topsia Road (South) Kolkata 700-046 Email: sefpl@srei.com Telephone no.: 91-33 6160 7734 Fax no.: 91-33 2285 7542
vi.	Whether listed company (Yes / No)	Yes (Debt securities)
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	a) For Equity shares and Public Issue of Non-Convertible Debentures of the Company: Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Email: einward.ris@karvy.com Tel: +91-40 6716 2222 Fax: +91-40 2343 1551 b) For Non-Convertible Debentures issued on Private Placement basis: S. K. Infosolutions Private Limited 34 / 1A Sudhir Chatterjee Road, Kolkata - 700 006 Tel : 91-33 2219 4815 Fax: 91-33 2219 4815 E-Mail: skcdilip@gmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:-

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / service*	% to total turnover of the Company**
1.	Other financial service activities, except in insurance and pension funding activities	649	99.4

*As per National Industrial Classification – 2008: Ministry of Statistics and Programme Implementation

** Represents total income

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shareholding	Applicable Section
1	Srei Infrastructure Finance Limited (SIFL) 'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046	L29219WB1985PLC055352	Holding	100*	2(46)

**Mr. Hemant Kanoria, Mr. Sunil Kanoria, Mr. Sanjeev Sancheti, Mr. Shashi Bhushan Tiwari, Mr. Ganesh Prasad Bagree and Mr. Sandeep Lakhotia hold 1 (one) equity share each as nominees of SIFL.*

Your Company does not have any subsidiary / associates / joint venture company as on March 31, 2018.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares**	Demat	Physical	Total	% of Total Shares**	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	6*	6	0	6	-	6	0	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	59659994	-	59659994	100.00	59659994	-	59659994	100.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1):-	**59659994**	**6**	**59660000**	**100.00**	**59660000**	**-**	**59660000**	**100.00**	**-**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**59659994**	**6**	**59660000**	**100.00**	**59660000**	**-**	**59660000**	**100.00**	**-**
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.Non-Institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares**	Demat	Physical	Total	% of Total Shares**	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify) **Sub-total (B)(2):-**	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**59659994**	**6**	**59660000**	**100.00**	**59660000**	**-**	**59660000**	**100.00**	**-**

* Mr. Hemant Kanoria, Mr. Sunil Kanoria, Mr. Sanjeev Sancheti, Mr. Shashi Bhushan Tiwari, Mr. Ganesh Prasad Bagree and Mr. Sandeep Lakhotia hold 1 (one) equity share each as nominees of Srei Infrastructure Finance Limited (SIFL).

**Figure rounded off

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	
1	Srei Infrastructure Finance Limited (SIFL)	5,96,60,000*	100.00	0	5,96,60,000*	100.00	0	0
	Total	**5,96,60,000***	**100.00**	**0**	**5,96,60,000***	**100.00**	**0**	**0**

*6 (Six) shares each held by nominees of SIFL

iii) Change in Promoters' Shareholding - Nil

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sanjeev Sancheti*	1	Negligible	1	Negligible
2.	Shashi Bhushan Tiwari*	1	Negligible	1	Negligible
3.	Ganesh Prasad Bagree*	1	Negligible	1	Negligible
4.	Sandeep Lakhotia*	1	Negligible	1	Negligible

*As a nominee of Srei Infrastructure Finance Limited (SIFL)

v) Shareholding of Directors and Key Managerial Personnel

SI. No.	For Each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Directors				
1.	**Mr. Hemant Kanoria**				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	1	Negligible	1	Negligible
2.	**Mr. Sunil Kanoria**				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	1	Negligible	1	Negligible
3.	**Mr. Shyamalendu Chatterjee**				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	-	-	-	-
4.	**Ms. Supriya Prakash Sen***				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	-	-	-	-
5.	**Mr. Suresh Kumar Jain****				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	-	-	-	-
	Key Managerial Personnel				
1.	**Mr. Hemant Kanoria - Chairman and Managing Director**				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	1	Negligible	1	Negligible
2.	**Mr. Sunil Kanoria – Vice Chairman**				
	At the beginning of the year	1	Negligible	1	Negligible
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	1	Negligible	1	Negligible

3.	**Mr. Devendra Kumar Vyas - Chief Executive Officer**				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	-	-	-	-
4.	**Mr. Manoj Kumar Beriwala - Chief Financial Officer**				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	-	-	-	-
5.	**Ms. Ritu Bhojak - Company Secretary*** **				
	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease	No change during the year			
	At the end of the year	-	-	-	-

*Appointed w.e.f. September 09, 2017

**Appointed w.e.f. October 25, 2017

***Appointed w.e.f. November 27, 2017

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(Rs. in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,68,397	2,24,787	-	12,93,184
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,814	5,557	-	15,371
Total (i+ii+iii)	**10,78,211**	**2,30,344**	**-**	**13,08,555**
Change in Indebtedness during the financial year*				
Addition	3,88,271	2,01,829	-	5,90,100
Reduction	-	-	-	-
Net Change	**3,88,271**	**2,01,829**	**-**	**5,90,100**
Indebtedness at the end of the financial year				
i) Principal Amount	1,456,341	4,25,589	-	18,81,930
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,141	6,584	-	16,725
Total (i+ii+iii)	**14,66,482**	**4,32,173**	**-**	**18,98,655**

* Change in indebtedness during the year is net of fresh addition and repayment

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Mr. Hemant Kanoria (Chairman & Managing Director)	Mr. Sunil Kanoria (Vice Chairman)	Total amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,31,25,586	5,29,30,461	10,60,56,047
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit -others, specify	1,48,84,000 (inclusive in 1)	1,48,84,000 (inclusive in 1)	2,97,68,000 (inclusive in 1)
5.	Others, please specify	-	-	-
	Total (A)	**5,31,25,586**	**5,29,30,461**	**10,60,56,047**
	Ceiling as per the Act	The remuneration is within the limits prescribed under the Companies Act, 2013.		

B. Remuneration to other Directors

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	**Independent Directors**						
		Mr. Shyamalendu Chatterjee	**Ms. Supriya Prakash Sen***	**Mr. Suresh Kumar Jain****	**Mr. Kora Ipe Puthenpurackal *****	**Dr. Tamali Sengupta *******	
	Fee for attending Board and Committee Meetings	13,85,000	3,70,000	1,00,000	4,05,000	2,25,000	24,85,000
	Others, please specify	-	-	-	-	-	-
	Total (B)	**13,85,000**	**3,70,000**	**1,00,000**	**4,05,000**	**2,25,000**	**24,85,000**
	Total Managerial Remuneration#	**10,60,56,047**					
	Overall Ceiling as per the Act	The remuneration is within the limits prescribed under the Companies Act, 2013					

* Appointed as an Additional Director w.e.f. 9th September, 2017

** Appointed as an Additional Director w.e.f. 25th October, 2017

*** Resigned w.e.f. 22nd September, 2017

**** Resigned w.e.f. 25th October, 2017

#Exclusive of sitting fees

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CEO	CFO	CS	CS	
		Mr. Devendra Kumar Vyas	Mr. Manoj Kumar Beriwala	Ms. Ritu Bhojak*	Mr. Naresh Mathur**	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3,06,21,112	69,54,349	15,28,236	15,71,776	4,06,75,473
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	32,400	13,500	21,600	67,500
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission as a % of Profit	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (C)	**3,06,21,112**	**69,86,749**	**15,41,736**	**15,93,376**	**4,07,42,973**

* Appointed w.e.f. 27th November, 2017

** Resigned w.e.f. 27th November, 2017

VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES

There were no penalties / punishments / compounding of offences under any sections of the Companies Act, 2013 against the Company or its Directors or other Officers in default during the year ended 31st March, 2018.

Sd/-
Hemant Kanoria
Chairman & Managing Director
DIN 00193015

Place : Kolkata
Date : April 24, 2018

STATEMENT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

Sl. No.	Name of the Directors	Remuneration (Rs.)	Median Remuneration of employees (Rs.)	Ratio (In times)
1.	Mr. Hemant Kanoria	6,78,45,509	4,30,600	157.56x
2.	Mr. Sunil Kanoria	6,84,56,175		158.98x

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

Sl. No.	Name	Designation	Remuneration of previous year (Rs.)	Remuneration of current year (Rs.)	% increase
1.	Mr. Hemant Kanoria	Chairman & Managing Director	5,23,26,341	6,78,45,509	29.66
2.	Mr. Sunil Kanoria	Vice Chairman	5,15,85,165	6,84,56,175	32.71
3.	Mr. Devendra Kumar Vyas	Chief Executive Officer	2,84,07,041	3,24,67,145	14.29
4.	Mr. Manoj Kumar Beriwala	Chief Financial Officer	59,41,868	81,60,308	37.34
5.	Ms. Ritu Bhojak#	Company Secretary	-	13,55,145	-
6.	Mr. Naresh Mathur##	Company Secretary	24,28,346	16,80,976	-

Appointed as Company Secretary of the Company w.e.f. November 27, 2017

Ceased to be Company Secretary of the Company w.e.f. November 27, 2017

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

iii. The percentage increase in the median remuneration of employees in the financial year:

Median remuneration of previous year (Rs.)	Median remuneration of current year (Rs.)	% increase
3,60,000	4,30,600	19.6

iv. The number of permanent employees on the rolls of Company:
There were 2061 employees as on 31st March, 2018.

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

Sl. No.	Particulars	Average % increase
1.	Increase in salary of Managerial Personnel	26.5
2.	Increase in salary of employee (other than Managerial Personnel)	2.5

vi. Affirmation that the remuneration is as per the remuneration policy of the Company:
Yes, it is confirmed.

For and on behalf of Board of Directors

Sd/-
Hemant Kanoria
Chairman & Managing Director
DIN 00193015

Place : Kolkata
Date : April 24, 2018

PARTICULARS OF EMPLOYEES

Information pursuant to Section 197(12) read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year ended 31st March, 2018

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

Sl. No.	Name	Designation	Remuneration Received [Rs.]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held by the employee before joining the Company	Percentage of equity shares held by the employee in the Company
1.	Mr. Hemant Kanoria	Chairman & Managing Director	6,78,45,509	B. Com (Hons)	38	55	02.04.2008	-	*Negligible
2.	Mr. Sunil Kanoria	Vice Chairman	6,84,56,175	B. Com (Hons), CA	33	53	02.04.2008	-	*Negligible
3.	Mr. Devendra Kumar Vyas	Chief Executive Officer	3,24,67,145	B. Com, CA	26	49	01.04.1997	G P Agrawal & Co. Chartered Accountants (Partner)	NIL
4.	Mr. Indranil Sengupta	Chief Risk Officer	1,95,40,260	B. Com, CAIIB	33	56	01.04.2014	BNP Paribas, Bahrain (Director & Senior Banker, Corporate & Investment Banking)	NIL
5.	Mr. Somnath Bhattacharjee	President	1,23,55,696	BE - Mechanical	33	55	09.12.2016	TIL Limited (President & CEO)	NIL
6.	Mr. Pavan Trivedi	Chief of Operations	1,12,09,310	CA, ICWA	21	47	09.05.2016	Usha Martin Ltd (President)	NIL
7.	Mr. Rajdeep Khullar	Group Head - Litigation	1,00,65,946	LLB	29	56	02.02.1998	The Right Address Ltd (Senior Manager)	NIL
8.	Mr. Prakash Chand Patni	Head - Resource Mobilisation	95,82,122	B. Com (Hons), CA	35	59	01.10.1996	Aketa Limited (Vice President Finance)	NIL
9.	Mr. Shamik Roy	Head - SPG	95,47,514	PGDM&S, LLB, Master in Financial Management	32	57	01.04.2016	Punj Llloyd Group (President)	NIL
10.	Mr. Debnil Chakravarty	Head - BPM	85,47,497	CFA -96, PGDBA - 97	21	45	02.01.2008	ICICI Bank Ltd (Product Risk Manager)	NIL
11.	Mr. Pulak Bagchi **	Group Head - Corporate Legal	80,09,012	B.Com, LLB, CA - Inter	19	45	03.07.2017	Star India Private Limited (Senior Vice President - Legal & Regulatory)	NIL

*Holds 1 Equity Share each of Rs.10/- fully paid-up as nominees of Srei Infrastructure Finance Limited

** Employed for part of the year

Notes:

(a) Remuneration includes Basic Salary, HRA, Special Allowance, Super Annuation Allowance, Commission, Ex-gratia, LTA, Medical, Leave Encashment, Employer's contribution to Provident Fund, Employer's contribution to NPS, Incentives and other Perquisites.

(b) Nature of Employment and duties: Contractual and in accordance with terms and conditions as per Company's rules and policies.

(c) No employee is a relative of any Director except Mr. Hemant Kanoria (Chairman & Managing Director) who is brother of Mr. Sunil Kanoria (Vice Chairman).

For and on behalf of Board of Directors

Sd/-
Hemant Kanoria
Chairman & Managing Director
DIN 00193015

Place : Kolkata
Date : April 24, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SREI EQUIPMENT FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SREI EQUIPMENT FINANCE LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)

Shrenik Baid
Partner
(Membership Number: 103884)

Place : Kolkata
Date : April 24, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **SREI EQUIPMENT FINANCE LIMITED** (“the Company”) as of 31 March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)

Shrenik Baid
Partner
(Membership Number: 103884)

Place : Kolkata
Date : April 24, 2018

SREI

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / court order provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and it did not have any unclaimed deposits at the beginning of the year. Hence reporting under clause (v) of the CARO 2016 is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on 31 March, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. In lacs)
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2002-03 to 2014-15	3,684^
Central Sales Tax and VAT Laws	Central Sales Tax and VAT	At various level from Commissioner to High Court	Various years from 2007-08 to 2014-15	1,134#
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2011-12 to 2013-14	6,680$

^ Net of Rs. 300 Lacs paid under protest

Net of Rs. 10 Lacs paid under protest

$ Net of Rs. 700 Lacs paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken any loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of public offer of debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year, other than those stated in Note 35 of Annexure-1 of the Financial Statements.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 302009E)

Shrenik Baid
Partner
(Membership Number: 103884)

Place : Kolkata
Date : April 24, 2018

SREI

BALANCE SHEET as at 31st March, 2018

(Rs.in Lacs)

		Note No.	As at 31st March, 2018		As at 31st March, 2017	
I	EQUITY AND LIABILITIES					
(1)	**Shareholders' funds**					
(a)	Share capital	2.1	5,966		5,966	
(b)	Reserves and surplus	2.2	2,72,076	2,78,042	2,46,074	2,52,040
(2)	**Non-current liabilities**					
(a)	Long-term borrowings	2.3	5,96,831		4,23,259	
(b)	Deferred tax liabilities (Net)	2.4	31,530		23,774	
(c)	Other long-term liabilities	2.5	47,916		17,652	
(d)	Long-term provisions	2.6	7,119	6,83,396	4,831	4,69,516
(3)	**Current liabilities**					
(a)	Short-term borrowings	2.7	11,23,137		7,53,416	
(b)	Trade payables					
	(i) Due to micro and small enterprises	2.8	-		-	
	(ii) Due to others	2.8	1,71,546		1,02,953	
(c)	Other current lliabilities					
	(i) Current maturities of long term borrowings	2.9	1,61,962		1,16,509	
	(ii) Other current liabilities	2.9	28,480		26,546	
(d)	Short-term provisions	2.10	3,601	14,88,726	2,040	10,01,464
	TOTAL			**24,50,164**		**17,23,020**
II	ASSETS					
(1)	**Non-current assets**					
(a)	Property plant and equipment					
	(i) Tangible assets	2.11	4,43,875		2,31,306	
	(ii) Intangible assets	2.11	1,115		2,374	
(b)	Non-current investments	2.13	-		7	
(c)	Long-term loans and advances					
	(i) Financial assets	2.14	11,76,281		8,56,821	
	(ii) Other long-term advances	2.15	27,565		15,075	
(d)	Other non-current assets	2.16	25,940	16,74,776	7,610	11,13,193
(2)	**Current assets**					
(a)	Current investments	2.13	-		208	
(b)	Trade receivables	2.17	11,284		5,579	
(c)	Cash and cash equivalents	2.18	63,781		36,123	
(d)	Short-term loans and advances					
	(i) Financial assets	2.14	2,38,750		1,85,069	
	(ii) Other short-term advances	2.19	31,317		5,063	
(e)	Other current assets					
	(i) Current maturities of long-term financial assets	2.14	4,20,916		3,71,692	
	(ii) Other current assets	2.20	9,340	7,75,388	6,093	6,09,827
	TOTAL			**24,50,164**		**17,23,020**
Summary of significant accounting policies		1.3				
The accompanying notes are an integral part of the financial statements		2.1 to 2.40				

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Shrenik Baid
Partner

Place : Kolkata
Date : April 24, 2018

On behalf of the Board of Directors

Hemant Kanoria
Chairman and Managing Director
(DIN 00193015)

Devendra Kumar Vyas
Chief Executive Officer

Manoj Kumar Beriwala
Chief Financial Officer

Ritu Bhojak
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2018

(Rs.in Lacs)

		Note No.	For the year ended 31st March, 2018	For the year ended 31st March, 2017
(1)	INCOME			
(a)	Revenue from operations	2.21	3,30,954	2,49,333
(b)	Other income	2.22	1,137	200
	Total income		**3,32,091**	**2,49,533**
(2)	EXPENDITURE			
(a)	Finance costs	2.23	1,59,471	1,33,240
(b)	Employee benefits expense	2.24	18,909	15,479
(c)	Depreciation, amortization and impairment expenses	2.11	57,966	35,929
(d)	Other expenses	2.25	22,102	17,970
	Total		**2,58,448**	**2,02,618**
(3)	**Profit before bad debts written off, provisions, contingencies and tax**		**73,643**	**46,915**
	Bad debts written off, provisions and contingencies	2.26	34,202	25,273
(4)	**Profit before tax**		**39,441**	**21,642**
(5)	**Tax expense :**			
	(a) Current tax		8,179	4,599
	(b) MAT credit entitlement		(2,843)	(4,599)
	(c) Deferred tax		7,756	6,758
	Net tax expense		**13,092**	**6,758**
(6)	**Profit after tax**		**26,349**	**14,884**
(7)	**Earnings per share (basic and diluted) (Rs.)**	2.27	**44.17**	**24.95**
	[Face value of equity shares of Rs. 10/- each (31st March, 2017 : Rs. 10/- each)]			
Summary of significant accounting policies		1.3		
The accompanying notes are an integral part of the financial statements		2.1 to 2.40		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants
Shrenik Baid
Partner

Place : Kolkata
Date : April 24, 2018

On behalf of the Board of Directors

Hemant Kanoria
Chairman and Managing Director
(DIN 00193015)

Devendra Kumar Vyas
Chief Executive Officer

Manoj Kumar Beriwala
Chief Financial Officer

Ritu Bhojak
Company Secretary

SREI

CASH FLOW STATEMENT for the year ended 31st March, 2018

(Rs.in Lacs)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A. Cash Flows from Operating Activities		
Profit Before Tax	**39,441**	**21,642**
Adjustment for :		
Depreciation, amortization and impairment expenses	57,966	35,929
Bad debts written-off, provisions and contingencies	34,202	25,273
Loss / (profit) on sale of fixed assets (net)	903	(88)
Finance costs	1,59,471	1,33,240
Unrealised exchange gain	(549)	(566)
Dividend income from current investments (non trade)	(1,116)	(94)
Operating profit before working capital changes	**2,90,318**	**2,15,336**
Changes in working capital :		
(Increase) / decrease in trade receivables / others	(51,583)	(2,654)
(Increase) / decrease in financial assets	(4,51,996)	(1,04,887)
Increase / (decrease) in trade payables / others	97,884	4,328
Decrease in fixed deposit (deposits with original maturity period of more than three months)	(47,290)	(18,211)
Cash (used in) / generated from operations	**(1,62,667)**	**93,912**
Interest paid (net of foreign exchange fluctuation)	(1,58,759)	(1,36,813)
Advance taxes paid (including tax deducted at source)	(4,636)	(5,775)
Net Cash used in operating activities	**(3,26,062)**	**(48,676)**
B. Cash Flows from Investing Activities		
Purchase of fixed assets	(2,70,246)	(80,901)
Investment in units of trust and schemes of venture funds	(2,300)	-
Proceeds from sale of investment in units of trust and schemes of venture funds	3,500	-
Dividend income from current investments (non trade)	1,116	94
Proceeds from redemption of investments in units of pass through certificates	215	575
Proceeds from sale of fixed assets	3,224	2,134
Net Cash used in Investing Activities	**(2,64,491)**	**(78,098)**
C. Cash Flows from Financing Activities		
Proceeds from issuance of debentures	87,113	1,02,650
Repayment on redemption of debentures	(20,296)	(46,600)
Increase / (decrease) in working capital facilities (net)	1,91,748	(38,222)
Increase / (decrease) in other loans (net)	3,27,334	1,06,941
Net cash generated from financing activities	**5,85,899**	**1,24,769**
Net increase / (decrease) in cash and cash equivalents	**(4,654)**	**(2,005)**
Cash and cash equivalents at the beginning of the year	**7,183**	**9,188**
Cash and cash equivalents at the end of the year *(refer note 2.18)*	**2,529**	**7,183**
Summary of significant accounting policies *(refer note 1.3)*		

The accompanying notes are an integral part of the financial statements *(refer note 2.1 to 2.40)*

Previous year figures including those given in brackets have been regrouped / rearranged wherever considered necessary to correspond with current year classification / disclosure.

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Shrenik Baid

Partner

Place : Kolkata

Date : April 24, 2018

On behalf of the Board of Directors

Hemant Kanoria
Chairman and Managing Director
(DIN 00193015)

Devendra Kumar Vyas
Chief Executive Officer

Manoj Kumar Beriwala
Chief Financial Officer

Ritu Bhojak
Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

1.1 GENERAL CORPORATE INFORMATION

Srei Equipment Finance Limited, a wholly owned subsidiary of Srei Infrastructure Finance Limited, is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company had received a Certificate of Registration from the Reserve Bank of India ('RBI') on 3rd September, 2008 to commence / carry on the business of Non-Banking Financial Company ('NBFC') without accepting public deposits, classified as Systemically Important NBFC (NBFC-NDSI). Subsequently, the Company has been issued a new certificate by the RBI dated 19th February, 2014 consequent to conversion from Private Limited Company to Public Limited Company.

1.2 BASIS OF PREPARATION

The Financial Statements of the Company have been prepared and presented under historical cost convention on the accrual basis of accounting to comply with the recognition and measurement principles laid down in Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the 2013 Act"), as applicable, and as per the guidelines issued by the RBI as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulations'). The notified Accounting Standards (AS) is followed by the Company in so far as they are not inconsistent with the NBFC Regulations.

These Financial Statements comprises of Balance Sheets as at 31st March, 2018 and 31st March, 2017, the Statement of Profit and Loss for the quarter and year ended 31st March, 2018 and 31st March, 2017 and the Cash Flow Statement for the year ended 31st March, 2018 and 31st March, 2017 and other explanatory notes.

1.3 SIGNIFICANT ACCOUNTING POLICIES

i. Operating cycle

'An operating cycle' is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The normal operating cycle for the company is considered to be of twelve months.

ii. Presentation and disclosure in financial statements

The financial statements are presented and prepared according to Part I and Part II of Schedule III notified under the Companies Act, 2013.

iii. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

iv. Property, Plant and Equipment and Depreciation / Amortization

a) Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

b) Depreciation / Amortizations

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice.

Operating lease Assets

Class of Assets	Useful Life as per the Companies Act 2013	Useful Life as followed by the Management
Computers Equipment	3 and 6 years	5 years
Earth Moving Equipment	9 years	7 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 and 30 years	8 and 15 years
Windmill	22 years	20 years

Own Use Assets

Class of Assets	Useful Life as per the Companies Act 2013	Useful Life as followed by the Management
Computer Equipment	3 and 6 years	5 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 and 22 years	8 and 22 years

Management believes that the useful lives of the assets reflect the periods over which these assets are expected to be used.

Lease hold assets including improvements are amortized over the period of estimated useful life or lease period whichever is lower.

Depreciation on assets purchased / sold during the period is recognized on a pro-rata basis.

Amortization is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Class of Assets	Useful Life as followed by the Management
Software	5 years*

*Software includes license amortized over license life or 5 years whichever is earlier.

c) Impairment of assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment based on internal / external factors. An impairment loss is recognized to the extent, the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price and its value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed, had usual depreciation been charged and no impairment provision recognized.

v. Borrowing Costs

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds and includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

to the interest cost. Ancillary costs of borrowings are amortized over the life of the underlying borrowings.

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

vi. Operating Leases

Where the Company is the lessor

Leases under which substantially all risks and benefits of ownership of the asset are not transferred to the lessee are classified as operating leases. Assets given on operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred for execution of operating lease arrangements are recognized immediately in Statement of Profit and Loss.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

vii. Finance Leases

Leases under which substantially all risks and benefits of ownership of the asset are transferred to the lessee are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

viii. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, provision for diminution in the value is recognized in case of a decline other than temporary, in the value of a long term investment. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

ix. Financial Assets

a) Financial Assets include loans granted under hypothecation facilities, repossessed, assets / receivables acquired in satisfaction of debt, and instruments (equity shares, preference shares, loans and debentures) received in consideration under Corporate Debt Restructuring (CDR), or Strategic Debt Restructuring (SDR) or Scheme for Sustainable Structuring of Stressed Assets (S4A).

b) Loans are carried at the amount advanced, interest accrued, as reduced by the amounts received and loans securitised or assigned.

c) Repossessed assets and assets / receivables acquired in satisfaction of debt are carried at lower of cost and estimated net realizable value, calculated based on the valuation of the underlying assets, where applicable, carried out by an external valuer.

d) Securities received under CDR, SDR and S4A are carried based on the applicable guidelines issued by the RBI.

e) The Company considers a restructured account as one where the Company, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Company would not otherwise consider. Restructuring would normally involve modification of terms of the advance or securities / collaterals, which would generally include, among others, alteration of repayment period, repayable amount, the amount of installments, rate of interest, etc. Restructured accounts are classified as standard or sub-standard in accordance with guidelines on restructuring applicable to NBFCs.

x. Bad debts written-off, provisions and contingencies

The Company classifies its loans into performing and non-performing assets (NPAs) based on number of days– principal or interest remains past due in accordance with the RBI guidelines. The Company recognizes provisions for NPAs and standard assets in accordance with applicable guidelines issued by the RBI. The Company also makes additional provision for NPA to the extent considered necessary based on the management's best estimate.

Loans and advances which as per the management are not likely to be recovered are written-off as bad debt. Loss on repossessed assets or on assets / receivables acquired in satisfaction of debt are written-off as bad debts. Recoveries made from previously written off assets are netted from bad-debts written off.

xi. Foreign currency transactions and balances

a) Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the prevailing exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Year-end foreign currency monetary items are reported using the year-end foreign exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates prevailing at the date when the values are determined.

c) Exchange differences

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous period and / or on conversion of monetary items, are recognized as income or expenses in the period in which they arise except as stated in paragraph (e).

d) Forward Exchange Contracts (not intended for trading or speculation purpose)

The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract and any charge payable in respect of such foreign exchange contracts are recognized when such charges become due under the terms of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

e) Derivatives and Hedging

The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates or variable interest benchmark (LIBOR) on underlying liability, enters into the derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes. The Company with effect from 1st April 2016 (referred to as "Transition date"), has applied the Guidance Note on Accounting for Derivative Contracts issued by Institute of Chartered Accountants of India (ICAI) (herein after referred to as the "Guidance Note") which is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS) like forward contracts

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(or other financial instruments which in substance are forward contracts covered) which is covered by AS 11. Further the said Guidance Note applies to all derivative contracts covered by it and are outstanding as on the transition date with the cumulative impact (net of taxes) as on the transition date recognized in reserves as a transition adjustment and disclosed separately.

As per the requirement of the Guidance Note, all applicable derivatives are recognized in the Balance Sheet at Fair Value and classified as hedging derivative, if the same are designated as part of an effective hedge relationship. The carrying amounts of derivatives are re measured at fair value throughout the life of the contract. The method of recognizing the resulting fair value gain or loss on derivative depends on whether the derivative is designated as hedging instrument and, if so on the nature of the item hedged. Hedge accounting is used for derivative designated in the aforesaid way provided certain criteria as stated in the Guidance Note are met.

The Company has designated the derivatives covered under the Guidance Note as hedges of the highly probable future cash flows attributable to a recognized asset or liability (Cash Flow Hedge). The effective portion of the changes in fair value of derivative in case of cash flow hedges are recognized in the cash flow hedge reserve as part of the Equity. The accumulated hedge reserves in the equity are adjusted in the periods in which the hedge items effects the Income Statement. When the hedging instruments expires or sold or when the hedge no longer meet the criteria for hedge accounting, the cumulative gain / loss existing in the equity as hedging reserve remains in the equity and are adjusted when the forecasted transactions / hedge element is ultimately recognized in the income statement.

xii. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from Operations is recognized in the Statement of Profit and Loss on an accrual basis as stated herein below except that revenue from non-performing assets is recognized on receipt basis as per the Prudential Norms / Directions of the RBI, applicable to NBFCs.

(a) Financial Assets

(i) Income from financial assets is recognized based on the internal rate of return to provide a constant periodic rate of return on the net investment outstanding over the period of the contract or as per the terms of the contract.

(ii) Fees for processing of loans are recognized when a binding obligation for granting loan has been entered into.

(iii) Interest for delayed payment and changes to the Company's benchmark interest rate revision are accrued, due to uncertainty of realization, are recognized only to the extent of probable recovery. These charges are usually realized on full and final settlement.

(iv) Gains and interest differential arising on securitized / assigned assets are recognized over the tenure of agreements as per the guideline on securitization of standard assets issued by the RBI, and included under income from financial assets, while loss, if any is recognized upfront.

(v) Referral income is recognized when it becomes due under the term of relevant mutually agreed arrangement.

(b) Operating Lease

(i) Income from operating lease is recognized as rentals (net of applicable tax), on straight line basis over the period of the lease.

(ii) Fees for processing of operating lease are recognized upfront when a binding obligation for assets given on operating lease has been entered into.

(iii) Interest for delayed payment and changes to the Company's benchmark interest rate revision are accrued, due to uncertainty of realization are recognized only to the extent of probable recovery. These charges are usually realized on full and final settlement.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(c) Interest income on fixed deposits / margin money / pass through certificates is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(d) Revenue from sale of power is recognised to the extent of the Company's share of income of the jointly controlled operations arising out of sale of units generated as per the terms of the respective power purchase agreements with the State Electricity Boards.

(e) Income from dividend is recognised when the Company's right to receive such dividend is established by the Balance Sheet date.

xiii. Retirement and other employee benefits

(a) Employee benefits in the form of Provident Fund and Employees' State Insurance are defined contribution plans and related contributions are charged to the Statement of Profit and Loss, when an employee renders the related service. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

(b) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date.

(c) Short-term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.

(d) Actuarial gains / losses are immediately recognized in the Statement of Profit and Loss and are not deferred.

xiv. Income tax

Tax expense comprises of current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that these can be realized against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is recognized by crediting to Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

xv. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xvi. Provisions , Contingent Liabilities and Contingent Assets

a) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

b) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

xvii. Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement comprise of cash on hand and balances with banks, cheques on hand, remittances in transit and short-term investments with an original maturity of three months or less.

xviii. Debt Redemption Reserve (“DRR”)

As per Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014 read with Section 71(4) of the Companies Act, 2013 in case of NBFC registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, no DRR is required to be created in the case of privately placed debentures, however in case of public issue of Non-Convertible debentures (NCD) ‘the adequacy’ of DRR will be 25% of the value of debentures issued through public issue.

However, as a matter of prudence, the Company, as per the management’s discretion, created DRR for redemption of privately placed subordinated debentures / loans qualifying for Tier I / Tier II Capital on a straight line basis over the tenure of the respective debenture / loans till 31st March, 2015. Thereafter from 1st April, 2015 in accordance with the aforesaid applicable rules, the Company has created DRR only for redemption of public issue of NCD’s.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.1 SHARE CAPITAL

(Rs. in lacs, except number of shares)

Particulars	As at 31st March 2018	As at 31st March, 2017
Authorised		
Equity shares, Rs. 10/- par value		
500,000,000 (31st March, 2017 : 75,000,000) Equity shares	50,000	7,500
Preference shares, Rs. 100/- par value		
50,000,000 (31st March, 2017 : NIL) Preference shares	50,000	-
	1,00,000	**7,500**
Issued, subscribed and fully paid-up		
Equity shares, Rs. 10/- par value		
59,660,000 (31st March, 2017 : 59,660,000) Equity Shares	5,966	5,966
Total	**5,966**	**5,966**

2.1.1 Reconciliation of Equity Shares

The reconciliation of the number of Equity Shares outstanding and the corresponding amount thereof as at the Balance Sheet date is set out below:

Equity Shares	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	Rs. In lacs	No. of shares	Rs. In lacs
At the beginning of the year	5,96,60,000	5,966	5,96,60,000	5,966
Add: Issued as fully paid during the year	-	-	-	-
At the end of the year	**5,96,60,000**	**5,966**	**5,96,60,000**	**5,966**

2.1.2 Terms / rights attached to Equity and Preference Shares

The Company's authorized capital consists of two classes of shares referred to as Equity Shares and Preference shares having par value of Rs. 10/- each and Rs. 100/- each, respectively. Each holder of Equity Shares is entitled to one vote per share. Preference shareholders have a preferential right over equity shareholders, in respect of repayment of capital and payment of dividend. However, no such preference shares have been issued by the Company during the year ended 31st March, 2018 and are outstanding as at that date.

The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

2.1.3 The details of shareholders holding more than 5% shares are set out as below:

Class of shares and names of shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	% held	No. of shares	% held
Equity shares, Rs. 10/- par value				
Srei Infrastructure Finance Limited (Holding Company)*	5,96,60,000	100	5,96,60,000	100

* Including nominee shareholders

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.2 RESERVES AND SURPLUS

(Rs. In lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital reserve		
Opening balance	31	31
Add / Less: Transferred from / to surplus	-	-
Closing balance	**31**	**31**
Securities premium reserve		
Opening balance	1,03,980	1,03,980
Add: Received on issue of equity shares for the year	-	-
Closing balance	**1,03,980**	**1,03,980**
Debt redemption reserve		
Opening balance	58,600	58,600
Add: Transferred from surplus in the statement of profit and loss for the year *[refer note 1.3 (xviii)]*	7,684	3,900
Less: Transfer to surplus in the statement of profit and loss for the year on redemption*	7,684	3,900
Closing balance	**58,600**	**58,600**
Cash flow hedge reserve		
Opening balance	1,042	-
Add: Addition during the year *[refer note 1.3 (xi)(e)]*	1,236	1,048
Less: Utilised during the year *[refer note 1.3 (xi)(e)]*	1,583	6
Closing balance	**695**	**1,042**
Special reserve (created pursuant to Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	28,306	25,329
Add: Transferred from surplus in the statement of profit and loss for the year	5,270	2,977
Closing balance	**33,576**	**28,306**
Income tax special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)		
Opening balance	10,558	8,396
Add: Transferred from surplus in the statement of profit and loss for the year	2,999	2,162
Closing balance	**13,557**	**10,558**
Surplus in the Statement of Profit and Loss		
Opening balance	43,557	34,096
Less:Transition effect for derivative financial instruments [Net of deferred tax of Rs. Nil (31st March, 2017 : Rs. 150 lacs)] *(refer note no : 2.4)*	-	284
Add: Profit after tax transferred from statement of profit and loss	26,349	14,884
Amount available for appropriation	**69,906**	**48,696**
Appropriations:		
Less: Amount transferred to special reserve	5,270	2,977
Less: Amount transferred to Income Tax special reserve	2,999	2,162
Less: Amount transferred to debt redemption reserve	7,684	3,900
Add: Amount transferred from debt redemption reserve on redemption*	7,684	3,900
Closing balance	**61,637**	**43,557**
Total	**2,72,076**	**2,46,074**

* Pursuant to redemption of privately placed subordinated debentures / loans for the year, qualifying for Tier I / Tier II capital, the Company has released the Debt Redemption Reserve (DRR) created on such subordinated debentures / loans to the extent of net DRR created in the current year on public issue of Non Convertible Debentures.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.3 LONG-TERM BORROWINGS

(Rs. In lacs)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	(a)	(b)	(c)= (a)-(b)	(a)	(b)	(c)= (a)-(b)
	Total	Current maturities *(refer note 2.9)*	Non-current portion	Total	Current maturities *(refer note 2.9)*	Non-current portion
A. Secured						
Debentures						
Non-convertible debentures *(refer note 2.3.1)*	1,20,770	34,583	86,187	96,970	2,795	94,175
Term loans *(refer note 2.3.2)*						
From banks						
- Rupee loans	1,16,218	38,466	77,752	96,914	29,585	67,329
- Foreign currency loans	76,465	14,554	61,911	36,894	22,412	14,482
From financial institutions						
- Rupee loans	1,48,350	52,350	96,000	97,430	24,330	73,100
- Foreign currency loans	95,526	2,757	92,769	35,360	-	35,360
(A)	**5,57,329**	**1,42,710**	**4,14,619**	**3,63,568**	**79,122**	**2,84,446**
B. Unsecured						
Debentures						
Subordinated perpetual debentures (Tier I Capital) *(refer note 2.3.3)*	3,750	-	3,750	3,750	-	3,750
Subordinated redeemable non-convertible debentures (Tier II Capital) *(refer note 2.3.4)*	1,75,507	15,780	1,59,727	1,32,490	17,500	1,14,990
Non convertible debentures *(refer note 2.3.6)*	200	-	200	200	-	200
Term loans from banks *(refer note 2.3.5)*						
- Rupee subordinated loans (Tier II Capital)	6,667	1,667	5,000	25,000	18,333	6,667
- Foreign currency loans	15,340	1,805	13,535	14,760	1,554	13,206
(B)	**2,01,464**	**19,252**	**1,82,212**	**1,76,200**	**37,387**	**1,38,813**
TOTAL (A+B)	**7,58,793**	**1,61,962**	**5,96,831**	**5,39,768**	**1,16,509**	**4,23,259**
Less: Amount disclosed under the head "Other Current Liabilities" *(refer note 2.9)*	**-**	**1,61,962**	**-**	**-**	**1,16,509**	**-**
NET AMOUNT	**7,58,793**	**-**	**5,96,831**	**5,39,768**	**-**	**4,23,259**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.3.1 Secured Non-Convertible Debentures

Date of Allotment	Face Value per Debenture (Rs.)	Amount outstanding (Rs. In lacs)*		Interest rate (%)	Earliest redemption date
		As at 31st March, 2018	As at 31st March,2017		
18 January, 2018	10,00,000	1,000	-	9.00%	18 January, 2028
20 December, 2016	10,00,000	1,000	1,000	9.00%	20 December, 2026
26 March, 2018	10,00,000	1,650	-	9.00%	26 March, 2025
03 October, 2017	10,00,000	600	-	8.99%	03 October, 2024
15 September, 2017	10,00,000	2,345	-	8.50%	15 September, 2024
22 June, 2017	10,00,000	2,000	-	9.23%	22 June, 2024
20 June, 2014	10,00,000	1,000	1,000	10.90%	20 June, 2024
13 June, 2014	10,00,000	1,000	1,000	10.92%	13 June, 2024
31 May, 2017	10,00,000	1,000	-	9.32%	31 May, 2024
26 May, 2017	10,00,000	2,000	-	9.45%	26 May, 2024
02 December, 2016	10,00,000	500	500	9.00%	02 December, 2023
14 March, 2018	10,00,000	500	-	8.30%	14 March, 2023
06 October, 2016	10,00,000	500	500	9.95%	06 October, 2021
28 December, 2017	10,00,000	500	-	8.80%	28 December, 2020
16 October, 2017	10,00,000	15,000	-	9.25%	16 October, 2020
26 June, 2014	10,00,000	-	2,000	#	20 June, 2017
11 May, 2015 @ ##	1,000	40,970	40,970	**	**
17 January, 2017 @ ##	1,000	49,205	50,000	***	***
TOTAL		**1,20,770**	**96,970**		

* Includes current maturities

** The above debenture are alloted through public issue of Secured Non Convertible Debenture and are redeemable over a tenure of 3 - 7 Years having rate of interest ranging from 9.75% to 10.50%.

*** The above debenture are alloted through public issue of Secured Non Convertible Debenture and are redeemable over a tenure of 1 - 5 Years having rate of interest ranging from 8.60% to 9.76%.

All the above debentures are redeemable at par except those marked # which are redeemable at a premium of Nil (31st March, 2017 : 11.15%)

Security:

All the above non-convertible debentures except those issued to public marked ## are secured by way of pari-passu charge on the Company's immovable properties located at West Bengal, having carrying value of Rs. 18 lacs and an exclusive first charge on the specific receivables arising from the underlying loan / lease / assets of the Company.

@ The public Issue of Secured Non Convertible Debenture are secured by way of pari-passu charge on the Company's immovable properties located at Chennai, having carrying value of Rs. 50 lacs and specific receivables / assets of the Company.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.3.2 Term Loans from banks and financial Institutions

Particulars	Outstanding (Rs. In lacs)*	Repayment terms (Rs. In lacs)				Tenure (years)	Rate of Interest per annum	Nature of security
	As at 31st March, 2018	Monthly	Quarterly	Half yearly	Single instalment			
Rupee term loans								
From banks	1,16,218	14,145	1,02,073	-	-	0 - 5	8%-12%	Hypothecation of specific assets covered by hypothecation loan agreements and operating lease agreements with customers and receivables arising there from.
	(96,914)	(25,703)	(71,211)	-	-	(0 - 5)	(9%-12%)	
From financial institutions	1,48,350	3,850	48,250	96,250	-	0 - 5	8%-12%	
	(97,430)	(13,180)	(34,250)	(50,000)	-	(0 - 6)	(8%-12%)	
Total	**2,64,568**	**17,995**	**1,50,323**	**96,250**	**-**			
	(1,94,344)	**(38,883)**	**(1,05,461)**	**(50,000)**	**-**			
Foreign currency term loans								
From banks	76,465	-	9,341	67,124	-	0 - 6	3%-7%	Hypothecation of specific assets covered by respective hypothecation loan agreements and operating lease agreements with customers and / or receivables arising there from.
	(36,894)	-	(11,283)	(25,611)	-	(0 - 2)	(3%-6%)	
From financial Institutions	95,526	-	-	87,380	8,146	2 - 10	3%-7%	
	(35,360)	-	-	(35,360)	-	(3 - 8)	(3%-6%)	
Total	**1,71,991**	**-**	**9,341**	**1,54,504**	**8,146**			
	(72,254)	**-**	**(11,283)**	**(60,971)**	**-**			

* Includes current maturities.

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2017

2.3.3 Unsecured subordinated perpetual debentures (Tier I Capital)

As at 31st March, 2018, the amount outstanding in respect of unsecured subordinated perpetual debentures is Rs. 3,750 lacs (31st March, 2017 : Rs. 3,750 lacs) which is 1.43% (31st March, 2017 : 1.56%) of total Tier I Capital as on Balance Sheet date. These perpetual debentures have call option which is exercisable on or after 31st December, 2021 with prior approval of RBI. The coupon rate of these perpetual debentures is 12.50% per annum (31st March, 2017 : 12.50% per annum) which shall be stepped up by 100 basis points to 13.50% per annum for subsequent years, if Call Option is not exercised by the Company at the end of 10th year from the date of allotment i.e. 31st December, 2021.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.3.4 Unsecured subordinated redeemable non-convertible debentures (Tier II Capital)

During the year ended 31st March, 2018, the Company raised subordinated redeemable non-convertible debentures qualifying for Tier II Capital amounting Rs. 60,517 lacs (31st March, 2017 Rs. 30,350 lacs).The following table sets forth, the detail of the bonds outstanding as at the Balance Sheet date:

Date of Allotment	Face value per debenture (Rs.)	Amount outstanding (Rs. In lacs)		Coupon rate (%)	Earliest redemption date
		As at 31st March, 2018	As at 31st March, 2017		
08 August, 2017	1000	56,199	-	*	*
23 June, 2017	1000000	4,318	-	9.00%	23 June, 2027
30 March, 2017	1000000	5,000	5,000	10.25%	30 March, 2027
04 November, 2016	1000000	1,000	1,000	9.85%	04 November, 2026
07 October, 2016	1000000	4,000	4,000	10.75%	07 October, 2026
04 October, 2016	1000000	1,500	1,500	10.75%	04 October, 2026
24 August, 2016	1000000	3,000	3,000	9.50%	24 August, 2026
26 May, 2016	1000000	350	350	10.25%	26 May, 2026
25 May, 2016	1000000	2,000	2,000	10.75%	25 May, 2026
31 March, 2016	1000000	2,000	2,000	10.00%	31 March, 2026
18 March, 2016	1000000	500	500	10.70%	18 March, 2026
05 February, 2016	1000000	500	500	10.60%	05 February, 2026
20 January, 2016	1000000	500	500	10.60%	20 January, 2026
11 January, 2016	1000000	1,500	1,500	10.60%	11 January, 2026
24 September, 2015	1000000	500	500	10.50%	24 September, 2025
20 August, 2015	1000000	1,000	1,000	10.50%	20 August, 2025
13 August, 2015	1000000	15,000	15,000	10.75%	13 August, 2025
16 March, 2015	1000000	500	500	11.00%	16 March, 2025
01 March, 2017	1000000	500	500	10.40%	01 June, 2024
25 October, 2016	1000000	5,000	5,000	9.80%	25 April, 2024
10 March, 2017	1000000	7,500	7,500	10.45%	10 March, 2024
07 May, 2013	1000000	2,080	2,080	11.25%	07 May, 2023
24 September, 2015	1000000	1,200	1,200	10.40%	24 April, 2023
29 March, 2016	1000000	200	200	10.70%	29 March, 2023
24 January, 2013	1000000	900	900	11.25%	24 January, 2023
17 December, 2012	1000000	1,700	1,700	11.50%	17 December, 2022
13 August, 2015	1000000	5,000	5,000	10.75%	13 August, 2022
09 March, 2017	1000000	500	500	10.18%	09 June, 2022
01 February, 2016	1000000	700	700	10.15%	01 May, 2021
24 September, 2015	1000000	2,360	2,360	10.30%	24 April, 2021
20 December, 2013	1000000	1,000	1,000	11.10%	20 December, 2020
27 September, 2013	1000000	1,600	1,600	11.00%	27 September, 2020
31 March, 2015	1000000	3,600	3,600	11.00%	30 June, 2020
29 June, 2013	1000000	1,000	1,000	10.85%	29 June, 2020
31 March, 2010	1000000	7,450	7,450	10.00%	31 March, 2020
19 March, 2010	1000000	2,550	2,550	10.00%	19 March, 2020
24 December, 2009	1000000	10,000	10,000	10.00%	24 December, 2019
29 November, 2013	1000000	1,000	1,000	11.00%	29 May, 2019
29 November, 2013	1000000	500	500	11.00%	29 May, 2019
24 July, 2013	1000000	1,500	1,500	10.75%	24 May, 2019
29 June, 2013	1000000	2,500	2,500	10.75%	29 April, 2019
28 March, 2013	1000000	2,500	2,500	11.50%	28 September, 2018
27 September, 2011	1000000	6,800	6,800	12.00%	27 September, 2018
08 February, 2013	1000000	5,000	5,000	11.60%	08 August, 2018
07 May, 2013	1000000	1,500	1,500	11.10%	07 August, 2018
31 March, 2011	1000000	-	5,000	11.50%	31 March, 2018
03 August, 2007	1000000	-	10,000	12.00%	03 August, 2017
30 December, 2011	1000000	-	2,500	12.60%	30 July, 2017
Total		**1,75,507**	**1,32,490**		

All the above debentures are redeemable at par in single instalment.

* The above debenture are alloted through public issue of Unsecured Subordinate Non Convertible Debenture and are redeemable over a tenure of 5 - 10 years having rate of interest ranging from 9.25% per annum to 9.75% per annum.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.3.5 Unsecured term loans from banks

Particulars	Outstanding (Rs. In lacs) As at 31st March, 2018	Repayment terms (Rs. In lacs) Quarterly	Half yearly	Single instalment	Tenure (years)	Rate of Interest per annum
Rupee subordinated term loans (Tier II Capital)	6,667	-	1,667#	5,000	0 - 4	11%-12%
	(25,000)	(10,000)	(5,000)	(10,000)	(0 - 5)	(11%-12%)
Foreign currency loans	15,340	-	15,340	-	0 - 9	1%-2%
	(14,760)	-	(14,760)	-	(0-10)	(1%-2%)
Total	**22,007**	**-**	**17,007**	**5,000**		
	(39,760)	**(10,000)**	**(19,760)**	**(10,000)**		

Principal payable after moratorium of Nil (3 months)

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2017

2.3.6 Unsecured non-convertible debentures

During the year ended 31st March, 2018, the Company raised unsecured non-convertible debentures amounting Rs. Nil (31st March, 2017 Rs. 200 lacs).The following table sets forth, the detail of the bonds outstanding as at the Balance Sheet date:

Date of Allotment	Face value per debenture (Rs.)	Amount outstanding (Rs. In lacs) As at 31st March, 2018	As at 31st March, 2017	Coupon rate (%)	Earliest redemption date
28th October, 2016	10,00,000	100	100	9.95%	28th April, 2020
28th April, 2016	10,00,000	100	100	10.00%	28th April, 2020
Total		**200**	**200**		

The above debentures is redeemable at par in single instalment.

2.4 DEFERRED TAX LIABILITIES (NET)

The break-up of major components of such Deferred tax liabilities (net) is as follows:

(Rs. In lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
Deferred tax liability on :			
Depreciation / amortization on property, plant and equipment		34,928	29,028
Deferred revenue expenditure (unamortized debt issue expenses etc.)		3,525	1,768
Gross deferred tax liabilities	**(A)**	**38,453**	**30,796**
Deferred tax asset on :			
Provision for non performing assets and standard assets		6,715	5,068
Derivative financial instruments (transitional effect)		150	150
Unabsorbed depreciation carried forward		-	1,524
Others		58	280
Gross deferred tax asset	**(B)**	**6,923**	**7,022**
Net Deferred Tax Liability	**(A-B)**	**31,530**	**23,774**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.5 OTHER LONG-TERM LIABILITIES

(Rs. In lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Trade payables		
Acceptances	6,984	2,659
Others		
Interest accrued but not due on borrowings	755	1,009
Forward contracts payable	254	-
Trade deposits received	39,855	13,969
Others liabilities	68	15
Total	**47,916**	**17,652**

2.6 LONG-TERM PROVISIONS

(Rs. In lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits			
Provision for gratuity		167	810
Provision for compensated absence		1,125	1,206
	(A)	**1,292**	**2,016**
Current portion of provision for employee benefits *(refer note 2.10)*			
Provision for compensated absence		281	190
	(B)	**281**	**190**
	C = (A-B)	**1,011**	**1,826**
Other provisions			
Contingent provision against standard assets		6,108	3,005
	(D)	**6,108**	**3,005**
Total	**(C+D)**	**7,119**	**4,831**

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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.7 SHORT-TERM BORROWINGS

(Rs. In lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
A. Secured			
From Banks :			
Working capital facilities (rupee loan) *[refer note (a) below]*		8,57,374	6,77,450
Working capital facilities (foreign currency loan) *[refer note (a) below]*		-	10,663
Buyer's credit foreign currency loans *[refer note (b) below]*		40,638	15,716
From others :			
Debentures *[refer note 2.7.1]*		1,000	1,000
	(A)	**8,99,012**	**7,04,829**
B. Unsecured			
From others :			
Short- term rupee loan *[refer note (c) below]*		40,000	-
Commercial papers *[refer note (d) below]*		1,84,125	48,587
	(B)	**2,24,125**	**48,587**
Total	**(A+B)**	**11,23,137**	**7,53,416**

Notes :

(a) Working capital facilities (earmarked against cash credit limits) from banks are secured by hypothecation of underlying assets (both short-term and long-term financial assets) covered by respective hypothecation loan agreements and operating lease agreements with customers and receivables arising therefrom ranking pari-passu (excluding assets specifically charged to others). As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. As at 31st March, 2018 working capital facilities from banks include working capital demand loans aggregating Rs. 5,89,000 lacs (31st March, 2017: Rs. 3,84,500 lacs). Rate of interest for working capital demand loans ranges from 8% to 10% per annum (31st March, 2017 : from 8% to 10% per annum and for other working capital facilities (cash credits), ranges from 9% to 13% per annum (31st March, 2017 : from 9% to 14% per annum). Working capital facilities are in the form of foreign currency demand loan from bank bearing interest rate ranging from 3% to 5% per annum (31st March, 2017 : 3% to 5% per annum).

(b) Buyer's credit in the form of foreign currency loans from banks are secured by import documents covering title to capital goods and extension of pari passu charge for working capital facilities bearing interest rate ranging from 0% to 5% per annum (31st March, 2017 : 0% to 3% per annum).

(c) Short- term rupee loans from banks bear interest rate ranging from 8% to 9% per annum (31st March, 2017: 9% to 10% per annum).

(d) Rate of Interest ranges from 6% to 9% per annum (31st March, 2017 : 7% to 9% per annum). The maximum amount outstanding during the year ended was Rs. 4,41,500 lacs (31st March, 2017 : Rs. 3,55,700 Lacs).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.7.1 Secured Non-Convertible Debentures

Date of allotment	Face Value per debenture (Rs.)	Amount outstanding (Rs. In lacs)*		Interest Rate (%)	Earliest redemption date
		As at 31st March, 2018	As at 31st March, 2017		
22 August, 2016	10,00,000	1,000	1,000	***	22 August 2018**
Total		**1,000**	**1,000**		

* All the above debentures are redeemable at par.

** Contains put options excercisable on a quarterly basis

*** Secured Non-Convertible Debenture bearing interest rate at 10% per annum as at 31st March, 2018 (31st March, 2017: 9.5% per annum).

Security: The above non-convertible debentures are secured by way of exclusive first charge on the specific receivables arising from the underlying loan / lease / assets of the Company.

2.8 TRADE PAYABLES

(Rs. In lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
i. Due to Micro and Small Enterprises *	**(A)**	-	-
ii. Due to others			
Acceptances		37,055	38,249
Other than acceptance		1,32,148	62,897
Employees payables		1,816	1,509
Commission payable to directors		527	298
	(B)	**1,71,546**	**1,02,953**
Total	**(A+B)**	**1,71,546**	**1,02,953**

* There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the year and also as at the end of the year. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.9 OTHER CURRENT LIABILITIES

(Rs. in lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
i. Current maturities of long-term borrowings *(refer note 2.3)*	**(A)**	**1,61,962**	**1,16,509**
ii. Other Current liabilities:			
Interest accrued but not due on borrowings		15,970	14,362
Other payables			
Trade deposits received		5,961	7,638
Forward contracts payable		2,853	2,278
Advances from customers for operating leases		1,271	958
Other liabilities *		2,425	1,310
	(B)	**28,480**	**26,546**
Total	**(A+B)**	**1,90,442**	**1,43,055**

* It includes Swap and hedging premium accrued but not due amounting to Rs. 956 lacs (31st March, 2017 : Rs. 435 lacs) and Statutory liabilities amounting to Rs. 986 lacs (31st March, 2017 : Rs. 469 lacs)

2.10 SHORT-TERM PROVISIONS

(Rs. in lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
Provision for employee benefits *(refer note 2.6)*			
Provision for compensated absence		281	190
	(A)	**281**	**190**
Other provisions			
Contingent provision against standard assets		3,320	1,850
	(B)	**3,320**	**1,850**
Total	**(A+B)**	**3,601**	**2,040**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.11 PROPERTY PLANT AND EQUIPMENT

(Rs. In lacs)

Particulars	Gross block				Depreciation / amortization / impairment					Net book value
	As at 1st April, 2017	Additions	Disposals and other adjustments	As at 31st March, 2018	As at 1st April, 2017	Depreciation / amortization Charge	Impairment Charge	Disposals and other adjustments	As at 31st March, 2018	As at 31st March, 2018
I. Tangible assets:										
Assets for Own use										
Land-freehold	4	-	-	4	-	-	-	-	-	4
Buildings	92	-	-	92	16	2	-	-	18	74
Furniture and fixtures	2,387	28	-	2,415	1,804	191	-	-	1,995	420
Plant and machinery	22,500	-	-	22,500	26	1,023	-	-	1,049	21,451
Motor vehicles	306	102	45	363	139	49	-	32	156	207
Computers and office equipments	2,306	109	20	2,395	1,553	356	-	19	1,890	505
(A)	**27,595**	**239**	**65**	**27,769**	**3,538**	**1,621**	**-**	**51**	**5,108**	**22,661**
Assets given on operating lease										
Aircrafts	806	-	-	806	427	40	-	-	467	339
Earthmoving equipments	87,020	63,976	1,783	1,49,213	28,479	17,023	435	1,114	44,823	1,04,390
Motor vehicles	89,269	39,894	8,473	1,20,690	45,431	13,481	402	6,735	52,579	68,111
Plant and machinery	80,637	1,40,068	960	2,19,745	23,568	14,884	91	581	37,962	1,81,783
Wind mills	43,277	-	-	43,277	14,829	2,189	-	-	17,018	26,259
Computers	34,904	27,002	3,547	58,359	22,359	5,223	96	2,479	25,199	33,160
Furniture and fixtures	10,754	2,043	441	12,356	4,325	1,037	20	198	5,184	7,172
(B)	**3,46,667**	**2,72,983**	**15,204**	**6,04,446**	**1,39,418**	**53,877**	**1,044**	**11,107**	**1,83,232**	**4,21,214**
Total for Tangible assets (C)= (A+B)	**3,74,262**	**2,73,222**	**15,269**	**6,32,215**	**1,42,956**	**55,498**	**1,044**	**11,158**	**1,88,340**	**4,43,875**
II. Intangible assets:										
Assets for Own use										
Softwares	5,138	168	-	5,306	3,671	1,030	-	-	4,701	605
Tenancy right	8	-	-	8	8	-	-	-	8	-
(D)	**5,146**	**168**	**-**	**5,314**	**3,679**	**1,030**	**-**	**-**	**4,709**	**605**
Assets given on operating lease										
Softwares	3,469	12	278	3,203	2,562	345	48	262	2,693	510
(E)	**3,469**	**12**	**278**	**3,203**	**2,562**	**345**	**48**	**262**	**2,693**	**510**
Total for Intangible assets (F)= (D+E)	**8,615**	**180**	**278**	**8,517**	**6,241**	**1,375**	**48**	**262**	**7,402**	**1,115**
Total (C+F)	**3,82,877**	**2,73,402**	**15,547**	**6,40,732**	**1,49,197**	**56,873**	**1,092**	**11,420**	**1,95,742**	**4,44,990**

2.11 PROPERTY PLANT AND EQUIPMENT (CONTD.)

(Rs. In lacs)

Particulars	Gross block				Depreciation / amortization / impairment					Net book value
	As at 1st April, 2016	Additions	Disposals and other adjustments	As at 31st March, 2017	As at 1st April, 2016	Depreciation / amortization Charge	Impairment Charge	Disposals and other adjustments	As at 31st March, 2017	As at 31st March, 2017
I. Tangible assets:										
Assets for Own use										
Land-freehold	4	-	-	4	-	-	-	-	-	4
Buildings	92	-	-	92	14	2	-	-	16	76
Furniture and fixtures	2,381	34	28	2,387	1,590	229	-	15	1,804	583
Plant and machinery	-	22,500	-	22,500	-	26	-	-	26	22,474
Motor vehicles	306	-	-	306	94	45	-	-	139	167
Computers and office equipments	2,295	73	62	2,306	1,219	396	-	62	1,553	753
(A)	**5,078**	**22,607**	**90**	**27,595**	**2,917**	**698**	**-**	**77**	**3,538**	**24,057**
Assets given on operating lease										
Aircrafts	806	-	-	806	387	40	-	-	427	379
Earthmoving equipments	51,529	36,468	977	87,020	20,374	8,511	261	667	28,479	58,541
Motor vehicles	73,820	20,556	5,107	89,269	40,540	9,258	87	4,454	45,431	43,838
Plant and machinery	39,702	41,837	902	80,637	17,128	6,630	345	535	23,568	57,069
Wind mills	43,277	-	-	43,277	12,640	2,189	-	-	14,829	28,448
Computers	36,082	4,783	5,961	34,904	22,370	5,194	83	5,288	22,359	12,545
Furniture and fixtures	7,734	3,113	93	10,754	3,349	759	280	63	4,325	6,429
(B)	**2,52,950**	**1,06,757**	**13,040**	**3,46,667**	**1,16,788**	**32,581**	**1,056**	**11,007**	**1,39,418**	**2,07,249**
TOTAL FOR TANGIBLE ASSETS (C)= (A+B)	**2,58,028**	**1,29,364**	**13,130**	**3,74,262**	**1,19,705**	**33,279**	**1,056**	**11,084**	**1,42,956**	**2,31,306**
II. Intangible assets:										
Assets for Own use										
Softwares	4,756	382	-	5,138	2,641	1,030	-	-	3,671	1,467
Tenancy right	8	-	-	8	8	-	-	-	8	-
(D)	**4,764**	**382**	**-**	**5,146**	**2,649**	**1,030**	**-**	**-**	**3,679**	**1,467**
Assets given on operating lease										
Softwares	3,640	110	281	3,469	2,279	496	68	281	2,562	907
(E)	**3,640**	**110**	**281**	**3,469**	**2,279**	**496**	**68**	**281**	**2,562**	**907**
TOTAL FOR INTANGIBLE ASSETS (F)= (D+E)	**8,404**	**492**	**281**	**8,615**	**4,928**	**1,526**	**68**	**281**	**6,241**	**2,374**
Total (C+ F)	**2,66,432**	**1,29,856**	**13,411**	**3,82,877**	**1,24,633**	**34,805**	**1,124**	**11,365**	**1,49,197**	**2,33,680**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.12 LEASES

a) In the capacity of Lessee

(i) The Company has taken certain office premises under cancellable operating lease arrangements which generally, range between 11 months to 9 years, and are usually renewable by mutual agreement. For the year ended 31st March, 2018, lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to Rs. 901 lacs (31st March, 2017 : Rs. 2,692 Lacs).

(ii) In addition to the above, the Company has also taken certain other office premises under non-cancellable operating lease arrangements which, generally range between 2 to 6 years, and are usually renewable by mutual agreement. For the year ended 31st March, 2018 total lease payments aggregating to Rs. 91 lacs (31st March, 2017 : Rs. 182 lacs) in respect of such arrangements have been recognized in the Statement of Profit and Loss. The future minimum lease payments in respect of above non-cancellable operating leases are as follows:

(Rs. in lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Not later than one year	71	98
Later than one year but not later than five years	30	81
Later than five years	-	-
TOTAL	**101**	**179**

None of the operating lease agreements entered into by the Company provides for any contingent rent payment.

b) In the capacity of Lessor (Operating lease)

The Company has given assets on operating lease arrangements *(refer note 2.11)* for periods ranging between 1 to 9 years. Some of the arrangements have clauses for contingent rent. Total contingent rent recognized as income in the statement of profit and loss for the year ended 31st March, 2018 is amounting to Rs. 2,326 lacs (31st March, 2017 : Rs. 1,567 lacs).

The future minimum lease receivables in respect of non-cancellable operating leases are as follows:

(Rs. in lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Not later than one year	1,14,167	47,930
Later than one year but not later than five years	2,58,765	1,20,762
Later than five years	5,345	10,612
TOTAL	**3,78,277**	**1,79,304**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

c) In the capacity of lessor (Finance Lease)

The Company has given assets under finance lease arrangement for periods ranging between 1 to 6 years. Such arrangement does not have clause for contingent rent and hence, the Company has not recognized any contingent rent as income during the year.

The details of gross Investments, unearned finance income and future minimum lease payments in respect of the above non-cancellable finance lease are as follows :

Gross Investments

(Rs. in lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
i. not later than one year;	14,234	430
ii. later than one year and not later than five years;	39,287	632
iii. later than five years;	47	-
TOTAL	**53,568**	**1,062**

Unearned finance Income

(Rs. in lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
i. not later than one year;	4,317	97
ii. later than one year and not later than five years;	5,637	58
iii. later than five years;	2	-
TOTAL	**9,956**	**155**

Minimum lease payments

(Rs. in lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
i. not later than one year;	9,918	335
ii. later than one year and not later than five years;	33,650	560
iii. later than five years;	45	-
TOTAL	**43,613**	**895**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.13 INVESTMENTS

(Rs. In lacs, except number of shares)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Current	Non Current	Total	Current	Non Current	Total
Other investments						
Unquoted						
Others:						
Pass Through Certificates -Series A2 in	-	-	-	144	4	148
Indian Infrastructure Equipment Receivable Trust, October 2014						
114 units of initial face value of Rs. 10,04,717.81 each*						
Pass Through Certificates -Series A2 in	-	-	-	64	3	67
Indian Infrastructure Equipment Receivable Trust, December 2014						
49 units of initial face value of Rs. 10,02,123.56 each*						
Aggregate amount of unquoted investment	**-**	**-**	**-**	**208**	**7**	**215**

* At cost

2.14 FINANCIAL ASSETS

(Rs. In lacs)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Long-term		Short-term	Long-term		Short-term
	Non-current	Current maturities		Non-current	Current maturities	
(Secured, considered good)						
Financial assets *(refer note below a to g)*	11,59,177	4,23,028	2,26,413	8,62,729	3,73,941	1,88,995
Less : Provision for non performing assets and standard restructured assets under CDR, SDR and S4A *(refer note h)*	3,912	2,622	6,472	5,908	2,249	3,926
(Unsecured, considered good)						
Financial assets	21,016	510	18,809	-	-	-
Total	**11,76,281**	**4,20,916**	**2,38,750**	**8,56,821**	**3,71,692**	**1,85,069**

Notes:

a) Financial assets are secured by underlying hypothecated assets / receivables and in certain cases, are additionally secured by immovable properties and pledge of equity shares of the borrowers by way of collateral security. Securities, created / to be created by the borrowers, against financial assets are based on the valuation of the underlying assets, where applicable, carried out by an external valuer.

b) Financial assets includes non-performing assets of Rs. 43,806 lacs (31st March, 2017: Rs. 41,986 lacs).

c) Financial Assets includes assets pending to be given on finance (repossessed assets) aggregating Rs. 50,297 lacs (net) (31st March, 2017 : Rs. 80,739 lacs) and Tangible assets / receivables acquired in satisfaction of debt aggregating Rs. 44,239 lacs (net) (31st March, 2017 : Rs. 47,466 lacs).

d) Financial Assets includes restructured standard assets under Corporate Debt Restructuring (CDR) of Rs. 1,992 lacs (net of

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

advances / deposits) (31st March, 2017 : Rs. 14,845 lacs) and under Strategic Debt Restructuring (SDR) of Nil (31st March, 2017 : Rs. 5,676 lacs) *[refer note 2.36 and 2.37]*.

e) Financial Assets includes finance lease receivables net of unearned finance lease aggregating to Rs. 43,613 lacs (net) (31st March, 2017 : Rs. 895 lacs) *[refer note 2.12(c)]*.

f) Financial Assets includes exposure under scheme for Sustainable Structuring of Stressed Assets (S4A) aggregating Rs. 13,202 lacs (31st March, 2017: Rs. 8,636 lacs) *[refer note 2.38]*.

g) Financial Assets includes Compulsory Convertible Preference Shares acquired in consideration of receivables under CDR Mechanism aggregating Rs. 5,447 lacs (31st March, 2017 : Rs. 5,447 lacs). Further, it also includes debenture acquired under CDR Mechanism aggregating Rs. 383 lacs (31st March, 2017 : Nil), equity shares acquired in consideration of receivables under CDR Mechanism. aggregating Rs. 122 lacs (31st March, 2017 : Rs. 524 lacs) and under SDR Mechanism. aggregating Rs. 530 lacs (31st March, 2017 : Rs. 592 lacs).

h) Provision for Non Performing Assets and Standard Restructured Assets under CDR, SDR and S4A includes Provision for Non Performing Assets, Standard Restructured Assets under CDR, SDR and S4A aggregating Rs. 10,195 lacs (31st March, 2017 : Rs. 8,489 lacs), Rs. 171 lacs (31st March, 2017 : Rs. 1,298 lacs), Nil (31st March, 2017 : Rs. 568 lacs) and Rs. 2,640 lacs (31st March, 2017 : Rs. 1,728 lacs) respectively.

2.15 OTHER LONG-TERM ADVANCES

(Rs. In lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, considered good)		
Capital advances	4,641	7,797
Security deposits		
To Related parties *(refer note 2.30)*	43	43
To Others	410	319
Balances with Service Tax / VAT / GST authorities etc.	13,242	388
Advance for investment	-	1,200
MAT credit entitlement	3,899	4,599
Other loans and advances		
- Advances to employees	102	241
- Advance income tax [net of Income tax provision of Rs. 55,575 lacs (31st March, 2017: Rs. 162 lacs)]	5,228	488
Total	**27,565**	**15,075**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.16 OTHER NON CURRENT ASSETS

(Rs. In lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, considered good)		
Non-current portion of other bank balances		
- Fixed deposits with banks *(refer note 2.18)*	18,598	3,620
Interest accrued on fixed deposits	401	-
Unamortized public issue expenses for non convertible debentures	1,536	809
Prepaid expenses	3,055	2,388
Receivable on forward exchange contracts	1,975	793
Derivative financial asset	172	-
Deferred Premium on forward contracts	203	-
Total	**25,940**	**7,610**

2.17 TRADE RECEIVABLES

(Rs. In lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
(Unsecured, considered good)			
Debts outstanding for a period exceeding six months from the date they became due		-	-
	(A)	**-**	**-**
Other debts		11,284	5,579
	(B)	**11,284**	**5,579**
Total	**(A+B)**	**11,284**	**5,579**

Trade receivables includes amount due in respect of operating leases only.

2.18 CASH AND CASH EQUIVALENTS

(Rs. In lacs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
A. Cash and cash equivalents			
Cash in hand		635	742
Balances with banks-In current accounts		1,894	6,441
	(A)	**2,529**	**7,183**
B. Other bank balances			
In fixed deposit accounts #*		79,850	32,560
Less: Non-current portion of other bank balances *(refer note 2.16)*		18,598	3,620
	(B)	**61,252**	**28,940**
Total	**(A+B)**	**63,781**	**36,123**

Balances with Banks include fixed deposits of Rs. 49,022 lacs (31st March, 2017 : Rs. 10,576 lacs) having original maturity of more than 12 months.

* Includes balances with banks held as security against borrowings amounts to Rs. 33 lacs (31st March, 2017 : Rs. 33 lacs), margin against letter of credit / Bank guarantee amounting to Rs. 52,951 lacs (31st March, 2017 : Rs. 14,074 lacs) and cash collateral for securitisation of receivables amounting to Rs. 26,769 lacs (31st March, 2017: Rs. 18,352 lacs).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.19 OTHER SHORT TERM ADVANCES

(Rs. In lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(Unsecured, considered good)		
Advances to employees	573	340
Security deposits		
To Related parties *(refer note 2.30)*	1,533	1,533
To Others	359	321
Balances with Service Tax / VAT / GST authorities etc.	27,294	1,776
Advance income tax [net of Income tax provision of Rs. Nil (31st March, 2017: Rs. 50,867 lacs)	-	91
Advances to vendors	1,558	1,002
Total	**31,317**	**5,063**

2.20 OTHER CURRENT ASSETS

(Rs. In lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Interest accrued on fixed deposits	941	57
Unamortized public issue expenses for non convertible debentures	538	527
Prepaid expenses	1,140	1,015
Receivable on forward exchange contracts	4,610	1,445
Derivative financial asset	87	1,557
Others *	2,024	1,492
Total	**9,340**	**6,093**

* Includes deferred premium on forward contracts of Rs. 1,613 lacs (31st March, 2017: Rs. 1,350 lacs).

2.21 REVENUE FROM OPERATIONS

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Income from financial assets *	2,38,141	2,04,552
Income from operating lease	87,564	43,391
Interest on fixed deposits	3,141	1,363
Sale of power *(refer note 2.34)*	2,106	-
Interest income from investments	2	27
Total	**3,30,954**	**2,49,333**

*Represents interest income from financial assets and assets securitised / assigned aggregating for the year ended 31st March, 2018 Rs. 2,13,170 lacs (31st March, 2017 : Rs. 1,91,566 lacs), fee income and other income attributable to financial assets.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.22 OTHER INCOME

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Dividend income from current investments	1,116	94
Profit on sale of fixed assets (net)	-	88
Miscellaneous income	21	18
Total	**1,137**	**200**

2.23 FINANCE COST

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest expense	1,30,627	1,17,044
Other borrowing costs	28,900	16,417
Net (gain) / loss on foreign currency transactions and translations	(56)	(221)
Total	**1,59,471**	**1,33,240**

2.24 EMPLOYEE BENEFIT EXPENSES

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salaries, allowances, commission and bonus	18,007	14,172
Contribution to provident and other funds	364	833
Staff welfare expenses	538	474
Total	**18,909**	**15,479**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.25 OTHER EXPENSES

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Communication expenses	483	436
Legal and professional fees	6,041	3,794
Electricity charges	356	381
Rent	992	2,874
Rates and taxes	256	33
Brokerage and service charges	3,254	2,354
Payment to auditors *(refer note : 2.25.1)*	200	159
Repairs - Machinery	2,119	1,454
- Others	1,259	1,751
Travelling and conveyance	3,499	2,701
Director's sitting fees	26	23
Insurance	208	58
Printing and stationery	233	217
Advertisement and subscription	411	409
Conference and seminar	321	164
Corporate social responsibility expenses	399	226
Charity and donations	7	6
Loss on sale of fixed assets (net)	903	-
Exchange fluctuations (net)	2	-
Miscellaneous expenses	1,133	930
Total	**22,102**	**17,970**

2.25.1 Payment to Auditors

(Rs. in lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Audit fees	60	60
Other services (certification etc.)	130	88
Reimbursement of expenses	10	11
Total	**200**	**159**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.26 BAD DEBTS WRITTEN OFF, PROVISIONS AND CONTINGENCIES INCLUDES THE FOLLOWING:

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Financial assets / receivable written off (net of recoveries)	28,706	27,019
Provision for non performing assets	1,706	(701)
Provision for standard restructured assets under corporate debt restructuring (CDR)	(1,127)	(2,829)
Provision for standard restructured assets under strategic debt restructuring (SDR)	(568)	(800)
Provision for standard restructured assets under sustainable structuring of stressed assets (S4A)	912	1,729
Contingency provision against standard assets	4,573	855
Total	**34,202**	**25,273**

2.27 EARNINGS PER SHARE

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Net profit attributable to equity shareholders (Rs. In lacs)	26,349	14,884
Weighted average number of equity shares basic (Nos.)	5,96,60,000	5,96,60,000
Weighted average number of potential equity shares (Nos.)	-	-
Weighted average number of equity shares diluted (Nos.)	5,96,60,000	5,96,60,000
Nominal value of equity per share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	**44.17**	**24.95**

2.28 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(Rs. In lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Contingent liabilities		
Claims against the company not acknowledged as debt		
Disputed demands *		
- Sales tax	204	204
- Service tax	3,484	3,557
- Value added tax (VAT)	970	1,273
- Income tax	5,300	5,300
(A)	**9,958**	**10,334**
Guarantees		
Bank guarantees**	50,669	10,808
(B)	**50,669**	**10,808**
Total (A+B)	**60,627**	**21,142**
Commitments		
Estimated amount of capital contracts remaining to be executed [Net of advances of Rs. 4,641 lacs (31st March, 2017: Rs. 7,797 lacs)]	13,044	35,934
Other commitments *(refer note 2.28.1)*		

* The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.

** Excludes Rs. 56 lacs (31st March, 2017: Rs. 56 lacs) issued on behalf of the holding company against which the Company holds counter guarantee.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.28.1

The Company has entered into Options / Swaps / Forward contracts for the purpose of hedging currency and interest rate related risks in relation to borrowings. Option, Swap and Forward contracts outstanding as at the Balance Sheet date are as follows:

i) Forward Contracts

Sl. No.	Currency	As at 31st March, 2018		As at 31st March, 2017	
		No. of contracts	Amount in foreign currency (in lacs)	No. of contracts	Amount in foreign currency (in lacs)
1	USD / INR	29	USD 206	47	USD 433
2	EUR / INR	71	EUR 505	43	EUR 271
3	GBP / INR	1	GBP 2	1	GBP 2

ii) Currency Options and Swaps

Sl. No.	Currency	As at 31st March, 2018		As at 31st March, 2017	
		No. of contracts	Amount in foreign currency (in lacs)	No. of contracts	Amount in foreign currency (in lacs)
1	USD / INR	13	USD 2,455	8	USD 1,114
2	EUR / INR	2	EUR 341	1	EUR 214
3	SGD / USD	-	-	1	SGD 42

iii) Interest Rate Swaps

Sl. No.	Currency	As at 31st March, 2018		As at 31st March, 2017	
		No. of contracts	Amount in foreign currency (in lacs)	No. of contracts	Amount in foreign currency (in lacs)
1	USD	2	USD 298	3	USD 238

DERIVATIVE DISCLOSURE

2.29

The Company with effect from 1st April 2016 (referred to as "Transition date") has applied the Guidance Note on Accounting for Derivative Contracts issued by Institute of Chartered Accountants of India (ICAI) (herein after referred to as "Guidance Note") which is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS-11) like forward contracts (or other financial instruments which in substance are forward contracts covered). Further the said Guidance Note applies to all derivative contracts covered by it and are outstanding as on the transition date with the cumulative impact (net of taxes) as on the transition date recognized in reserves as a transition adjustment and disclosed separately.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.29.1 Overall financial risk management objective and policies

Asset Liability Committee (ALCO) manages the Foreign Currency and Interest Rate Risks, besides other market risks / core functions. The Company has put in place the policies for hedging / mitigating risks / strategies and processes for continuous monitoring of risks, which will enable the Company to quantify risk, both on account of Foreign Currency and Interest Rate. Apart from ALCO there is a Risk Committee of the Board which guides the Company in these risks. Risk is measured on the basis of Fair Value as on reporting dates. The Board has delegated authority to Company officials in the Treasury department for entering into Generic derivative products besides Forward Contracts, on behalf of the Company, to hedge the Foreign Currency and Interest Rate Risk exposures. The Company has a Risk Management Policy which paves the way for risk reporting and risk monitoring systems. The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates / variable interest benchmark (LIBOR) on underlying liability, enters into the derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes.

2.29.2 Methodology used to arrive at the fair value of the derivative contracts

In estimating the fair value of derivative, the Company obtains the marked-to-market values from the banks with whom the hedge deals are done. The fair value gains / losses recognized in the statement of profit and loss and in hedge reserve (equity) are disclosed as follows:

(Rs. In lacs)

Sl. No.	Particulars	As at 31st March, 2018		As at 31st March, 2017	
		Cross Currency Derivatives	Interest Rate Derivatives	Cross Currency Derivatives	Interest Rate Derivatives
(i)	The amount recognised in hedge reserve (equity) during the year	(361)	14	391	651
(ii)	The amount recycled from the hedge reserve (equity) and reported in statement of profit and loss (net).			-	-
(iii)	Realised gain / loss recognized in hedge reserve (equity).	30	431	1,280	355
(iv)	Unrealised gain / loss recognized in hedge reserve (equity).	-	234	(889)	296

2.29.3 Hedge accounting relationship

The Company designates derivatives instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.30 RELATED PARTY DISCLOSURE

Related party disclosures, as stipulated by "AS 18: Related Party Disclosures" are given below:

List of Related Parties

Enterprises related to the Company	Nature of Relationship
Adisri Commercial Private Limited	Ultimate Holding Company
Srei Infrastructure Finance Limited *	Holding Company
BNP Paribas Lease Group *	Joint Venturer
Srei Capital Markets Limited	Fellow Subsidiary
Srei Alternative Investment Managers Limited	Fellow Subsidiary
Srei Infrastructure Advisors Limited (ceased to be subsidiary with effect from 12th March, 2018)	Fellow Subsidiary
Controlla Electrotech Private Limited	Fellow Subsidiary
Srei Mutual Fund Asset Management Private Limited	Fellow Subsidiary
Srei Mutual Fund Trust Private Limited	Fellow Subsidiary
Srei Insurance Broking Private Limited	Fellow Subsidiary
Bengal Srei Infrastructure Development Limited	Fellow Subsidiary
Hyderabad Information Technology Venture Enterprises Limited	Fellow Subsidiary
Cyberabad Trustee Company Private Limited	Fellow Subsidiary
Quippo Oil & Gas Infrastructure Limited	Fellow Subsidiary
Quippo Drilling International Private Ltd	Fellow Subsidiary
Quippo Energy Limited	Fellow Subsidiary
Srei Asset Reconstruction Private Limited	Fellow Subsidiary

* Pursuant to the Share Purchase Agreement ("SPA") dated 29th December, 2015 executed between Srei Infrastructure Finance Limited (SIFL), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL) and others, BPLG agreed to sell its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL in accordance with applicable laws. The transaction received all the requisite approvals and BPLG sold its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL. Pursuant to this transaction, SEFL became the wholly-owned subsidiary of SIFL with effect from 17th June, 2016.

Key Management Personnel (KMP)	
Name	**Designation**
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Sunil Kanoria	Vice Chairman
Mr. D K Vyas	Chief Executive Officer
Mr. CR Sudharsanam (till 30th June, 2016)	Chief Financial Officer
Mr. Manoj Kumar Beriwala (with effect from 3rd November, 2016)	Chief Financial Officer
Mr. Naresh Mathur (till 27th November, 2017)	Company Secretary
Ms. Ritu Bhojak (with effect from 27th November, 2017)	Company Secretary
Enterprise over which relative of KMP has significance influence	
India Power Corporation Limited (with effect from 1st June, 2017)	

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Summary Of Transactions / Balance Outstanding

(Rs. In lacs)

Name of the Related Party	Nature of relationship	Nature of transactions	For the year ended 31st March, 2018	Balance as at 31st March, 2018	For the year ended 31st March, 2017	Balance as at 31st March, 2017
Srei Infrastructure Finance Limited*	Holding Company	Rent payment	-	-	1,845	-
		Security Deposit paid for Leased Premises	-	1,576	26	1,576
BNP Paribas Lease Group*	Joint Venturer	Professional fees	-	-	12	-
Quippo Oil and Gas Infrastructure Limited	Subsidiary of Holding Company	Loan Given	1,200	1,184	-	-
		Interest Income on Loan Given	117	6	-	-
		Income on Operating Lease Assets	3,902	1,872	1,232	-
Mr. Hemant Kanoria	Chairman and Managing Director	Remuneration	679	292	523	182
Mr. Sunil Kanoria	Vice Chairman	Remuneration	685	290	516	172
Mr. D K Vyas	Chief Executive Officer	Remuneration	325	22	284	20
		Rent paid for leased premise	10	-	10	-
		Loan Given	-	84	200	186
		Repayment of loan given	103	-	14	-
		Interest Income on Loan Given	11	-	7	-
Mr. CR Sudharsanam	Chief Financial Officer (till 30th June, 2016)	Remuneration	-	-	30	-
		Refund of Advance	-	-	5	-
Mr. Manoj Kumar Beriwala	Chief Financial Officer (with effect from 3rd November, 2016)	Remuneration	82	8	27	6
Mr. Naresh Mathur	Company Secretary (till 27th November, 2017)	Remuneration	17	-	24	2
Ms. Ritu Bhojak	Company Secretary (with effect from 27th November, 2017)	Remuneration	14	2	-	-
India Power Corporation Limited	Enterprise over which relative of KMP has significance influence	Rent paid for leased premise	23	-	-	-
		Income from operating lease assets	2,368	829	-	-

* Pursuant to the Share Purchase Agreement ("SPA") dated 29th December, 2015 executed between Srei Infrastructure Finance Limited (SIFL), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL) and others, BPLG agreed to sell its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL in accordance with applicable laws. The transaction received all the requisite approvals and BPLG sold its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL. Pursuant to this transaction, SEFL became the wholly-owned subsidiary of SIFL with effect from 17th June, 2016.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.31 C.I.F VALUE OF IMPORTS

(Rs. in lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Capital goods (for operating lease)	13,968	10,072
Total	**13,968**	**10,072**

2.32 EXPENDITURE IN FOREIGN CURRENCY

(Rs. in lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Finance charges	6,766	4,696
Others	334	345
Total	**7,100**	**5,041**

2.33 EMPLOYEE BENEFIT

The trustees of the gratuity scheme for the employees of the Company have entrusted the administration of the scheme to the Life Insurance Corporation of India (LIC).

(a) Expenses recognized in the Statement of Profit and Loss are as follows:

(Rs. in lacs)

Particulars	Gratuity (Funded)		Compensated absence (Unfunded)	
	For the year ended 31st March 2018	For the year ended 31st March 2017	For the year ended 31st March 2018	For the year ended 31st March 2017
Current service cost	284	229	162	235
Interest cost	108	102	41	39
Expected return on plan assets	(66)	(56)	-	-
Past service cost	3	-	-	-
Net actuarial losses / (gains)	(793)	(63)	79	170
Net benefit expense	**(464)**	**212**	**282**	**444**
Expected return on plan assets	8.35%	8.35%	-	-

(b) Net Liability recognised in Balance Sheet are as follow:

(Rs. in lacs)

Particulars	Gratuity (Funded)		Compensated absence (Unfunded)	
	As at 31st March 2018	As at 31st March 2017	As at 31st March 2018	As at 31st March 2017
Defined benefit obligation	1,171	1,540	1,125	1,206
Fair value of plan assets	(1,004)	(730)	-	-
Net liability	**167**	**810**	**1,125**	**1,206**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(c) Changes in the present value of the defined benefit obligations are as follows:

(Rs. in lacs)

Particulars	Gratuity (Funded)		Compensated absence (Unfunded)	
	For the year ended 31st March 2018	For the year ended 31st March 2017	For the year ended 31st March 2018	For the year ended 31st March 2017
Opening defined benefit obligation	1,540	1,347	1,206	1,069
Interest cost	108	102	41	39
Current service cost	284	229	162	235
Benefit paid	(61)	(72)	(363)	(307)
Actuarial losses / (gains)	(797)	(66)	79	170
Acquisitions cost	94	-	-	-
Past service cost	3	-	-	-
Closing defined benefit obligation	**1,171**	**1,540**	**1,125**	**1,206**

(d) The details of fair value of plan assets at the Balance Sheet date are as follows :

(Rs. in lacs)

Particulars	Gratuity (Funded)	
	As at 31st March 2018	As at 31st March 2017
Opening fair value of plan assets	730	678
Expected return on plan assets *	66	56
Contribution by the Company	178	70
Acquisition Adjustment	94	-
Benefits paid	(60)	(71)
Actuarial (losses) / gains	(4)	(3)
Closing fair value of plan assets	**1,004**	**730**

* Determined based on government bond rate

e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

Particulars	Gratuity (Funded)	
	As at 31st March 2018	As at 31st March 2017
	%	%
Investments with Insurer	100	100

(f) The principal assumptions used in determining the gratuity and compensated absence liability are as shown below:

Particulars	As at 31st March, 2018	As at 31st March, 2017
Discount rate (%)	7.60%	7.15%
Expected return on plan assets (gratuity scheme)	8.35%	8.35%
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

(g) The amounts for the current and previous years are as follows :

(Rs. in lacs)

Particulars	Gratuity (Funded)					Compensated absence (Unfunded)				
	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014
Defined benefit obligation	1,171	1,540	1,347	1,202	815	1,125	1,206	1,069	1,001	729
Fair value of plan assets	1,004	730	678	635	567	-	-	-	-	-
Deficit	167	810	669	567	248	1,125	1,206	1,069	1,001	729
Experience adjustments on plan liabilities – gains / (losses)	(50)	192	139	53	28	(439)	(124)	(81)	(170)	(89)
Experience adjustments on plan assets – gains / (losses)	(4)	(3)	1	(1)	(10)	-	-	-	-	-

h) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

i) Best estimate of employers expected contribution for the next year : Rs. 178 lacs (Rs. 70 lacs to gratuity fund in 2017- 2018)

j) Amount provided for defined contribution plans are as follows:

(Rs. in lacs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Provident fund	737	560
Employee state insurance	52	21
Total*	**789**	**581**

* Also includes in respect to Managerial Personnel

2.34 DISCLOSURE OF JOINTLY CONTROLLED OPERATION AS ON 31ST MARCH, 2018

During the year ended 31st March, 2017, the Company has entered into agreements with PL Solar Renewable Limited, PL Sunrays Power Limited and PL Surya Vidut Limited ("SPVs"), respectively, for joint use and operation of certain assets in relation to Solar Power Generation project. These SPVs have already entered into purchase power agreement (PPA) with Uttarakhand Power Corporation Limited (UPCL). Pursuant to the agreement, the revenue generated from the sale of power to UPCL will be shared among the Company and SPVs in the ratio of 80:20.

Accordingly, an amount of Rs. 2,106 Lacs (31st March 2017 : Rs. Nil) has been recognized as "Sale of Power" under the head "Income from Operations". None of the Company's assets has been transferred to the Joint Venture and there is no liability incurred in this respect. There are no Contingent Liabilities or Capital Commitments in this respect.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.35 SECURITISATION AND ASSIGNMENT OF RECEIVABLES

2.35.1 Securitisation of receivables

In terms of Reserve Bank of India Guidelines on securitization of assets issued on 1st February, 2006, details of financial assets securitized by the Company during the year ended are as under:

(Rs. In lacs, except in respect of total number of contracts)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Total number of contracts securitized	9,459	10,888
Book value of contracts securitized	95,057	87,610
Sales consideration*	95,057	87,610
Gain / (loss) (net) on securitization	-	-
Subordinated assets as on balance sheet date	-	-

*excludes unmatured finance charges thereon.

The aggregate amount of collateral security provided by the Company against the securitized pools stands as follows on the Balance Sheet date:

(Rs. in lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Bank / other deposits provided as collateral as on balance sheet date	26,769	18,352
Credit enhancements provided by third parties;		
-First loss facility	-	-
-Second loss facility	-	-

2.35.2 Assignment of receivables

In terms of Section B of Annex XVIII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, during the year ended 31st March, 2018, the Company has assigned financial assets to the extent of Rs. 3,67,526 lacs (31st March, 2017 : Rs. 2,53,531 lacs) for purchase consideration of Rs. 3,67,526 lacs (31st March, 2017 : Rs. 2,53,531 lacs). The total amount of exposures retained by the Company on such assignment to comply with the Minimum Retention Requirement (MRR) is Rs. 40,836 lacs (31st March, 2017: Rs. 28,170 lacs). Assets assigned are derecognized from the books of account.

2.35.3 The Aggregate amount of assets derecognized / loans originated in terms of paragraphs 2.35.1 to 2.35.2 above are as under:

(Rs. in lacs)

Particulars	Amount outstanding as at 31st March, 2018	Amount outstanding as at 31st March, 2017
Securitization	1,27,917	1,00,269
Assignment of receivables	4,29,196	2,99,892
Total	**5,57,113**	**4,00,161**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.35 SECURITISATION AND ASSIGNMENT OF RECEIVABLES (CONTD.)

2.35.4 Disclosure as per Section A of Annex XVIII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

In terms of Section A of Annex XVIII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, details of securitized contracts by the Company outstanding at the year ended 31st March, 2018 are as under :

Sl. No.	Particulars	As at 31st March, 2018 #	As at 31st March, 2017 #
		No. / (Rs. in lacs)	No. / (Rs. in lacs)
1	No. of Vehicles (SPVs) sponsored by the NBFC for securitisation transactions	11	9
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,27,917	1,00,269
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss	26,769	17,076
	* Others	-	215
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Others	-	1,276
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-

#The above figures are based on the information obtained from the SPVs, which is duly certified by the SPV's auditor.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.35 SECURITISATION AND ASSIGNMENT OF RECEIVABLES (CONTD.)

2.35.5 Disclosure as per Section B of Annex XVIII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

In terms of Section B of Annex XVIII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, details of direct assignment contracts by the Company outstanding at the year ended 31st March, 2018 are as under:

Sl. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
		No. / (Rs. in lacs)	No. / (Rs. in lacs)
1	No. of transactions assigned by the Company	50	39
2	Total amount outstanding	4,29,196	2,99,892
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss	-	-
	* Others	47,697	33,373
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Others	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-

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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.36 DISCLOSURE OF RESTRUCTURED ACCOUNTS

In terms of Appendix IV to Annex IV of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Rs. in lacs)

Sl. No.	Type of Restructuring		Under CDR Mechanism				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
	Details						
1	Restructured accounts on April 1, 2017	No. of borrowers	3 **** (6)	2 (1**)	- -	- -	5 (7)
		Amount outstanding	10,690 (39,951)	1,743 (1327**)	- -	- -	12,433 (41,278)
		Provision there on*	982 (4,211)	472 (332**)	- -	- -	1,454 (4,543)
2	Fresh restructuring during the year	No. of borrowers	- (1)	- (-)	- (-)	- (-)	- (1)
		Amount outstanding	- (781)	- (-)	- (-)	- (-)	- (781)
		Provision there on*	- (39)	- (-)	- (-)	- (-)	- (39)
3	Upgradation to restructured standard category during the year	No. of borrowers	- -	- -	- -	- -	- -
		Amount outstanding	- -	- -	- -	- -	- -
		Provision there on*	- -	- -	- -	- -	- -
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	2 (2)	- (-)	- (-)	- (-)	2 (2)
		Amount outstanding	8,726 (21,050)	- (-)	- (-)	- (-)	8,726 (21,050)
		Provision there on*	732 (2,564)	- (-)	- (-)	- (-)	732 (2,564)
5	Downgradations of restructured accounts during the year	No. of borrowers	- -	- -	- -	- -	- -
		Amount outstanding	- -	- -	- -	- -	- -
		Provision there on*	- -	- -	- -	- -	- -
6	Write-Offs of restructured accounts during the year	No. of borrowers	- -	- -	- -	- -	- -
		Amount outstanding	- -	- -	- -	- -	- -
		Provision there on*	- -	- -	- -	- -	- -
7	Restructured accounts on March 31, 2018	No. of borrowers	1 (5)	1*** (1)	-	-	2 (6)
		Amount outstanding	1,992 (14,845)	762 (962)	-	-	2,754 (15,807)
		Provision there on*	171 (1,298)	206 (433)	-	-	377 (1,731)

Figures in the bracket indicates previous year

* Provision as stated above includes provision for diminution in fair value of restructured advances.

** It excludes one account where strategic debt restructuring (SDR) has been invoked during the year.

*** It excludes one account which has been settled during the year ended 31st March, 2018.

**** It excludes one account where S4A has been invoked during the year ended 31st March, 2018.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

2.37 DISCLOSURE ON STRATEGIC DEBT RESTRUCTURING (SDR) SCHEME (ACCOUNTS WHICH ARE CURRENTLY UNDER THE STAND-STILL PERIOD) AS ON 31ST MARCH, 2018

(Rs. In lacs)

No. of accounts where SDR has been invoked	Amount outstanding		Amount outstanding with respect to accounts where conversion of debt to equity is pending		Amount outstanding with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
One number of account	-	167	-	-	-	167
Two number of accounts	(5,676)	(167)	(-)	(-)	(5,676)	(167)

Figures in the bracket indicates previous year.

2.38 DISCLOSURES ON THE SCHEME FOR SUSTAINABLE STRUCTURING OF STRESSED ASSETS (S4A), AS ON 31ST MARCH, 2018

(Rs. In lacs)

No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision held
		In part A	In part B*	
Three number of account classified as standard	13,202	8,265	4,937	2,640
One number of account classified as standard	(8,636)	(4,969)	(3,667)	(1,728)

Figures in the bracket indicates previous year.

* Note: Part B represents the Optionally Convertible Debentures and Equity received as per the S4A scheme.

2.39 SEGMENT REPORTING

The Company is primarily engaged in providing asset finance to customers in India. Consequently, it has one reportable business segment i.e. asset financing and one reportable geographical segment, i.e. India.

2.40 COMPARATIVE FIGURES

Previous period ended figures including those given in brackets have been regrouped / rearranged wherever considered necessary.

Signatories to Notes 1 and 2.1 to 2.40

On behalf of the Board of Directors

Hemant Kanoria
Chairman and Managing Director
(DIN 00193015)

Devendra Kumar Vyas
Chief Executive Officer

Manoj Kumar Beriwala
Chief Financial Officer

Ritu Bhojak
Company Secretary

Place : Kolkata
Date : April 24, 2018

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

1. Capital to Risk Asset Ratio (CRAR)

(Rs. in lacs)

Sl. No.	Items	Current year	Previous year
(i)	CRAR (%)	15.94%	18.66%
(ii)	CRAR – Tier I Capital (%)	10.68%	13.71%
(iii)	CRAR – Tier II Capital (%)	5.26%	4.95%
(iv)	Amount of subordinated debt raised as Tier-II capital	60,517	30,350
(v)	Amount raised by issue of perpetual debt instruments	-	-

2. Exposure to Real Estate Sector

(Rs. in lacs)

Sl. No.	Items	Current year	Previous year
a)	**Direct Exposure**		
(i)	Residential mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
(ii)	Commercial real estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	89,378	96,499
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential	-	-
	b. Commercial real estate	-	-
b)	**Indirect exposure**	**-**	**-**
	Total exposure to real estate sector	**89,378**	**96,499**

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

3. Exposure to Capital Market

(Rs. in lacs)

Sl. No.	Items	Current year	Previous year
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	**-**	**-**

4. Details of Assignment transactions undertaken by NBFCs

(Rs. In lacs, except in respect of total number of accounts)

Sl. No.	Items	Current year	Previous year
(i)	Number of accounts	6,963	7,075
(ii)	Aggregate value (net of provisions) of accounts sold	3,67,526	2,53,531
(iii)	Aggregate consideration	3,67,526	2,53,531
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

5. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March, 2018 are as follows;

(Rs. in lacs)

Particulars	Upto 30 / 31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances	1,28,204	95,563	87,225	1,59,736	3,12,261	10,13,955	3,92,133	38,153	22,27,230
	(83,030)	(69,934)	(36,628)	(1,05,213)	(2,75,331)	(7,44,287)	(2,40,014)	(50,532)	(16,04,969)
Investments	-	-	-	-	-	-	-	-	-
	(31)	(29)	(27)	(68)	(53)	(7)	-	-	(215)
Borrowing	63,610	1,03,988	1,92,810	1,50,785	2,00,733	6,31,869	3,79,989	1,58,146	18,81,930
	(70,333)	(60,574)	(38,139)	(76,792)	(1,77,065)	(5,54,336)	(2,08,995)	(1,06,950)	(12,93,184)
Foreign currency assets	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Foreign currency liabilities	1,079	2,987	2,187	12,357	18,445	6,984	-	-	44,039
	(10,565)	(4,812)	(5,579)	(12,040)	(5,253)	(2,659)	-	-	(40,908)

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2017

Note :

The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in proportion to the maturity pattern of the financial assets.

(Rs. in lacs)

Sl. No.	Particulars	As at 31st March, 2018		As at 31st March, 2017	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities side:				
6.	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	a) Debentures				
	- Secured	1,27,177	-	1,03,787	-
	- Unsecured	1,85,979	-	1,41,930	
	(Other than falling within the meaning of public deposits)				
	b) Deferred credits	-	-	-	-
	c) Term loans	4,94,662	-	2,82,573	-
	d) Inter- corporate loans and borrowings	-	-	-	-
	e) Commercial paper	1,84,125	-	48,587	-
	f) Other loans (Tier II loan, buyers credit, working capital demand loan etc)	9,06,712	-	7,31,678	-

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Rs. in lacs)

Sl. No.	Particulars	As at 31st March, 2018 Amount outstanding	As at 31st March, 2017 Amount outstanding
	Assets side:		
7.	**Break-up of Loans and Advances including bills receivables [other than those included in (8) below]:**		
	(a) Secured	1,89,214	1,79,159
	(b) Unsecured	97,010	13,909
	Total (A) + (B)	**2,86,224**	**1,93,068**
8.	**Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities #**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease	43,613	907
	(b) Assets on operating Lease	4,32,498	2,12,828
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	50,297	80,739
	(b) Loans other than (a) above	15,16,085	11,57,972

With respect to determining the Company's eligibility of being classified as Asset Finance Company ("AFC"), the Company has consistently included inter alia (a) written down value of operation lease of vehicles, equipment, plant and machineries, computers, furniture and fixtures, etc. (b) financing in relation to used equipment and (c) repossessed assets. During the year, the RBI has issued their inspection report under section 45N of the RBI Act, 1934, wherein they have declassified the above items from the computation to determine the eligibility of the AFC status of the Company as at 31st March 2017. The Company is of the opinion that the basis adopted by the Company is appropriate and the matter is under discussion with the RBI.

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ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(Rs. in lacs)

Sl. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
		Amount outstanding	Amount outstanding
9.	**Break up of Investments**		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (pass through certificates etc)	-	215
	Long term Investments		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Investments

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
10.	**Value of Investments**		
(i)	Gross value of investments	-	215
	(a) In India	-	215
	(b) Outside India,	-	-
(ii)	Provisions for depreciation	-	-
	(a) In India	-	-
	(b) Outside India,	-	-
(iii)	Net value of investments	-	215
	(a) In India	-	215
	(b) Outside India.	-	-
11.	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
12.	**Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account**		
(i)	Provision for depreciation on Investment	Nil	Nil
(ii)	Bad debts written-off (net) / provision for non performing assets	29,629	24,418
(iii)	Provision made towards Income tax	13,092	6,758
(iv)	Other provision and contingencies (with details)		
	- Provision for employee benefits	(183)	656
	- Provision for standard assets	4,573	855
	Total	**47,111**	**32,687**

13. Borrower Group-wise Classification of assets financed as in (7) and (8) above

(Rs. in lacs)

Sl. No.	Category	Amount net of provisions					
		As at 31st March, 2018			As at 31st March, 2017		
		Secured	Unsecured	Total	Secured	Unsecured	Total
(i)	Related parties						
	a) Subsidiaries	-	-	-	-	-	-
	b) Companies in the same group	1,184	-	1,184	-	-	-
	c) Other related parties	-	-	-	-	-	-
	Other than related parties	20,41,308	-	20,41,308	14,52,446	-	14,52,446
	Total	**20,42,492**	**-**	**20,42,492**	**14,52,446**	**-**	**14,52,446**

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

14. Investor Group wise Classification of all Investments in Shares and Securities

(Rs. in lacs)

Sl. No.	Category	As at 31st March, 2018		As at 31st March, 2017	
		Market Value / Break up or Fair value or NAV	Book value (net of provision)	Market Value / Break up or Fair value or NAV	Book value (net of provision)
(i)	Related parties *				
	a) Subsidiaries	-	-	-	-
	b) Companies in the same group	-	-	-	-
	c) Other related parties	-	-	-	-
(ii)	Other than related parties	-	-	-	-

* As per AS 18: Related Party Disclosures as per ICAI

15. Concentration of Advances

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	Total advances to twenty largest borrowers	3,23,710	3,47,517
(ii)	Percentage of advances to twenty largest borrowers to total advances of the NBFC	19.11%	20.79%

16. Concentration of Exposures

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	Total exposure to twenty largest borrowers / customers	3,34,616	2,72,265
(ii)	Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	18.92%	21.52%

17. Concentration of NPAs

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	Total exposure to top four NPA accounts	9,202	3,366

18. Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
(i)	Agriculture & allied activities	*
(ii)	MSME	
(iii)	Corporate borrowers	
(iv)	Services	
(v)	Unsecured personal loans	
(vi)	Auto loans	
(vii)	Other personal loans	

* The Company is engaged in the business of Infrastructure equipment financing and registered as an Asset Finance Company under the RBI regulations. Our portfolio has been bifurcated in sectors which are based on assets financed specifically in various Infrastructure sectors which includes IT, construction, mining, irrigation , earthmoving, railway projects, road projects, etc.

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

19. Movement of Non Performing Assets (NPAs)

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	**Net NPAs to Net Advances (%) *#**	**1.30%**	**1.76%**
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	41,986	45,440
	(b) Additions during the year	24,448	22,122
	(c) Reductions during the year **	22,628	25,576
	(d) Closing balance	43,806	41,986
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	29,903	30,756
	(b) Additions during the year	22,084	23,436
	(c) Reductions during the year **	21,187	24,289
	(d) Closing balance	30,800	29,903
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a) Opening balance	12,083	14,684
	(b) Provisions made during the year	5,809	8,024
	(c) Write-off / write-back of excess provisions	4,886	10,625
	(d) Closing balance	13,006	12,083

* Net NPA on advances

** It includes write - off during the year

Net advances represents Long-term Financial Assets, Current maturities of Long-term Financial Assets, Short-term Financial Assets, Trade Receivables, Net Block of Assets given on Operating Lease, Net block of Assets for Own Use (Plant and Machinery) and balances in Fixed Deposits Accounts. Assets for Own Use (Plant and Machinery) represent assets for use under Joint Controlled Operations.

20. Details of non-performing financial assets purchased :

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	(a) No. of accounts purchased during the year	-	-
	(b) Aggregate outstanding	-	-
(ii)	(a) Of these, number of accounts restructured during the year	-	-
	(b) Aggregate outstanding	-	-

21. Details of Non-performing Financial Assets sold :

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	No. of accounts sold	-	-
(ii)	Aggregate outstanding	-	-
(iii)	Aggregate consideration received	-	-

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD.)

Disclosure of details as required in terms of Annex XII of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

22. Other Information :

(Rs. in lacs)

Sl. No.	Particulars	As at 31st March, 2018	As at 31st March, 2017
i.	Gross non-performing assets		
	(a) related parties	-	-
	(b) Other than related parties	43,806	41,986
ii.	Net non-performing assets		
	(a) related parties	-	-
	(b) Other than related parties	30,800	29,903
iii.	Assets / receivables acquired in satisfaction of debt*	50,721	54,029

* Further,it include equity shares acquired in satisfaction of debt as well as those acquired in consideration of receivables under Corporate Debt Restructuring (CDR) Mechanism and Strategic Debt Restructuring (SDR) and Compulsory Convertible Preference Shares acquired in consideration of receivables under Corporate Debt Restructuring (CDR) Mechanism and debenture acquired under CDR Mechanism aggregating Rs. Nil (31st March, 2017 : Rs. Nil), Rs. 122 lacs (31st March, 2017 : Rs. 524 Lacs), Rs. 530 lacs (31st March, 2017 : Rs. 592 lacs), Rs. 5,447 lacs (31st March, 2017 : Rs. 5,447 lacs) and Rs. 383 lacs (31st March, 2017: Nil) respectively.

Derivatives

23. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(Rs. in lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	The notional principal of swap agreements	19,447	15,433
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Nil	Nil
(v)	The fair value of the swap book	234	127

The nature and terms of FRA / IRS as on 31st March 2018 are set out below :

Sl No.	Nature	Notional Principal (Rs. in lacs)	Benchmark	Terms
(i)	Hedging	19,447	USD Libor	Fixed Payable Vs Floating Receivable

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24. Exchange Traded Interest Rate (IR) Derivatives

Sl. No.	Particulars	Current year	Previous Year
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2017	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

25. Disclosures on Risk Exposure in Derivatives

(i) Qualitative Disclosure

Asset Liability Committee (ALCO) manages the Foreign Currency and Interest Rate Risks, besides other market risks / core functions. The company has put in place the policies for hedging / mitigating risks / strategies and processes for continuous monitoring of risks, which will enable the company to quantify risk, both on account of Foreign Currency and Interest Rate Risks. Apart from ALCO there is a Risk Committee of the Board which guides the company in these risks. Risk is measured on the basis of Fair Value as on reporting date. The Board has delegated authority to company officials in the Treasury department for entering into Generic derivative products besides Forward Contracts, on behalf of the company, to hedge the Foreign Currency and Interest Rate Risk exposures. The company has a Risk Management Policy which paves the way for risk reporting and risk monitoring systems. The marked-to-market values are obtained from the banks with whom the hedge deals are done. The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates / variable interest benchmark (LIBOR) on underlying liability, enters into the derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes.

The Company with effect from 1st April 2016 (referred to as "Transition date") has applied the Guidance Note on Accounting for Derivative Contracts issued by Institute of Chartered Accountants of India (ICAI) (herein after referred to as "Guidance Note") which is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS) like forward contracts (or other financial instruments which in substance are forward contracts covered) which is covered by AS 11. Further the said Guidance Note applies to all derivative contracts covered by it and are outstanding as on the transition date with the cumulative impact (net of taxes) as on the transition date recognized in reserves as a transition adjustment and disclosed separately.

As per the requirement of the Guidance note, all applicable derivatives are recognized in the Balance Sheet at Fair Value and classified as hedging derivative, if the same are designated as part of an effective hedge relationship. The carrying amount of derivative are re-measured at Fair Value throughout the life of the Contract. The method of recognizing the resulting fair value gain loss on derivative depends on whether the derivative is designated as hedging instrument and if so on the nature of the item hedged. Hedge accounting is used for derivative designated in the aforesaid way provided certain criteria's as stated in the guidance note are met.

The Company has designated the derivatives covered under the guidance note as Hedges of the highly probable future cash flows attributable to a recognized asset or liability (Cash Flow Hedge).The effective portion of the changes in fair value of derivative in case of cash flow hedges are recognized in the cash flow hedge reserve as part of the Equity. The accumulated hedge reserves in the equity are adjusted in the periods in which the hedge items effects the Income Statement. When the hedging instruments expired or sold or when the hedge no longer meet the criteria for hedge accounting, the cumulative gain / loss existing in the equity as hedging reserve remains in the equity and are adjusted when the forecasted transactions / hedge element is ultimately recognized in the income statement.

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(ii) Quantitative Disclosures

(Rs. in lacs)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (notional principal amount)		
	For hedging	2,34,936	19,447
(ii)	Marked to market positions [1]		
	a) Asset (+)	2,407	234
	b) Liability (-)	(3,151)	-
(iii)	Credit exposure [2]	Nil	Nil
(iv)	Unhedged exposures	639	709

26. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

Sl. No.	Particulars	Current year	Previous Year
(i)	Single borrower limit (SGL) / group borrower limit (GBL) exceeded by the NBFC	Nil	Nil

27. Registration obtained from other financial sector regulators : None

28. No penalites has been imposed by RBI and other regulators during the financial year ended 31st March 2018 and 31st March 2017

29. Ratings assigned by credit rating agencies and migration of ratings during the year

Sl. No.	Particulars	Current Year				Previous Year			
		CARE	ICRA	Brickwork	SMERA	CARE	ICRA	Brickwork	SMERA
(i)	Long-term banking facilities	CARE AA-	-	-	-	CARE AA-	-	-	-
(ii)	Short-term banking facilities	CARE A1+	-	-	-	CARE A1+	-	-	-
(iii)	Short-term debt instruments	CARE A1+	ICRA A1+	-	-	-	ICRA A1+	BWR A1+	-
(iv)	NCDs / bonds	CARE AA-	-	BWR AA+	SMERA AA+	CARE AA-	-	BWR AA+	SMERA AA+
(v)	Unsecured subordinated / Tier-II debentures / bonds	CARE A+	-	BWR AA+	SMERA AA+	CARE A+	-	BWR AA+	SMERA AA+
(vi)	Perpetual debentures	CARE A	-	-	-	CARE A	-	-	-

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30. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstructions

Sl. No.	Particulars	Current Year	Previous Year
(i)	Nos. of acccounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
(iii)	Aggregate consideration	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book Value	Nil	Nil

31. Overseas Assets (for those with Joint Venturers and Subsidiaries abroad : Nil

32. Off Balance Sheet SPV's sponsored : Nil

33. Details of Financing of Parent Company Products : N.A

34. Disclosure of Complaints

Sl. No.	Customer Complaints	Current Year
(i)	No. of complaints pending at the beginning of the year	-
(ii)	No. of complaints received during the year	50
(iii)	No. of complaints redressed during the year	50
(iv)	No. of complaints pending at the end of the year	-

35. Disclosure of Fraud

DISCLOSURES RELATING TO FRAUD IN TERMS OF THE NOTIFICATION ISSUED BY RESERVE BANK OF INDIA VIDE DNBS / 2016-17 / 49 Master Direction DNBS. PPD.01 / 66.15.001 / 2016-17

During the year ended 31st March, 2018, 3 cases committed by the staffs aggregating to Rs. 207 lacs were reported to the RBI. Unrecovered amounts have been fully provided for in the books.

NOTE

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