



EMPOWERING ENTREPRENEURS & ENTERPRISES

Srei Equipment Finance Limited | Annual Report 2015-16

SREI
Together We Make Tomorrow Happen

Debenture Trustees

In respect of Public Issue of Non-Convertible Debentures

Axis Trustee Services Limited

Axis House, 2nd Floor
Bombay Dyeing Mills Compound
Pandurang Budhkar Marg, Worli
Mumbai - 400025
Phone: +91 22 2425 5215/5216
Fax: +91 22 2425 4200
Email: debenturetrustee@axistrustee.com

In respect of Non-Convertible Debentures issued on Private Placement basis

IDBI Trusteeship Services Limited

Asian Building, Ground Floor
17, R. Kamani Marg, Ballard Estate
Mumbai - 400 001
Phone: +91 022 4080 7000
Fax: +91 022 6631 1776
Email: itsl@idbitrustee.com

CATALYST Trusteeship Limited

(Formerly known as GDA Trusteeship Ltd.)
Office No. 83 - 87, 8th Floor, B' wing
Mittal Tower, Nariman Point
Mumbai - 400021

Board of Directors

Hemant Kanoria

Chairman & Managing Director
(DIN: 00193015)

Sunil Kanoria

Joint Managing Director
(DIN: 00421564)

Kora Ipe Puthenpurackal

(DIN: 02780367)

Shyamalendu Chatterjee

(DIN: 00048249)

Chief Executive Officer

Devendra Kumar Vyas

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:

Olisha House, 7th Floor
4 Govt Place (North)
Kolkata 700001

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BOARD'S REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Tenth Annual Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS

The summarised financial performance of your Company for the year ended 31st March, 2016 is as under:

Particulars	(Rupees in Lacs)	
	Year ended	
	31st March, 2016	31st March, 2015
Total revenue	261,509	260,978
Total expenditure (including depreciation and other expenses etc.)	205,848	204,585
Profit before Bad debts, provisions & tax	55,661	56,393
Bad Debts written off (Net of recovery), Provision for Non Performing Assets and Contingent Provision against Standard Assets	39,618	33,657
Profit Before Tax	16,043	22,736
Total Tax expense	4,517	7,434
Profit After Tax	11,526	15,302
Profit brought forward from earlier year	32,153	38,784
Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	-	(86)
Profit available for Appropriation	43,679	54,000
Paid up Equity Share Capital	5,966	5,966
Amount transferred to Reserves	9,583	21,847
Net Worth	232,187	220,880

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 ₹ 87,922 lacs as against ₹ 85,650 lacs last year.
- Profit before taxation for the year was ₹ 16,043 lacs as against ₹ 22,736 lacs in the last year.
- Net profit after taxation for the year was Rs.11,526 lacs as against ₹ 15,302 lacs in the last year.

- The total asset under management was ₹ 18,597.78 Crore as against ₹ 18,348.43 Crore last year.

The Capital Adequacy Ratio (CAR) of your Company stands at 19.62 per cent as on March 31, 2016, 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 14.65 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 fully paid up 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 3 (three) nominees and BNP Paribas Lease Group alongwith their 3 (three) nominees in the proportion of 50:50. 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 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. The transaction is expected to consummated, subject to receipt of RBI approval, lender consent as may be applicable and other customary conditions applicable to the transaction of a similar nature.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW

a. Global Outlook

According to the World Bank, global GDP will grow at 2.9 per cent in 2016, after growing at 2.4 per cent in 2015. Growth rate is expected to move up to 3.1 per cent in 2017. The estimates by International Monetary Fund (IMF) are a little more optimistic than the World Bank projections. IMF expects global economy to grow by 3.2 per cent in 2015 and by 3.5 per cent in 2016.

Global growth engines are following divergent economic policies. USA is experiencing continuous improvement in housing and labour markets, although the rising bond spreads suggest that markets are nervous about the sustainability of profits. Quantitative easing has stopped, but the Federal Reserve is willing to keep monetary conditions accommodative till there is a full-fledged recovery. However, the protectionist overtones from the Presidential election campaign do not augur well for global trade. In the Euro area, private consumption has picked up due to the liberal monetary policy and low oil price. Meanwhile, Europe tries to cope with a refugee crisis. The ramifications of a possible exit of Britain from the European Union are still unknown. Japan continues with expansionary monetary policy and has adopted a negative savings rate in order to fuel consumption. The Chinese economy continues to rebalance itself and is moving away from manufacturing and investment led growth towards a more services and consumption driven model. China's slowdown is creating pressure on Emerging and Developing Economies (EDEs), especially those with strong trade linkages with China.

Compared to previous years, the EDEs are no longer seen as drivers of global growth anymore. EDEs with financial imbalances are likely to be the worst affected. The IMF points towards the possibility of global economy entering a phase of widespread stagnation.

b. Indian Scenario

India is presently the fastest growing major economy in the world. IMF's global economic forecast has identified India as the "bright spot" amidst a bleak global economy. This year's Economic Survey describes India as a "refuge of stability and an outpost of opportunity" at a time of global turbulence and volatility. India grew 7.2 per cent in 2014-15 and 7.6 per cent (advance estimate) in 2015-16. For 2016-17, the Survey pegs the GDP growth at between 7 and 7.75 per cent, quite a broad range keeping in mind the interplay of a number of domestic and international factors.

The Government of India has done well in adhering to the fiscal targets, initiating a number of national schemes and structural reforms, expanding the scope of the direct benefit transfer scheme, re-starting stalled projects besides stepping up public investment in infrastructure projects and ushering in a sense of competitive federalism. Low international oil prices have helped in containing inflation and currency has also remained stable. Also, Foreign Direct Investment (FDI) figures are at an all-time high touching USD 51 billion during April-February 2015-16.

However, Indian economy has to deal with several challenges. Despite government's efforts to pump-prime the economy, the investment climate remains subdued. Cost of borrowing still remains high even when wholesale price index (WPI) inflation remains negative. With negative WPI inflation, nominal GDP is actually lower than real GDP, which is why even a 7 per cent plus GDP growth does not quite feel as much. With consumer price index (CPI) below the 5 per cent mark and the exports figures contracting 16 months in a row, industry is unwilling to invest in new capacities. For a Country like India where private sector accounts for nearly three-fourth of total output, the strategy to pump-prime the economy by Government is sub-optimal. Government borrowings crowd out private sector and push up interest rates. In addition, with India's debt-to-GDP ratio at around 65-70 per cent, which is higher than most EDEs, the public investment-led growth model may not be sustainable. The other limiting factor is the huge level of stressed assets that India's banking system is presently saddled with which has clearly limited their ability to provide credit to new ventures. Reserve Bank of India (RBI) has initiated a slew of measures to reduce the level of stress, however a full-fledged recovery in

banking may take some time. To push ahead reforms, the Government of India needs to get a few key Bills passed in both Houses of the Parliament, the Goods & Services Tax (GST) Bill being one of them. The passing of the Bankruptcy Code by both houses has been a major development.

Therefore, India definitely has an edge over its peers at the present juncture. However, there is a need to push through certain key reforms urgently in order to hold on to this advantage and then build on it.

NBFIs IN INDIA

NBFCs have always been an integral part of the Indian financial system. They have been complementing and supplementing the banking sector in reaching out credit to the un-banked segments of the society thus promoting financial inclusion, and over the years their gamut of activity has kept on expanding, so much so, that the difference between the banks and NBFCs is getting blurred. 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. After all, it is these MSMEs, scattered throughout the Country, account for nearly 40 per cent of India's total employment and form the backbone of the India Growth Story. NBFCs, because of their ground level understanding of customers' profile and their credit needs and their ability to innovate and customise products as per their clients' needs, are the perfect conduit for credit delivery to MSMEs.

The year under review witnessed several regulatory developments for the NBFC sector. The major ones are the following -

- NBFC Infrastructure Debt Funds (NBFC-IDFs) have been allowed by RBI to:
 - refinance non-PPP infrastructure projects too (earlier they were restricted to refinance only PPP projects)
 - provide take-out financing for infrastructure projects that have completed one year of operation in PPP segment without a tripartite agreement
 - provide take-out financing for infrastructure projects in non-PPP segment subject to conditions
 - enter sectors where there is no presence of any project authority provided those are infrastructure projects which have completed at least one year of satisfactory commercial operation

- Central Board of Direct Taxes (CBDT) widened the scope of tax exemption for NBFC-IDFs provided infrastructure projects have completed one year of commercial operation
- NBFCs with minimum asset size of ₹ 100 crore will have to maintain a loan-to-value (LTV) ratio of 50 per cent in case of lending against collateral of listed shares (not applicable in case of unlisted shares)
- RBI released draft guidelines on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs' in order to put in place adequate safeguards for addressing the risks involved therein and to bring compliance levels in line with the recommendations of the Financial Sector Legislative Reforms Commission (FSLRC)
- NBFC registered with RBI are eligible to undertake Repo transactions in corporate debt securities
- Prior written permission from RBI is now needed for any takeover or acquisition of control, any change in shareholding resulting in 26 per cent or more as well as any change in management of an NBFC
- RBI has allowed NBFCs to retain 'standard asset' tag on a restructured loan for an extended period if an infrastructure project is mired in Court cases or has been stuck due to reasons beyond control of promoters
- RBI has allowed NBFCs to upgrade credit facilities to borrowing entities whose ownership has changed outside Strategic Debt Restructuring (SDR) to 'standard' category upon such change in ownership
- National Investment & Infrastructure Fund (NIIF), mooted by Ministry of Finance (MoF), has been allowed to provide equity / quasi-equity support to NBFCs engaged mainly in infrastructure lending so that these institutions can leverage their equity support and provide debt to the selected projects
- Under the roadmap for implementation of Indian Accounting Standards (Ind AS) converged with International Financial Reporting Standards (IFRS), NBFCs with net worth of ₹ 500 crore and above are to adopt Ind AS in two phases from April 01, 2018 onwards
- RBI floated a draft framework for account aggregator NBFCs
- External Commercial Borrowing (ECB) norms stand liberalised for NBFCs :

- ECB funds raised can be used to fund domestic equipment for the purpose of giving the same on hire-purchase, as loans against hypothecation or leasing to infrastructure sector
- NBFCs, namely the Infrastructure Finance Companies (NBFC-IFCs) and Asset Finance Companies (NBFC-AFCs), are allowed to raise ECB with minimum average maturity of 5 years subject to 100 per cent hedging
- Harmonised list of infrastructure sectors has been expanded to include exploration, mining and refining so that ECB funds can be used for these activities too.

The evolving regulatory landscape for the NBFCs has seen a trend of convergence with that of banks on the asset side. However, on the liability side, there is still a lack of level playing field. Your Company has been in a regular dialogue with Government and various regulatory agencies so that this gap can be addressed and NBFCs can perform their functions better. In this backdrop, the announcement in Union Budget 2016-17 to allow NBFCs to be eligible for deduction of up to 5 per cent of their income in respect of provision for bad and doubtful debts is a very positive development, although it is still not at par with banks.

The passing of the Bankruptcy Code is likely to open up major opportunities for the NBFC sector, especially the NBFC-IFCs. There are many infrastructure assets in the Country today which have got stuck because of inadequate governance and various judicial pronouncements. The promoters, because of the lack of management bandwidth, were unable to control and mitigate the associated risks. The Bankruptcy Code will pave the way for a change in management in many such stuck infrastructure projects and create value. NBFC-IFCs, with their expertise, are poised to play an important role in reviving such projects. Most such projects being completed up to a certain extent, the associated construction risk is also limited. NBFC-IFCs can ideally take over management control of such projects in their bid to turn them around. Your Company will certainly explore such opportunities.

Once GST gets implemented, it is expected to revive Leasing as a major financial instrument in India. Despite being the most cost effective tool for capital creation the world over, Leasing has not quite developed in India because of a lack of understanding about its nature among the policy makers. Leasing transactions have been interpreted both as a sale and a service and thus multiple taxes have been levied on it thereby destroying its efficacy. As a result, the penetration

of Leasing in India has been dismally low compared to both developed and developing nations. Introduction of GST is expected to take care of the tax anomaly and your Company believes Leasing will make a strong comeback and will play a major role in creation of infrastructure assets. NBFC-AFCs stand to gain majorly as Leasing will add a major tool at their disposal to expand their gamut of activities. High value capital goods can become accessible and affordable to the vast multitude of MSMEs who constitute the building blocks of Indian infrastructure. Financing of assets like equipment (construction, mining, material handling), railway wagons, solar gadgets, wind turbines, oil rigs, etc. will become easier. In addition, funds from the Middle East, which prefer Leasing as a financing tool, will also be encouraged to invest in India. Leasing figures prominently in the scheme of things of your Company and all these developments will open up major opportunities for your Company.

BUSINESS OUTLOOK AND FUTURE PLANS

The infrastructure sector is the backbone of the economy. The Government is aware that in order to take advantage of the present global scenario, India would need to massively add to the carrying capacity of its physical infrastructure. To make that happen, the Government has announced a number of infrastructure-focused steps which will open up a number of business opportunities. Some of the notable steps announced are :

- Average pace of construction of national highways to go up to 41 km per day in 2016-17 from the average of 16 km per day in 2015-16. Road Transport and Highways Ministry will award contracts for 25,000 km national highway projects in 2016-17, two-and-a-half times more than the projects it had sanctioned in 2015-16.
- With the aim of enabling 'Power for All by 2019', the Government is implementing a series of reforms in generation, transmission & distribution and renewable energy, right from stepping up of coal production to launching of Ujjwal Discom Assurance Yojana (UDAY) and a thrust to renewable energy, especially solar power.
- Private sector participation in creation of railways infrastructure to increase – especially in areas of setting up of logistics parks and warehouses, development of stations, track upgradation, creation of three new Dedicated Freight Corridors (DFCs), improvement of coastal connectivity and port connectivity, etc.
- Port capacity is to be go up to 3,000 million tonne per annum (MTPA) by 2025, more than double from the present level of 1,400 MTPA.

- 160 non-functional airports and 10 defunct airstrips are to be developed to provide a fillip to low-cost airports.
- The incentives announced in Union Budget 2016-17 for low-cost housing are likely to generate mass demand.
- The budget, besides sprucing up rural infrastructure, has provided a strong thrust to the entire agricultural value chain right from irrigation to market access of agri-produce which will translate into greater demand from the rural areas.

Private sector has played an important role in India's infrastructure creation 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 put in place an infrastructure dispute resolution mechanism in order to put PPP in Infrastructure back on track. To this effect, a proposal to introduce a Bill on resolution of infrastructure-related disputes has been mooted in the Union Budget 2016-17. New guidelines for renegotiation of PPP concession agreements and to a new credit rating system for infrastructure projects have also been proposed in the budget.

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 2016-17.

REVIEW OF OPERATIONS

Your Company is a joint venture between Srei Infrastructure Finance Limited (Srei) and BNP Paribas Lease Group (BPLG), is registered with RBI as a non-deposit taking NBFC (Category - Asset Finance) and is in the business of equipment financing with a wide spectrum of asset finance business which includes Construction & Mining equipment, Information Technology equipment and Solutions, Healthcare equipment and Farm Equipment.

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 ₹ 10,940 crores.

The past few quarters have witnessed a slew of reformative actions by the government, especially in the road and power segment, which have given the much needed impetus to the industry. There has been marked improvement in pace of project awarding and execution. Already there have been encouraging signals in the demand for construction and

mining equipment. The infrastructure equipment market grew approximately 10% in 2015-16 (unit sales). In the recent union budget too, infrastructure has been a priority for Government's spending outlay - indicated by total outlay for infrastructure being increased to Rs 3.4 trillion in Budget 2016.

According to an Indian Construction Equipment Manufacturers' Association report, the equipment industry is expected to reach its (high) sales level of FY 2012 (70,000 units) by FY 2019. The report predicts the industry to grow to USD 5 billion by 2019-20 from the present level of USD 2.8 billion. Hence, the renewed impetus on infrastructure will be the major demand driver for Construction and Mining equipment in the near future.

During the year under review, the total disbursements in terms of asset cost of your Company outperformed the industry and grew by 19%. The Gross Non-Performing Assets (GNPA) reduced from 4.98% in 2014-15 to 2.95% in 2015-16, while the Net Non-Performing Assets have reduced from 3.83% in 2014-15 to 1.99% in 2015-16. The Capital Adequacy Ratio (CAR) has improved from 17.05% in 2014-15 to 19.62% in 2015-16.

However, the overall slowdown in the infra space resulted in increased stress in the Indian financial system, which led to declining profit before tax from Rs.227 crores in 2014-15 to Rs.160 crores during the year.

Rural, Pre-owned & Retail have continued to be the growth drivers for the year. IT infrastructure platforms have been strengthened to facilitate time-critical and proactive decision-making.

The view for the year ahead is to grow with quality focus on vendor alliances. To scale up RSME business space to expand market & retain market leadership, while improving market presence other diversified businesses. Your Company will continue to focus on technology implementation, product & process innovation which will give competitive advantage in the changing business environment.

RESOURCES

During the year under report, your Company raised funds as per business requirement at competitive cost, mainly by way of facilities from banks, issue of Secured & Unsecured debentures and Securitization / Assignment of loan portfolio. Your company has also managed the overall cost of funds well under control and able to reduce it further by adopting various interest arbitrage measures available.

Loans from Banks: The domestic resource mobilization team of your company has been able to enhance tied-up

Cash Credit limits to ₹ 9,888 crores from a consortium of 37 banks. In addition to that, your Company is also enjoying non-fund based limit of ₹ 606 crores as on date. During the year under review, fresh Term Loans of ₹ 425 crores were raised from the banks and financial institutions.

Securitisation / Assignment of Loan Portfolio: During the year, your Company had securitised / assigned loans to the extent of ₹ 2,594 Crores. The assets securitised / assigned assets have been de-recognized in the books of your Company. All the securitization & assignment transactions were carried out in line with RBI guidelines on securitisation of standard assets. This has helped the company in release of capital for further lending.

Short Term Loans & Commercial Paper (CP): During the year, your Company issued CPs to Mutual Funds, Banks and

other investors for an amount aggregating to ₹ 18,045 crores and also raised short term loans of ₹ 23,473 crores from banks by earmarking of cash credit limits, thereby bringing down borrowing cost at competitive rates in line with industry and prevailing market rates.

Tier II Non-Convertible Debentures (NCD): 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 ₹ 360 crores during the year.

Public Issue of Secured Non-Convertible Debentures: During the year under review, your Company issued its maiden 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)	Issue Size (₹ in Crores)	Maturity Period	Allotment Date	Amount Allotted (₹ in Crores)
09.04.2015	250	Up to 500	36 months / 39 months / 60 months	11.05.2015	409.70

Debenture Trustee Agreement in favour of Axis Trustee Services Limited for the aforesaid issue was duly executed. The Debentures issued on April 09, 2015 are listed on the Debt Segment of the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The entire proceeds have been utilised for the purpose of lending / repayment of loan and General Corporate purposes. Your Company has duly paid the interest due on the aforesaid Debentures on time.

The public issue of the said Debentures has not only facilitated diversification of your Company's sources for mobilising long term resources but has also provided the retail Investors an opportunity to participate in India's infrastructure development and progress. Through the public issues launched in FY 2015-16, your Company has acquired nearly 8,000 retail investors.

International Borrowings: The high hedge cost prevalent in FY 2015-16 did not help your Company in availing fresh External Commercial Borrowings (ECBs). However, short term foreign currency trade credits were availed to the extent of USD 24.15 million equal to INR 159 crores (as against USD 18.87 million equal to INR 115 crores in FY 2014-15) at competitive rates, which brought down the overall cost of funds. Subsequent to more than 100 bps rate cut by RBI the hedge costs are expected to come down substantially. Your company will make use of this opportunity to source and avail fresh ECBs.

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.

Your Company has constituted a Risk Committee of the Board which meets from time to time to identify and assess various risks across the Company and to suggest measures to minimise and / or mitigate the significant risks and 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 Mrs. Pascale Charlotte Dufourcq Dennerly, Chairperson, Mr. Sunil Kanoria, Joint Managing Director, Mr. Kora Ipe Puthenpurackal and Mr. Shyamalendu Chatterjee Independent Directors as Members of the Committee. The Company Secretary acts as Secretary to the Committee and the Chief Risk Officer is the Convener of the Committee. Besides the Members, the Committee also invites other executives and / or consultants having expertise in the areas of risk management.

The risk management strategy of your Company is based on a clear understanding of various risks, adherence to well-laid risk identification and assessment procedures, mitigation and containment and continuous monitoring. The policies and

procedures established for this purpose are continuously benchmarked with industry best practices. The objective of risk management is to balance the trade-off between risk and return and ensure optimal risk-adjusted return on capital. It entails independent identification, measurement and management of risks across the businesses of your Company. Risk is managed through a framework of policies and principles approved by the Board of Directors supported by an independent risk function which ensures that your Company operates within a pre-defined risk appetite. The risk management function strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks. Further, your Company has a designated Chief Risk Officer who is responsible for monitoring and implementation of the said Policies.

With the objective of ensuring mitigation of Compliance Risks, your Company has implemented an IT enabled Legal and Compliance support solution styled 'SREIVishwas' 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 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 Underwriting & Credit Committee (UCC), 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 <http://www.srei.com/sites/default/files/downloads/pdfs/Whistle-Blower-Policy.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, Vice Chairman & Managing Director, Mr. Sunil Kanoria, Joint Managing Director, Mr. Shyamalendu Chatterjee and Mr. Kora Ipe Puthenpurackal, Non-Executive & Independent Directors. Mr. Hemant Kanoria, Vice 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 http://www.srei.com/sites/default/files/downloads/pdfs/CSR%20Policy_2014%20-%20Srei%20BNP%20Paribas.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 ₹ 1,00,00,000 (Rupees One Crore only) during the financial year 2015-16. Donations to Srei Foundation qualify for deduction under Section 80G of the Income Tax Act, 1961.

Your Company recognizing its responsibility towards prevention of acid burn violence as well as for providing support services to survivors through a network of chapters and partners, by sharing knowledge, expertise and best practices contributed ₹ 25,00,000 (Rupees Twenty Five Lacs only) to Acid Survivors Foundation India (ASFI). Contributions to ASFI qualify for deduction under Section 80G of the Income Tax Act, 1961.

Your Company is cognizant towards promoting and encouraging education and hence donated ₹ 20,00,000 (Rupees Twenty Lacs only) to IISD Edu World for running 2 Schools.

During the year under review, your Company supported a variety of charitable projects and social welfare activities and contributed an aggregate sum of ₹ 1,85,01,000 (Rupees One Crore Eighty Five Lac One Thousand only) to several welfare and charitable organisations which include the contributors mentioned above.

During the year the Company could spend only ₹ 185.01 Lacs out of the entire allocated budget of ₹ 666.32 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 4 (four) times on 24th April, 2015, 22nd July, 2015, 5th November, 2015 and 10th February, 2016.

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, 2016.

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, 1998. The Board of Directors of your Company has resolved that the Company will not accept any Public Deposits during the Financial Year 2016-17 in terms of aforesaid directions.

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, 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, 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 ₹ 6,067 lacs (previous year ₹ 6,772 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 2015-16 on 24th April, 2015, 22nd July, 2015, 5th November, 2015, 29th December, 2015 and 10th February, 2016. The maximum time gap between any two consecutive meetings did not exceed 120 days.

DIRECTORS

Mr. Shyamalendu Chatterjee (DIN 00048249) and Mr. Kora Ipe Puthenpurackal (DIN 02780367) continues 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.

The Board of Directors of your Company presently comprises of Mrs. Pascale Charlotte Dufourcq Denney (DIN 07178335), Chairperson (Non-Executive & Non Independent), Mr. Hemant Kanoria (DIN 00193015), Vice Chairman & Managing Director, Mr. Sunil Kanoria (DIN 00421564), Joint Managing Director, Mr. Philippe Denis Francis Desgeans (DIN 07504649), Non-Executive & Non Independent Director and Mr. Shyamalendu Chatterjee (DIN 00048249) & Mr. Kora Ipe Puthenpurackal (DIN 02780367), Non-Executive & Independent Directors.

During the year under review, the Board of Directors of your Company appointed Mrs. Pascale Charlotte Dufourcq Denney, BPLG Nominee Director as Director in place of Mr. Olivier De Ryck, BPLG Nominee Director liable to retirement by rotation. Mr. Didier Jean Chappet, BPLG Nominee Director resigned as Director of the Company. Mrs. Charlotte was also appointed as Chairperson of the Company in place of Mr. Didier Jean Chappet.

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 Tenth Annual General Meeting.

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

Both, Mr. Shyamalendu Chatterjee and Mr. Kora Ipe Puthenpurackal have furnished their individual declaration on 1st April, 2016 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)

During the year under review, Mr. Hemant Kanoria, Vice Chairman & Managing Director (VCMD), Mr. Sunil Kanoria, Joint Managing Director (JMD), Mr. Devendra Vyas, Chief Executive Officer (CEO), Mr. C. R. Sudharsanam, Chief Financial Officer (CFO) and Mr. Naresh Mathur, Company Secretary, of the Company were nominated as the Whole-time Key Managerial Personnel (KMPs) of the Company.

In accordance with provisions of Section 203 of the Companies Act, 2013, the following are the Whole-time Key Managerial Personnel (KMPs) of your Company as on March 31, 2016 -

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

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. Mrs. Pascale Charlotte Dufourcq Dennerly, BPLG Nominee Director is a permanent Invitee to 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 24th April, 2015, 22nd July, 2015, 5th November, 2015 and 10th February, 2016.

NOMINATION AND REMUNERATION COMMITTEE

During the year under review, 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, Vice Chairman & Managing Director, Mrs. Pascale Charlotte Dufourcq Dennerly, Non-Executive Director, Mr. Shyamalendu Chatterjee and Mr. Kora Ipe Puthenpurackal, Independent Directors.

One meeting of the Nomination and Remuneration Committee of your Company was held during the year 2015-16 on April 24, 2015.

The Committee has formulated the Nomination and Remuneration Policy ('Srei BNP Paribas 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.

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 confirm that:

- (i) in the preparation of the annual accounts for the year ended 31st March, 2016, 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, 2016 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 Auditors of the Company to hold office 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 QUALIFICATIONS

There are no qualifications, 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, 2016. 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 2015-16 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 for the financial year ended March 31, 2016 by Messrs MR & Associates, Company Secretary in Practice. Further, 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, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to your Company and the SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

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.

Since there were no related party transactions entered into by your Company, 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, 2016 forms part of the Annual Report.

PERFORMANCE EVALUATION

The Nomination and Remuneration Committee (NRC) of your Company has formulated and laid down criteria for Annual 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) For 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 Vice Chairman & Managing Director and Joint Managing Director 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 and Corporate Social Responsibility Committee and Individual Directors (including Independent Directors) was 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 Vice Chairman & Managing Director and Joint Managing Director bring to the Board, abundant knowledge in their respective field and are experts in their areas. Besides, they are insightful, convincing, astute, with a keen sense of observation, mature and have a deep knowledge of your Company.

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

The Chairman has abundant knowledge, experience, skills and understanding of the Board's functioning, processes 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, 2016 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 Srei Infrastructure Finance Limited, 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, Shareholders, 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

Pascale Charlotte Dufourcq Denny

Place : Kolkata

Chairperson

Date : 10th May, 2016

(DIN 07178335)

ANNEXURE - I TO THE BOARD'S REPORT

Format of reporting of Corporate Social Responsibility (CSR)

[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 and IISD Edu World
- c. In partnership with external social bodies / NGOs

Our activities are carried out along the following thrust areas:

a. Education and Skills Development:

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

b. Healthcare / Medical facilities:

Ensure and promote a culture of healthy workforce by creating awareness and raising consciousness among people.

c. Social and Economic Welfare:

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

d. Environmental Sustainability:

Raise consciousness towards building a healthy environment among the stakeholders and community at large.

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the web link for the same is:

http://www.srei.com/sites/default/files/downloads/pdfs/CSR%20Policy_2014%20-%20Srei%20BNP%20Paribas.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 : ₹ 33,316 lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ 666.32 lacs

5. Details of CSR spent during the financial year :

- a) Total amount to be spent for the financial year : ₹ 185.01 lacs
- b) Amount unspent, if any : ₹ 481.31 lacs

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (₹ in lacs)	Cumulative expenditure upto the reporting period (₹ in lacs)	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	100.00	100.00	100.00	Direct
2.	Donation to IISD Edu World	Education	In the area - Santoshpur and Birati	20.00	20.00	20.00	Direct
3.	Acid Survivors Foundation India	Health	Delhi, Mumbai, Kolkata, Chennai	25.00	25.00	25.00	Direct
4.	New Delhi Institute of Management	Education	Delhi	5.00	5.00	5.00	Direct
5.	Shah Behram Baug Society	Education	Mumbai	2.00	2.00	2.00	Direct
6.	Renewal of 'Bed Reservation' in Hospital - S.V.S Marwari Hospital	Health	Ram Mohan Roy Sarani, Kolkata	0.21	0.21	0.21	Direct

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (₹ in lacs)	Cumulative expenditure upto the reporting period (₹ in lacs)	Amount spent: Direct or through implementing agency
7	Nishshabd Angeekar Welfare Association	Health	Jyotish Roy Road, Kolkata	2.00	2.00	2.00	Direct
8.	The Ramakrishna Mission Institute of Culture	Education and Cultural activities	Belur Math, Howrah	7.80	7.80	7.80	Direct
9.	Gyan Prakash Foundation	Education	Khed Shivapur (village), Pune District on Mumbai - Bangalore Highway	15.00	15.00	15.00	Through Gyan Prakash Foundation
10	Indian Institute of Cerebral Palsy	Education	Kolkata	8.00	8.00	8.00	Direct
TOTAL				185.01	185.01	185.01	

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

- 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 ₹ 185.01 Lacs out of the entire allocated budget of ₹ 666.32 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 Company 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

(Vice Chairman & Managing Director)

Sd/-

Devendra Vyas

(Chief Executive Officer)

Place: Kolkata

Date: May 10, 2016

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, 2016 and forming part thereof

Sl. No.	Name	Age As on 31.03.2016	Designation	Qualification	Remuneration (Rs.)	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	53	Vice Chairman & Managing Director	B. Com (Hons)	3,80,03,441	02-04-2008	36	-	0.0000168*
2	Mr. Sunil Kanoria	51	Joint Managing Director	B. Com (Hons), CA	3,92,26,764	02-04-2008	31	-	0.0000168*
3	Mr. Devendra Vyas	47	Chief Executive Officer	B. Com, CA	2,92,23,709	01-04-1997	24	G P Agrawal & Co. Chartered Accountants (Partner)	NIL
4	Mr. C. R. Sudharsanam #	60	Chief Financial Officer	B. Com, Grad CWA, ACA, FCMA (UK)	87,43,093	01-11-2008	34	BNP Paribas, Canada (Finance & Control - Project Manager (A2 System))	NIL
5	Mr. Prakash Chand Patni	57	Head - Resource Mobilisation	B. Com (Hons), CA	80,73,044	08-07-1995	32	Aketa Limited (Vice President Finance)	NIL
6	Mr. Nilabhra Sinha	46	Zonal Head	B. Com (Hons), ICWA (Inter)	69,85,786	26-09-2002	21	L & T Finance Limited (Assistant Manager)	NIL
7	Mr. Ramana Venkat Vallabhajoyasula	43	Business Head	B. Com (Hons), CFA, PGDBM	67,59,703	01-10-2003	14	GE Capital CEF Limited (Area Sales Manager - South CE)	NIL
8	Mr. Debnil Chakravarty	43	Business Head	B. A. (Hons), ICFAI, CFA, PGDBM	66,28,621	02-01-2008	18	ICICI Bank Limited (Product Risk Manager - Commercial Business)	NIL
9	Mr. Sukanta Nag **	56	Chief Risk & Credit Officer	M. Com, ACA, ICWA, CS, CAIIB	50,80,258	02-04-2012	31	Credit Analysis & Research Limited (Care Ratings) (Chief General Manager)	NIL
10	Mr. Raja Singh	48	Head - Marketing	B. Com, MBA (Finance), CA	67,42,820	05-04-2010	22	Ford Credit Kotak Mahindra Limited (National Sales & Operation Manager)	NIL
11	Mr. Jugal Kishore Dwivedi	57	Head - Property Enterprise Group	B. Sc. CA	67,81,744	18-12-2006	37	Magma Leasing Limited (Head - Corporate Finance)	NIL
12	Mr. Indranil Sengupta	54	Head - Risk Management	B. Com, CAIIB	1,05,31,134	01-04-2014	31	BNP Paribas, Canada (Director & Senior Banker, Corporate & Investment Banking)	NIL
13	Mr. Manoj Kumar Beriwal	44	Finance Controller	B. Com, CA	63,95,875	05-12-1995	22	G P Agrawal & Co. Chartered Accountants	NIL
14	Mr. Rohit Chawla	45	Head - ARM	BBS, MBA	66,36,195	05-01-2001	25	K & Co Ltd. (Manager - Head of Investment Cell)	NIL
15	Mr. Debasis Ghosh	53	Chief Internal Auditor	B. Com, FCA	64,92,458	06-12-2010	29	INDUS Towers Ltd (CIA & Process)	NIL
16	Mr. Rajesh Jain **	47	Head - HR	B E, MBA	40,43,192	29-03-2012	25	Suzlon Energy Limited (GM HR)	NIL
17	Mr. N. Rama Raju	52	Zonal Head	B A, MBA	62,21,015	28-06-2012	24	Kotak Mahindra Bank Ltd.	NIL

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

**Employed for part of the year

Notes:

- 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.
- 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.
- No employee is a relative of any Director except Mr. Hemant Kanoria (Vice Chairman & Managing Director) and Mr. Sunil Kanoria (Joint Managing Director) who are brothers.

For and on behalf of Board of Directors

Pascale Charlotte Dufourcq Dennyery

Chairperson

DIN: 07178335

Place: Kolkata

Date: May 10, 2016

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 (Rs.)	Median Remuneration of employees (Rs.)	Ratio (In times)
1.	Mr. Hemant Kanoria	3,80,03,441	3,72,715	101.96x
2.	Mr. Sunil Kanoria	3,92,26,374		105.25x

- 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 31.03.15 (Rs.)	Remuneration of Current year 31.03.16 (Rs.)	% increase
1.	Mr. Hemant Kanoria	Vice Chairman & Managing Director	4,06,04,207	3,80,03,441*	(-) 6.4%
2.	Mr. Sunil Kanoria	Joint Managing Director	3,99,35,126	3,92,26,764*	(-) 1.8%
3.	Mr. Devendra Vyas	Chief Executive Officer	2,35,55,640	2,92,23,708	24%
4.	Mr. C. R. Sudharsanam	Chief Financial Officer	82,29,613	87,43,093	6.2 %
5.	Mr. Naresh Mathur	Company Secretary	24,02,520**	25,54,818	6.3%

*Previous increase in remuneration effected from 1st April 2015.

**Yearly CTC.

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 (Rs.)	Median remuneration of current year (Rs.)	%increase
3,74,081	3,72,715	(-) 0.4%

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

There were 1659 employees as on 31st March, 2016.

- v. The explanation on the relationship between average increase in remuneration and Company performance:

The Company considers various parameters including internal and external benchmarks, financial performance, individual performance, inflation etc.

- vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

For the Financial year 2015-16, the Key Managerial Personnel (KMPs) were paid approximately 7.34 % of the net profit (before tax) for the year.

- vii. Variations in the net worth of the Company as at closing date of the current financial year 2015-16 and previous financial year 2013-14.

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

Sl. No.	Particulars	As at March 31, 2016 (₹ in lacs)	As at March 31, 2015 (₹ in lacs)
1.	Net Worth of the Company	2,32,187	2,20,880

viii. 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	4.81%
2.	Increase in salary of employee (other than Managerial Personnel)	0%

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

ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

The comparison of remuneration of each of the KMP against the performance of the Company is as under:

Sl. No.	Particulars	% of Net Profit for F.Y 2015-16
1.	Mr. Hemant Kanoria	2.37%
2.	Mr. Sunil Kanoria	2.45%
3.	Mr. Devendra Vyas	1.82%
4.	Mr. C. R. Sudharsanam	0.54%
5.	Mr. Naresh Mathur	0.16%

Note: Profit (before tax) for the F. Y. 2015-16 is ₹ 16,043 Lacs (Previous year ₹ 22,736 Lacs)

x. The key parameters for any variable component of remuneration availed by the Directors:

Various broad factors and guidelines including performance evaluation etc. are considered by the Board of Directors on the recommendation of the Nomination and Remuneration Committee as per the Nomination and Remuneration Policy of the Company.

xi. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

There was no employee who is not a director but receive remuneration in excess of the highest paid director during the Financial Year 2015-16.

xii. 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

Pascale Charlotte Dufourcq Dennery

Chairperson

DIN: 07178335

Place: Kolkata

Date: May 10, 2016

ANNEXURE - IV TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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, 2016 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, 2016 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 (Issue and Listing of Debt Securities) Regulations, 2008;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) 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;
- d) 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, there were no actions/ events in pursuance of;

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

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

- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- f) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

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 as on 31st March, 2016.
- 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, w.e.f. 1st July, 2015;
- 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, a Share Purchase agreement dated December, 29 2015 was executed inter alia between Srei Infrastructure Finance Limited (SIFL), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL) and Srei Growth Trust. As per the said Agreement, 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. The transaction is expected to consummate subject to receipt of RBI approval, lender consents as may be applicable and other customary conditions applicable to the transaction of a similar nature. Post consummation of the proposed transaction, SEFL shall become a 100% subsidiary of SIFL.

We further report that during the audit period the Company has made the following offerings of Non Convertible Debentures (NCDs):

- i) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated August 12, 2015 aggregating to Rs. 200 Crores.
- ii) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated August 19, 2015 aggregating to Rs. 10 Crores.
- iii) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private placement Offer Letter of Debentures on a Private Placement basis dated August 27, 2015 aggregating to Rs. 100 Crores with green shoe option of another 50 Crores, total aggregating upto 150 Crores.
- iv) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value

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

of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated January 8, 2016 aggregating to Rs. 15 Crores.

- v) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated January 18, 2016 aggregating to Rs. 5 Crores.
- vi) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated January 27, 2016 aggregating to Rs. 7 Crores.
- vii) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated February 3, 2016 aggregating to Rs. 5 Crores.
- viii) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures

on a Private Placement basis dated March 16, 2016 aggregating to Rs. 5 Crores.

- ix) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated March 29, 2016 aggregating to Rs. 2 Crores.
- x) Issue of Unsecured, Rated, Listed, Redeemable, Non Convertible Subordinated Debentures of Face Value of Rs. 10,00,000/- each vide Disclosure Document and Private Placement Offer Letter of Debentures on a Private Placement basis dated March 30, 2016 aggregating to Rs. 20 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 MR & Associates
Company Secretaries

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

Place: Kolkata
Date : 10.05.2016



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

“ANNEXURE – A”

(TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016)

To,

The Members

SREI EQUIPMENT FINANCE LIMITED

‘Vishwakarma’, 86C, Topsia Road,

Kolkata- 700046,

West Bengal

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

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

For MR & Associates
Company Secretaries

[M R Goenka]

Partner

FCS No.:4515

C P No.:2551

Place: Kolkata

Date : 10.05.2016

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 31.03.2016

[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
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	
	a) For Equity shares of the Company :	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W) Mumbai 400 078 Tel: +91-22-2596 3838 Fax: +91-22-25946969 Email Id: mumbai@linkintime.co.in
	b) For Non-Convertible Debentures issued on Private Placement basis :	i) S. K. Infosolutions Private Limited 34/1A Sudhir Chatterjee Road Kolkata - 700 006 Tel : +91-33-2219 4815 Fax: +91-33-2219 4815 E-Mail: skcdilip@gmail.com ii) MCS Limited Office No. 21/22, Kashiram Jamnadas 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
	c) 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 : +91-40-6716 1586 Fax: +91-40-2342 0814 E-Mail: support@karvy.com

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

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- NIL

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	3	3	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	29829997	0	29829997	50.00	0
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	29829997	3	29830000	50.00	0
(2) Foreign									
a) NRIs -									
Individuals	0	3**	3	0	0	3	3	0	0
b) Other									
Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	29829997	0	29829997	50.00	29829997	0	29829997	50.00	0
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	29829997	3	29830000	50.00	0
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

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*	
g) FII's	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 Rs 1 lakh	0	0	0	0	0	0	0	0	0
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 and Mr Sanjeev Sancheti holds 1 (one) share each as nominee of Srei Infrastructure Finance Limited.

**Mr Didier Jean Chappet, Mr Thierry Bonetto and Mr Jean Michael Vendassi holds 1 (one) share each as nominee of BNP Paribas Lease Group.

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

ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	
1	Srei Infrastructure Finance Limited (SIFL)*	29830000	50.00	0	29830000	50.00	0	0
2	BNP Paribas Lease Group (BPLG)*	29830000	50.00	0	29830000	50.00	0	0
	Total	59660000	100.00	0	59660000	100.00	0	0

* 3(Three) shares each of Srei Infrastructure Finance Limited (SIFL) and BNP Paribas Lease Group (BPLG) are held by their nominees respectively.

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

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

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	1	0.0000168
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during 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	1	0.0000168
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1	0.0000168	1	0.0000168
3.	Mr. Jean Michael Vendassi (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.0000168	1	0.0000168
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1	0.0000168	1	0.0000168

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

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 (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1	0.0000168	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 year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1	0.0000168	1	0.0000168
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 (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	1	0.0000168	1	0.0000168

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	1,132,739	173,714	-	1,306,453
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,222	6,501	-	13,723
Total (i+ii+iii)	1,139,961	180,215	-	1,320,176
Change in Indebtedness during the financial year*				
• Addition				
• Reduction	(87,332)	(27,495)	-	(114,827)
Net Change	(87,332)	(27,495)	-	(114,827)
Indebtedness at the end 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	-	1,205,348

*Change in indebtness during the year is net of fresh Addition and Repayment

VI. Remuneration of directors and Key Managerial Personneel**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Mr. Hemant Kanoria (Vice Chairman & Managing Director)	Mr. Sunil Kanoria (Joint Managing Director)	Total amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,70,43,996	3,85,95,566	7,56,39,562
	(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	0.50	0.50	1.00
5.	Others, please specify	0	0	0
	Total (A)	3,70,43,996	3,85,95,566	7,56,39,562
	Ceiling as per the Act	5,76,30,000	5,76,30,000	11,52,60,000

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

B. Remuneration to other directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Mr. Kora Ipe Puthenpurackal	Mr. Shyamalendu Chatterjee	Total Amount
1.	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	6,00,000	7,00,000	13,00,000
	Total(1)	6,00,000	7,00,000	13,00,000
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	0	0	0
	Total(2)	0	0	0
	Total(B)=(1+2)	6,00,000	7,00,000	13,00,000
	Total Managerial Remuneration	3,76,43,996	3,92,95,566	7,69,39,562
	Overall Ceiling as per the Act	-	-	12,67,86,000

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

Sl. No.	Particulars of Remuneration	Mr. Devendra Vyas (CEO)	Mr. Naresh Mathur (Company Secretary)	Mr. C. R. Sudharsanam (CFO)	Total
1.	(a) Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,76,07,910	23,39,681	83,47,093	3,82,94,684
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	32,400	32,400	64,800
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - others, specify.	0	0	0	0
5.	Others, please specify	0	0	0	0
	Total	2,76,07,910	23,72,081	83,79,493	3,83,59,484

VII. Penalties / Punishment/ Compounding of offences - NIL

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, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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.

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 and the Order under section 143(11) of the Act.

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 we have obtained 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, 2016, 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, we report 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 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, as applicable.
- e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm's Registration No. 302009E)

A. Bhattacharya

Partner

Place : Kolkata

Date : 10 May, 2016

(Membership No. 054110)

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, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, 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 issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm's Registration No. 302009E)

A. Bhattacharya

Partner

Place : Kolkata

Date : 10 May, 2016

(Membership No. 054110)

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 31 March, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on 31 March, 2016 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 2009-10	219 [^]
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	1,610 [#]
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2008-09 to 2012-13	4,961

[^] Net of ₹ 300 Lacs paid under protest

[#] Net of ₹ 17 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

Place : Kolkata

Date : 10 May, 2016

(Membership No. 054110)

BALANCE SHEET as at 31st March, 2016

(₹ in Lacs)

	Note No.	As at 31st March, 2016		As at 31st March, 2015	
I EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	2.1	5,966		5,966	
(b) Reserves and surplus	2.2	2,30,432	2,36,398	2,18,906	2,24,872
(2) Non-current liabilities					
(a) Long-term borrowings	2.3	2,77,884		3,21,495	
(b) Deferred tax liabilities (Net)	2.4	17,166		18,155	
(c) Other long term liabilities	2.5	16,256		13,743	
(d) Long-term provisions	2.6	3,971	3,15,277	4,072	3,57,465
(3) Current liabilities					
(a) Short-term borrowings	2.7	7,63,149		8,18,566	
(b) Trade payables					
(i) Due to Micro and Small Enterprises	2.8 (i)	-		-	
(ii) Due to Others	2.8 (ii)	76,812		38,364	
(c) Other current liabilities					
(i) Current maturities of long term borrowings	2.9	1,44,338		1,66,392	
(ii) Other current liabilities	2.9	27,296		20,597	
(d) Short-term provisions	2.10	2,943	10,14,538	3,248	10,47,167
TOTAL			15,66,213		16,29,504
II ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	2.11	1,38,323		1,61,946	
(ii) Intangible assets	2.11	3,476		3,891	
(b) Non current investments	2.13	218		805	
(c) Long-term loans and advances					
(i) Financial assets	2.14	7,82,580		7,37,601	
(ii) Other long term advances	2.15	2,320		3,416	
(d) Other non current assets	2.16	13,441	9,40,358	17,103	9,24,762
(2) Current assets					
(a) Current investments	2.13	572		725	
(b) Trade receivables	2.17	6,983		6,590	
(c) Cash and bank balances	2.18	20,783		35,329	
(d) Short-term loans and advances					
(i) Financial assets	2.14	2,17,843		2,30,954	
(ii) Other short term advances	2.19	3,042		3,280	
(e) Other current assets					
(i) Current maturities of long term financial assets	2.14	3,63,134		4,17,595	
(ii) Other current assets	2.20	13,498	6,25,855	10,269	7,04,742
TOTAL			15,66,213		16,29,504
Summary of Significant Accounting Policies	1.3				

The accompanying notes are an integral part of the financial statements 2.1 to 2.35

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

On behalf of the Board of Directors

A. Bhattacharya Pascale Charlotte Dufourcq Dennerly

Partner

Chairperson

(DIN : 07178335)

Hemant Kanoria

Vice Chairman and Managing Director

(DIN 00193015)

Devendra Kumar Vyas

Chief Executive Officer

Place : Kolkata

Date : 10th May, 2016

CR Sudharsanam

Chief Financial Officer

Naresh Mathur

Company Secretary



STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

(₹ in Lacs)

	Note No.	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
(1) INCOME			
(a) Revenue from operations	2.21	2,61,388	2,60,144
(b) Other income	2.22	121	834
Total Income		2,61,509	2,60,978
(2) EXPENDITURE			
(a) Employee benefits expense	2.23	14,597	14,256
(b) Finance costs	2.24	1,41,771	1,44,228
(c) Depreciation / Amortization / Impairment expenses	2.11	32,261	29,257
(d) Other expenses	2.25	17,219	16,844
Total		2,05,848	2,04,585
(3) PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX		55,661	56,393
Bad debts written off (Net) / Provision for Non Performing Assets and Standard Assets		39,618	33,657
(4) PROFIT BEFORE TAX		16,043	22,736
(5) Tax expense :			
(a) Current tax		5,506	4,929
(b) Deferred tax		(989)	2,505
Net Tax Expense		4,517	7,434
(6) PROFIT AFTER TAX		11,526	15,302
(7) Earnings per share (basic and diluted) (₹)	2.27	19.32	25.65
[Nominal Value of Equity Shares of ₹ 10/- each (31st March 2015 : ₹ 10/-each)]			
Summary of Significant Accounting Policies	1.3		

The accompanying notes are an integral part of the financial statements 2.1 to 2.35

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

A. Bhattacharya Pascale Charlotte Dufourcq Dennerly

Partner

Chairperson

(DIN : 07178335)

On behalf of the Board of Directors

Hemant Kanoria

Vice Chairman and Managing Director

(DIN 00193015)

Devendra Kumar Vyas

Chief Executive Officer

Place : Kolkata

Date : 10th May, 2016

CR Sudharsanam

Chief Financial Officer

Naresh Mathur

Company Secretary

CASH FLOW STATEMENT for the year ended 31st March, 2016

(₹ in Lacs)

	31st March, 2016	31st March, 2015
A. Cash Flows from Operating Activities		
Profit Before Tax	16,043	22,736
Adjustment for :		
Depreciation / amortization / impairment expenses	32,261	29,257
Bad Debts written off (net) / Provision for Non Performing Assets and Standard Assets	39,618	33,657
Loss on sale of Fixed Assets (net)	71	238
Finance costs	1,41,771	1,44,228
Profit on Sale from Current Investments	-	(754)
Unrealised exchange Loss	2,201	-
Dividend Income from Current Investments (Non Trade)	(112)	(72)
Operating profit before working capital changes	2,31,853	2,29,290
Changes in working capital :		
(Increase) / Decrease in Trade Receivables / Others	306	794
(Increase) / Decrease in Financial Assets	(123)	(81,420)
Increase / (Decrease) in Trade Payables / Others	41,273	11,967
Decrease in Fixed Deposit (Deposits with original maturity period of more than three months)	6,421	22,457
Cash generated from operations	2,79,730	1,83,088
Interest paid (net of foreign exchange fluctuation)	(1,35,463)	(1,45,785)
Advance taxes paid (including Tax deducted at Source)	(6,767)	(11,227)
Net Cash generated from operating activities	1,37,500	26,076
B. Cash flows from investing activities		
Purchase of Fixed Assets	(24,478)	(31,287)
Proceeds from Redemption of Investments	740	2,308
Dividend Income from Current Investments (Non Trade)	112	72
Proceeds from Sale of Fixed Assets	519	332
Net Cash used in Investing Activities	(23,107)	(28,575)
C. Cash Flows from Financing Activities		
Proceeds from issuance of debentures	71,930	86,600
Repayment on redemption of debentures	(68,600)	(42,924)
Increase / (Decrease) in Working Capital facilities (net)	20,648	38,798
Increase / (Decrease) in Other Loans (net)	(1,43,779)	(86,156)
Net Cash used in Financing Activities	(1,19,801)	(3,682)
Net Increase / (Decrease) in Cash and Cash Equivalents	(5,408)	(6,181)
Cash and Cash Equivalents at the beginning of the year	14,596	20,777
Cash and Cash Equivalents at the end of the year (refer note 2.18)	9,188	14,596
Note :		
Components of Cash and Cash Equivalents:		
Cash on hand	945	671
In Current Account	2,477	13,925
Fixed Deposits with original maturity period less than three months	5,766	-
	9,188	14,596
Cash and Bank Balances are represented by :		
Cash and Cash Equivalents	9,188	14,596
Fixed Deposits with original maturity period exceeding three months	11,595	20,770
(Receipts under lien with banks as security ₹ 19,911 Lacs (31st March, 2015 : ₹ 20,531 lacs)	20,783	35,366
Summary of Significant Accounting Policies (refer note 1.3)		

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 Pascale Charlotte Dufourcq Dennery
Partner
Chairperson
(DIN : 07178335)

On behalf of the Board of Directors

Hemant Kanoria **Devendra Kumar Vyas**
Vice Chairman and Managing Director
Chief Executive Officer
(DIN 00193015)

Place : Kolkata
Date : 10th May, 2016

CR Sudharsanam **Naresh Mathur**
Chief Financial Officer
Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016

1.1 CORPORATE INFORMATION

SREI Equipment 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. Fixed Assets and Depreciation / Amortisation

a) Fixed Assets

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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 based
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	8 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 based
Computer Equipment	3 years / 6 years	5 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 years	8 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	New Useful Life considered by the Company
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.

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31ST MARCH, 2016 (CONTD.)****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.

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 and assets acquired in satisfaction of debt.
- c) Repossessed Assets and assets 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.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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. Necessary bad debts written off/provision for diminution in the fair value of a restructured account is made in addition to the provision as required by RBI guidelines.

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.

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

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. In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are "marked to market" on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored. The Company believes that the above treatment reflects the true effect of the hedge and also reflects the economic substance of the impact of derivative contracts.

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31ST MARCH, 2016 (CONTD.)****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.
- (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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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 period are 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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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.

In accordance with the aforesaid applicable rules, during the year ended 31st March 2016 the Company has created DRR only for redemption of public issue of NCD,s issued in the current year.

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, 2016 (CONTD.)

2.1 SHARE CAPITAL

(₹ in lacs, except number of shares)

Particulars	As at	As at
	31st March, 2016	31st March, 2015
Authorised		
Equity shares, ₹ 10/- par value		
75,000,000 (31st March, 2015 : 75,000,000) Equity shares	7,500	7,500
	7,500	7,500
Issued, subscribed and fully paid-up		
Equity shares, ₹ 10/- par value		
59,660,000 (31st March, 2015 : 59,660,000) Equity Shares	5,966	5,966
Total	5,966	5,966

2.1.1 Reconciliation of Equity Shares

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

Equity Shares	As at 31st March, 2016		As at 31st March, 2015	
	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 below:

Class of shares and names of shareholders	As at 31st March, 2016		As at 31st March, 2015	
	No. of shares	% held	No. of shares	% held
Equity shares, ₹ 10/- par value				
Srei Infrastructure Finance Limited *	2,98,30,000	50	2,98,30,000	50
BNP Paribas Lease Group *	2,98,30,000	50	2,98,30,000	50

* Including nominee shareholders

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.2 RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Capital reserve		
Opening balance	31	31
Add / Less: Transferred to / from Surplus	-	-
Closing balance	31	31
Securities premium reserve		
Opening balance	1,03,980	1,03,980
Add: Received on issue of equity shares	-	-
Closing balance	1,03,980	1,03,980
Debt redemption reserve		
Opening balance	55,747	40,956
Add: Transferred from Surplus for the year [(refer note 1.3 (xix))]	2,853	14,791
Closing balance	58,600	55,747
Special reserve (created pursuant to Section 451C of the Reserve Bank of India Act, 1934)		
Opening balance	23,023	19,939
Add: Transferred from Surplus for the year	2,306	3,084
Closing balance	25,329	23,023
Income Tax Special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)		
Opening balance	3,972	-
Add: Transferred from Surplus for the year	4,424	3,972
Closing balance	8,396	3,972
Surplus in the Statement of Profit and Loss		
Opening balance	32,153	38,784
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life [Net of deferred tax of ₹ NIL (31st March, 2015 : ₹ 44 Lacs)] (refer note no : 2.4)	-	(86)
Add: Profit after tax transferred from Statement of Profit and Loss	11,526	15,302
Amount available for appropriation	43,679	54,000
Appropriations:		
Amount transferred to Special reserve	(2,306)	(3,084)
Amount transferred to Income Tax special reserve	(4,424)	(3,972)
Amount transferred to Debt redemption reserve	(2,853)	(14,791)
Closing balance	34,096	32,153
Total Reserves and Surplus	2,30,432	2,18,906

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.3 LONG TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	(a) Total	(b) Current maturities (refer note 2.9)	(c)= (a)-(b) Non-current portion	(a) Total	(b) Current maturities (refer note 2.9)	(c)= (a)-(b) Non-current portion
A. Secured						
Debtentures						
Non-convertible debtentures (refer note 2.3.1)	58,470	13,500	44,970	75,600	39,100	36,500
Term loans (refer note 2.3.2)						
From banks						
- Rupee loans	1,11,053	59,973	51,080	1,63,079	81,113	81,966
- Foreign currency loans	83,337	45,573	37,764	1,02,488	32,797	69,691
From Financial institutions						
- Rupee loans	25,240	12,060	13,180	37,300	12,060	25,240
- Foreign currency loans	732	732	-	1,990	1,322	668
(A)	2,78,832	1,31,838	1,46,994	3,80,457	1,66,392	2,14,065
B. Unsecured						
Debtentures						
Subordinated perpetual debtentures (Tier I Capital) [refer note 2.3.3]	3,750	-	3,750	3,750	-	3,750
Subordinated redeemable non convertible debtentures (Tier II Capital) [refer note 2.3.4]	1,09,640	7,500	1,02,140	78,680	-	78,680
Term loans (refer note 2.3.5)						
Subordinated loans (Tier II Capital)						
- From banks (Rupee loans)	30,000	5,000	25,000	25,000	-	25,000
(B)	1,43,390	12,500	1,30,890	1,07,430	-	1,07,430
Total (A+B)	4,22,222	1,44,338	2,77,884	4,87,887	1,66,392	3,21,495
Less: Amount disclosed under the head "Other Current Liabilities" (refer note 2.9)		1,44,338	-		1,66,392	-
Net amount		-	2,77,884		-	3,21,495

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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, 2016	As at 31st March, 2015		
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
11 May 2015	1,000	40,970	-	-	**
3 November 2014	10,00,000	-	13,000	10.70%	2 November 2017 @
26 June 2014	10,00,000	2,000	2,000	11.15%	20 June 2017 #
3 November 2014	10,00,000	13,500	19,500	10.50%	2 November 2016
3 November 2014	10,00,000	-	19,500	10.50%	2 February 2016
3 November 2014	10,00,000	-	9,500	10.15%	16 November 2015
19 July 2012	10,00,000	-	10,100	11.50%	19 July 2015
Total		58,470	75,600		

@ Contains Put Option

* Includes current maturities.

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

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 Pune/ West Bengal and an exclusive first charge on the respective receivables from financial assets of the Company.

2) During the year ended 31st March 2016, the company raised ₹ 40,970 lacs through Public Issue of Secured Non Convertible Debenture which are secured by way of exclusive 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, 2016 (CONTD.)

2.3.2 Term Loans from banks and financial Institutions

Particulars	Outstanding * (₹ in lacs) As at 31st March, 2016	Repayment terms (₹ in lacs)			Tenure (years)	Rate of Interest per annum	Nature of security
		Monthly	Quarterly	Half yearly			
Rupee term loans							
From banks	1, 11,052	54,510	44,542	-	12,000	3-6	10%-12%
	(1,63,079)	(50,121)	(1,00,958)	-	(12,000)	(3-6)	(10%-12%)
From financial institutions	25,240	25,240	-	-	-	5-6	10%-12%
	(37,300)	(37,300)	-	-	-	(5-6)	(11%-12%)
Total	1,36,292 (2,00,379)	79,750 (87,421)	44,542 (1,00,958)	-	12,000 (12,000)		
Foreign currency term loans							
From banks	83,338	-	12,411	70,927	-	5-7	<10%
	(1,02,488)	-	(12,499)	(89,989)	-	(5-7)	(<10%)
From financial Institutions	732	-	-	732	-	7-10	<10%
	(1,990)	-	-	(1,990)	-	(7-10)	(<10%)
Total	84,070 (1,04,478)	-	12,411 (12,499)	71,659 (91,979)	-		

* Includes current maturities.

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2015

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.3.3 Unsecured subordinated perpetual debentures (Tier I Capital)

As at 31st March, 2016, the amount outstanding in respect of unsecured subordinated perpetual debentures is ₹ 3,750 lacs (31st March, 2015 : ₹ 3,750 lacs) which is 1.64% (31st March, 2015 : 1.74%) of total Tier I Capital as on Balance Sheet date. The coupon rate of these perpetual debentures is 12.50% (31st March, 2015 : 12.50%) . These perpetual debentures have call option which is exercisable on or after 31st December, 2021 with prior approval of RBI.

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

During the year ended 31st March, 2016, the Company raised subordinated redeemable non-convertible debentures qualifying for Tier II Capital amounting ₹ 30,960 lacs (31st March, 2015 ₹ 4,100 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, 2016	As at 31st March, 2015		
31 March 2016	1,000,000	2,000	-	10.00%	31 March 2026
18 March 2016	1,000,000	500	-	10.70%	18 March 2026
5 February 2016	1,000,000	500	-	10.60%	5 February 2026
20 January 2016	1,000,000	500	-	10.60%	20 January 2026
11 January 2016	1,000,000	1,500	-	10.60%	11 January 2026
24 September 2015	1,000,000	500	-	10.50%	24 September 2025
20 August 2015	1,000,000	1,000	-	10.50%	20 August 2025
13 August 2015	1,000,000	15,000	-	10.75%	13 August 2025
16 March 2015	1,000,000	500	500	11.00%	16 March 2025
7 May 2013	1,000,000	2,080	2,080	11.25%	7 May 2023
24 September 2015	1,000,000	1,200	-	10.40%	24 April 2023
29 March 2016	1,000,000	200	-	10.70%	29 March 2023
24 January 2013	1,000,000	900	900	11.25%	24 January 2023
17 December 2012	1,000,000	1,700	1,700	11.50%	17 December 2022
13 August 2015	1,000,000	5,000	-	10.75%	13 August 2022
1 February 2016	1,000,000	700	-	10.15%	1 May 2021
24 September 2015	1,000,000	2,360	-	10.30%	24 April 2021
20 December 2013	1,000,000	1,000	1,000	11.10%	20 December 2020
27 September 2013	1,000,000	1,600	1,600	11.00%	27 September 2020
31 March 2015	1,000,000	3,600	3,600	11.00%	30 June 2020
29 June 2013	1,000,000	1,000	1,000	10.85%	29 June 2020
31 March 2010	1,000,000	7,450	7,450	10.00%	31 March 2020
19 March 2010	1,000,000	2,550	2,550	10.00%	19 March 2020
24 December 2009	1,000,000	10,000	10,000	10.00%	24 December 2019
29 November 2013	1,000,000	1,000	1,000	11.00%	29 May 2019
29 November 2013	1,000,000	500	500	11.00%	29 May 2019
24 July 2013	1,000,000	1,500	1,500	10.75%	24 May 2019
29 June 2013	1,000,000	2,500	2,500	10.75%	29 April 2019
28 March 2013	1,000,000	2,500	2,500	11.50%	28 September 2018
27 September 2011	1,000,000	6,800	6,800	12.00%	27 September 2018
8 February 2013	1,000,000	5,000	5,000	11.60%	8 August 2018
7 May 2013	1,000,000	1,500	1,500	11.10%	7 August 2018
31 March 2011	1,000,000	5,000	5,000	11.50%	31 March 2018
3 August 2007	1,000,000	10,000	10,000	12.00%	3 August 2017
30 December 2011	1,000,000	2,500	2,500	12.60%	30 July 2017
31 March 2011	1,000,000	2,500	2,500	11.00%	30 September 2016
26 October 2010	1,000,000	5,000	5,000	9.15%	26 April 2016
Total		1,09,640	78,680		

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.3.5 Unsecured subordinated term loans from banks (Tier II Capital)

Particulars	Outstanding (₹ in lacs)	Repayment terms (₹ In Lacs)			Tenure (years)	Rate of Interest per annum
	As at 31st March, 2016	Quarterly	Half yearly	Single instalment		
Subordinated term loans (Tier II Capital)						
Rupee loan from banks	30,000	10,000**	5,000#	15,000	5-7	11%-13%
	(25,000)	(10,000)	(5,000)	(10,000)	(5-7)	(12%-14%)
Total	30,000	10,000	5,000	15,000		
	(25,000)	(10,000)	(5,000)	(10,000)		

** Payable after moratorium of 12 months (24 months)

Payable after moratorium of 15 months (27 months)

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2015

2.4 DEFERRED TAX LIABILITIES (NET)

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

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Deferred tax liability on :		
Depreciation on Fixed Assets	20,766	21,386
Deferred Revenue Expenditure	1,447	1,544
Gross deferred tax liability (A)	22,213	22,930
Deferred tax asset on :		
Provision for Non Performing Assets and Standard Assets	4,771	4,535
Depreciation on fixed assets (Transitional effect)	44	44
Others	232	196
Gross deferred tax asset (B)	5,047	4,775
Net Deferred Tax Liability (A-B)	17,166	18,155

2.5 OTHER LONG TERM LIABILITIES

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Trade Payables		
- Acceptances	2,340	427
Others		
- Interest accrued but not due on borrowings	557	4,444
- Trade deposits received	13,299	8,699
- Others liabilities **	60	173
Total	16,256	13,743

** It represents deferred payment liability

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.6 LONG-TERM PROVISIONS

(₹ in lacs)		
Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits		
Provision for Gratuity	669	567
Provision for compensated absence	1,069	1001
(A)	1,738	1,568
Less: Current portion of provision for employee benefits (refer note 2.10)		
Provision for Gratuity	-	100
Provision for compensated absence	148	133
(B)	148	233
C= (A-B)	1,590	1,335
Other provisions		
- Contingent provision against standard assets	2,381	2,737
(D)	2,381	2,737
Total (C+D)	3,971	4,072

2.7 SHORT TERM BORROWINGS

(₹ in lacs)		
Particulars	As at 31st March, 2016	As at 31st March, 2015
A. Secured		
From Banks :		
Working capital facilities (Rupee loan) [Refer note (a) below]	7,26,461	7,11,900
Working capital facilities (Foreign Currency loan) [Refer note (a) below]	2,493	-
Buyer's credit foreign currency loans [Refer note (b) below]	15,195	10,882
Short- term rupee loan [Refer note (c) below]	12,500	12,500
From Others :		
Debentures [Refer note 2.7.1]	6,500	17,000
(A)	7,63,149	7,52,282
B. Unsecured		
From Others :		
Commercial papers [Refer note (d) below]	-	66,284
(B)	-	66,284
Total (A+B)	7,63,149	8,18,566

Notes :

- (a) Working capital facilities (earmarked against cash credit limits) from banks are secured by hypothecation of underlying assets (both short-term and long-term financial assets) covered by respective hypothecation loan agreements and operating lease agreements with customers and receivables arising therefrom ranking pari passu (excluding assets specifically charged to others). As per the prevalent practice, these facilities are renewed on a year to year basis and

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

therefore, are revolving in nature. As at 31st March, 2016 working capital facilities from banks include working capital demand loans aggregating ₹ 690,000 lacs (31st March, 2015: ₹ 441,300 lacs). Rate of interest for working capital demand loans including Foreign currency demand loan ranges from 9% to 11% per annum (31st March, 2015 : from 10% to 12% per annum) and for working capital facilities, ranges from 10% to 14% per annum (31st March, 2015 : from 11% to 14% per annum). Working capital Facilities in the form of foreign currency demand loan from bank bearing interest rate will not exceed 10.50% per annum (31st March, 2015 : NIL).

- (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, 2015 : Less than 10% per annum).
- (c) Short- term rupee loans from banks bearing interest rate from 9% to 10% per annum (31st March, 2015: 10% to 11% 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 10% per annum (31st March, 2015 : from 9% to 10% per annum). The maximum amount outstanding during the year was ₹ 450,000 lacs (31st March, 2015 : ₹ 408,500 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, 2016	As at 31st March, 2015		
4 July 2014	10,00,000	6,000	12,000	10.95%	4 July 2016
15 May 2014	10,00,000	500	5,000	10.95%	15 May 2016
Total		6,500	17,000		

* All the above debentures are redeemable at par.

These debentures contains put option exercisable on or after 1 year

As on 31st March, 2015 applicable Interest Rate was 10.65% per annum

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.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.8 TRADE PAYABLES

2.8 (i) Due to Micro and Small Enterprises

(₹ in lacs)		
Particulars	As at 31st March, 2016	As at 31st March, 2015
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 Enterprises 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, 2016	As at 31st March, 2015
Due to others		
Acceptances	32,044	7,258
Other than Acceptance	44,019	30,355
Employees payables	634	598
Commission payable to Directors	115	153
Total	76,812	38,364

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.9 OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Current maturities of long-term borrowings (refer note 2.3) (A)	1,44,338	1,66,392
Interest accrued but not due on borrowings	19,420	9,279
Sundry liabilities (Interest Capitalisation) Account *	-	1,436
Other payables		
Trade deposits received	4,927	7,504
Forward contracts payable	740	437
Advances from customers for operating leases	146	75
Other liabilities **	2,063	1,866
(B)	27,296	20,597
Total (A + B)	1,71,634	1,86,989

* As per Reserve Bank of India Guidelines

** It includes Swap and hedging premium accrued but not due amounting to ₹ 860 lacs (31st March, 2015 : ₹ 1,197 lacs), Deferred Payment Liabilities ₹ 140 Lacs (31st March, 2015 : ₹ 127 Lacs) and statutory remittances amounting to ₹ 913 lacs (31st March, 2015 : ₹ 410 lacs)

2.10 SHORT TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (refer note 2.6)		
Provision for Gratuity	-	100
Provision for compensated absence	148	133
(A)	148	233
Provision - Others		
Contingent provision against standard assets	1,619	578
Provision for Income taxes [net of Advance tax / Tax deducted at source of ₹ 45,001 lacs (31st March, 2015: ₹ 38,234 lacs)]	1,176	2,437
(B)	2,795	3,015
Total (A+B)	2,943	3,248

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.11 FIXED ASSETS

Particulars	Gross block					Depreciation/amortization/ impairment					Net book value As at March 31, 2016
	As at April 01, 2015	Additions	Disposals and other adjustments	As at March 31, 2016	As at April 01, 2015	For the period	Impairment Charge	Disposals and other adjustments	As at March 31, 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 & Machinery *	38,377	2,656	1,331	39,702	12,398	4,906	596	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 for Fixed Assets (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 lakhs

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.11 FIXED ASSETS (CONTD.)

Particulars	Gross block				Depreciation/amortization/ impairment					Net book value	
	As at April 01, 2014	Additions #	Disposals and other adjustments	As at March 31, 2015	As at April 01, 2014	For the year	Impairment Charge	Retained earning/ Transition adjustment recorded against Surplus balance in Statement of Profit and Loss	Disposals and other adjustments	As at March 31, 2015	As at March 31, 2015
I. Tangible assets:											
Assets for Own use											
Land - Freehold	4	-	-	4	-	-	-	-	-	-	4
Buildings	92	-	-	92	10	2	-	-	-	12	80
Furniture and fixtures	2,129	98	-	2,227	1,097	236	-	2	-	1,335	892
Motor vehicles	204	69	40	233	52	42	-	2	38	58	175
Computers and office equipments	1,353	207	86	1,474	782	199	-	96	86	991	483
(A)	3,782	374	126	4,030	1,941	479	-	100	124	2,396	1,634
Assets given on operating lease											
Aircrafts	806	-	-	806	307	40	-	-	-	347	459
Earthmoving Equipments	31,709	20,541	239	52,011	12,739	4,864	233	-	235	17,601	34,410
Motor vehicles	61,868	28,684	1,625	88,927	30,430	8,347	122	-	1,403	37,496	51,431
Plant & Machinery #	27,900	4,876	34	32,742	7,976	3,848	184	2	16	11,994	20,748
Wind Mills #	40,277	3,000	-	43,277	8,011	2,064	-	-	-	10,075	33,202
Computers	26,710	6,495	1,517	31,688	10,387	6,704	263	25	1,194	16,185	15,503
Furniture and fixtures	6,127	1,148	-	7,275	2,030	592	94	-	-	2,716	4,559
(B)	1,95,397	64,744	3,415	2,56,726	71,880	26,459	896	27	2,848	96,414	1,60,312
Total for Tangible assets (C)= (A+B)	1,99,179	65,118	3,541	2,60,756	73,821	26,938	896	127	2,972	98,810	1,61,946
II. Intangible assets:											
Assets for Own use											
Softwares	3,204	954	-	4,158	1,072	671	-	3	-	1,746	2,412
Tenancy right	8	-	-	8	8	-	-	-	-	8	-
(D)	3,212	954	-	4,166	1,080	671	-	3	-	1,754	2,412
Assets given on operating lease											
Softwares	3,836	578	1,197	3,217	2,182	738	14	-	1,196	1,738	1,479
(E)	3,836	578	1,197	3,217	2,182	738	14	-	1,196	1,738	1,479
Total for Intangible assets (F)= (D+E)	7,048	1,532	1,197	7,383	3,262	1,409	14	3	1,196	3,492	3,891
Total for Fixed Assets (C+ F)	2,06,227	66,650	4,738	2,68,139	77,083	28,347	910	130	4,168	1,02,302	1,65,837

Additions includes assets pending to be given on operating lease amounting to ₹ 8.635 lakhs.

As a result of the change in the estimated useful life, the charge on account of depreciation for the year ended 31st March, 2015, is lower by ₹ 1,185 lacs compared to useful lives estimated in earlier periods. In case of assets whose useful lives have ended, the carrying value, net of residual value as at 1st April, 2014 amounting to ₹ 86 lacs (net of deferred tax of ₹ 44 lacs) has been adjusted to the opening surplus in the Statement of Profit and Loss as on 1st April, 2014 pursuant to the provisions of Schedule II to the Companies Act, 2013

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.12 LEASES

a) In the capacity of Lessee

- (i) The Company has taken certain office premises under cancellable operating lease arrangements which generally, range between 11 months to 9 years, and are usually renewable by mutual agreement. For the year ended 31st March, 2016, lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to ₹ 2,607 lacs (31st March, 2015: ₹ 2,361 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, 2016 total lease payments aggregating to ₹ 113 lacs (31st March, 2015 : ₹ 111 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:

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Not later than one year	39	108
Later than 1 year but not later than 5 years	43	74
Later than five years	-	-
Total	82	182

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. Such arrangements do not have clauses for contingent rent.

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

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Not later than one year	39,523	43,402
Later than 1 year but not later than 5 years	63,688	88,304
Later than five years	10,208	15,394
Total	1,13,419	1,47,100

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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 period.

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

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
i. Not later than one year;	345	345
ii. Later than one year and not later than five years;	601	946
Total	946	1,291

Unearned finance Income

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
i. Not later than one year;	96	132
ii. Later than one year and not later than five years;	91	187
Total	187	319

Minimum lease payments

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
i. Not later than one year;	244	209
ii. Later than one year and not later than five years;	504	748
Total	748	957

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.13 INVESTMENTS

(₹ in lakhs, except number of shares)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	Current	Non Current	Total	Current	Non Current	Total
Non Trade investments						
Unquoted						
Others:						
Pass Through Certificates - Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2012*	-	-	-	46	2	48
Pass Through Certificates - Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2013 12 units of initial Face Value of ₹ 10,00,756.63 each*	20	-	20	44	20	64
Pass Through Certificates - Series A2 in Indian Infrastructure Equipment Receivable Trust, October 2014 114 units of initial Face Value of ₹ 10,04,717.81 each*	370	148	518	443	529	972
Pass Through Certificates -Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2014 49 units of initial Face Value of ₹ 10,02,123.56 each*	182	70	252	192	254	446
Total	572	218	790	725	805	1,530
Aggregate amount of unquoted investment			790			1,530

*At cost

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.14 FINANCIAL ASSETS

(₹ in lacs)

Particulars	As at 31st March, 2016			As at 31st March, 2015		
	Long-term		Short-term	Long-term		Short-term
	Non-current	Current maturities		Non-current	Current maturities	
(Secured, considered good, unless otherwise stated)						
Financial assets**#@	8,36,633	3,63,134	2,17,843	7,85,425	4,17,595	2,30,954
Less: Bad debts for the year / Provision against Non Performing Assets	54,053	-	-	47,824	-	-
Total	7,82,580	3,63,134	2,17,843	7,37,601	4,17,595	2,30,954

*Includes non-performing assets of ₹ 45,440 lacs as on 31st March, 2016 (31st March, 2015: ₹ 79,352 lacs)

@Includes restructured standard assets under Corporate Debt Restructuring (CDR) mechanism of ₹ 52,473 lacs (net of advances / deposits) as on 31st March, 2016 (31st March, 2015 : ₹ 81,610 lacs)

The above financial assets are secured by underlying hypothecated assets 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.

As at 31st March, 2016 financial assets include assets pending to be given on finance (repossessed assets) aggregating ₹ 89,334 lacs (31st March, 2015: ₹ 50,193 lacs) and tangible assets acquired in satisfaction of debt aggregating ₹ 24,076 lacs (net) (31st March, 2015: ₹ 44,138 lacs). Further, it also includes 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) aggregating ₹ 98 lacs (31st March, 2015 : ₹ 98 Lacs), ₹ 677 lacs (31st March, 2015: ₹ 1,023 Lacs) and ₹ 204 lacs ((31st March, 2015 : Nil) respectively.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.14 FINANCIAL ASSETS (GROSS)- (CONTD.)

Disclosure of Restructured Accounts

Sl. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Total
		Standard	Sub-Standard	Doubtful	Loss		
1	Restructured Accounts on April 1, 2015	8	2	-	-	10	
		(7)	(1)	(-)	(-)	(8)	
	Amount Outstanding	81,610	4,299	-	-	85,909	
		(41,203)	(7,431)	(-)	(-)	(48,634)	
	Provision there on *	6,205	490	-	-	6,695	
		(3,891)	(743)	(-)	(-)	(4,634)	
2	Fresh restructuring during the year	-	-	-	-	-	
		(2)	(-)	(-)	(-)	(2)	
	Amount Outstanding#	-	-	-	-	-	
		(37,312)	-	(-)	(-)	(37,312)	
	Provision there on **	-	-	-	-	-	
		(2,151)	-	(-)	(-)	(2,151)	
3	Upgradation to restructured Standard category during the year	-	-	-	-	-	
		(1)	(-1)	(-)	(-)	-	
	Amount Outstanding	-	-	-	-	-	
		(7465 **)	(-7431)	-	-	(7,465)	
	Provision there on *	-	-	-	-	-	
		(452)	(-743)	(-)	(-)	(452)	
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	-	-	-	-	-	
		(-)	(-)	(-)	(-)	(-)	
	Amount Outstanding	-	-	-	-	-	
		(-)	(-)	(-)	(-)	(-)	
	Provision there on *	-	-	-	-	-	
		(-)	(-)	(-)	(-)	(-)	

(₹ in lacs)

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31ST MARCH, 2016 (CONTD.)**

Sl. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism				
		Standard	Sub-Standard	Doubtful	Loss	Total
5	Downgradations of restructured accounts during the year	(1)	1	-	-	1
		(2)	2	-	-	-2
		(178)	170	-	-	170
	Amount Outstanding	(4,370)	(4,299)	-	-	(4,299)
	Provision there on *	(9)	17	-	-	17
		(289)	(490)	-	-	-490
6	Write-Offs of restructured accounts during the year	-	-	-	-	-
		(-)	(-)	-	-	(-)
		-	-	-	-	-
	Amount Outstanding	(-)	(-)	-	-	(-)
	Provision there on *	-	-	-	-	-
		(-)	(-)	-	-	(-)
7	Restructured Accounts on March 31, 2016	7	2	-	-	9
		(8)	(2)	-	-	(10)
		52,473	1,497	-	-	53,970
	Amount Outstanding	(81,610)	(4,299)	-	-	(85,909)
	Provision there on *	5,609	349	-	-	5,958
		(6,205)	(490)	-	-	(6,695)

Fresh restructuring during the year includes fresh / additional sanction to existing restructured accounts

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

** Being the opening balance as increased by interest accruals up to the balance sheet date

Figures in the bracket indicates previous year

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.15 OTHER LONG-TERM ADVANCES

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Capital advances	501	1,053
Security deposits		
To Related Parties (refer note 2.32)	804	803
To Others	195	195
Balances with Service Tax / VAT Authorities etc.	279	848
Other loans and advances		
- Advances to employees	53	29
- Advance income tax [net of Income tax provision of ₹ 162 lacs (31st March, 2015: ₹ 162 lacs)]	488	488
Total	2,320	3,416

2.16 OTHER NON CURRENT ASSETS

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Non-current portion of other bank balances		
- Fixed deposit with banks (refer note 2.18)	2,754	37
Unamortized public issue expenses for non convertible debentures	385	-
Prepaid expenses	2,465	2,020
Receivable on forward exchange contracts	7,837	15,020
Others advances	-	26
Total	13,441	17,103

2.17 TRADE RECEIVABLES

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months from the date they became due	3,104	498
	3,104	498
Other debts	3,879	6,092
	3,879	6,092
Total	6,983	6,590

Trade receivables includes amount due in respect of Operating leases only

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.18 CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
A. Cash and cash equivalents		
Cash on hand	945	671
Balances with banks - In current accounts	2,477	13,925
Fixed deposits with banks (having original maturity of 3 months or less) **	5,766	-
(A)	9,188	14,596
B. Other bank balances		
Fixed deposit with banks (having original maturity of more than 3 months but less than 12 months) **	2,181	7,559
Fixed deposit with banks (having original maturity of more than 12 months)**	12,168	13,211
Less: Non-current portion of other bank balances (refer note 2.16)	2,754	37
(B)	11,595	20,733
Total	(A+B) 20,783	35,329

**Includes deposits under lien with banks as security aggregating ₹ 19,911 lacs (31st March, 2015 : ₹ 20,531 lacs).

2.19 OTHER SHORT TERM ADVANCES

(₹ in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(Unsecured, considered good)		
Advances to employees	292	615
Security deposits		
To Related Parties (refer note 2.32)	747	725
To Others	384	308
Balances with Service Tax / VAT Authorities etc.	693	673
Advances to vendors	926	959
Total	3,042	3,280

2.20 OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Interest accrued on fixed deposits	53	54
Unamortized public issue expenses for non convertible debentures	275	168
Prepaid expenses	1,055	1,773
Receivable on forward exchange contracts	11,741	8,040
Others *	374	234
Total	13,498	10,269

*Includes Deferred Premium on Forward Contracts of ₹ 353 lacs (31st March, 2015 : ₹ 210 lacs)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.21 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	For the year ended 31st March	
	2016	2015
Income from Financial Assets**	2,21,399	2,21,107
Income from Operating Lease	38,522	35,988
Interest on Fixed Deposits	1,400	3,004
Interest Income from Investments	67	45
Total	2,61,388	2,60,144

**Includes interest income aggregating for the year ended 31st March, 2016 ₹ 207,174 lacs (31st March, 2015 : ₹ 210,145 lacs)

2.22 OTHER INCOME

(₹ in lacs)

Particulars	For the year ended 31st March	
	2016	2015
Profit on sale from current investments	-	754
Dividend income from current investments	112	72
Miscellaneous income	9	8
Total	121	834

2.23 EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	For the year ended 31st March	
	2016	2015
Salaries and bonus	12,771	12,201
Contribution to provident and other funds	548	525
Gratuity	139	355
Staff welfare	367	370
Managerial remuneration	772	805
Total	14,597	14,256

2.24 FINANCE COST

(₹ in lacs)

Particulars	For the year ended 31st March	
	2016	2015
Interest expense	1,22,977	1,13,048
Other borrowing costs	18,762	31,313
Net (Gain) / Loss on foreign currency transaction and translations	32	(133)
Total	1,41,771	1,44,228

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.25 OTHER EXPENSES

(₹ in lacs)

Particulars	For the year ended 31st March	
	2016	2015
Communication expenses	434	384
Legal and professional fees	3,933	4,490
Electricity charges	363	381
Rent	2,720	2,472
Rates and taxes	28	22
Brokerage and service charges	2,019	1,598
Payment to Auditors (Refer note : 2.25.1 below)	185	127
Repairs - Machinery	1,336	936
- Others	1,681	1,669
Travelling and conveyance	2,607	2,658
Director's sitting fees	13	12
Insurance	106	57
Printing and stationery	221	187
Advertisement and subscription	185	197
Conference and seminar	234	75
Corporate social responsibility expenses	210	127
Charity and donations	19	379
Loss on sale of Fixed assets (Net)	71	238
Exchange Fluctuations (Net)	123	-
Miscellaneous expenses	731	835
Total	17,219	16,844

2.25.1 Payment to Auditors

(₹ in lacs)

Particulars	For the year ended 31st March	
	2016	2015
Audit Fees	50	50
Other services (certification etc.)	123	70
Reimbursement of expenses	12	7
Total	185	127

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.26 SEGMENT REPORTING

The Company is 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	
	2016	2015
Net Profit attributable to Equity Shareholders (₹ in lacs)	11,526	15,302
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 (₹)	19.32	25.65

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

Particulars	(₹ in lacs)	
	As at 31st March, 2016	As at 31st March, 2015
Contingent liabilities		
Claims against the company not acknowledged as debt		
Disputed demands *		
- Sales tax	345	171
- Service tax	19	55
- Value added tax (VAT)	1,282	906
- Income tax	5,300	397
(A)	6,946	1,529
Guarantees		
Bank guarantees**	352	144
(B)	352	144
Total (A+B)	7,298	1,673
Commitments		
Estimated amount of capital contracts remaining to be executed [Net of advances of ₹ 501 lacs (31st March, 2015: ₹ 748 lacs)]	1,579	1,426
Other commitments (refer note 2.28.1)		

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

**Excludes ₹ 56 lacs (31st March, 2015: ₹ 697 lacs) issued on behalf of the Joint Venturer to give effect to the Scheme of Arrangement, against which the Company holds counter guarantee.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.28.1

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

i) Forward Contracts

(Amount in lacs)

Sl. No.	Currency	As at 31st March, 2016		As at 31st March, 2015	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	12	USD 174	9	USD 47
2	EUR/INR	21	EURO 97	14	EURO 57
3	AUD/INR	-	-	1	AUD 10
4	SGD/INR	-	-	1	SGD 27

ii) Currency Options and Swaps

(Amount in lacs)

Sl. No.	Currency	As at 31st March, 2016		As at 31st March, 2015	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	12	USD 1,177	12	USD 1,651
2	EUR/INR	-	-	1	EURO 17
3	SGD/USD	1	SGD 126	1	SGD 209

iii) Interest Rate Swaps

(Amount in lacs)

Sl. No.	Currency	As at 31st March, 2016		As at 31st March, 2015	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	5	USD 722	6	USD 1,101
2	EUR/INR	1	EURO 6	1	EURO 17

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.29 C.I.F VALUE OF IMPORTS

(₹ in lacs)

Particulars	For the year ended	
	31st March 2016	31st March 2015
Capital goods (for operating lease)	3,328	3,554
Total	3,328	3,554

2.30 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lacs)

Particulars	For the year ended	
	31st March 2016	31st March 2015
Finance charges	4,352	5,297
Others	1,715	1475
Total	6,067	6,772

2.31 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	Year ended	Year ended	Year ended
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Current service cost	242	167	260	254
Interest cost	92	75	36	29
Expected return on plan assets	(55)	(50)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses / (gains)	(140)	163	81	261
Net benefit expense (refer note no. 2.23 : employee benefit expenses)	139	355	377	544
Expected return on plan assets	8.75%	8.75%	N.A.	N.A.

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

(₹ in lacs)

Particulars	Gratuity		Compensated absence	
	Year ended	Year ended	Year ended	Year ended
	31st March 2016	31st March 2015	31st March 2016	31st March 2015
Defined benefit obligation	1,347	1,202	1,069	1,001
Fair value of plan assets	(678)	(635)	-	-
Net liability	669	567	1,069	1,001

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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

(₹ in lacs)

Particulars	Gratuity		Compensated absence	
	Year ended 31st March 2016	Year ended 31st March 2015	Year ended 31st March 2016	Year ended 31st March 2015
Opening defined benefit obligation	1,202	815	1,001	729
Interest cost	92	75	36	29
Current service cost	242	167	260	254
Benefit paid	(49)	(18)	(309)	(272)
Actuarial losses / (gains)	(140)	163	81	261
Plan Amendments	-	-	-	-
Closing defined benefit obligation	1,347	1,202	1,069	1,001

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

(₹ in lacs)

Particulars	Gratuity	
	As at 31st March, 2016	As at 31st March, 2015
Opening fair value of plan assets	635	567
Expected return on plan assets*	55	50
Contribution by the Company	36	37
Benefits paid	(49)	(18)
Actuarial (losses) / gains	1	(1)
Closing fair value of plan assets	678	635

*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	
	As at 31st March, 2016	As at 31st March, 2015
	%	%
Investments with Insurer	100	100

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

Particulars	As at 31st March, 2016	As at 31st March, 2015
Discount rate (%)	7.80%	7.80%
Expected Return on Plan Assets (Gratuity Scheme)	8.75%	8.75%
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

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

(₹ in lacs)

Particulars	Gratuity					Compensated absence	
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2016	31st March, 2015
Defined benefit obligation	1,347	1,202	815	767	586	1,069	1,001
Fair value of plan assets	678	635	567	367	266	-	-
Deficit	669	567	248	400	320	1,069	1,001
Experience adjustments on plan liabilities – gains / (losses)	139	53	28	42	3	(81)	(170)
Experience adjustments on plan assets – gains / (losses)	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 : Nil (₹ 100 lacs to gratuity fund in 2015 - 2016)
- j) Amount provided for defined contribution plans are as follows:

(₹ in lacs)

Particulars	For the year ended	
	31st March, 2016	31st March, 2015
Provident fund	555	522
Employee state insurance	11	9
Total *	566	531

* Includes in respect to Managerial Personnel

2.32 Related Party Disclosure

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

List of Related Parties

Enterprises having joint control over the Company	Nature of Relationship
Srei Infrastructure Finance Limited	Joint Venturer
BNP Paribas Lease Group	Joint Venturer

Key management personnel (KMP)

Name	Designation
Mr. Hemant Kanoria	Vice Chairman & Managing Director
Mr. Sunil Kanoria	Joint Managing Director
Mr. D K Vyas	Chief Executive Officer
Mr. CR Sudharsanam	Chief Financial Officer
Mr. Sanjay Chaurasia (till 30th June, 2014)	Company Secretary
Mr. Naresh Mathur (with effect from 1st July, 2014)	Company Secretary
Enterprise over which KMP is having significant influence	
Viom Networks Limited	

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Summary Of Transactions / Balance Outstanding

Name of the Related Party	Nature of relationship	Nature of transactions	For the year ended 31st March, 2016	Balance as at 31st March, 2016	For the year ended 31st March, 2015	Balance as at 31st March, 2015
Srei Infrastructure Finance Limited	Joint Venturer	Rent payment	1,735	-	1,643	-
		Security Deposit paid for Leased Premises	22	1,551	69	1,528
		Sale of Investment in units of India Global Competitive Fund	-	-	3,554	-
		Purchase of equity shares of Srei Asset Reconstruction Private Limited	-	-	5	-
		Valuation fees	15	-	14	-
		Balance receivable - Others	-	-	-	29
		Balance payable - Others	-	-	-	351
BNP Paribas Lease Group	Joint Venturer	Professional fees	159	-	1,338	-
		Balance payable	-	-	-	1,242
Mr. Hemant Kanoria	Vice Chairman and Managing Director	Remuneration	380	98	406	118
Mr. Sunil Kanoria	Joint Managing Director	Remuneration	392	78	399	101
Mr. D K Vyas	Chief Executive Officer	Remuneration	292	10	236	9
		Rent paid for leased premise	8	-	8	-
Mr. CR Sudharsanam	Chief Financial Officer	Remuneration	87	-	82	-
		Advance given	-	5	-	5
Mr. Sanjay Chaurasia	Company Secretary	Remuneration	-	-	3	*
		Loan Given / (Repayment)	-	-	(**)	5
		Interest Income on loan given	-	-	***	-
Mr. Naresh Mathur	Company Secretary	Remuneration	26	1	18	1

*Nil Balance as on 31st March, 2016 (₹ 22,525 as on 31st March 2015)

**Nil balance during the year ended 31st March, 2016 (₹ 25,104 during the year ended 31st March, 2015)

***Nil Balance during the year ended 31st March, 2016 (₹ 6,023 during the year ended 31st March, 2015)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.33 ASSETS UNDER MANAGEMENT

2.33.1 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:

Particulars	(₹ in lacs, except in respect of total number of contracts)	
	Year Ended 31st March, 2016	Year Ended 31st March, 2015
Total number of contracts securitized	3,550	2,821
Book Value of contracts securitized	32,378	43,096
Sales consideration*	32,378	43,096
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:

Particulars	As at	
	31st March, 2016	31st March, 2015
Bank / Other deposits provided as collateral as on Balance Sheet date	16,686	20,356
Credit enhancements provided by third parties;		
- First loss facility	-	-
- Second loss facility	-	-

2.33.2 Assignment of receivables

In terms of Reserve Bank of India guidelines on securitisation of assets issued on 21st August, 2012, during the year ended 31st March, 2016, the Company has assigned financial assets to the extent of ₹ 204,167 lacs (31st March, 2015: ₹ 101,998 lacs) for purchase consideration of ₹ 204,167 lacs (31st March, 2015: ₹ 101,998 lacs). The total amount of exposures retained by the Company on such assignment to comply with the Minimum Retention Requirement (MRR) is ₹ 22,813 lacs (31st March, 2015: ₹ 11,394 lacs). Assets assigned are derecognized from the books of account. As at 31st March, 2016 the Company has lodged bank deposits of Nil (31st March, 2015: Nil) as collateral against total assigned contracts outstanding at the year ended 31st March 2016.

2.33.3 The Aggregate amount of assets derecognized/loans originated in terms of paragraphs 2.33.1 to 2.33.2 above that are Assets Under Management of the Company are as under :

Particulars	Amount outstanding as at	
	31st March, 2016	31st March, 2015
Securitization	66,291	92,809
Assignment of Receivables	2,27,274	1,12,530
Total	2,93,565	2,05,339

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.33 ASSETS UNDER MANAGEMENT (CONTINUED)

2.33.4 Disclosure as per revised guidelines on Securitisation Transactions and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

In terms of Reserve Bank of India Guidelines on securitization of assets issued on 21st August, 2012, details of securitized contracts by the Company outstanding at the Year Ended 31st March, 2016 are as under : #

Sl. No.	Particulars	31st March 2016 No. / (₹ in lacs)	31st March 2015 No. / (₹ in lacs)
1	No of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions	7	12
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	66,291	92,809
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	15,074	17,479
	* Others	790	1530
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	1,612	2,877
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

2.33 ASSETS UNDER MANAGEMENT (CONTINUED)

2.33.5 Disclosure as per revised guidelines on Securitisation Transactions

In terms of Reserve Bank of India Guidelines on Assignment of Receivables issued on 21st August, 2012, details of direct assignment contracts by the Company outstanding for the Year ended 31st March, 2016 are as under:

Sl. No.	Particulars	31st March 2016 No. / (₹ in lakhs)	31st March 2015 No. / (₹ in lakhs)
1	No of transactions assigned by the Company	23	10
2	Total amount outstanding	2,27,274	1,12,530
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	24,179	11,394
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, 2016 (CONTD.)**

2.34 Information as required by terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015 is furnished vide Annexure – I attached herewith.

2.35 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 2.35

On behalf of the Board of Directors

Pascale Charlotte Dufourcq Dennery

Chairperson
(DIN : 07178335)

Hemant Kanoria
Vice Chairman and Managing Director
(DIN 00193015)

Devendra Kumar Vyas
Chief Executive Officer

Place : Kolkata
Date : 10th May, 2016

CR Sudharsanam
Chief Financial Officer

Naresh Mathur
Company Secretary

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016

Disclosure of details as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

1. Capital to Risk Asset Ratio (CRAR)

		(₹ in lacs)	
Sl. No.	Items	Current year	Previous year
i	CRAR (%)	19.62	17.05
ii	CRAR – Tier I Capital (%)	14.65	13.35
iii	CRAR – Tier II Capital (%)	4.97	3.70
iv	Amount of subordinated debt raised as Tier-II capital	35,960	4,100
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;	50,299	6,000
(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	50,299	6,000

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Disclosure of details as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

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	-	-

4. Details of Assignment transactions undertaken by NBFCs

		(₹ in lacs, except in respect of total number of accounts)	
Sl. No.	Particulars	Current year	Previous Year
(i)	Number of accounts	10,424	4,764
(ii)	Aggregate value (net of provisions) of accounts sold	2,04,167	1,01,998
(iii)	Aggregate consideration	2,04,167	1,01,998
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

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5. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March, 2016 are as follows;

(₹ in lacs)									
Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Advances	89,832	96,910	72,012	1,17,040	2,48,435	6,50,768	1,98,875	17,787	14,91,659
	(95,569)	(1,05,123)	(80,006)	(1,34,312)	(2,71,774)	(6,37,277)	(1,78,593)	(48,965)	(15,51,619)
Investments	54	54	54	157	253	218	-	-	790
	(60)	(60)	(60)	(181)	(364)	(798)	(7)	-	(1,530)
Borrowing	64,370	54,707	54,763	94,388	1,98,309	4,51,365	1,14,773	9,307	10,41,982
	(60,894)	(1,04,276)	(79,884)	(1,23,979)	(2,22,497)	(4,81,799)	(1,06,418)	(19,276)	(1,99,023)
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Foreign Currency Liabilities	491	-	-	11,101	20,452	2,340	-	-	34,384
	(195)	(621)	(1,807)	(1,932)	(2,703)	(428)	-	-	(7,686)

Figures in bracket indicate previous year's figures i.e. as on 31st March, 2015

Notes :

- The borrowings indicated above do not include unsecured subordinated perpetual debentures and unsecured subordinated debentures / loan amounting to ₹ 1,43,390 lacs since the same forms part of Tier I / Tier II Capital.
- The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in proportion to the maturity pattern of the financial assets.

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Disclosure of details as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

		(₹ in lacs)			
Sl. No.	Particulars	As at 31st March, 2016		As at 31st March, 2015	
		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	70,250	-	97,803	-
	- Unsecured				
	(Other than falling within the meaning of public deposits)	1,22,666	-	88,926	-
	b) Deferred Credits	-	-	-	-
	c) Term loans	2,34,371	-	3,19,129	-
	d) Inter - corporate loans and borrowings	-	-	-	-
	e) Commercial paper	-	-	66,284	-
	f) Other Loans (Tier II Loan, Buyers Credit, Working Capital Demand Loan etc)	7,78,061	-	7,48,033	-

		(₹ in lacs)	
Sl. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
		Amount outstanding	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	27,065	33,321
	Total (a) + (b)	27,065	33,321
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	759	972
	(b) Assets on operating Lease	1,44,506	1,68,381
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	89,334	50,193
	(iii) Other loans counting towards AFC activities		
	(a) Loans where Assets have been repossessed	89,334	50,193
	(b) Loans other than (a) above	13,27,517	13,82,809

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

Disclosure of details as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

		(₹ in lacs)	
Sl. No.	Particulars	As at 31st March, 2016	As at 31st March, 2015
		Amount outstanding	Amount outstanding
9.	Break up of Investments		
	Current Investments :		
	1.Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Pass Through Certificates etc.)	790	1,530
	Long term Investments		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016

Disclosure of details as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

		(₹ in lacs)	
Sl. No.	Particulars	Current year	Previous Year
10.	Value of Investments		
(i)	Gross Value of Investments	790	1,530
	(a) In India	790	1,530
	(b) Outside India,	-	-
(ii)	Provisions for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India,	-	-
(iii)	Net Value of Investments	790	1,530
	(a) In India	790	1,530
	(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	-	-

		(₹ in lacs)	
Sl. No.	Particulars	Current Year	Previous Year
12.	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
(i)	Provision for depreciation on Investment	Nil	Nil
(ii)	Bad debts written off (Net) / Provision for Non Performing Assets	38,933	33,622
(iii)	Provision made towards Income tax	4,517	7,434
(iv)	Other Provision and Contingencies (with details)		
	- Provision for Employee Benefits	516	899
	- Provision for Standard Assets	685	35
		44,651	41,990

ANNEXURE - I TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2016

Disclosure of details as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and annex 4 of Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015

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, 2016			As at 31st March, 2015		
		Secured	Unsecured	Total	Secured	Unsecured	Total
(i)	Related parties						
	a) Subsidiaries	-	-	-	-	-	-
	b) Companies in the same group	-	-	-	-	-	-
	c) Other related parties	-	-	-	-	-	-
(ii)	Other than related parties	15,08,063	-	15,08,063	15,54,531	-	15,54,531

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

(₹ in lacs)

Sl. No.	Category	As at 31st March, 2016		As at 31st March, 2015	
		Market Value/ Break up or Fair value or NAV	Book value (net of provision)	Market Value/ Break up or Fair value or NAV	Book value (net of provision)
		(i)	Related parties *		
	a) Subsidiaries	-	-	-	-
	b) Companies in the same group	-	-	-	-
	c) Other related parties	-	-	-	-
(ii)	Other than related parties	-	-	-	-

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

15. Concentration of Advances *

(₹ in lacs)

Sl. No.	Particulars	Current year	Previous Year
(i)	Total Advances to twenty largest borrowers	3,09,313	2,87,444
(ii)	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	20.07%	18.05%

* 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	2,74,583	2,90,633
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	22.21%	21.64%

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17. Concentration of NPAs

		(₹ in lacs)	
Sl. No.	Particulars	Current year	Previous Year
(i)	Total Exposure to top four NPA accounts	12,591	31,023

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 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 (%) *	1.99%	3.83%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	79,352	77,757
	(b) Additions during the year	22,702	50,762
	(c) Reductions during the year **	56,614	49,167
	(d) Closing balance	45,440	79,352
(iii)	Movement of Net NPAs		
	(a) Opening balance	60,984	63,556
	(b) Additions during the year	21,009	46,642
	(c) Reductions during the year **	51,237	49,214
	(d) Closing balance	30,756	60,984
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	18,369	14,201
	(b) Provisions made during the year	5,546	11,427
	(c) Write-off / write-back of excess provisions	9,231	7,259
	(d) Closing balance	14,684	18,369

*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, 2016	As at 31st March, 2015
i.	Gross Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related Parties	45,440	79,352
ii.	Net Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related Parties	30,756	60,983
iii.	Assets acquired in satisfaction of debt *	24,076	45,260

* Further, it includes 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) aggregating ₹ 98 lacs (31st March, 2015 : ₹ 98 Lacs), ₹ 677 lacs (31st March, 2015: ₹ 1,023 Lacs) and ₹ 204 lacs (31st March, 2015 : Nil) respectively.

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	48,266	69,952
(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	(406)	(1,158)

The nature and terms of FRA / IRS as on 31st March 2016 are set out below :

Sl. No.	Nature	Notional Principal (₹ in lacs)	Benchmark	Terms
(i)	Hedging	47,840	USD Libor	Fixed Payable Vs Floating Receivable
(ii)	Hedging	426	EURO Libor	Fixed Payable Vs Floating Receivable

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24. Exchange Traded Interest Rate (IR) Derivatives

Sl. No.	Particulars	Current year	Previous Year
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year	Nil	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2016	Nil	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil

25. Disclosures on Risk Exposure in Derivatives

(i) Qualitative Disclosure

Asset Liability Committee (ALCO) manages the Foreign Currency and Interest Rate Risks, besides other market risks / core functions. The company has put in place the policies for hedging / mitigating risks / strategies and processes for continuous monitoring of risks, which will enable the company to quantify risk, both on account of Foreign Currency and Interest Rate Risks. Apart from ALCO there is a Risk Committee of the Board which guides the company in these risks. Risk is measured on the basis of Fair Value as on reporting date. The Board has delegated authority to company officials in the FX 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. In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are "marked to market" on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored. The Company believes that the above treatment reflects the true effect of the hedge and also reflects the economic substance of the impact of derivative contracts. 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.

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(ii) Quantitative Disclosures

(₹ in lacs)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)		
	For hedging	77,394	48,261
(ii)	Marked to Market Positions [1]		
	a) Asset (+)	18,322	-
	b) Liability (-)	(107)	(406)
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	25,659

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

Sl. No.	Particulars	Current Year	Previous Year
1	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 penalties has been imposed by RBI and other regulators during the financial year ended 31st March 2015 and 31st March 2016

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+	-	-	-	ICRA A1+	-	-
iv)	NCDs/Bonds	CARE AA-	-	BWR AA	-	CARE AA	-	BWR AA	-
v)	Unsecured Subordinated/ Tier-II Debentures / Bonds	CARE A+	-	BWR AA	SMERA AA	CARE AA-	-	BWR AA	-
vi)	Perpetual Debentures	CARE A	-	-	-	CARE A+	-	-	-

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

Sl. No.	Particulars	Current Year	Previous Year
(i)	Nos of Accounts	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

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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	30
(iii)	No. of complaints redressed during the year	30
(iv)	No. of complaints pending at the end of the year	Nil

Registered Office

Kolkata

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Karnataka

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Near Richmond Circle
Bangalore - 560 025.
Tel +91 080 7143 7734
Fax +91 080 7143 7373

New Delhi

D-2, 5th Floor, Southern Park
Saket Place, Saket
New Delhi - 110 017
Tel +91 11 66037734 / 66025700
Fax +91 11 66025799

Rajasthan

No. C-94, 1st Floor
Fortune Heights
Subhas Marg, C Scheme
Jaipur - 302 001
Tel +91 141 5119137
Fax +91 141 5119138

Uttar Pradesh

B-56A, 1st Floor, Vibhuti Khand
Gomti Nagar, Lucknow - 226010
Tel +91 0522 4081030

Assam

5th Floor, Unit No. 5G,
Dihang Arcade
Tarun Nagar, G. S. Road
Guwahati - 781 005
Tel +91 0361 2450653
Fax +91 0361 2459136

Jharkhand

Roop Ram Tower
Middle Block
115 Opp, Akash Wani Radio Station
Ratu Road
Ranchi - 834001
Tel +91 0651 2285077 / 2283177

Madhya Pradesh

Mezzanine floor
M-1,R. R. Arcade
Plot No. 43, Zone II
M. P. Nagar
Bhopal - 462011
Tel +91 0755 4204590-95
Fax +91 0755 4283729

Odisha

2nd & 3rd Floor
House No.: HIG,
BDA Housing Colony
Jayadev Vihar
Bhubaneswar - 751 013
Tel +91 674 6628700
Fax +91 674 6628721

Tamil Nadu

Mahalaxmi
290, Peters Road, 1st Floor
Gopalapuram
Chennai - 600 086
Tel +91 44 61607734
Fax +91 44 28555584

West Bengal

Plot No. X-1,2 & 3, Block - EP
Sector V, Kolkata - 700 091
Tel +91 7603007820

Chattisgarh

3rd Floor, City Avenue
Anupam Garden, GE Rd, Raipur (CG)
In front of Mahavir Udyan
Raipur - 492001
Tel +91 0771 6458210

Kerala

32/2475 A1, Pratheeksha, 1st Floor
Palarivattom, Cochin-682025
Tel +91 85899 74027

Maharashtra

"Paradise Building"
51K / 51L
Bhulabhai Desai Marg (Warden Road)
Near Benzer / Shyam Niwas
Breach Candy, Mumbai - 400 026
Tel +91 22 61607734
Fax +91 22 66284397 To 66284399

Punjab

SCO - 130,131, 1st Floor
Sector 34-A
Chandigarh - 160 034
Tel +91 9780037559
Fax +91 172 2601413

Telangana

2nd Floor, Stamford Park
D No. 8 - 2 - 269 / 4 / B Road No. 2
Banjara Hills
Hyderabad - 500 034
Tel +91 40 61607734 / 66993600
Fax +91 40 66993640



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