Together We Make Tomorrow Happen










Srei Equipment Finance Limited

Annual Report 2016-17



Board of Directors

Hemant Kanoria
Chairman and Managing Director
(DIN: 00193015)

Sunil Kanoria
Vice Chairman
(DIN: 00421564)

Tamali Sengupta
(DIN: 00358658)

Kora Ipe Puthenpurackal
(DIN: 02780367)

Shyamalendu Chatterjee
(DIN: 00048249)

Chief Executive Officer

Devendra Kumar Vyas

Chief Financial Officer

Manoj Kumar Beriwala

Company Secretary

Naresh Mathur

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Corporate Identification Number U70101WB2006PLC109898

Registered Office:
"Vishwakarma"
86C, Topsia Road (South)
Kolkata 700046

Head Office:
Plot: Y-10, Block EP
Sector V, Salt Lake City
Kolkata 700091

Corporate Office:
Room no. 12 & 13
2nd Floor, 6A Kiran Shankar
Roy Road, Kolkata 700001

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BOARD'S REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Eleventh Annual Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2017.

FINANCIAL HIGHLIGHTS

The summarised financial performance of your Company for the year ended 31st March, 2017 is as under:

(₹ in Lacs)

Particulars	Year ended	
	31st March, 2017	31st March, 2016
Total revenue	2,49,533	2,61,509
Total expenditure (including depreciation and other expenses etc.)	2,02,618	2,05,848
Profit before Bad debts, provisions & tax	46,915	55,661
Bad Debts written off (Net of recovery), Provision for Non-Performing Assets and Contingent Provision against Standard Assets	25,273	39,618
Profit Before Tax	**21,642**	**16,043**
Net Tax expense	6,758	4,517
Profit After Tax	**14,884**	**11,526**
Profit brought forward from earlier year	34,096	32,153
Profit available for Appropriation	48,696	43,679
Paid up Equity Share Capital	5,966	5,966
Amount transferred to Reserves	5,139	9,583
Net Worth	**2,47,270**	**2,32,187**

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 ₹ 82,844 Lacs as against ₹ 87,922 Lacs last year.
- Profit before taxation for the year was ₹ 21,642 Lacs as against ₹ 16,043 Lacs in the last year.
- Net profit after taxation for the year was ₹ 14,884 Lacs as against ₹ 11,526 Lacs in the last year.
- The total asset under management was ₹ 21,231.81 Crores as against ₹ 18,597.79 Crores last year.

The Capital Adequacy Ratio (CAR) of your Company stands at 18.66 per cent as on March 31, 2017, 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 13.71 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 standalone audited / unaudited financial results on a quarterly basis, standalone 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.

SHARE CAPITAL

The Authorised Share Capital of your Company is ₹ 75,00,00,000 (Rupees Seventy Five Crore only) divided into 7,50,00,000 Equity Shares of ₹ 10/- each and the paid-up Equity Share capital of your Company is ₹ 59.66 Crore (Rupees Fifty Nine Crore Sixty Six Lacs only). Presently, the entire paid-up Equity share capital of your Company is held by Srei Infrastructure Finance Limited alongwith their 6 (Six) nominees. There was no change in the Authorised and Paid-up Equity Share Capital of your Company during the year under review.

Pursuant to the share purchase agreement (SPA) dated December 29, 2015 executed between Srei Infrastructure Finance Limited (SREI), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL), Srei Growth Trust, Mr. Hemant Kanoria and Mr. Sunil Kanoria, BPLG has agreed (i) to acquire 2,51,54,317 equity shares of SREI representing 5% of the total paid up equity share capital and (ii) in lieu thereof, sell its entire shareholding of 2,98,30,000 equity share in SEFL representing 50% of the total paid-up equity share capital to SREI in accordance with applicable laws. Subsequently, in terms of the approval granted by the Reserve Bank of India (RBI), the Board of Directors of your Company at its meeting held on June 17, 2016 gave effect to the transaction by passing requisite resolutions and transaction stands consummated on June 17, 2016. Pursuant to this transaction, our Company has become a wholly-owned subsidiary of SIFL w.e.f. June 17, 2016.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW

a. Global Outlook

According to the World Bank, global GDP is projected to grow at 2.7 per cent in 2017, after an estimated growth of 2.3 per cent in 2016. Growth rate is expected to move up to 2.9 per cent in 2018. The International Monetary Fund (IMF) figures are a little more optimistic. IMF expects global economy to grow by 3.5 per cent in 2017 after an estimated growth of 3.1 per cent in 2016.

The year under review witnessed two significant developments on the global front – Brexit and the US elections. Both events have had an adverse impact on open trade. Several developed economies are becoming increasingly protectionist. The process of globalisation now seems to be on reverse gear.

While the US economy seems to be strengthening, doubts have emerged about its sustainability due to the actions taken by the new President. The rejection of the Trans Pacific Partnership (TPP) and a call to renegotiate the North Atlantic Free Trade Agreement (NAFTA) by the US President have created uncertainty on global trade and commerce. Across the Atlantic, there is little clarity on how Europe intends to get out of the phase of deflation it has entered into. However, early signs of improvement in consumer demand and employment are now visible in the Euro area. With Brexit, Britain will now need to sign fresh trade agreements with various countries, starting with the European Union. In Japan, while deflation risks continue to linger, there are nascent signs of revival in the form of falling unemployment, improving business sentiment and rising exports aided by the depreciation of the Yen. China has been experiencing capital outflows and there is lingering concern about the country's financial stability, but at the same time surging credit growth and a booming property market have ensured that there is no major slowdown in the economy. There is widespread speculation that the Chinese government, in its bid to fuel growth, would eventually opt for a devaluation of the Renminbi.

The years after the global financial crisis were marked by quantitative easing (QE) by most central banks to keep their economies going. However, that cannot continue forever. The Federal Reserve, which had put an end to its QE programme two years ago, has now started increasing its policy rate. Bank of England has indicated that it is through with its targeted purchase of corporate bonds. The European Central Bank (ECB) is also getting ready to initiate its tapering process. The era of central bank driven abundant liquidity now seems to be nearing its end.

The World Bank expects the emerging and developing economies (EDEs) to be the main drivers of global growth. According to World Bank forecasts, the EDEs, after registering a 3.4 per cent growth rate in 2016, will clock a growth rate of 4.2 per cent in 2017 and thereafter growth rate will further strengthen to 4.6 per cent in 2018. The advanced economies (AEs), after growing at 1.6 per cent growth rate in 2016, are expected to clock a growth rate of 1.8 per cent both in 2017 and 2018.

There are several red flags to watch out for. Tension on the geo-political front has increased with the rise of the ISIS (Islamic State of Iraq & Syria) and the sporadic terrorist attacks in different countries. There is growing tension between USA and North Korea. The assertiveness of China (on South China Sea and Indian Ocean) and Russia (annexation of Crimea and intervention in Ukraine) also do not augur well for global geopolitics. There is not enough clarity on the US policy towards China, but in case a trade war breaks out between USA and China, it can have serious global repercussions.

b. Indian Scenario

India continues to hold on to its position of the fastest growing major economy in the world. The point to be noted here is that India has achieved this despite the huge disruption caused by the Demonetization drive that was initiated by the Government in November, 2016 to curb black money. For 2016-17, India's GDP growth rate has been estimated to be 7.1 per cent, 7 per cent and 6.8 per cent by Central Statistics Office (CSO), the World Bank and IMF respectively. For 2017-18, the Economic Survey has predicted that India's GDP growth rate will be within a range of 6.75-7.5 per cent. Most other institutions have predicted growth rates within that range, only the World Bank has predicted a higher rate at 7.6 per cent.

During the year under review, the Government of India has performed well on a number of fronts. There was considerable progress made in building consensus for the Goods & Services Tax (GST) and now GST is likely to be rolled out from 1st July, 2017. Promulgation of the Insolvency & Bankruptcy Code (IBC) was another major achievement. These steps will certainly contribute towards improving the ease of doing business in India and will fuel entrepreneurship. A beginning has been made in cleaning up the process of election funding. The recent state elections have also ensured that the ruling coalition at the Centre now enjoys a strong position in both Houses of the Parliament, thus making it easier to push key legislative reforms. On the macroeconomic front, the fiscal deficit has been kept under control and within targeted limits. At USD 364 billion, the foreign exchange reserve position is also comfortable. In recent months, exports and imports have started to register positive growth once again. All these augur well for the economy. The very fact that India has been able to attract foreign direct investment (FDI) worth USD 60.08 billion in 2016 -17 calendar year (a 18 per cent growth over 2015) and that too at a time when global FDI inflows fell, is an endorsement of the fact that the global investor community is interested in the India Growth Story.

However, there are a few areas of concern as well. A paltry 0.6 per cent growth in the Index of Industrial Production (IIP) during April-January 2016-17 indicates a lack of buoyancy in industrial activity. However, more worryingly, the capital goods index, which is an indicator of future investment, registered a negative growth of 15 per cent during April-January 2016-17. Even growth of services sector seems to be losing steam as it grew at 7.5 per cent between April-December 2016-17 vis-à-vis 9.5 per cent a year ago. Meanwhile, inflation is on the rise as evident from the month-wise Wholesale Price Inflation (WPI) figures and the Reserve Bank of India (RBI) has already shifted its monetary policy to a neutral stance indicating that interest rates may have plateaued for the time being.

The growth so far has essentially been on account of the increase in Government spending, which though good in the current context, cannot be sustained for long. To add momentum to our growth, there is a need to revive private sector investment in a big way, especially in infrastructure projects. The biggest concern at this juncture has been the 'twin balance sheet problem' which has got reflected in the growing amount of bad loans in our banking system, especially public sector banks, and a spurt in the number of overleveraged companies which are finding it difficult to service their debt. Banks' lending activity has got choked and neither is there an appetite for fresh investments among the corporates. A number of initiatives taken by the Reserve Bank of India (RBI) to tackle the bad loan problem, but their implementation remains a challenge. Now that the Bankruptcy Code has got implemented, there is renewed hope of resolving the bad loan issue by helping the banks to free up their balance sheets and resume lending.

The domestic challenges are not insurmountable. The overall business environment today is much better than what it was during the last few years. The management of your Company is upbeat about India's prospects and is convinced that with the right reforms India will continue to surge ahead of its peers.

NBFCs IN INDIA

NBFCs have always played an important role in promoting financial inclusion in India. They have been complementing and supplementing the banking sector in reaching out credit to the un-banked segments of the society. The biggest contribution of NBFCs is their ability to cater to the needs of the Micro, Small & Medium Enterprises (MSMEs) which form the cradle of entrepreneurship and innovation in India. NBFCs' innate ability to understand their customers' needs and accordingly innovate to offer customised products make them the perfect conduit for credit delivery to MSMEs.

In addition, NBFCs like Asset Finance Companies (NBFC-AFCs) and Infrastructure Finance Companies (NBFC-IFCs) are actively contributing to the process of nation building, especially at a time when banks are reluctant to take more exposure on infrastructure projects.

According to the Financial Stability Report (FSR) released by RBI, NBFC loans expanded 16.6 percent in the 2015-16, twice as fast as the 8.8 per cent credit growth across the banking sector on an aggregate level. The aggregate balance sheet of the NBFC sector expanded 15.5 per cent in fiscal 2016 compared with 15.7 per cent in the previous year. Net profit as a percentage of total income remained at 15.3 per cent between March, 2015 and March, 2016 and RoA (Return on Assets) stood at 22 per cent during the same period. NBFCs also performed better in terms of asset quality, even though the bad loan norms for these firms are not as stringent as those for full-fledged commercial banks. The gross non-performing assets (GNPA) ratio for the NBFC sector declined to 4.6 per cent of total advances in March, 2016 from 5.1 per cent in September, 2015.

Despite doing relatively better than the banks, NBFCs still do not quite enjoy a level playing field. The year under review witnessed several regulatory developments for the NBFC sector. The major ones are the following:

- Concentration of credit/investment norms will not apply to Systemically Important NBFCs (NBFC-SI) which do not access public funds in India (directly or indirectly) and which do not issue guarantees.

- While attempting to revitalize any distressed asset, each NBFC can formulate its policy and requirements as approved by the Board. The restructuring package decided upon must be implemented within 90 days. Promoters must bring additional funds in all cases of restructuring which should be equal to a minimum of 20 per cent of NBFCs' sacrifice or 2 per cent of the restructured debt, whichever is higher. NBFCs, based on the cash flow and Techno Economic Viability (TEV) study, should determine a reasonable time period during which the account is likely to become viable. Each NBFC should clearly document its own due diligence done in assessing the TEV and the viability of the assumptions underlying the restructured repayment terms.

- RBI has increased the number of eligible players to whom banks are allowed to sell their stressed assets. NBFCs with adequate capital and necessary expertise to deal with stressed assets are eligible to buy such assets from banks.

- NBFCs are allowed to refinance any existing infrastructure and other project loan by way of full or partial take-out financing, without a pre-determined agreement with other lenders, and fix a longer repayment period. Further, the same would not be considered as restructuring in the books of the existing as well as taking over lenders, if certain conditions are satisfied.

- Effective June 30, 2017, all unrated claims on Asset Finance Companies (NBFC-AFCs) and Infrastructure Finance Companies (NBFC-IFCs) having aggregate exposure from banking system of more than ₹ 200 crore will attract a risk weight of 150%. However, claims on NBFC-AFCs and NBFC-IFCs having aggregate exposure from banking system of more than ₹ 100 crore, which were rated earlier and subsequently became unrated, have been assigned a risk weight of 150 per cent from August, 2016.

- Guidelines were issued on setting up a category of NBFCs called Account Aggregators.

- NBFCs need to put in place a reporting system for recording frauds.

- The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has introduced a scheme for extending guarantee coverage to eligible NBFCs in respect of collateral free and/or third party guarantee free credit facilities extended by them to eligible Micro and Small Enterprises (MSEs).

Your Company, as always, is keeping a sharp vigil on all these developments and is continuously exploring new opportunities. The management of your Company has been regularly interacting with Government and various regulatory agencies so that the regulatory gaps can be addressed and NBFCs can perform their functions better.

BUSINESS OUTLOOK AND FUTURE PLANS

The Government is earnestly working towards enhancing India's attractiveness as an investment destination. Apart from the various systemic reforms that are being pursued, the decision to abolish Plan and Non Plan expenditure and to opt for a consolidated Outcome Budget, as announced in Union Budget 2017-18, is indeed a step in the right direction as it brings in higher degrees of accountability.

Keeping in mind the central importance of agriculture and the rural sector in Indian economy, Union Budget 2017-18 has announced increased outlays for building rural roads, housing and irrigation, village electrification and sanitation and has stressed on the use of scientific technology to track progress of the MGNREGA projects.

The Government's efforts to step up infrastructure creation deserve special mention:

- Total capital and development outlay for the railways for 2017-18 has been pegged at ₹ 1.31 trillion out of which ₹ 0.55 trillion will be provided by Government. Major thrust in the Union Budget 2017-18 for railways has been on development of new lines, station redevelopment and safety upgradation. A new Metro Rail policy will be announced with focus on innovative models of implementation and financing as well as standardisation and indigenisation of hardware and software.

- Union Budget 2017-18 has allocated ₹ 649 billion for roads & highways. ₹ 270 billion has been earmarked for development of rural roads. In 2016-17, the pace of highway construction reached an all-time high of 22.3 km/day and the target set for 2017-18 is 41 km/day.

- Union Budget 2017-18 has allocated ₹ 138.81 billion for the power sector. ₹ 33.61 billion has been earmarked for renewable energy. With implementation of a series of reforms in generation, transmission & distribution and renewable energy, the aim of enabling 'Power for All by 2019' looks very much achievable. Total generation capacity as on February 2017 stood at 315 GW. Government has completed electrification works in 1,16,680 villages (hitherto un-electrified) and intensive electrification in 3,99,829 villages by end of November 2016. As on April 2017, 27 States and Union Territories have signed up for Ujjwal Discom Assurance Yojana (UDAY).

- Union Budget 2017-18 has allocated ₹ 6 billion for the port sector. A new Major Ports Authority Bill, 2016 has been passed to impart faster and transparent decision-making, benefiting the stakeholders and enabling better project execution capability. The bill is aimed at reorienting the governance model in central ports to the landlord port model, in line with successful global practices. In addition, a Merchants Shipping Bill, 2016 has also been passed with the aim to establish a National Shipping Board, develop Indian coastal shipping & trade, enhance safety and security of vessels & life at sea and to ensure compliance of India's obligations under international conventions, among others.

- The UDAN (Ude Desh ka Aam Nagarik) scheme has been launched with an aim to boost regional air connectivity. The scheme is expected to add over 50 new airports to India's operational network of 75 and open up as many as 1.3 million seats in unserved sectors. Government support in terms of tax sops and viability gap funding has been promised to make the scheme successful.

- The housing sector has suffered a lot from the demonetization drive. To provide relief to this sector, 'Infrastructure Status' has been accorded to affordable housing in the Union Budget 2017-18. In addition, the move to defer levy of tax on notional rental income by one year (after year of completion certificate is received) will allow builders some breathing space to clear their inventory of constructed flats. Also, the move to reduce the holding period for computing long term capital gains from transfer of immovable property from 3 to 2 years is expected to provide some boost to the housing sector.

Private sector has played an important role in India's infrastructure creation, especially during the last two decades, and public-private partnerships (PPPs) have emerged as the preferred mode. However, several of such projects have got mired in long standing disputes. The Government realizes how important it is to revive private sector appetite for infrastructure investments to put PPP back on track. In this regard, the Finance Minister has promised to put in place a dispute resolution mechanism to address issues in the infrastructure space.

All these initiatives and targets augur well for the future of the infrastructure sector. However, the future momentum of infrastructure growth will be greatly influenced by how well Government can get into the implementation part.

Your Company is actively tracking all these developments and the management is upbeat that the business scenario is poised to improve significantly during FY 2017-18.

REVIEW OF OPERATIONS

Your Company is registered with RBI as a non-deposit taking NBFC (Category - Asset Finance) and is in the business of providing financial products and services to a wide spectrum of asset which includes Construction & Mining equipment, Information Technology equipment and Solutions, Healthcare equipment and Farm Equipment. The financial products and services comprise loans, leases, rentals and fee-based services.

Your Company retained its position as one of the leading equipment financier in India in the year under review with a disbursement of asset cost of ₹ 13,602 crores. The government's impetus on fast-tracking infrastructure projects, clearing policy logjam and improving the financial health of infrastructure companies has led to a very healthy growth for infrastructure equipment. The infrastructure equipment market grew by 30-35 per cent in 2016-17 (unit sales). In the recently concluded Union

Budget, the total outlay for infrastructure including budgetary and internal and extra budgetary resources increased to ₹ 5.1 trillion with Roads and Railways being the biggest beneficiaries.

As per a report titled 'Revival of Indian Construction Equipment Industry' by Indian Construction Equipment Manufacturers' Association, the equipment industry in India is expected to more than double from the 2015-16 levels of around 57,000 equipment to 1,20,000 equipment by 2019-20; registering an average yearly growth of 20 per cent.

The financial year 2016-17 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 24 per cent during the year under review. Our total Asset under Management (AUM) grew to over ₹ 21,232 Crores, representing a 14 per cent growth over last year. The Gross Non-Performing Assets (GNPA) reduced from 2.95 per cent in 2015-16 to 2.48 percent in 2016-17, while the Net Non-Performing Assets have reduced from 1.99 per cent in 2015-16 to 1.76 per cent in 2016-17. The Capital Adequacy Ratio (CAR) remained healthy at 18.66 per cent. The profit before tax grew to ₹ 216.42 Crores in the year under review from ₹ 160.43 Crores in 2015-16.

The improved financial performance is a result of your Company's continued focus on investing in technology to improve its customer experience, manage its risks, facilitate time-critical and proactive decision making and strengthen its on-ground delivery.

The view for the year ahead is to expand market and retain market leadership by deepening inroads into asset life-cycle solutions, expand into related asset classes, leveraging on digital automation to improve productivity and quality focus on vendor alliances. Your Company will continue to focus on technology implementation, product & process innovation which will give competitive advantage in the changing business environment.

RESOURCES

The Liability & Treasury Management Group of your Company has done exceptionally well by mobilizing funds from varied sources on regular basis throughout the year. The marginal cost of borrowings during the year has significantly reduced compared to last year, thus reducing the overall cost of funds utilized. This has strengthened the bottom line of the Company.

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 ₹ 10,348 crores from a consortium of banks. The non-fund based limit of your Company is ₹ 556 crores as on the year end. During the year, fresh Term facilities of ₹ 1,521 crores were raised from various domestic banks and financial institutions both in the form of Indian Rupee as well US Dollars.

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 ₹ 3,693 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.

Short Term Loans & Commercial Paper: The issuances of Commercial Papers and availing Short term loans from banks by ear-marking 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 for an amount aggregating to ₹ 20,401 crores and also raised short term loans of ₹ 22,735 crores from banks by earmarking of cash credit limits.

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. 303.5 crores during the year. Further, resources have also been raised through issuance of Secured and Un-secured NCDs aggregating to Rs. 222 crores.

Public Issue of Secured Non-Convertible Debentures:

During the year under review, your Company issued its second public issue of Secured Redeemable Non-Convertible Debentures (the "Debentures") of face value of ₹ 1,000 each, as per the details given hereunder:

Date of opening of Issue	Base Issue Size (₹ in Crores)	Total Issue Size including Green Shoe Option (₹ in Crores)	Maturity Period	Allotment Date	Amount Allotted (₹ in Crores)
03.01.2017	250	Up to 500	400 days / 3 years / 5 Years	17.01.2017	500.00

Debenture Trustee Agreement(s) in favour of Axis Trustee Services Limited for the aforesaid issue was duly executed. 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.

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 more than 2 times of the Base Issue and more than 1 time of the Total Issue Size. Through this public issue launched in FY 2016-17, your Company has acquired nearly 19,000 retail investors. Along with the previous issues, your Company has broad-based retail base of nearly 27,000 investors. That signifies the growing confidence of investors in your Company.

International Borrowings:

Unlike in FY 2015-16, in the FY 2016-17 FCy loans to the extent of USD 86.09 million, equivalent to INR 577.41 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 tune of USD 25.65 million, equivalent to INR 175.67 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 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. Risk Committee of the Board of your Company presently comprises of Mr. Hemant Kanoria, Chairman and Managing Director, Mr. Sunil Kanoria, Vice Chairman Mr. Shyamalendu Chatterjee, Directors as Members of the Committee. The Company Secretary acts as Secretary to the Committee and the Chief Risk Officer is the Convenor of the Committee. Beside the Members the Committee also invites other executives and / or consultants having expertise in the areas of risk management.

The 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 :

a) To identify and assess various risks of the Company;

b) To strengthen the risk management practices and compliance framework of the Company to manage various risks across the Company;

c) To evaluate the effectiveness of mitigating strategies periodically to address such material risks of the Institution; and

d) To review any material findings and recommendations of the Risk Department; prescribe and monitor appropriate action to address the identified gaps.

Below described are the major risk functions and procedures:

i. **Credit Risk:** A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. 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 and regional analysis, review of credit decisions. 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. Your Company identifies the project risks, mitigating factors and residual risks associated with the project, and applicable risk mitigating factors through suitable structures to tap cash-flows as well as additional securities in the form of appropriate collaterals.

ii. **Portfolio Risk:** Portfolio risk deals with identification and assessment of risk lying within the portfolio. It assesses and measures the same, so as to be able to define future courses of actions to mitigate the risk. It includes determination of risk and credit policies and defining the triggers for monitoring and control of the portfolio. The 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. The 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.

iii. **Operational Risk:** Operational Risk is the risk arising out of the inadequacy or failure of internal processes, or from external events that has led/could have led/or may lead to a loss or an opportunity cost. This risk should be managed in the sense that it must be contained within acceptable limits by means of avoidance, reduction or transfer actions. Risk involves in development of various policies, 2nd level controls and Risk control matrices to mitigate errors. Risk ensures that the Company's 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.

iv. **Treasury Risk:** Treasury Risk is the risk associated with the management of an enterprise's holdings – ranging from money market instruments through to equities trading. Liquidity and Capital Risk is generally defined as the risk associated with an enterprise's ability to convert an asset or security into cash to prevent a loss. Capital risk is generally defined as an enterprise's access to cash at any given time and balancing this with its efficient use. Risk 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 regularly conducts stress testing to monitor vulnerability towards unfavorable 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 like Value at Risk (VaR), stress tests, back tests & scenario analyses.

v. **Regulatory Risk:** The 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.

With the objective of mitigating Compliance Risks, your Company has implemented an IT enabled Legal and Compliance support solution styled 'SREI Vishwas' to facilitate monitoring and control of Compliances across functions.

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, market risk, operational risk, liquidity risk, counterparty risk and group 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.

The Risk Management process includes Operational Risk Management and ALM & Treasury Risk Management practices. This is in line with the evolution of the Company's risk management function towards Enterprise Risk Management approach.

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.

The Company has an Internal Financial Control System, commensurate with the nature of its business and the size and complexity of its operations. The 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.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated a codified Whistle Blower Policy in pursuance of the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013. This, your Company believes will encourage Directors and employees of your Company to escalate to the level of the Audit Committee any issue of concern impacting and compromising with the interest of your Company and its stakeholders in any way. 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 your Company's website https://www.srei.com/sites/default/files/downloads/pdfs/sefl-whistle-blowing-policy-and-procedure.pdf

CORPORATE SOCIAL RESPONSIBILITY

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 Committee presently comprises of Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Vice Chairman, Mr. Shyamalendu Chatterjee and Mr. Kora Ipe Puthenpurackal, Non-Executive & Independent Directors. Mr. Hemant Kanoria, Chairman and Managing Director of your Company acts as the Chairman and 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 carried in the Annual Report and is also available on your Company's website at https://www.srei.com/sites/default/files/downloads/pdfs/sefl-corporate-social-responsibility-policy.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 ₹ 2,00,00,000 (Rupees Two Crores only) during the financial year 2016-17. 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 ₹ 25,71,000 (Rupees Twenty Five Lacs Seventy One Thousand only) to several welfare and charitable organisations viz Indian Institute of Celebral Palsy, Rotary Calcutta Mahanagar Trust, Gyan Prakash Foundation and S.V.S Marwari Hospital.

During the year the Company could spend only ₹ 225.71 Lacs out of the entire allocated budget of ₹ 492 lacs being 2% of its average profit for the last three years, since during the year it used its managerial resources to consolidate the process of CSR spent and its monitoring to achieve the objectives for its stakeholders. The Company is also trying to identify the thrust areas where the CSR activities can be aligned with the nature of the Business viz. Education & Skill Development, Healthcare / medical facilities, rural development, social and economic welfare and environmental sustainability.

During the year under review, the CSR Committee met 3 (Three) times on 10th May, 2016, 4th August, 2016 and 2nd February, 2017.

The CSR Policy and initiative taken by your Company on CSR and Annual Report on CSR activities is annexed as "Annexure - I" to this Report.

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 31st March, 2017

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 within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. The Board of Directors of your Company has resolved that the Company will not accept any Public Deposits during the Financial Year 2017-18 in terms of aforesaid directions.

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.

PARTICULARS OF DIRECTORS / KEY MANAGERIAL PERSONNEL (KMPs) / EMPLOYEES

The names and other particulars of the Directors / Key Managerial Personnel (KMPs) / Employees of your Company as required under Section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are set out in the "Annexure - II" to the Board's Report and forms part of this report.

The names and other particulars of the Directors / Key Managerial Personnel (KMPs) / Employees of your Company as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are set out in the "Annexure - III" to the Board's Report and form part of this report.

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in Section 134 of the Act read with 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 ₹ 5,041 lacs (previous year ₹ 6,067 lacs) and has not earned any foreign exchange (Previous Year - Nil).

MEETINGS OF THE BOARD AND ATTENDANCE DURING THE YEAR

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.

Five Board meetings were held during the year 2016-17 on 10th May, 2016, 17th June, 2016, 4th August, 2016, 3rd November, 2016 and 2nd February, 2017.The maximum time gap between any two consecutive meetings did not exceed 120 days and the number of meetings attended by each Director is as under :

Name of Director	No. of Meetings attended
Mr. Hemant Kanoria	4
Mr. Sunil Kanoria	5
Mr. Shyamlendu Chatterjee	5
Mr. Kora Ipe Puthenpurackal	5
Dr. Tamali Sengupta	2

DIRECTORS

Mr. Shyamalendu Chatterjee (DIN 00048249) and Mr. Kora Ipe Puthenpurackal (DIN 02780367) continue to act as Independent Directors of your Company for a period of 5 (five) consecutive years from the date of the Eighth Annual General Meeting (AGM) of your Company held on July 01, 2014 pursuant to the provisions of Section 149 of the Companies Act, 2013 (Act) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and your Company's Articles of Association. .

Ms. Pascale Charlotte Dufourcq Dennery and Mr. Philippe Denis Francis Desgeans resigned as Directors of the Company w.e.f. 17th June, 2016.

During the year under review, the Board of Directors of your Company appointed Dr. Tamali Sengupta (DIN 00358658), Additional Director (Category - Non-Executive & Independent) of the Company w.e.f. 17th September, 2016.

The Board of Directors of your Company presently comprises of Mr. Hemant Kanoria (DIN 00193015), Chairman & Managing Director, Mr. Sunil Kanoria (DIN 00421564), Vice Chairman, Mr. Shyamalendu Chatterjee (DIN 00048249) & Mr. Kora Ipe Puthenpurackal (DIN 02780367), Non-Executive & Independent Directors and Dr. Tamali Sengupta (DIN 00358658), Additional Director, Category - Non-Executive & Independent.

In accordance with the provisions of Section 152 of the Act, the Rules prescribed thereunder and your Company's Articles of Association, Mr. Sunil Kanoria (DIN 00421564) retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Board of Directors recommends the re-appointment of Mr. Sunil Kanoria at the ensuing Eleventh Annual General Meeting.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

Mr. Shyamalendu Chatterjee, Mr. Kora Ipe Puthenpurackal and Dr. Tamali Sengupta have furnished their individual declaration on 1st April, 2017 pursuant to Section 149(7) of the Companies Act, 2013 confirming their status as an Independent Director pursuant to the provisions of Section 149(6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL (KMPs)

The following Directors / Executives of your Company were the whole-time Key Managerial Personnel (KMPs) of your Company during the year ended March 31, 2017 in accordance with provisions of Section 203 of the Companies Act, 2013 -

Name	Designation	Date of Appointment	Date of Cessation
Mr. Hemant Kanoria	Chairman & Managing Director	01.04.2014	-
Mr. Sunil Kanoria	Vice Chairman	01.04.2014	-
Mr. Devendra Kumar Vyas	Chief Executive Officer	01.04.2014	-
Mr. C. R. Sudharsanam	Chief Financial Officer	01.04.2014	30.06.2016
Mr. Manoj Kumar Beriwala	Chief Financial Officer	03.11.2016	-
Mr. Naresh Mathur	Company Secretary	01.07.2014	-

During the year, Mr. C. R. Sudharsanam, resigned as a KMP of your Company w.e.f 30th June, 2016. Further, Mr. Manoj Kumar Beriwala was appointed as Chief Financial Officer of the Company w.e.f. 3rd November, 2016.

AUDIT COMMITTEE

The Audit Committee of your Company comprises of Mr. Sunil Kanoria as Chairman, Mr. Shyamalendu Chatterjee and Mr. Kora Ipe Puthenpurackal, Independent Directors as Members of the Committee. The Company Secretary of your Company acts as the Secretary to the Audit Committee. The Committee acts, inter alia in accordance with the terms of reference specified under Section 177 of the Companies Act, 2013.

During the year under review, the Committee met 4 (four) times on 10th May, 2016, 4th August, 2016, 3rd November, 2016 and 2nd February, 2017 and the number of meetings attended by each Director is as under :

Name of Director	No. of Meetings attended
Mr. Sunil Kanoria	4
Mr. Shyamlendu Chatterjee	4
Mr. Kora Ipe Puthenpurackal	4

NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of your Company constituted a Nomination and Remuneration 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 Committee comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Shyamalendu Chatterjee and Mr. Kora Ipe Puthenpurackal, Independent Directors.

During the year under review, the Committee met 4 (four) times on 10th May, 2016, 4th August, 2016, 3rd November, 2016 and 2nd February, 2017 and the number of meetings attended by each Director is as under :

Name of Director	No. of Meetings attended
Mr. Hemant Kanoria	4
Mr. Shyamlendu Chatterjee	4
Mr. Kora Ipe Puthenpurackal	4

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 Board members, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) of your Company.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors of your Company 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 Committee comprises of Mr. Shyamalendu Chatterjee, Independent Director as Chairman of the Committee, Mr. Sunil Kanoria, Vice Chairman and Mr. Kora Ipe Puthenpurackal, Independent Director. The Company Secretary of your Company acts as the Secretary to the Stakeholders' Relationship Committee.

During the year under review, the Committee met 2 (Two) times on 10th May, 2016 and 3rd November, 2016 and the number of meetings attended by each Director is as under:

Name of Director	No. of Meetings attended
Mr. Shyamlendu Chatterjee	2
Mr. Sunil Kanoria	2
Mr. Kora Ipe Puthenpurackal	2

The Committee oversees and reviews redressal of security holders and investor grievances, deals with matters relating to SEFL 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(3)(c) read with 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 31st March, 2017, 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(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 the Company and for preventing and detecting fraud and other irregularities;

(iv) They have prepared the annual accounts for the year ended 31st March, 2017 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 were operating effectively;

(vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws to your Company and that such systems were adequate and operative effectively.

AUDITORS

At the Eighth Annual General Meeting (AGM) of the 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 the Company to hold office for a term of five years from the conclusion of Eighth AGM until the conclusion of the Thirteen AGM of your Company.

The Board of Directors of your Company, based on the recommendation of Audit Committee of the Company, had recommended ratification of appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants having registration No. 302009E allotted by The Institute of Chartered Accountants of India as Auditors who were appointed to hold the office from the conclusion of Eighth AGM until the conclusion of the Thirteen AGM of the Company. The Company has received a confirmation from Messrs Deloitte Haskins & Sells, Chartered Accountants to the effect of ratification of their appointment if made, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and the rules framed thereunder. Members are requested to consider ratification of appointment as Auditors of your Company.

AUDIT MODIFICATIONS

There are no modifications, reservations or adverse remarks or disclaimers made by Messrs Deloitte Haskins & Sells, Auditors in their report on your Company's financial statements for the year ended on March 31, 2017. The Auditors have not reported any incident of fraud to the Audit Committee of your Company in the year under review.

SECRETARIAL AUDIT REPORT

Your Company appointed Messrs MR & Associates, Practising Company Secretaries of repute, 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 2016-17 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 forms part of the Annual Report as "Annexure - IV".

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, Listing Agreements with the Stock Exchanges, Securities and Exchange Board of India (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)), Securities and Exchange Board of India (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 and 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.

The Secretarial Audit Report for the financial year ended March 31, 2017 is an unqualified Report.

RELATED PARTY TRANSACTIONS

During the year under review, no transaction has taken place with the Related Parties pursuant to the provisions of Section 188 read with Section 2(76) of the Companies Act, 2013 except the payment of remuneration to Key Managerial Personnel (KMPs) and Independent Directors of the Company and those done in the ordinary course of business and at arm's length basis.

Since there were no related party transactions entered into by your Company requiring disclosures, Form AOC-2 is not applicable to your Company.

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. Further, particulars of loans/ advances/ Investments made by your Company during the financial year ended March 31, 2017 forms part of the Annual Report.

PERFORMANCE EVALUATION

The Nomination and Remuneration Committee (NRC) of your

Company has formulated and laid down criteria for 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 covering 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 and Vice Chairman are evaluated on key aspects of the role which includes inter-alia effective leadership to the Board and adequate guidance to the CEO.

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, taking into account the views of Executive Directors and Non-Executive Directors.

Further, the Independent Directors hold a unanimous opinion that the Non-Independent Directors, including the Chairman & Managing Director and Vice Chairman 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.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company in its endeavor to provide a safe and healthy work environment for all its employees has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment such that each employee can realize his / her maximum potential. Your Company has constituted an Internal Complaint Committee ("ICC") located at Kolkata as per the guidelines of the Act and also, Regional Complaint Committee (s) ("RCC") at North, South and West regions.

The Internal Complaint Committee of the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

EXTRACT OF ANNUAL RETURN

An extract of Annual Return as on the financial year ended on March 31, 2017 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 in the "Annexure - V" to the Board's Report and form part of this Board Report.

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 and the outgoing Joint Venture partners, BNP Paribas Lease Group, the Financial Institutions, Banks, Central & State Government Authorities, RBI, SEBI, Ministry of Corporate Affairs (MCA), Registrar of Companies, Indian and Overseas 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 at all levels 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 : 8th May, 2017

ANNEXURE - I TO THE BOARD'S REPORT

Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) 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

   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: https://www.srei.com/sites/default/files/downloads/pdfs/sefl-corporate-social-responsibility-policy.pdf

2. **The Composition of the CSR Committee is as follows:**

   a) Mr. Hemant Kanoria- Chairman

   b) Mr. Sunil Kanoria

   c) Mr. Kora Ipe Puthenpurackal, Independent Director

   d) Mr. Shyamalendu Chatterjee, Independent Director

3. **Average net profit of the Company for last three financial years: ₹ 24,593 lacs**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 492 lacs**

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

   a) Total amount to be spent for the financial year : ₹ 225.71 lacs

   b) Amount unspent, if any : ₹ 266.29 lacs

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

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹)	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads (₹)	(7) Cumulative expenditure upto the reporting period (₹)	(8) Amount spent: Direct or through implementing agency
1.	Donation to Srei Foundation	Setting up of School, support education of students, Research and running of health care center, Awakening of women, creating values and promoting value education	Local area in and around West Bengal	2,00,00,000	1,99,85,025	1,99,85,025	Direct
2.	Renewal of 'Bed Reservation' in Hospital - S.V.S Marwari Hospital	Health	Ram Mohan Roy Sarani, Kolkata	21,000	21,000	21,000	Direct
3.	Gyan Prakash Foundation	Education	Khed Shivapur (village), Pune District on Mumbai - Bangalore Highway	15,00,000	15,00,000	15,00,000	Direct
4	Indian Institute of Cerebral Palsy	Education	Kolkata	8,00,000	8,00,000	8,00,000	Direct
5	Rotary Calcutta Mahanagar Trust	Education, Health and Sanitation	Kolkata	2,50,000	2,50,000	2,50,000	Direct
TOTAL				**2,25,71,000**	**2,25,56,025**	**2,25,56,025**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report :

In the year under review, the Company could spend only ₹ 225.71 lacs out of the entire allocated budget of ₹ 492 Lacs since during the year the Company continued to use its resources to consolidate the process of CSR spent and its monitoring to achieve the objectives for its stakeholders. The Company is also trying to identify the thrust areas where the CSR activities can be aligned with the nature of the Business viz. Education & Skill Development, Healthcare / medical facilities, rural development, social and economic welfare and environmental sustainability.

7. Responsibility Statement of CSR Committee

The CSR Committee of the Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of Corporate Social Responsibility Committee

Sd/-
Hemant Kanoria
DIN: 00193015
Chairman of CSR Committee
(Chairman & Managing Director)

Sd/-
Devendra Kumar Vyas
(Chief Executive Officer)

Place: Kolkata
Date: 8th May, 2017

ANNEXURE - II TO THE BOARD'S REPORT

Particulars of Employees pursuant to Section 134(3)(q) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 referred to in the Board's Report for the year ended 31st March, 2017 and forming part thereof

Sl. No.	Name	Age As on 31.03.2017	Designation	Qualification	Remuneration (₹)	Date of Commencement of Employment	Working Experience (Years) (Total)	Previous Employment (Designation)	Percentage of equity shares held by the employee in the Company
1	Mr. Hemant Kanoria	54	Chairman & Managing Director	B. Com (Hons)	5,23,26,341	02-04-2008	37	-	0.0000168*
2	Mr. Sunil Kanoria	52	Vice Chairman	B. Com (Hons), CA	5,15,85,165	02-04-2008	32	-	0.0000168*
3	Mr. Devendra Vyas	48	Chief Executive Officer	B. Com, CA	2,84,07,041	01-04-1997	25	G P Agrawal & Co. Chartered Accountants (Partner)	NIL
4	Mr. C. R. Sudharsanam **	61	Chief Financial Officer	B. Com, Grad CWA, ACA, FCMA (UK)	30,37,831	01-11-2008	35	BNP Paribas, Canada (Finance & Control - Project Manager (A2 System)	NIL
5	Mr. Indranil Sengupta	55	Chief Risk Officer	B. Com, CAIIB	1,88,90,805	01-04-2014	32	BNP Paribas, Canada (Director & Senior Banker, Corporate & Investment Banking)	NIL
6	Mr. Pavan Trivedi**	46	Chief of Operations	CA , ICWA	91,30,395	09-05-2016	20	Usha Martin Ltd (President)	NIL

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

**Employed for part of the year

Notes:

1. The aforesaid appointment is terminable by giving One / Three months' Notice by either side except in case where it is on contractual basis for 2 years.
2. Remuneration includes Basic Salary, Commission, House Rent Allowance, Special Allowance, Leave Travel Allowance, Medical reimbursement, Leave encashment, Employer's contribution to Provident Fund, Incentive and other perquisites.
3. No employee is a relative of any Director except Mr. Hemant Kanoria (Chairman & Managing Director) and Mr. Sunil Kanoria (Vice Chairman) who are brothers.

For and on behalf of Board of Directors

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

Place: Kolkata
Date: 8th May, 2017

ANNEXURE - III TO THE BOARD'S REPORT

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 (₹)	Median Remuneration of employees (₹)	Ratio (In times)
1.	Mr. Hemant Kanoria	5,23,26,341	3,60,000	145
2.	Mr. Sunil Kanoria	5,15,85,165		143

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 31.03.16	Remuneration (₹) of Current year 31.03.17	% increase
1.	Mr. Hemant Kanoria	Chairman & Managing Director	3,80,03,441*	5,23,26,341	37.7%
2.	Mr. Sunil Kanoria	Vice Chairman	3,92,26,764*	5,15,85,165	31.5%
3.	Mr. Devendra Kumar Vyas	Chief Executive Officer	2,92,23,708	2,84,07,041	(-)2.8%
4.	Mr. C. R. Sudharsanam**	Chief Financial Officer	87,43,093	30,37,831	9.99 %#
5.	Mr. Manoj Kumar Beriwala***	Chief Financial Officer	63,95,875	59,41,868	(-)7.10%
6.	Mr. Naresh Mathur	Company Secretary	25,54,818	24,28,346	(-) 5%

*Previous increase in remuneration effected from 1st April 2016.
** Part of the year
*** % Anualised
# Since employed for part of the year, for the purpose of % increase the remuneration for Financial Year 2016-17 has been annualised.

The remuneration of the Key Managerial Personnel (KMPs) is linked to variations in net worth of the Company 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 (₹)	Median remuneration of current year (₹)	%increase
3,72,715	3,60,000	(-) 3 .4%

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

There were 1865 employees as on 31st March, 2017.

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	34.6%*
2	Increase in salary of employee (other than Managerial Personnel)	5.1%

* The remuneration payable to Chairman & Managing Director and Vice Chairman was previously revised w.e.f 01.04.2014 and thereafter it was increased w.e.f. 01.10.2016, thus the increase in percentage term appears to be high.

Note: Average percentile increase shown above is in respect of comparable employees i.e. those employees who were eligible and got salary increase.

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

For and on behalf of Board of Directors

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

Place: Kolkata
Date: 8th May, 2017

ANNEXURE - IV TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Key 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 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,2017 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, 2017 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   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 (Issue of Capital and Disclosure Requirements)Regulations, 2009;

   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.

ii) Prevention of Money Laundering Act, 2002 and The Prevention of Money-Laundering (Amendment) Act, 2012 read with the rules made thereunder;

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

i) Secretarial Standards 1 and 2 issued 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. 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, agenda and detailed notes on 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 pursuant to the Share Purchase agreement dated December, 29 2015 executed between Srei Infrastructure Finance Limited (SIFL), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL), Srei Growth Trust, Mr. Hemant Kanoria and Mr. Sunil Kanoria, BPLG has agreed to acquire 2,51,54,317 Equity Shares of SIFL representing 5% of total paid up Equity share Capital and in lieu thereof, sell its entire shareholding of 2,98,30,000 Equity Shares in SEFL representing 50% of the total paid up Equity Share Capital to SIFL in accordance with applicable laws. Subsequently, in terms of the approval granted by the Reserve Bank of India(RBI), the Board of Directors of the Company at its meeting held on June, 17, 2016 gave effect to the transaction by passing requisite resolutions and the transaction stands consummate on June, 17, 2016. Pursuant to this transaction, SEFL has become wholly-owned subsidiary of SIFL w.e.f. June, 17, 2016.

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

i) adopted new set of Articles of Association in substitution for and to the exclusion of existing Articles of Association, after obtaining approval of shareholders at the Extra Ordinary General Meeting held on 17.06.2016.

ii) issued 10 Unsecured, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated April, 26, 2016 aggregating to ₹ 1 Crore.

iii) issued 200 Unsecured, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated May, 24, 2016 aggregating to ₹ 20 Crores.

iv) issued 35 Unsecured, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private placement Offer Letter of Debentures dated May, 26, 2016 aggregating to ₹ 3.5 Crores.

v) issued 2000 Secured, Listed Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on a Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated August 20, 2016 aggregating to ₹ 200 Crores.

vi) issued 300 Unsecured, Listed, Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated August 24, 2016 aggregating to ₹ 30 Crores.

vii) issued 150 Unsecured, Listed, Rated Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated October 4, 2016 aggregating to ₹ 15 Crores.

viii) issued 50 Secured, Listed, Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated October 6, 2016 aggregating to ₹ 5 Crores.

ix) issued 400 Unsecured, Listed, Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated October 7, 2016 aggregating to ₹ 40 Crores.

x) issued 500 Unsecured, Listed, Rated, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated October 25, 2016 aggregating to ₹ 50 Crores.

xi) issued 10 Unsecured, Listed, Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document and Private Placement Offer Letter of Debentures dated October 27,2016 aggregating to ₹ 1 Crore.

xii) issued 100 Unsecured, Listed, Rated, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated November 4, 2016 aggregating to ₹ 10 Crores.

xiii) issued 50 Secured, Listed, Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated December 2, 2016 aggregating to ₹ 5 Crores.

xiv) issued 100 Secured, Listed, Rated, Redeemable, Non Convertible Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated December 20, 2016 aggregating to ₹ 10 Crores.

xv) issued 2,500,000 Secured Redeemable Non-Convertible Debentures of Face Value of ₹ 1,000/- each (The Debentures or The NCDs), by way of public issue for an amount upto ₹ 2,500 Million (Base Issue) with an option to retain over subscription upto additional 2,500,000 NCDs of ₹ 1,000/- each for an amount upto ₹ 2500 Million aggregating to ₹ 5000 Million (Overall Issue Size) vide Prospectus dated December 21, 2016.

xvi) issued 50 Unsecured, Listed, Rated, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated February 28, 2017 aggregating to ₹ 5 Crores.

xvii) issued 50 Unsecured, Listed, Rated, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated March 08, 2017 aggregating to ₹ 5 Crores.

xviii) issued 750 Unsecured, Listed, Rated Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated March 10, 2017 aggregating to ₹ 75 Crores.

xix) issued 500 Unsecured, Listed, Rated, Redeemable, Non Convertible Subordinated Debentures of Face Value of ₹ 10,00,000/- each on Private Placement basis vide Disclosure Document / Private Placement Offer Letter of Debentures dated March 27, 2017 aggregating to ₹ 50 Crores.

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 **M R & Associates**
Company Secretaries

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

Place: Kolkata
Date: 8th May, 2017

ANNEXURE - IV TO THE BOARD'S REPORT (CONTD.)

ANNEXURE – A

(TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017)

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 **M R & Associates**
Company Secretaries

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

Place: Kolkata
Date: 8th May, 2017

ANNEXURE - V TO THE BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN OF SREI EQUIPMENT FINANCE LIMITED

as on the financial year ended on 31.03.2017

[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:	13/06/2006
iii)	Name of the Company:	SREI EQUIPMENT FINANCE LIMITED
iv)	Category / Sub-Category of the Company:	NBFC-ND-SI
v)	Address of the Registered office and contact details:	'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046 Tel: +91 33 6639 4700 • Fax: +91 33 6602 2600 • Email:sefpl@srei.com • Website: www.srei.com
vi)	Whether listed Company:	Yes (Debt Securities)
vii)	Name, Address and Contact details ofRegistrar and Transfer Agent, if any:	
	a) For Equity shares of the Company:	Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (W), Mumbai 400 083 Tel: +91-22-49186000 • Fax: +91-22-49186060 Email Id: mumbai@linkintime.co.in
	b) For Non-Convertible Debentures issued on Private Placement basis:	i) S. K. InfosolutionsPrivateLimited 34/1A Sudhir Chatterjee Road, Kolkata - 700 006 Tel : +91-33-2219 4815 • Fax: +91-33-2219 4815 E-Mail: skcdilip@gmail.com
		ii) MCS Limited Office No. 21/22, KashiramJamnadas Building, Ground Floor, 5 P. D. Mello Road, Near Ghadiyai Godi Masjid (East), Mumbai - 400 009 Tel: +91-22-2372 6253/54/55 • Fax: +91-22-2372 6252/56 E-Mail: www.mcsonlineinfo@yahoo.com
	b) For Non-Convertible Debentures issued on Public Issue:	Karvy Computershare Private Limited 'Karvy Selenium Tower 'B' Plot No. 31 & 32, Financial District Nanakramguda, Gachibowli, Hyderabad - 500 032 Tel : +91-40-67161586 • Fax: +91-40-23420814 E-Mail: support@karvy.com

II. Principal business activities of the Company

All the Business activities contributing 10 % or more of the total turnover of the Company are:-

Sl.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Asset Finance	649	100%

III. Particulars of holding, subsidiary and associate companies-

Sl No.	Name and Address of the Company	CIN	Holding/ Suubsidiary/ Associate	% of shareholding	Applicable Section
1	Srei Infrastructure Finance Limited 'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046	L29219WB1985PLC055352	Holding	99.99998994	2(46)

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	0	3*	3	0	0	6**	6	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	29829997	0	29829997	50.00	59659994	0	59659994	100.00	50.00
e) Banks / FI	0	0	0	0	0	0	0	0	0
f)Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	**29829997**	**3**	**29830000**	**50.00**	**59659994**	**6**	**59660000**	**100.00**	**50.00**
(2) Foreign									
a) NRIs -									
Individuals	0	3***	3	0	0	0	0	0	0
b)Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	29829997	0	29829997	50.00	0	0	0	0	(50.00)
d) Banks / FI	0	0	0	0	0	0	0	0	0
e)Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	**29829997**	**3**	**29830000**	**50.00**	**0**	**0**	**0**	**0**	**(50.00)**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**59659994**	**6**	**59660000**	**100.00**	**59659994**	**6**	**59660000**	**100.00**	**0**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h)Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i)Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.Non-Institutions	0	0	0	0	0	0	0	0	0
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0

ANNEXURE - V TO THE BOARD'S REPORT (CONTD.)

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*	
c) Others (specify) **Sub-total (B)(2):-**	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**59659994**	**6**	**59660000**	**100.00**	**59659994**	**6**	**59660000**	**100.00**	**0**

*Mr Hemant Kanoria, Mr Sunil Kanoria, Mr Sanjeev Sancheti, Mr. Sandeep Lakhotia, Mr. Shashi Bhushan Tiwari and Mr. Ganesh Bagreeholds 1 (one) share each as nominee of Srei Infrastructure Finance Limited (SEFL being a Wholly owned subsidiary)

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			
		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 / Encumberedto total shares	%change in share holding duringthe year
1	Srei Infrastructure Finance Limited (SIFL)	2,98,30,000	50.00	0	5,96,60,000*	100.00	0	50.00
2	BNP Paribas Lease Group	2,98,30,000	50.00	0	0	0	0	-50.00
	Total	**5,96,60,000**	**50.00**	**0**	**5,96,60,000**	**100.00**	**0**	**50.00**

*6 (Six) shares each of Srei Infrasturcture Finance Limited (SIFL) are held by its nominees.

iii) Change in Promoters' Shareholding (please specify, if there is no change)-Yes

Sl No.	Name	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Srei Infrastructure Finance Limited (SIFL)				
	At the beginning of the year	2,98,30,000	50.00		
	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease Date - 17.06.2016 Reason Transfer from BNP Paribas Lease Group on Joint Venture termination	2,98,30,000	50.00	5,96,60,000	50.00
	At the end of the year			5,96,60,000	100.00
2.	BNP Paribas Lease Group				
	At the beginning of the year	2,98,30,000	50.00		

ANNEXURE - V TO THE BOARD'S REPORT (CONTD.)

Sl No.	Name	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Date wise increase / decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease Date - 17.06.2016 Reason Transfer to SreiInfrastructure Finance Limited (SIFL) on Joint Venture termination	2,98,30,000	50.00	2,98,30,000	50.00
	At the end of the year			0	0

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

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Mr. Sanjeev Sancheti** (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	1	0.0000168	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	–	–	–	–
	At the End of the year	1	0.0000168	1	0.0000168
2.	**Mr. Thierry Bonetto** (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.0000168	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease Date Reason 17.06.2016 Transfer	**1**	**0.0000168**	**1**	**0.0000168**
	At the End of the year	–	–	–	–
3.	**Mr. Jean Michael Vendassi** (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.0000168	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease Date Reason 17.06.2016 Transfer	**1**	**0.0000168**	**1**	**0.0000168**
	At the End of the year	–	–	–	–
4	**Mr. Shashi Bhushan Tiwari** (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease Date Reason 17.06.2016 Transfer	**1**	**0.0000168**	**1**	**0.0000168**
	At the End of the year	–	–	1	0.0000168
5	**Mr. Sandeep Lakhotia** (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	–	–	–	–

ANNEXURE - V TO THE BOARD'S REPORT (CONTD.)

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease Date Reason 17.06.2016 Transfer	**1**	**0.0000168**	**1**	**0.0000168**
	At the End of the year	–	–	1	0.0000168
6	**Mr. Ganesh Prasad Bagree** (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease Date Reason 17.06.2016 Transfer	**1**	**0.0000168**	**1**	**0.0000168**
	At the End of the year	–	–	1	0.0000168

v) **Shareholding of Directors and Key Managerial Personnel:**

Sl No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	**Mr. Hemant Kanoria** (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	1	0.0000168	1	0.0000168
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease	–	–	–	–
	At the End of the year			1	0.0000168
2.	**Mr. Sunil Kanoria** (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	1	0.0000168	1	0.0000168
	Date wise Increase / Decrease in Shareholding during the yearspecifying the reasons for increase / decrease	–	–	–	–
	At the End of the year			1	0.0000168
	At the End of the year	–	–	–	–
3	**Mr. Didier Jean Chappet** (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.0000168	1	0.0000168
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease Date Reason 17.06.2016 Transfer	1	0.0000168		
	At the End of the year	–	–	–	–

ANNEXURE - V TO THE BOARD'S REPORT (CONTD.)

V. Indebtedness

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,041,981	143,390	-	1,185,371
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,648	9,330	-	19,978
Total (i+ii+iii)	**1,052,629**	**152,720**	**-**	**1,205,349**
Change in Indebtedness during the financial year* • Addition • Reduction	25,583	77,624	-	103,207
Net Change	**25,583**	**77,624**	**-**	**103,207**
Indebtedness at the end of the financial year				
i) Principal Amount	1,068,397	224,787	-	1,293,184
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,814	5,557	-	15,371
Total (i+ii+iii)	**1,078,211**	**230,344**	**-**	**1,308,555**

*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 ₹)

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	40,553,242	38,880,565	79,433,807
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify	1.00	1.00	2.00
5.	Others, please specify	0	0	0
	Total (A)	**4,05,53,242**	**3,88,80,565**	**7,94,33,807**
	Ceiling as per the Act	74,42,00,00	74,42,00,00	14,88,40,000

ANNEXURE - V TO THE BOARD'S REPORT (CONTD.)

B. Remuneration to other directors:

(Amount in ₹)

Sl No.	Particulars of Remuneration	Mr. Kora Ipe Puthenpurackal	Mr. Shyamalendu Chatterjee	Dr. Tamali Sengupta	Total Amount
1	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	6,00,000	14,25,000	1,00,000	21,25,000
	Total(1)	**6,00,000**	**14,25,000**	**1,00,000**	**21,25,000**
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	–	–	–	–
	Total(2)	–	–	–	–
	Total(B)=(1+2)	**6,00,000**	**14,25,000**	**1,00,000**	**21,25,000**
Total Managerial Remuneration (A) + (B)					**8,15,58,807**
Overall Ceiling as per the Act					16,37,24,000

*Dr. Tamali Sengupta was appointed as an Additional Director (Category – Independent) w.e.f. 17th September, 2016.

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Mr. Devendra Vyas (CEO)	Mr. Naresh Mathur (Company Secretary)	Mr. C. R. Sudharsanam (CFO)*	Mr. Manoj Kumar Beriwala (CFO)**	Total
1	(a) Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,876,243	22,13,417	29,38,831	54,22,809	36,451,300
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	32,400	9,900	32,400	74,700
	(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	–	–	–	–	–
5	Others, please specify	–	–	–	–	–
	Total	**25,876,243**	**2,245,817**	**29,48,731**	**5,455,209**	**36,526,000**

* Mr. C. R. Sudharsanam resigned as CFO w.e.f. 30.06.2016

** Mr. Manoj Kumar Beriwala was appointed as CFO of the Company w.e.f. 03.11.2016.

VII. Penalties / Punishment/ Compounding of offences- NIL

For and on behalf of Board of Directors

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

Place: Kolkata
Date: 8th May, 2017

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 31 March, 2017, the Statement of Profit and Loss andthe 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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, 2017, 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 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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.

   iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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)

A. Bhattacharya
Partner
(Membership No. 054110)

Place : Kolkata
Date : 8th May, 2017

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, 2017 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 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 31st March, 2017, 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 Reportingissued by the Institute of Chartered Accountants of India.

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

A. Bhattacharya
Partner
(Membership No. 054110)

Place : Kolkata
Date : 8th May, 2017

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, 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, Cess and other material statutory dues in arrears as at 31st March, 2017 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 31st March, 2017 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 (₹ In Lacs)
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2002-03 to 2014-15	3,749^
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	1,477#
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2008-09 to 2013-14	6,980

^ Net of ₹ 307 lacs paid under protest

Net of ₹ 10 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.

(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)

A. Bhattacharya
Partner
(Membership No. 054110)

Place : Kolkata
Date : 8th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in Lacs)

	Note No.	As at 31st March, 2017		As at 31st March, 2016	
I EQUITY AND LIABILITIES					
1) Shareholders' Funds					
a) Share Capital	2.1	5,966		5,966	
b) Reserves and Surplus	2.2	2,46,074	2,52,040	2,30,432	2,36,398
2) Non–Current Liabilities					
a) Long–Term Borrowings	2.3	4,23,259		2,77,884	
b) Deferred Tax Liabilities (Net)	2.4	23,774		17,166	
c) Other Long–Term Liabilities	2.5	17,652		16,256	
d) Long–Term Provisions	2.6	4,831	4,69,516	3,971	3,15,277
3) Current Liabilities					
a) Short–Term Borrowings	2.7	7,53,416		7,63,149	
b) Trade Payables					
i) Due to Micro and Small Enterprises	2.8 (i)	–		–	
ii) Due to Others	2.8 (ii)	1,02,953		76,812	
c) Other Current Liabilities					
i) Current Maturities of Long–Term Borrowings	2.9	1,16,509		1,44,338	
ii) Other current Liabilities	2.9	26,546		27,296	
d) Short–Term Provisions	2.10	2,040	10,01,464	2,943	10,14,538
TOTAL			**17,23,020**		**15,66,213**
II ASSETS					
1) Non–Current Assets					
a) Property Plant and Equipment					
i) Tangible Assets	2.11	2,31,306		1,38,323	
ii) Intangible Assets	2.11	2,374		3,476	
b) Non–Current Investments	2.13	7		218	
c) Long–Term Loans and Advances					
i) Financial Assets	2.14	8,50,646		7,82,580	
ii) Other Long–Term Advances	2.15	15,075		2,320	
d) Other Non–Current Assets	2.16	7,610	11,07,018	13,441	9,40,358
2) Current Assets					
a) Current Investments	2.13	208		572	
b) Trade receivabies	2.17	5,579		6,983	
c) Cash and Cash Equivalents	2.18	36,123		20,783	
d) Short–Term Loans and Advances					
i) Financial Assets	2.14	1,88,995		2,17,843	
ii) Other Short term advances	2.19	5,063		3,042	
e) Other Current Assets					
i) Current Maturities of Long–Term Financial Assets	2.14	3,73,941		3,63,134	
ii) Other Current Assets	2.20	6,093	6,16,002	13,498	6,25,855
TOTAL			**17,23,020**		**15,66,213**
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

A. Bhattacharya
Partner

Place: Kolkata
Date: 8th May, 2017

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

Naresh Mathur
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in Lacs)

	Note No.	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
1) INCOME			
a) Revenue from Operations	2.21	2,49,333	2,61,388
b) Other Income	2.22	200	121
Total Income		**2,49,533**	**2,61,509**
2) EXPENDITURE			
a) Employee Benefits Expense	2.23	15,479	14,597
b) Finance costs	2.24	1,33,240	1,41,771
c) Depreciation/Amortization/Impairment expenses	2.11	35,929	32,261
d) Other expenses	2.25	17,970	17,219
Total		**2,02,618**	**2,05,848**
3) PROFIT BEFORE BAD DEBTS AND PROVISIONS AND TAX		**46,915**	**55,661**
a) Bad Debts written off (net) / Provisions for Non Performing Assets		24,418	38,933
b) Contingent provisions against standard assets		855	685
4) PROFIT BEFORE TAX		**21,642**	**16,043**
5) TAX EXPENSE :			
a) Current Tax		4,599	5,506
b) Mat Credit Entitlement		(4,599)	–
c) Deferred Tax		6,758	(989)
Net Tax Expense		**6,758**	**4,517**
6) PROFIT AFTER TAX		**14,884**	**11,526**
7) Earnings per Share (Basic and Diluted) (in ₹)	2.27	24.95	19.32
[Nominal Value of Equity Shares of ₹ 10/– each (31st March, 2016 : ₹ 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

A. Bhattacharya
Partner

Place: Kolkata
Date: 8th May, 2017

On behalf of the Board of Directors

Hemant Kanoria
Chairman and Managing Director
(DIN. 00193015)

Devendra Kumar Vyas
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Naresh Mathur
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in Lacs)

	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
A. Cash Flow from Operating Activities		
Profit Before Tax	21,642	16,043
Adjustment for:		
Depreciation / amortization / impairment expenses	35,929	32,261
Bad Debts written off (net) / Provision for Non Performing Assets	24,418	38,933
Contingent provisions against standard assets	855	685
(Profit) / Loss on sale of Fixed Assets (net)	(88)	71
Finance costs	1,33,240	1,41,771
Unrealised exchange Loss / (Gain)	(566)	2,201
Dividend Income from Current Investments (Non Trade)	(94)	(112)
Operating Profit before Working Capital Changes	**2,15,336**	**2,31,853**
Changes in Working Capital		
(Increase) / Decrease in Trade Receivables / Others	(2,654)	306
(Increase) / Decrease in Financial Assets	(1,04,887)	(123)
Increase / (Decrease) in Trade Payables / Others	4,328	41,273
Decrease in Fixed Deposit (Deposit with orginal maturity period of more than three months)	(11,617)	6,421
Cash Generated from Operations	**1,00,506**	**2,79,730**
Interest paid (net of foreign exchange fluctuation)	(1,36,813)	(1,35,463)
Advance taxes paid (including Tax deducted at Source)	(5,775)	(6,767)
Net Cash (used in) / generated from Operating Activities	**(42,082)**	**1,37,500**
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(80,901)	(24,478)
Proceeds from Redemption of Investments	575	740
Dividend Income from Current Investments (Non Trade)	94	112
Proceeds from Sale of Fixed Assets	2,134	519
Net Cash used in Investing Activities	**(78,098)**	**(23,107)**
C. Cash Flow from Financing Activities		
Proceeds from issuance of debentures	1,02,650	71,930
Repayment on redemption of debentures	(46,600)	(68,600)
Increase / (Decrease) in Working Capital facilities (Net)	(38,222)	20,648
Increase / (Decrease) in Other Loans (Net)	1,06,941	(1,43,779)
Net Cash (used in) / generated from Financing Activities	**1,24,769**	**(1,19,801)**
Net Increase / (Decrease) in Cash and Cash Equivalents	**4,589**	**(5,408)**
Cash and Cash Equivalents at the beginning of the year	**9,188**	**14,596**
Cash and Cash Equivalents at the end of the year *(refer Note 2.18)*	**13,777**	**9,188**
Note :		
Components of Cash and Cash Equivalents:		
Cash on hand	742	945
In Current Account	6,441	2,477
Fixed Deposits with original maturity period less than three months	6,594	5,766
	13,777	**9,188**
Cash and Bank Balances are represented by :		
Cash and Cash Equivalents	13,777	9,188
Fixed Deposits with original maturity period exceeding three months	22,346	11,595
(Receipts under lien with banks as security ₹ 32,459 lacs (31st March, 2016 : ₹ 19,911 lacs)	36,123	20,783

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 the current year classification / disclosure.

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

A. Bhattacharya
Partner

Place: Kolkata
Date: 8th May, 2017

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

Naresh Mathur
Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017

1.1 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 Institution ('NBFC') without accepting public deposits. 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 in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable and as per the guidelines issued by Reserve Bank of India ('RBI') as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulation'). The financial statements have been prepared under the historical cost convention on an accrual basis. The notified Accounting Standards (AS) are followed by the Company insofar as they are not inconsistent with the NBFC Regulation. The accounting policies applied by the Company are consistent with those used in the previous reporting year.

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 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 / Amortisation

a) Property Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation / amortisation 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.

b) Depreciation / Amortisation

Depreciation/Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets

The Company has reassessed the useful lives of its fixed assets and the residual lives of the fixed assets to comply with the requirements of Part C of Schedule II to the Companies Act, 2013. The revised useful lives, as assessed by Management, match with those specified in Part C of Schedule II to the Companies Act, 2013, for all classes of assets other than the following classes of assets (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 years / 6 years	5 years
Earth Moving Equipment	9 years	7 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 years / 30 years	8 years / 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 years / 6 years	5 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 years /22 years	8 years / 22 years

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

Lease hold assets including improvements are amortised over the period of the lease.

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

Amortisation 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 to the interest cost. Ancillary costs of borrowings are amortised 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 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.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

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 assets under loan / hypothecation facility. These are shown net of assets securitized / assigned.

b) Financial Assets are carried at net investment amount including installments fallen due, interest accrued, Repossessed Assets, assets / receivables acquired in satisfaction of debt.

c) Repossessed Assets and assets/receivables acquired in satisfaction of debt are valued 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.

x. Write-off / Provisioning of assets

The Company recognizes bad debts write off/provision for non-performing Assets (NPAs) and standard assets in accordance with applicable guidelines issued by RBI. The Company also makes additional bad debts / provision for NPA based on the management's best estimate, which, as per the management are not likely to be recovered. 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 / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of installments / rate of interest. Restructured accounts are classified as standard or sub-standard in accordance with guidelines on restructuring applicable to NBFCs.

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 were 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 financial statements 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 / 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 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.

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. Income from Operations is recognized in the Statement of Profit and Loss on 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 RBI, applicable to Non-Banking Financial Companies.

(a) 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.

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

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

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

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

(f) 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.

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

(h) Income from dividend is recognized 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 service 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 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 taken to the Statement of Profit and Loss and are not deferred.

xiv. Income tax

Tax expense comprises of current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income 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 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 Company will pay normal income tax during the specified period.

xv. Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of facilities provided, with each segment representing a strategic business unit that offers different facilities and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Company are located.

xvi. 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 periodare adjusted for the effects of all dilutive potential equity shares.

xvii. 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.

xviii. 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.

xix. 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 Non-Banking Finance Companies (NBFCs) registered with the Reserve Bank of India(RBI) under Section 45-IA of the RBI (Amendment) Act, 1997, no Debt Redemption Reserve (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.

As a matter of prudence, the Company, as per the management’s discretion, created DRR for redemption of subordinated debentures / loans qualifying for Tier I / Tier II Capital on 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.

xx. Assets under Management

Contracts securitized or assigned are derecognized from the books of account in accordance with the applicable guidelines issued by the RBI. Contingent liabilities, if any, in respect of such contracts are disclosed separately.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.1 SHARE CAPITAL

(₹ in Lacs, except number of shares)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Authorised		
Equity Shares, ₹ 10/– par value 7,50,00,000 (31st March, 2016 : 7,50,00,000) Equity shares	7,500	7,500
	7,500	**7,500**
Issued, subscribed and fully paid-up		
Equity Shares, ₹ 10/– par value 5,96,60,000 (31st March, 2016 : 5,96,60,000) 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, 2017		As at 31st March, 2016	
	No. of Shares	₹ in Lacs	No. of Shares	₹ 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 Shares

The Company's authorized capital consists of only one class of shares referred to as Equity Shares having a par value of ₹ 10/- each. Each holder of Equity Shares is entitled to one vote per share.

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, 2017		As at 31st March, 2016	
	No. of Shares	% held	No. of Shares	% held
Equity shares, ₹ 10/- par value				
Srei Infrastructure Finance Limited *	5,96,60,000	100	2,98,30,000	50
BNP Paribas Lease Group *#	–	–	2,98,30,000	50

* Including nominee shareholders

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.

2.2 RESERVES AND SURPLUS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
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	55,747
Add: Transferred from Surplus for the year *[refer note 1.3 (xix)]*	3,900	2,853
Less: Transfer to Surplus for the year on Redemption *	3,900	–
Closing balance	**58,600**	**58,600**
Cash Flow Hedge reserve		
Opening balance	–	–
Add: Transferred during the year *[refer note 1.3 (xi)(e)]*	1,042	–
Closing balance	**1,042**	–
Special reserve (created pursuant to Section 45IC of the Reserve Bank of India Act, 1934)		
Opening balance	25,329	23,023
Add: Transferred from Surplus for the year	2,977	2,306
Closing balance	**28,306**	**25,329**
Income tax special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)		
Opening balance	8,396	3,972
Add: Transferred from Surplus for the year	2,162	4,424
Closing balance	**10,558**	**8,396**
Surplus in the Statement of Profit and Loss		
Opening balance	34,096	32,153
Less: Transition effect for Derivative Financial Instruments [Net of Deferred Tax of ₹ 150 lacs (31st March, 2016 : ₹ NIL lacs)] *(refer note no : 2.4)*	284	–
Add: Profit after tax transferred from Statement of Profit and Loss	14,884	11,526
Amount available for appropriation	**48,696**	**43,679**
Appropriations:		
Less: Amount transferred to Special reserve	2,977	2,306
Less: Amount transferred to Income Tax special reserve	2,162	4,424
Less: Amount transferred to Debt redemption reserve	3,900	2,853
Add: Amount transferred from Debt redemption reserve on Redemption *	3,900	–
Closing balance	**43,557**	**34,096**
Total Reserves and Surplus	**2,46,074**	**2,30,432**

* Pursuant to redemption of subordinated debentures / loans during 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 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, 2017 (CONTD.)

2.3 LONG TERM BORROWINGS

(₹ in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	(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)*	96,970	2,795	94,175	58,470	13,500	44,970
Term Loans *(refer note 2.3.2)*						
From Banks						
– Rupee Loans	96,914	29,585	67,329	1,11,053	59,973	51,080
– Foreign Currency Loans	36,894	22,412	14,482	83,337	45,573	37,764
From Financial Institutions						
– Rupee Loans	97,430	24,330	73,100	25,240	12,060	13,180
– Foreign Currency Loans	35,360	–	35,360	732	732	–
(A)	**3,63,568**	**79,122**	**2,84,446**	**2,78,832**	**1,31,838**	**1,46,994**
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)*	1,32,490	17,500	1,14,990	1,09,640	7,500	1,02,140
Non convertible debentures *(refer note 2.3.6)*	200	–	200	–	–	–
Term loans from banks *(refer note 2.3.5)*						
– Rupee Subordinated loans (Tier II Capital)	25,000	18,333	6,667	30,000	5,000	25,000
– Foreign Currency Loans	14,760	1,554	13,206	–	–	–
(B)	**1,76,200**	**37,387**	**1,38,813**	**1,43,390**	**12,500**	**1,30,890**
Total (A+B)	**5,39,768**	**1,16,509**	**4,23,259**	**4,22,222**	**1,44,338**	**2,77,884**
Less: Amount disclosed under the head "Other Current Liabilities" *(refer note 2.9)*	–	**1,16,509**	–		**1,44,338**	–
Net Amount	–	–	**4,23,259**	–	–	**2,77,884**

2.3.1 Secured Non-Convertible Debentures

Date of Allotment	Face Value per Debenture (₹)	Amount outstanding (₹ in Lacs)*		Interest rate (%)	Earliest redemption date
		As at 31st March, 2017	As at 31st March, 2016		
20 December 2016	10,00,000	1,000	-	9.00%	20 December 2026
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
2 December 2016	10,00,000	500	-	9.00%	2 December 2023
6 October 2016	10,00,000	500	-	9.95%	6 October 2021
11 May 2015	1,000	40,970	40,970	**	**
17 January 2017	1,000	50,000	-	***	***
26 June 2014	10,00,000	2,000	2,000	11.15%	20 June 2017 #
3 November 2014	10,00,000	-	13,500	10.50%	2 November 2016
Total		**96,970**	**58,470**		

* 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 premium.

Security:

1. All the above non-convertible debentures except those issued to public are secured by way of pari passu charge on the Company's immovable properties located at West Bengal and an exclusive first charge on the respective receivables from financial assets of the Company.

2. During the year ended 31st March 2017, the Company raised ₹ 50,000 lacs (31st March, 2016: ₹ 40,970 lacs) through Public Issue of Secured Non Convertible Debenture which are secured by way of paripassu charge on the Company's immovable properties located at Chennai and specific future receivables of the Company.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.3.2 Term Loans from banks and financial Institutions

Particulars	Outstanding (₹ in Lacs)*	Repayment terms (₹ in Lacs)				Tenure (years)	Rate of Interest per annum	Nature of security
	As at 31st March, 2017	Monthly	Quarterly	Half yearly	Single instalment			
Rupee term loans								
From banks	96,914 (1,11,053)	25,703 (54,510)	71,211 (44,543)	– –	– (12,000)	0 – 5 (0 - 5)	9%-12% (10%-12%)	Hypothecation of specific assets covered by hypothecation loan agreements and operating lease agreements with customers and receivables arising there from.
From financial institutions	97,430 (25,240)	13,180 (25,240)	34,250 –	50,000 –`	– –	0 – 6 (1 – 3)	8%-12% (10%-12%)	
Total	**1,94,344** **(1,36,293)**	**38,883** **(79,750)**	**1,05,461** **(44,543)**	**50,000** **–**	**–** **(12,000)**			
Foreign currency term loans								
From banks	36,894 (83,337)	– –	11,283 (12,410)	25,611 (70,927)	– –	0 - 2 (0 - 3)	<10% (<10%)	Hypothecation of specific assets covered by respective hypothecation loan agreements and operating lease agreements with customers and / or receivables arising there from.
From financial institutions	35,360 (732)	– –	– –	35,360 (732)	– –	3 - 8 (0 - 1)	<10% (<10%)	
Total	**72,254** **(84,069)**	**–** **–**	**11,283** **(12,410)**	**60,971** **(71,659)**	**–** **–**			

* Includes current maturities.

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2016

2.3.3 Unsecured Subordinated Perpetual Debentures (Tier I Capital)

As at 31st March, 2017, the amount outstanding in respect of unsecured subordinated perpetual debentures is ₹ 3,750 lacs (31st March, 2016 : ₹ 3,750 lacs) which is 1.56% (31st March, 2016 : 1.64%) 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, 2016 : 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.

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

During the year ended 31st March, 2017, the Company raised subordinated redeemable non-convertible debentures qualifying for Tier II Capital amounting ₹ 30,350 lacs (31st March, 2016 ₹ 30,960 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 (₹)	Amount outstanding (₹ in Lacs)		Coupon rate (%)	Earliest redemption date
		As at 31st March, 2017	As at 31st March, 2016		
30 March 2017	5,00,000	5,000	-	10.25%	30 March 2027
4 November 2016	10,00,000	1,000	-	9.85%	4 November 2026
7 October 2016	10,00,000	4,000	-	10.75%	7 October 2026
4 October 2016	10,00,000	1,500	-	10.75%	4 October 2026
24 August 2016	10,00,000	3,000	-	9.50%	24 August 2026
26 May 2016	10,00,000	350	-	10.25%	26 May 2026
25 May 2016	10,00,000	2,000	-	10.75%	25 May 2026
31 March 2016	10,00,000	2,000	2,000	10.00%	31 March 2026
18 March 2016	10,00,000	500	500	10.70%	18 March 2026
5 February 2016	10,00,000	500	500	10.60%	5 February 2026
20 January 2016	10,00,000	500	500	10.60%	20 January 2026
11 January 2016	10,00,000	1,500	1,500	10.60%	11 January 2026
24 September 2015	10,00,000	500	500	10.50%	24 September 2025
20 August 2015	10,00,000	1,000	1,000	10.50%	20 August 2025
13 August 2015	10,00,000	15,000	15,000	10.75%	13 August 2025
16 March 2015	10,00,000	500	500	11.00%	16 March 2025
1 March 2017	10,00,000	500	-	10.40%	1 June 2024
25 October 2016	10,00,000	5,000		9.80%	25 April 2024
10 March 2017	10,00,000	7,500	-	10.45%	10 March 2024
7 May 2013	10,00,000	2,080	2,080	11.25%	7 May 2023
24 September 2015	10,00,000	1,200	1,200	10.40%	24 April 2023
29 March 2016	10,00,000	200	200	10.70%	29 March 2023
24 January 2013	10,00,000	900	900	11.25%	24 January 2023
17 December 2012	10,00,000	1,700	1,700	11.50%	17 December 2022
13 August 2015	10,00,000	5,000	5,000	10.75%	13 August 2022
9 March 2017	10,00,000	500	-	10.18%	9 June 2022
1 February 2016	10,00,000	700	700	10.15%	1 May 2021
24 September 2015	10,00,000	2,360	2,360	10.30%	24 April 2021
20 December 2013	10,00,000	1,000	1,000	11.10%	20 December 2020
27 September 2013	10,00,000	1,600	1,600	11.00%	27 September 2020
31 March 2015	10,00,000	3,600	3,600	11.00%	30 June 2020
29 June 2013	10,00,000	1,000	1,000	10.85%	29 June 2020
31 March 2010	10,00,000	7,450	7,450	10.00%	31 March 2020
19 March 2010	10,00,000	2,550	2,550	10.00%	19 March 2020
24 December 2009	10,00,000	10,000	10,000	10.00%	24 December 2019
29 November 2013	10,00,000	1,000	1,000	11.00%	29 May 2019
29 November 2013	10,00,000	500	500	11.00%	29 May 2019

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

Date of Allotment	Face value per debenture (₹)	Amount outstanding (₹ in Lacs)		Coupon rate (%)	Earliest redemption date
		As at 31st March, 2017	As at 31st March, 2016		
24 July 2013	10,00,000	1,500	1,500	10.75%	24 May 2019
29 June 2013	10,00,000	2,500	2,500	10.75%	29 April 2019
28 March 2013	10,00,000	2,500	2,500	11.50%	28 September 2018
27 September 2011	10,00,000	6,800	6,800	12.00%	27 September 2018
8 February 2013	10,00,000	5,000	5,000	11.60%	8 August 2018
7 May 2013	10,00,000	1,500	1,500	11.10%	7 August 2018
31 March 2011	10,00,000	5,000	5,000	11.50%	31 March 2018
3 August 2007	10,00,000	10,000	10,000	12.00%	3 August 2017
30 December 2011	10,00,000	2,500	2,500	12.60%	30 July 2017
31 March 2011	10,00,000	-	2,500	11.00%	30 September 2016
26 October 2010	10,00,000	-	5,000	9.15%	26 April 2016
Total		**1,32,490**	**1,09,640**		

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

2.3.5 Unsecured term loans from banks

Particulars	Outstanding (₹ in Lacs)	Repayment terms (₹ in Lacs)			Tenure (years)	Rate of Interest per annum
	As at 31st March, 2017	Quarterly	Half yearly	Single instalment		
Subordinated term loans	25,000	10,000*	5,000#	10,000	0-5	11%-12%
(Tier II Capital)	(30,000)	(10,000)	(5,000)	(15,000)	(0-6)	(11%-13%)
Foreign currency loans	14,760	-	14,760	-	10	<10%
	(-)	(-)	(-)	(-)	(-)	(-)
Total	**39,760**	**10,000**	**19,760**	**10,000**		
	(30,000)	**(10,000)**	**(5,000)**	**(15,000)**		

* Payable after moratorium of Nil (12 months)
# Payable after moratorium of 3 months (15 months)
Figures in bracket indicate previous year's figures i.e. as on 31st March, 2016

2.3.6 Unsecured non-convertible debentures

During the year ended 31st March, 2017, the Company raised unsecured non-convertible debentures amounting ₹ 200 lacs (31st March, 2016 ₹ Nil 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 (₹)	Amount outstanding (₹ in Lacs)		Coupon rate (%)	Earliest redemption date
		As at 31st March, 2017	As at 31st March, 2016		
28 October 2016	10,00,000	100	-	9.95%	28 April 2020
28 April 2016	10,00,000	100	-	10.00%	28 April 2020
Total		**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:

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
Deferred tax liability on :			
Depreciation on Fixed Assets		29,072	20,766
Deferred Revenue Expenditure		1,768	1,447
Gross deferred tax liability	**(A)**	**30,840**	**22,213**
Deferred tax asset on :			
Provision for Non Performing Assets and Standard Assets		5,068	4,771
Derivative financial Instruments (Transitional effect)		150	–
Depreciation on fixed assets (Transitional effect)		44	44
Unabsorbed Depreciation carried forward		1,524	–
Others		280	232
Gross deferred tax asset	**(B)**	**7,066**	**5,047**
Net Deferred Tax Liability	**(A-B)**	**23,774**	**17,166**

2.5 OTHER LONG TERM LIABILITIES

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Trade Payables		
– Acceptances	2,659	2,340
Others		
– Interest accrued but not due on borrowings	1,009	557
– Trade deposits received	13,969	13,299
– Others liabilities *	15	60
Total	**17,652**	**16,256**

* It represents Deferred payment liabilities

2.6 LONG-TERM PROVISIONS

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits			
Provision for Gratuity		810	669
Provision for compensated absence		1,206	1,069
	(A)	**2,016**	**1,738**
Current portion of provision for employee benefits *(refer note 2.10)*			
Provision for compensated absence		190	148
	(B)	**190**	**148**
	C= (A-B)	**1,826**	**1,590**
Other provisions			
Contingent provision against standard assets		3,005	2,381
	(D)	**3,005**	**2,381**
Total	**(C+D)**	**4,831**	**3,971**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.7 SHORT TERM BORROWINGS

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
A. Secured			
From Banks :			
Working capital facilities (Rupee loan) *[Refer note (a) below]*		6,77,450	7,26,461
Working capital facilities (Foreign Currency loan) *[Refer note (a) below]*		10,663	2,493
Buyer's credit foreign currency loans *[Refer note (b) below]*		15,716	15,195
Short- term rupee loan *[Refer note (c) below]*		–	12,500
From Others :			
Debentures *[Refer note 2.7.1]*		1,000	6,500
	(A)	**7,04,829**	**7,63,149**
B. Unsecured			
From Others :			
Commercial papers *[Refer note (d) below]*		48,587	–
	(B)	**48,587**	**–**
Total	**(A+B)**	**7,53,416**	**7,63,149**

Note :

(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, 2017 working capital facilities from banks include working capital demand loans aggregating ₹ 3,84,500 lacs (31st March, 2016: ₹ 6,90,000 lacs). Rate of interest for working capital demand loans ranges from 8% to 10% per annum (31st March, 2016 : from 9% to 11% per annum) and for working capital facilities, ranges from 9% to 14% per annum (31st March, 2016 : from 10% to 14% per annum). Working capital facilities in the form of foreign currency demand loan from bank bearing interest rate not exceeding 10.50% per annum (31st March, 2016 : Not exceed 10.50% 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 of less than 10% per annum (31st March, 2016 : Less than 10% per annum).

(c) Short- term rupee loans from banks bearing interest rate from 9% to 10% per annum (31st March, 2016: 9% to 10% per annum) are secured by Hypothecation of specific assets covered by hypothecation loan agreements and operating lease agreements with customers and receivables arising there from.

(d) Rate of Interest ranges from 7% to 9% per annum (31st March, 2016 : 7% to 10% per annum). The maximum amount outstanding during the year ended was ₹ 3,55,700 lacs (31st March, 2016 : ₹ 4,50,000 Lacs).

2.7.1 Secured Non-Convertible Debentures

Date of allotment	Face Value per debenture (₹)	Amount outstanding (₹ in Lacs)*		Interest Rate (%)	Earliest redemption date
		As at 31st March, 2017	As at 31st March, 2016		
22 August 2016	10,00,000	1,000	-	9.50%	22 Aug 2018**
4 July 2014	10,00,000	-	6,000	10.95%	4 July 2016 #
15 May 2014	10,00,000	-	500	10.95%	15 May 2016 #
Total		**1,000**	**6,500**		

* All the above debentures are redeemable at par.

** Contains put options excercisable on a quarterly basis

These debentures contains put option exercisable on or after 1 year.

Security: The above non-convertible debentures are secured by way of pari passu charge on the Company's immovable properties located at West Bengal and exclusive first charge on specific receivables from financial assets of the Company.

2.8 TRADE PAYABLES

2.8 (i) Due to Micro and Small Enterprises

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
a)	The principal amount and interest due thereon remaining unpaid to any supplier		
b)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small Entterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day.	–	–
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
d)	The amount of interest accrued and remaining unpaid	–	–
e)	The amount of further interest remaining due and payable even in the succeeding year until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	–	–
	Total	**–**	**–**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

2.8 (ii) Due to Others

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Due to others		
Acceptances	38,249	32,044
Other than Acceptance	62,897	44,019
Employees payables	1,509	634
Commission payable to Directors	298	115
Total	**1,02,953**	**76,812**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.9 OTHER CURRENT LIABILITIES

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
i. Current maturities of long-term borrowings *(refer note 2.3)*		1,16,509	1,44,338
	(A)	**1,16,509**	**1,44,338**
ii. Other Current liabilities:			
Interest accrued but not due on borrowings		14,362	19,420
Other payables			
Trade deposits received		7,638	4,927
Forward contracts payable		2,278	740
Advances from customers for operating leases		958	146
Other liabilities *		1,310	2,063
	(B)	**26,546**	**27,296**
Total	**(A+B)**	**1,43,055**	**1,71,634**

* It includes Swap and hedging premium accrued but not due amounting to ₹ 435 lacs (31st March, 2016: ₹ 860 lacs), Deferred payment liabilities ₹ 49 Lacs (31st March, 2016: ₹ 140 Lacs) and Statutory remittances amounting to ₹ 469 lacs (31st March, 2016: ₹ 913 lacs)

2.10 SHORT TERM PROVISIONS

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits *(refer note 2.6)*			
Provision for compensated absence		190	148
	(A)	**190**	**148**
Provision - Others			
Contingent provision against standard assets		1,850	1,619
Provision for Income taxes [net of Advance tax / Tax deducted at source of ₹ 50,867 lacs (31st March, 2016: ₹ 45,001 lacs)]		-	1,176
	(B)	**1,850**	**2,795**
Total	**(A+B)**	**2,040**	**2,943**

2.11 PROPERTY PLANT AND EQUIPMENT

(₹ 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	For the year	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, 2017 (CONTD.)

2.11 PROPERTY PLANT AND EQUIPMENT (CONTD.)

(₹ in Lacs)

Particulars		Gross Block				Depreciation/amortization/ impairment					Net book value
		As at 1st April, 2015	Additions	Disposals and other adjustments	As at 31st March, 2016	As at 1st April, 2015	For the year	Impairment Charge	Disposals and other adjustments	As at 31st March, 2016	As at 31st March, 2016
I. Tangible assets :											
Assets for Own use											
Land- Freehold		4	–	–	4	–	–	–	–	–	4
Buildings		92	–	–	92	12	2	–	–	14	78
Furniture and fixtures		2,227	190	36	2,381	1,335	278	–	23	1,590	791
Motor vehicles		233	73	–	306	58	36	–	–	94	212
Computers and office equipments		1,474	827	6	2,295	991	233	–	5	1,219	1,076
	(A)	**4,030**	**1,090**	**42**	**5,078**	**2,396**	**549**	**–**	**28**	**2,917**	**2,161**
Assets given on operating lease											
Aircrafts		806	–	–	806	347	40	–	–	387	419
Earthmoving Equipments		46,376	9,173	4,020	51,529	17,197	6,642	138	3,603	20,374	31,155
Motor vehicles		88,927	7,114	22,221	73,820	37,496	8,101	179	5,236	40,540	33,280
Plant and Machinery *		38,377	2,656	1,331	39,702	12,398	4,906	5,96	772	17,128	22,574
Wind Mills *		43,277	–	–	43,277	10,075	2,214	351	–	12,640	30,637
Computers		31,688	4,826	432	36,082	16,185	6,311	165	291	22,370	13,712
Furniture and fixtures		7,275	459	–	7,734	2,716	627	6	–	3,349	4,385
	(B)	**2,56,726**	**24,228**	**28,004**	**2,52,950**	**96,414**	**28,841**	**1,435**	**9,902**	**1,16,788**	**1,36,162**
Total for Tangible assets	**(C)= (A+B)**	**2,60,756**	**25,318**	**28,046**	**2,58,028**	**98,810**	**29,390**	**1,435**	**9.930**	**1,19,705**	**1,38,323**
II. Intangible assets:											
Assets for Own use											
Softwares		4,158	598	–	4,756	1,746	895	–	–	2,641	2,115
Tenancy right		8	–	–	8	8	–	–	–	8	–
	(D)	**4,166**	**598**	**–**	**4,764**	**1,754**	**895**	**–**	**–**	**2,649**	**2,115**
Assets given on operating lease											
Softwares		3,217	423	–	3,640	1,738	496	45	–	2,279	1,361
	(E)	**3,217**	**423**	**–**	**3,640**	**1,738**	**496**	**45**	**–**	**2,279**	**1,361**
Total for Intangible assets	**(F)= (D+E)**	**7,383**	**1,021**	**–**	**8,404**	**3,492**	**1,391**	**45**	**–**	**4,928**	**3,476**
Total	**(C+ F)**	**2,68,139**	**26,339**	**28,046**	**2,66,432**	**1,02,302**	**30,781**	**1,480**	**9,930**	**1,24,633**	**1,41,799**

* Gross Block includes assets pending to be given on operating lease amounting to ₹ 8,256 lacs

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, 2017, lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to ₹ 2,692 lacs (31st March, 2016: ₹ 2,607 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 9 years, and are usually renewable by mutual agreement. For the year ended 31st March, 2017 total lease payments aggregating to ₹ 182 lacs (31st March, 2016 : ₹ 113 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:

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Not later than one year	98	39
Later than 1 year but not later than 5 years	81	43
Later than five years	-	-
Total	**179**	**82**

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 12 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 amounting to ₹ 1,567 lacs.

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

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Not later than one year	47,930	39,523
Later than 1 year but not later than 5 years	1,20,762	63,688
Later than five years	10,612	10,208
Total	**1,79,304**	**1,13,419**

c) In the capacity of Lessor (Finance Lease)

The Company has given assets under finance lease arrangement for a period of 5 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 (₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
i. Not later than one year;	430	345
ii. Later than one year and not later than five years;	632	601
Total	**1,062**	**946**

Unearned finance Income (₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
i. Not later than one year;	97	96
ii. Later than one year and not later than five years;	58	91
Total	**155**	**187**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

Minimum lease payments (₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
i. Not later than one year;	335	244
ii. Later than one year and not later than five years;	560	504
Total	**895**	**748**

2.13 INVESTMENTS

(₹ in Lacs, except number of shares)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Current	Non Current	Total	Current	Non Current	Total
Other investments						
Unquoted						
Others:						
Pass Through Certificates -Series A2 in	–	–	–	20	–	20
Indian Infrastructure Equipment Receivable Trust, December 2013						
12 units of initial Face Value of ₹ 10,00,756.63 each *						
Pass Through Certificates -Series A2 in	144	4	148	370	148	518
Indian Infrastructure Equipment Receivable Trust, October 2014						
114 units of initial Face Value of ₹ 10,04,717.81 each *						
Pass Through Certificates -Series A2 in	64	3	67	182	70	252
Indian Infrastructure Equipment Receivable Trust, December 2014						
49 units of initial Face Value of ₹ 10,02,123.56 each *						
Total	**208**	**7**	**215**	**572**	**218**	**790**
Aggregate amount of unquoted investment			**215**			**790**

* At cost

2.14 FINANCIAL ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Long-term		Short-term	Long-term		Short-term
	Non-current	Current maturities		Non-current	Current maturities	
(Secured, considered good, unless otherwise stated)						
Financial assets *(refer note below a to f)*	8,89,747	3,73,941	1,88,995	8,39,882	3,63,134	2,17,843
Less : Bad debts for the year / Provision for Non Performing Assets	39,101	-	-	57,302	-	-
Total	**8,50,646**	**3,73,941**	**1,88,995**	**7,82,580**	**3,63,134**	**2,17,843**

Note:

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 ₹ 41,986 lacs as on 31st March, 2017 (31st March, 2016: ₹ 45,440 lacs).

c) Financial Assets includes assets pending to be given on finance (repossessed assets) aggregating ₹ 80,739 lacs (31st March, 2016: ₹ 89,334 lacs) and Tangible assets / receivables acquired in satisfaction of debt aggregating ₹ 47,466 lacs (net) (31st March, 2016: ₹ 24,076 lacs).

d) Financial Assets includes restructured standard assets under Corporate Debt Restructuring (CDR) of ₹ 14,845 lacs (net of advances/ deposits) as on 31st March, 2017 (31st March, 2016 : ₹ 39,951 lacs) and under Strategic Debt Restructuring (SDR) of ₹ 5,676 lacs as on 31st March, 2017 (31st March, 2016 : ₹ 12,522 lacs) *[refer note 2.35 and 2.36]*.

e) Financial Assets includes exposure under scheme for Sustainable Structuring of Stressed Assets (S4A) aggregating ₹ 8,636 lacs (31st March, 2016: Nil lacs) *[refer note 2.37]*.

f) Financial Assets includes equity shares acquired in satisfaction of debt aggregating ₹ Nil lacs (31st March, 2016: ₹ 98 lacs) and Compulsory Convertible Preference Shares acquired in consideration of receivables under CDR Mechanism aggregating ₹ 5,447 lacs (31st March, 2016: Nil lacs). Further, it also includes equity shares acquired in consideration of receivables under CDR Mechanism. aggregating ₹ 524 lacs (31st March, 2016: ₹ 677 lacs) and under SDR Mechanism. aggregating ₹ 592 lacs (31st March, 2016: ₹ 204 lacs).

2.15 OTHER LONG-TERM ADVANCES

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured, considered good)		
Capital advances	7,797	501
Security deposits		
To Related Parties *(refer note 2.30)*	43	804
To Others	319	195
Balances with Service Tax / VAT Authorities etc.	388	279
Other loans and advances		
– Advances to employees	241	53
– Advance income tax [net of Income tax provision of ₹ 162 lacs (31st March, 2016 : ₹ 162 lacs)]	488	488
Advance for investment	1,200	–
MAT Credit Entitlement	4,599	–
Total	**15,075**	**2,320**

2.16 OTHER NON CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured, considered good)		
Non-current portion of other bank balances		
– Fixed deposit with banks *(refer note 2.18)*	3,620	2,754
Unamortized public issue expenses for non convertible debentures	809	385
Prepaid expenses	2,388	2,465
Receivable on forward exchange contracts	793	7,837
Total	**7,610**	**13,441**

2.17 TRADE RECEIVABLES

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months from the date they became due	–	3,104
	–	**3,104**
Other debts	5,579	3,879
	5,579	**3,879**
Total	**5,579**	**6,983**

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.18 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
A. Cash and cash equivalents			
Cash in hand		742	945
Balances with banks - In current accounts		6,441	2,477
Fixed deposits with banks (having original maturity of 3 months or less) *		6,594	5,766
	(A)	**13,777**	**9,188**
B. Other bank balances			
Fixed deposit with banks (having original maturity of more than 3 months but less than 12 months) *		15,390	2,181
Fixed deposit with banks (having original maturity of more than 12 months) *		10,576	12,168
Less: Non-current portion of other bank balances *(refer note 2.16)*		3,620	2,754
	(B)	**22,346**	**11,595**
Total	**(A+B)**	**36,123**	**20,783**

* Balances with banks held as security against borrowings amounts to ₹ 33 lacs (31st March, 2016 : ₹ 33 lacs), letter of credit/Bank guarantee amounting to ₹ 14,074 lacs (31st March, 2016 : ₹ 3,192 lacs) and cash collateral for securitisation of receivables amounting to ₹ 18,352 lacs (31st March, 2016 : ₹ 16,686 lacs).

2.19 OTHER SHORT TERM ADVANCES

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured, considered good)		
Advances to employees	340	292
Security deposits		
To Related Parties *(refer note 2.30)*	1,533	747
To Others	321	384
Balances with Service Tax / VAT Authorities etc.	1,776	693
Advances to vendors	1,093	926
Total	**5,063**	**3,042**

2.20 OTHER CURRENT ASSETS

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest accrued on fixed deposits	57	53
Unamortized public issue expenses for non convertible debentures	527	275
Prepaid expenses	1,015	1,055
Receivable on forward exchange contracts	1,445	11,741
Derivative Financial Asset	1,557	–
Others *	1,492	374
Total	**6,093**	**13,498**

* Deferred Premium on Forward Contracts of ₹ 1,350 lacs (31st March, 2016: ₹ 353 lacs).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.21 REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	For the year ended	
	31st March 2017	31st March 2016
Income from Financial Assets *	2,04,552	2,21,399
Income from Operating Lease	43,391	38,522
Interest on Fixed Deposits	1,363	1,400
Interest Income from Investments	27	67
Total	**2,49,333**	**2,61,388**

* Includes interest income aggregating for the year ended 31st March, 2017 ₹ 1,91,566 lacs (31st March, 2016 : ₹ 2,07,174 lacs).

2.22 OTHER INCOME

(₹ in Lacs)

Particulars	For the year ended	
	31st March 2017	31st March 2016
Dividend income from current investments	94	112
Profit on sale of Fixed Assets (net)	88	–
Miscellaneous income	18	9
Total	**200**	**121**

2.23 EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

Particulars	For the year ended	
	31st March 2017	31st March 2016
Salaries, allowances,commission and bonus	14,172	13,485
Contribution to provident and other funds	833	745
Staff welfare expenses	474	367
Total	**15,479**	**14,597**

2.24 FINANCE COST

(₹ in Lacs)

Particulars	For the year ended	
	31st March 2017	31st March 2016
Interest expense	1,17,044	1,22,977
Other borrowing costs	16,417	18,762
Net (Gain)/Loss on foreign currency transaction and translations	(221)	32
Total	**1,33,240**	**1,41,771**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.25 OTHER EXPENSES

(₹ in Lacs)

Particulars	For the year ended	
	31st March 2017	31st March 2016
Communication expenses	436	434
Legal and professional fees	3,794	3,933
Electricity charges	381	363
Rent	2,874	2,720
Rates and taxes	33	28
Brokerage and service charges	2,354	2,019
Payment to Auditors *(Refer note : 2.25.1)*	159	185
Repairs - Machinery	1,454	1,336
- Others	1,751	1,681
Travelling and conveyance	2,701	2,607
Director's sitting fees	23	13
Insurance	58	106
Printing and stationery	217	221
Advertisement and subscription	409	185
Conference and seminar	164	234
Corporate social responsibility expenses	226	210
Charity and donations	6	19
Loss on sale of Fixed Assets (net)	-	71
Exchange Fluctuations (Net)	-	123
Miscellaneous expenses	930	731
Total	**17,970**	**17,219**

2.25.1 Payment to Auditors

(₹ in Lacs)

Particulars	For the year ended	
	31st March 2017	31st March 2016
Audit Fees	60	50
Other services (certification etc.)	88	123
Reimbursement of expenses	11	12
Total	**159**	**185**

2.26 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.

2.27 EARNINGS PER SHARE

Particulars	For the year ended	
	31st March 2017	31st March 2016
Net Profit attributable to Equity Shareholders (₹ in lacs)	14,884	11,526
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 (₹)	10	10
Basic and Diluted Earnings per share (₹)	24.95	19.32

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

(₹ in Lacs)

Particulars		As at 31st March, 2017	As at 31st March, 2016
Contingent liabilities			
Claims against the Company not acknowledged as debt			
Disputed demands *			
– Sales tax		204	345
– Service tax		3,557	19
– Value added tax (VAT)		1,273	1,282
– Income tax		5,300	5,300
	(A)	**10,334**	**6,946**
Guarantees			
Bank guarantees **		10,808	352
	(B)	**10,808**	**352**
Total	**(A+B)**	**21,142**	**7,298**
Commitments			
Estimated amount of capital contracts remaining to be executed [Net of advances of ₹ 7,797 lacs (31st March, 2016: ₹ 501 lacs)] Other commitments *(refer note 2.28.1)*		35,934	1,579

* 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 ₹ 56 lacs (31st March, 2016: ₹ 56 lacs) issued on behalf of the holding company against which the Company holds counter guarantee.

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

(Amount in Lacs)

Sl. No.	Currency	As at 31st March, 2017		As at 31st March, 2016	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	47	USD 433	12	USD 174
2	EUR/INR	43	EUR 271	21	EURO 97
3	GBP/INR	1	GBP 2	–	–

ii) Currency Options and Swaps

(Amount in Lacs)

Sl. No.	Currency	As at 31st March, 2017		As at 31st March, 2016	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	8	USD 1,114	12	USD 1,177
2	EUR/INR	1	EUR 214	–	–
3	SGD/USD	1	SGD 42	1	SGD 126

iii) Interest Rate Swaps

(Amount in Lacs)

Sl. No.	Currency	As at 31st March, 2017		As at 31st March, 2016	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	3	USD 238	5	USD 722
2	EUR/INR	-	-	1	EURO 6

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

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) 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.

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 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.

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:

(₹ in Lacs)

Sl. No.	Particulars	Cross Currency Derivatives	Interest Rate Derivatives
(i)	The amount recognised in hedge reserve (equity) during the year	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).	1,280	355
(iv)	Unrealised gain/loss recognized in hedge reserve (equity).	(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.

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	Fellow Subsidiary
Srei International Infrastructure Services GmbH, Germany (till 21st June 2016)	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 Forex Limited (till 17th May 2016)	Fellow Subsidiary
Srei Insurance Broking Private Limited	Fellow Subsidiary
AO Srei Leasing, Russia (till 21st June 2016)	Fellow Subsidiary
Srei Advisors Private Limited, Singapore (till 21st June 2016)	Fellow Subsidiary
Quippo Oil & Gas Infrastructure Limited	Fellow Subsidiary
Quippo Energy 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 Drilling International Private 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	Company Secretary
Enterprise over which relative of a KMP has significant influence	
Viom Networks Limited (till 21st April 2016)	

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

Summary of Transactions / Balance Outstanding

(₹ in Lacs)

Name of the Related Party	Nature of relationship	Nature of transactions	For the year ended 31st March, 2017	Balance as at 31st March, 2017	For the year ended 31st March, 2016	Balance as at 31st March, 2016
Srei Infrastructure Finance Limited **	Holding Company	Rent payment	1,845	-	1,735	-
		Security Deposit paid for Leased Premises	26	1,576	22	1,551
		Valuation fees	-	-	15	-
BNP Paribas Lease Group **	Joint Venturer**	Professional fees	12	-	159	-
Quippo Oil and Gas Infrastructure Limited	Subsidiary of Holding Company	Reimbursement for expenses on operating lease assets	9,877	-	-	-
		Assets given on operating lease	29,103	29,103	-	-
		Rental income on asset given on operating lease	1,232	-	-	-
Mr. Hemant Kanoria	Chairman and Managing Director	Remuneration	523	182	380	98
Mr. Sunil Kanoria	Vice Chairman	Remuneration	516	172	392	78
Mr. D K Vyas	Chief Executive Officer	Remuneration	284	20	292	10
		Rent paid for leased premise	10	-	8	-
		Loan Given	200	186	-	-
		Repayment of loan given	14	-	-	-
		Interest Income on Loan Given	7	-	-	-
Mr. CR Sudharsanam	Chief Financial Officer (till 30th June, 2016)	Remuneration	30	-	87	-
		Advance given	-	-	-	5
		Refund Taken	5	-	-	-
Mr. Manoj Kumar Beriwala	Chief Financial Officer (with effect from 3rd November, 2016)	Remuneration	27	6	-	-
Mr. Naresh Mathur	Company Secretary	Remuneration	24	2	26	1

** 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, 2017 (CONTD.)

2.31 C.I.F VALUE OF IMPORTS

(₹ in Lacs)

Particulars	For the year ended	
	31st March, 2017	31st March, 2016
Capital goods (for operating lease)	10,072	3,328
Total	**10,072**	**3,328**

2.32 EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	For the year ended	
	31st March, 2017	31st March, 2016
Finance charges	4,696	4,352
Others	345	1,715
Total	**5,041**	**6,067**

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:

(₹ in Lacs)

Particulars	Gratuity (Funded)		Compensated absence (Unfunded)	
	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
Current service cost	229	242	235	260
Interest cost	102	92	39	36
Expected return on plan assets	(56)	(55)	–	–
Past Service Cost	–	–	–	–
Net actuarial losses/(gains)	(63)	(140)	170	81
Net benefit expense	**212**	**139**	**444**	**377**
Expected return on plan assets	8.35%	8.75%		N.A.

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

(₹ in Lacs)

Particulars	Gratuity		Compensated absence (Unfunded)	
	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
Defined benefit obligation	1,540	1,347	1,206	1,069
Fair value of plan assets	(730)	(678)	–	–
Net liability	**810**	**669**	**1,206**	**1,069**

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

(₹ in Lacs)

Particulars	Gratuity		Compensated absence (Unfunded)	
	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening defined benefit obligation	1,347	1,202	1,069	1,001
Interest cost	102	92	39	36
Current service cost	229	242	235	260
Benefit paid	(72)	(49)	(307)	(309)
Actuarial losses/(gains)	(66)	(140)	170	81
Plan Amendments	-	-	-	-
Closing defined benefit obligation	**1,540**	**1,347**	**1,206**	**1,069**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

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

(₹ in Lacs)

Particulars	Gratuity	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening fair value of plan assets	678	635
Expected return on plan assets *	56	55
Contribution by the Company	70	36
Benefits paid	(72)	(49)
Actuarial (losses) / gains	(3)	1
Closing fair value of plan assets	**730**	**678**

* 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	
	Year ended 31st March, 2017	Year ended 31st March, 2016
	%	%
Investments with Insurer	100	100

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

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Discount rate (%)	7.15%	7.80%
Expected Return on Plan Assets (Gratuity Scheme)	8.35%	8.75%
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	

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

(₹ in Lacs)

Particulars	Gratuity					Compensated absence	
	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013	31st March 2017	31st March 2016
Defined benefit obligation	1,540	1,347	1,202	815	767	1,206	1,069
Fair value of plan assets	730	678	635	567	367	–	–
Deficit	810	669	567	248	400	1,206	1,069
Experience adjustments on plan liabilities – gains/(losses)	192	139	53	28	42	(124)	(81)
Experience adjustments on plan assets – gains/(losses)	(3)	1	(1)	(10)	(4)	–	–

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 : ₹ 70 lacs (₹ NIL lacs to gratuity fund in 2016 – 2017)

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

(₹ in Lacs)

Particulars	For the year ended	
	31st March, 2017	31st March, 2016
Provident fund	560	555
Employee state insurance	21	11
Total *	**581**	**566**

* Includes in respect to Managerial Personnel

2.34 ASSETS UNDER MANAGEMENT

2.34.1 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 are as under:

(₹ in Lacs, except in respect of total number of contracts)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Total number of contracts securitized	10,888	3,550
Book Value of contracts securitized	87,610	32,378
Sales consideration *	87,610	32,378
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:

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Bank/Other deposits provided as collateral as on Balance Sheet date	18,352	16,686
Credit enhancements provided by third parties;		
– First loss facility	-	-
– Second loss facility	-	-

2.34.2 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, 2017, the Company has assigned financial assets to the extent of ₹ 2,53,531 lacs (31st March, 2016: ₹ 2,04,167 lacs) for purchase consideration of ₹ 2,53,531 lacs (31st March, 2016 : ₹ 2,04,167 lacs). The total amount of exposures retained by the Company on such assignment to comply with the Minimum Retention Requirement (MRR) is ₹ 28,170 lacs (31st March, 2016: ₹ 22,813 lacs). Assets assigned are derecognized from the books of account. As at 31st March, 2017 the Company has lodged bank deposits of Nil (31st March, 2016: Nil) as collateral against total assigned contracts outstanding at the year ended 31st March 2017.

2.34.3 The Aggregate amount of assets derecognized/loans originated in terms of paragraphs 2.34.1 to 2.34.2 above that are Assets Under Management of the Company are as under:

(₹ in Lacs)

Particulars	Amount outstanding as at	
	31st March, 2017	31st March, 2016
Securitization	1,00,269	66,291
Assignment of Receivables	2,99,892	2,27,274
Total	**4,00,161**	**2,93,565**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.34 ASSETS UNDER MANAGEMENT (CONTINUED)

2.34.4 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, 2017 are as under : #

Sl. No.	Particulars	31st March, 2017	31st March, 2016
		No. / (₹ in Lacs)	No. / (₹ in Lacs)
1	No of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions	9	7
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,00,269	66,291
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	17,076	15,074
	* Others	215	790
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	1,612
	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.

2.34 ASSETS UNDER MANAGEMENT (CONTINUED)

2.34.5 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, 2017 are as under:

Sl. No.	Particulars	31st March, 2017	31st March, 2016
		No. / (₹ in Lacs)	No. / (₹ in Lacs)
1	No of transactions assigned by the Company	39	23
2	Total amount outstanding	2,99,892	2,27,274
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	33,373	24,179
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	-	-

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD.)

2.35 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

(₹ 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, 2016	No. of Borrowers	6 (6)#	1** (2)	– –	– –	7 (8)
		Amount Outstanding	39,951 (68,121)#	1,327** (4,299)	– –	– –	41,278 (72,420)
		Provision there on *	4,211 (4,656)#	332** (490)	– –	– –	4,543 (5,146)
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 (–)
		Amount Outstanding	21,050 (–)	– (–)	– (–)	– (–)	21,050 (–)
		Provision there on *	2,564 (–)	– (–)	– (–)	– (–)	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, 2017	No. of Borrowers	5 (6)	1 (1)**	– –	– –	6 (7)
		Amount Outstanding	14,845 (39,951)	962 (1,327)**	–	–	15,807 (41,278)
		Provision there on *	1,298 (4,211)	433 (332)**	–	–	1,731 (4,543)

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 two accounts where Strategic Debt Restructuring (SDR) has been invoked subsequent to CDR in the immediately succeeding year

2.36 DISCLOSURES ON STRATEGIC DEBT RESTRUCTURING (SDR) SCHEME (ACCOUNTS WHICH ARE CURRENTLY UNDER THE STAND-STILL PERIOD) AS ON 31ST MARCH 2017

(₹ 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
Two number of Accounts	5,676	167	–	–	5,676	167
One number of Account	(12,522)	(–)	(–)	(–)	(12,522)	(–)

Figures in the bracket indicates previous year

2.37 DISCLOSURES ON THE SCHEME FOR SUSTAINABLE STRUCTURING OF STRESSED ASSETS (S4A), AS ON 31ST MARCH 2017

(₹ in Lacs)

No. of accounts where S4A has been applied	Amount outstanding	Amount outstanding		Provision held
		In part A	In part B *	
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 received as per the S4A guidelines.

2.38 Information as required by 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 is furnished vide Annexure – I attached herewith.

2.39 DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 8TH NOVEMBER 2016 TO 30TH DECEMBER 2016

(₹ in Lacs)

Particulars	Specified Bank Notes (SBNs)	Other Denomination Notes	Total
Closing cash in hand as on 8th November 2016	477	181	658
(+) Permitted receipts	–	700	700
(+) Other receipts – (Amount directly deposited by the customers in banks)	2,553	567	3,120
(-) Permitted payments	–	31	31
(-) Amount deposited in Banks	477	690	1,167
(-) Amount deposited in Banks directly by the customers	2,553	567	3,120
Closing cash in hand as on 30th December 2016	–	160	160

Note : The figures stated in the above table is based on the certificate received from Banks.

2.40 COMPARATIVE FIGURES

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

Signatories to Notes 1 and 2.1 to 2.40

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director
(DIN. 00193015)

Devendra Kumar Vyas
Chief Executive Officer

Place: Kolkata
Date: 8th May, 2017

Manoj Kumar Beriwala
Chief Financial Officer

Naresh Mathur
Company Secretary

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017

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)

(₹ in Lacs)

Sl No.	Items	Current year	Previous year
(i)	CRAR (%)	18.66	19.62
(ii)	CRAR – Tier I Capital (%)	13.71	14.65
(iii)	CRAR – Tier II Capital (%)	4.95	4.97
(iv)	Amount of subordinated debt raised as Tier-II capital	30,350	35,960
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

2. Exposure to Real Estate Sector

(₹ in Lacs)

	Category	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;	96,499	50,299
(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	96,499	50,299

3. Exposure to Capital Market

(₹ in Lacs)

	Category	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	–	–

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017 (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

4. Details of Assignment transactions undertaken by NBFCs

(₹ in Lacs, except in respect of total number of accounts)

Sl No.	Items	Current year	Previous year
(i)	Number of accounts	7,075	10,424
(ii)	Aggregate value (net of provisions) of accounts sold	2,53,531	2,04,167
(iii)	Aggregate consideration	2,53,531	2,04,167
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

5. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March, 2017 are as follows :

(₹ 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	83,030	69,934	36,628	1,05,213	2,75,331	7,44,287	2,40,014	50,532	16,04,969
	(89,832)	(96,910)	(72,012)	(1,17,040)	(2,48,435)	(6,50,768)	(1,98,875)	(17,787)	(14,91,659)
Investments	31	29	27	68	53	7	-	-	215
	(54)	(54)	(54)	(157)	(253)	(218)	-	-	(790)
Borrowing	70,333	60,574	28,139	60,959	1,67,065	5,11,369	1,89,985	43,520	11,31,944
	(64,370)	(54,707)	(54,763)	(94,388)	(1,98,309)	(4,51,365)	(1,14,773)	(9,307)	(10,41,982)
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Foreign Currency Liabilities	10,565	4,812	5,579	12,040	5,253	2,659	-	-	40,908
	(491)	-	-	(11,101)	(20,452)	(2,340)	-	-	(34,384)

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2016

Notes :

1. The borrowings indicated above do not include unsecured subordinated perpetual debentures and unsecured subordinated debentures/loan amounting to ₹ 1,61,240 lacs since the same forms part of Tier I / Tier II Capital.

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

(₹ in Lacs)

Sl No.	Particulars	As at 31st March, 2017		As at 31st March, 2016	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
6	**Liabilities side:**				
	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
	a) Debentures				
	- Secured	1,03,787	–	70,250	–
	- Unsecured				
	(Other than falling within the meaning of public deposits)	1,41,930	–	1,22,666	–
	b) Deferred Credits	–	–	–	–
	c) Term loans	2,82,573	–	2,34,371	–
	d) Inter- corporate loans and borrowings	–	–	–	–
	e) Commercial paper	48,587	–	–	–
	f) Other Loans (Tier II Loan, Buyers Credit, Working Capital Demand Loan etc)	7,31,678	–	7,78,061	–

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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

(₹ in Lacs)

Sl. No.	Particulars	As at 31st March, 2017 Amount outstanding	As at 31st March, 2016 Amount outstanding
	Assets side:		
7.	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	–	–
	(b) Unsecured	21,706	27,065
	Total (a) + (b)	**21,706**	**27,065**
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	907	759
	(b) Assets on operating Lease	2,13,735	1,44,506
	(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	80,739	89,334
	(b) Loans other than (a) above	13,71,038	13,30,766
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	790
	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	–	–

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Investments

(₹ in Lacs)

Sl. No.	Particulars	Current year	Previous year
10	**Value of Investments**		
(i)	**Gross Value of Investments**	**215**	**790**
	(a) In India	215	790
	(b) Outside India,	–	–
(ii)	**Provisions for Depreciation**	–	–
	(a) In India	–	–
	(b) Outside India,	–	–
(iii)	**Net Value of Investments**	**215**	**790**
	(a) In India	215	790
	(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	–	–
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	24,418	38,933
(iii)	Provision made towards Income tax	6,758	4,517
(iv)	Other Provision and Contingencies (with details)		
	- Provision for Employee Benefits	656	516
	- Provision for Standard Assets	855	685
		32,687	**44,651**

13. Borrower Group wise Classification of Assets Financed as in (7) and (8) above

(₹ in Lacs)

Sl. No.	Category	Amount net of provisions					
		As at 31st March, 2017			As at 31st March, 2016		
		Secured	Unsecured	Total	Secured	Unsecured	Total
(i)	Related parties						
	a) Subsidiaries	–	–	–	–	–	–
	b) Companies in the same group	–	–	–	–	–	–
	c) Other related parties	–	–	–	–	–	–
	Other than related parties	16,27,317	–	16,27,317	15,08,063	–	15,08,063
	Total	**16,27,317**	**–**	**16,27,317**	**15,08,063**	**–**	**15,08,063**

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

(₹ in Lacs)

Sl. No.	Category	As at 31st March, 2017		As at 31st March, 2016	
		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

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15. Concentration of Advances *

(₹ in Lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	Total Advances to twenty largest borrowers	3,47,517	3,09,313
(ii)	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	20.79%	20.07%

* It includes Loan and Assets given on Operating Lease

16. Concentration of Exposures

(₹ in Lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	Total Exposure to twenty largest borrowers / customers	2,72,265	2,74,583
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	21.52%	22.21%

17. Concentration of NPAs

(₹ in Lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	Total Exposure to top four NPA accounts	3,366	12,591

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.

19. Movement of Non Performing Assets (NPAs)

(₹ in Lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	**Net NPAs to Net Advances (%) ***	1.76%	1.99%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	45,440	79,352
	(b) Additions during the year	22,122	22,702
	(c) Reductions during the year **	25,576	56,614
	(d) Closing balance	41,986	45,440
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	30,756	60,984
	(b) Additions during the year	23,436	21,009
	(c) Reductions during the year **	24,289	51,237
	(d) Closing balance	29,903	30,756
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a) Opening balance	14,684	18,369
	(b) Provisions made during the year	8,024	5,546
	(c) Write-off / write-back of excess provisions	10,625	9,231
	(d) Closing balance	12,083	14,684

* Net NPA on advances

** It includes write - off during the year

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20. Details of non-performing financial assets purchased :

(₹ 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 :

(₹ in Lacs)

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

22. Other Information:

(₹. in Lacs)

Sl. No.	Particulars	As at 31st March 2017	As at 31st March 2016
i.	Gross Non-Performing Assets		
	(a) Related Parties	–	–
	(b) Other than related Parties	41,986	45,440
ii.	Net Non-Performing Assets		
	(a) Related Parties	–	–
	(b) Other than related Parties	29,903	30,756
iii.	Assets/Receivables acquired in satisfaction of debt *	54,029	25,055

* 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 aggregating ₹ Nil lacs (31st March, 2016 : ₹ 98 lacs), ₹ 524 lacs (31st March, 2016: ₹ 677 lacs), ₹ 592 lacs (31st March, 2016 : ₹ 204 lacs) and ₹ 5,447 lacs (31st March, 2016 : ₹ Nil lacs) respectively.

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Derivatives

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

(₹ in Lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	The notional principal of swap agreements	15,433	48,266
(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	127	(406)

The nature and terms of FRA/IRS as on 31st March 2017 are set out below :

Sl. No.	Nature	Notional Principal (₹ in lakhs)	Benchmark	Terms
(i)	Hedging	15,433	USD Libor	Fixed Payable Vs Floating Receivable

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 IRderivatives 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.

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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.

(ii) Quantitative Disclosures

(₹ in Lacs)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For hedging	130,281	15,433
(ii)	Marked to Market Positions [1]		
	a) Asset (+)	3,995	127
	b) Liability (-)	(649)	–
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	53

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 2016 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	-	ICRA A1+	BWR A1+	-		ICRA A1+	-	-
(iv)	NCDs/Bonds	CARE AA-	-	BWR AA+	SMERA AA+	CARE AA-	-	BWR 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 Restructions

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	Nil
(ii)	No. of complaints received during the year	15
(iii)	No. of complaints redressed during the year	15
(iv)	No. of complaints pending at the end of the year	Nil

NOTE

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NOTE

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