

Srei Equipment Finance Limited  
Annual Report 2014 -15



# INDIAN INFRASTRUCTURE

## A JOURNEY



BNP PARIBAS

## **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

### **GDA Trusteeship Limited**

Office No. 1, 2 & 3, 4th Floor  
Rahimtoola House  
7, Homji Street, Fort  
Mumbai - 400 001  
Phone: +91 022 4922 0555  
Fax: +91 022 4922 0505  
Email: gdamumbai@gdatrustee.com

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**Board of Directors**

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**Didier Chappet**

Chairman  
(DIN: 06600628)

**Hemant Kanoria**

Vice Chairman & Managing Director  
(DIN: 00193015)

**Sunil Kanoria**

Joint Managing Director  
(DIN: 00421564)

**Pascale Charlotte Dufourcq Dennerly**

(DIN: 07018335)

**Kora Ipe Puthenpurackal**

(DIN: 02780367)

**Shyamalendu Chatterjee**

(DIN: 00048249)

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**Chief Executive Officer**

**Devendra Vyas**

**Chief Financial Officer**

**C. R. Sudharsanam**

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**Company Secretary**

**Naresh Mathur**

**Auditors**

**Deloitte Haskins & Sells**  
Chartered Accountants

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**Corporate Identification Number U70101WB2006PLC109898**

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**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 Ninth Annual Report together with the Audited Financial Statements of your Company for the year ended 31st March, 2015.

### FINANCIAL HIGHLIGHTS

The summarised financial performance of your Company for the year ended 31st March, 2015 is as under:

(Rupees in Lacs)

Particulars	Year ended	
	31st March, 2015	31st March, 2014
Total revenue	260,978	261,933
Total expenditure (including depreciation and other expenses etc.)	204,585	200,237
Profit before Bad debts, provisions & tax	56,393	61,696
Bad Debts written off (Net of recovery), Provision for Non Performing Assets and Contingent Provision against Standard Assets	33,657	25,941
<b>Profit Before Tax</b>	<b>22,736</b>	<b>35,755</b>
Total Tax expense	7,434	13,217
<b>Profit After Tax</b>	<b>15,302</b>	<b>22,538</b>
Profit brought forward from earlier year	38,784	34,934
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	54,000	57,472
Paid up Equity Share Capital	5,966	5,966
Amount transferred to Reserves	21,847	18,688
<b>Net Worth</b>	<b>220,880</b>	<b>203,943</b>

### OPERATIONAL REVIEW

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

- The gross profit (before depreciation, bad debts, provision and tax) for the year was Rs. 85,650 lacs as against Rs. 85,930 lacs last year.
- Profit before taxation for the year was Rs. 22,736 lacs as against Rs. 35,755 lacs in the last year.

- Net profit after taxation for the year was Rs.15,302 lacs as against Rs. 22,538 lacs in the last year.
- The total asset under management was Rs. 18,348.43 Crore as against Rs. 18,306.34 Crore last year.

The Capital Adequacy Ratio (CAR) of your Company stands at 17.05 per cent as on March 31, 2015, 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) of this, the Tier I CAR was 13.35 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 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of 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, 1956 / 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 unaudited financial results on a quarterly basis, standalone audited financial results on an annual basis, consolidated unaudited financial results on a quarterly basis and consolidated 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 Rs. 75,00,00,000 (Rupees Seventy Five Crore only) divided into 7,50,00,000 Equity Shares of Rs. 10/- each fully paid up and the paid-up Equity Share capital of your Company is Rs. 59.66 Crore (Rupees Fifty Nine Crore Sixty Six Lacs only). 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.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### ECONOMIC REVIEW

##### a. Global Outlook

According to the World Bank, global GDP actually grew at 2.6 per cent in 2014 after growing at 2.5 per cent in

2013. While the World Bank's earlier projection for 2014 was 3.2 per cent, the growth momentum failed to pick up in several developed and developing nations during the second half of 2014. The World Bank expects the global growth rate for 2015 to be 3.0 per cent. The estimates by International Monetary Fund (IMF) are slightly more optimistic than that of World Bank. IMF expects global economy to grow by 3.5 per cent in 2015 and by 3.8 per cent in 2016.

The global economic recovery has been slow, with very weak growth during last 3 years. While conditions have improved in USA and UK, growth in Eurozone and Japan are yet to pick up. The slowdown in China is policy induced. Chinese policymakers believe that in order to ensure financial stability of the country, a soft-landing of the economy is imperative.

Different nations are pursuing divergent policies. USA has completed its quantitative easing (QE) programme, but the Federal Reserve is unlikely to start raising interest rate before September 2015. On the other hand, Japan and Eurozone have started their versions of QE. World's three big currencies are likely to realign over the next few years - while the USD has been appreciating ever since the QE tapering started, Euro and Yen are gradually depreciating. Central banks are finding it increasingly difficult to exit accommodative monetary policies as they run the risk of affecting fledgling recovery processes in their respective economies. Slow growth in global demand has resulted in weak global trade too.

Both World Bank and IMF expect the emerging and developing economies (EDEs) to be the main drivers of global growth. The soft commodity prices, low oil prices and easy liquidity are actually expected to help the EDEs. The World Bank forecasts that after registering a 4.4 per cent growth rate in 2014, the EDEs will clock a growth rate of 4.8 per cent in 2015 and thereafter growth rate will further strengthen to 5.3 per cent and 5.4 per cent in 2016 and 2017 respectively.

#### **b. Indian Scenario**

In a bid to make India's GDP data more accurate, relevant and globally comparable, a new series of GDP data has been released where the new base year is 2011-12 instead of 2004-05 used earlier. Previously, India's GDP implied GDP at factor cost, but from now onwards the calculation will be on the basis of globally accepted GDP at market prices. India's revised GDP growth rate now stands revised upwards at 5.1 per cent (from 4.7 per cent) for FY13 and 6.9 per cent (from 5.0 per cent) for FY14. This year's Economic Survey suggests that GDP growth for FY15 is likely to be 7.4 per cent. In FY16, the growth rate is likely to go up further to anything between 8.1 - 8.5 per cent making India world's fastest growing large economy. IMF also expects India to overtake China in terms of growth rate in 2016.

Government of India has been successful in containing inflation and the low oil prices are unlikely to put any upward pressure on inflation. RBI has initiated the cutting of policy rate which is expected to stimulate investment. However, the central government believes in setting in motion the investment cycle by itself by channelizing investments in infrastructure projects. The government is working towards restarting the stalled projects and at the same time is trying to ensure that any new borrowing is only for capital expenditure. The government is also focusing on reducing leakages in subsidies and social expenditures. The government has initiated a number of measures towards easing the business climate and expects private investment to pick up soon.

Controlled inflation, a stable currency, the economy's resilience, coupled with Indian government's ability to adhere to fiscal targets and a willingness to implement economic reforms, have resulted in increased investor attention. In FY15, till January 2015, India has been able to attract foreign direct investment (FDI) to the tune of USD 26 billion. Also, India has received record investments to the tune of USD 43.5 billion from foreign institutional investors (FIIs) till mid-March 2015. Of this, USD 26.3 billion has been invested in debt, while equities absorbed USD 17.2 billion. Foreign investors preferred Indian bonds in order to take advantage of the yield differential between India and developed markets such as the US. FII limits for government securities have been exhausted and the limits for some corporate debt have also been utilized. Once US interest rates start rising, and as Indian rates fall further, the narrowing yield differentials are likely to adversely impact flows into the Indian debt markets.

While government is willing to add momentum to the investment cycle by investing on its own in infrastructure projects, going forward private capital would need to play an important role. Public-private partnership (PPP) being the preferred mode of infrastructure creation in India, government has to work towards creation of an enabling environment whereby both domestic and foreign funds can be mobilized into infrastructure. Keeping in mind the constraints of the banking system, special efforts are to be made in attracting foreign capital.

#### **NBFIs IN INDIA**

Non-banking Finance Companies (NBFCs) like Asset Finance Companies (NBFC-AFCs) and Infrastructure Finance Companies (NBFC-IFCs) form an integral part of the financial fabric of the Indian economy. Most of the banks are unable to cater to the finance needs of micro, small and medium enterprises (MSMEs) and it is these NBFCs which bridge the gap and act as an extended arm of the banking system in India.

During the year under review, several regulatory changes took place in the NBFC space. The important ones are mentioned hereafter:

- NBFCs desirous of issuing co-branded prepaid instruments need to apply for one-time approval from RBI
  - RBI simplified documentation for NBFC registration
  - No Debenture Redemption Reserve is required to be created by NBFCs for privately placed debentures and only 25 per cent is required in case of publicly issued debentures
  - Banks have been allowed to engage non-deposit taking NBFCs (NBFC-NDs) as Business Correspondents (BCs) provided (a) there is no comingling of bank funds and those of NBFC-ND appointed as BC, and (b) there is a specific contractual agreement between bank and NBFC-ND to ensure that all possible areas of conflict of interest are adequately taken care of
  - Any NBFC with asset size of Rs. 1000 crore or more can participate in interest rate futures market in recognized stock exchanges as trading members subject to RBI/SEBI guidelines
  - NBFCs with asset size of Rs. 1000 crore or more need to report online to stock exchanges information on shares pledged in their favour by borrowers for availing loans
  - RBI limited the amount NBFCs can lend against shares pledged as collateral to 50 per cent of the value of shares. For giving out loans of Rs. 5 lach or more, NBFCs are allowed to accept only Group 1 shares (i.e. frequently traded shares). NBFCs are subject to different regulations when it comes to loans to volatile sectors such as capital market and real estate
  - In case of FDI in NBFCs, minimum capitalization shall include share premium received along with the face value of the share, only when it is received by the company upon issue of the shares to the non-resident investor
  - A panel set up by RBI has recommended that NBFCs, along with banks, should undertake 360 degree feedback in order to ensure a transparent and comprehensive performance assessment that can adequately differentiate performance among employees
  - NBFCs now figure among the list of eligible entities which can promote a Small Finance Bank subject to fulfilment of other eligibility criteria
  - NBFCs with minimum net worth of Rs. 500 crore and with consistent track record of distributable profit for last 3 years and with rating of not less than 'AA-' or equivalent will be eligible to file shelf prospectus for public issue of debt securities
  - RBI relaxed guidelines for issuance of private placement of NCDs (maturity of more than 1 year) by NBFCs. Guidelines stipulated for 2 categories - (a) issuance can be with a maximum subscription of less than Rs. 1 crore (Category A), and (b) can be with minimum subscription of Rs. 1 crore (Category B) which can be unsecured and such unsecured debentures will not treated as public deposits
  - RBI aligned loan restructuring norms of NBFCs with those of banks in order to minimize risk of defaults
  - NBFCs planning to provide investment advisory services need to obtain approvals from both RBI and SEBI
  - NBFCs with minimum asset size of Rs. 500 crore to be empowered to enforce security interest in NPAs and the SARFAESI Act, 2002 to be amended to this effect
  - For NBFCs, the security for the debentures by way of charge or mortgage shall be created in favour of the debenture trustee on any movable property of the NBFC which in case of any other company shall only be created on specific movable property.
- Keeping in mind the rising share of NBFCs in Indian industry, the RBI has come out with new guidelines for the NBFC sector. As per revised norms:
- NBFCs in operation before April 1999 are to raise their minimum net owned funds (NOF) to Rs. 1 crore by March 2016 from the current level of Rs. 25 lach and then to Rs. 2 crore by March 2017
  - Till now, NBFCs marked a loan as bad loan only if interest was not paid for 180 days. That period has now got reduced to 90 days, same as that of banks
  - Provisions for standard assets have also been raised from 0.25 per cent of loans outstanding to 0.40 per cent of loans
  - For deposit taking NBFCs, it has become mandatory to get an investment grade rating by March 2016, or else they would have to stop accepting deposits
  - All asset financing NBFCs are now allowed to accept deposits up to 1.5 times their NOF, down from 4 times NOF earlier
  - Previously, NBFC-NDs with assets over Rs. 100 crore were considered systemically important. That threshold now stands increased to Rs. 500 crore
  - A Board approved policy for ascertaining the fit and proper criteria of the directors at the time of appointment is required to be put in place and to be reviewed on a continuing basis
  - A declaration and undertaking from the directors and a Deed of Covenant signed by the directors in the prescribed format must be obtained
  - There must be rotation of the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years.

## BUSINESS OUTLOOK AND FUTURE PLANS

At this juncture India is fortunately at a 'sweet spot' due to a number of domestic and international factors. The government realizes how crucial it is now to improve the ease of doing business in India in order to take advantage of the situation. To this end, a number of steps have been taken through the Union Budget 2015-16. Basic corporate tax rate is being reduced from 30 per cent to 25 per cent over the next 4 years. The General Anti Avoidance Rules (GAAR) stand deferred by another two years which will address some of the concerns of the foreign investors. A focussed effort is being made to cut down red-tapism by creating an expert committee which is to draft a legislation where need for multiple prior permissions will be replaced by a pre-existing regulatory mechanism is a huge plus for all businesses. Setting up of a Task Force to develop a sector-neutral financial redressal agency has also been proposed which will address grievance against all financial service providers. A new comprehensive Bankruptcy Code will be put in place by FY16 that will meet global standards.

Keeping in mind the present subdued investment climate in India, the government has decided to step up investments in infrastructure on its own and for that it is even willing to slightly relax the fiscal discipline targets so that more funds can be channelized into infrastructure creation. This is a very pragmatic approach as without a robust infrastructure sector our quest for a double-digit economic growth will only remain a pipedream. Public sector units are also to step up investments in infrastructure. An additional Rs. 70,000 crore has been earmarked for infrastructure.

PPP is expected to be the mainstay for infrastructure creation in India. To this end, the government will revisit, revitalise and fine-tune the existing PPP modalities so that private sector can become more active in infrastructure creation. The budget also outlined that the sovereign has to bear part of the PPP project risks so that PPP projects can be successfully implemented.

Some of the specific steps pertaining to infrastructure announced in the budget include:

- Setting up of a National Investment & Infrastructure Fund with an annual outlay of Rs. 20,000 crore from the Centre
- Tax-free infrastructure bonds to be floated for mobilising resources for projects in rail, road and irrigation
- Conversion of existing excise duty on petrol and diesel to the extent of Rs. 4 per litre into Road Cess to fund investment
- Ports in public sector to be encouraged to corporatize and leverage their idle assets
- 5 new Ultra Mega Power Projects, each of 4000 MW generation capacity, to be built in Plug-and-Play mode
- Increased outlays for building rural infrastructure like roads, housing, power supply, hygiene, water supply, cold storages.

The Rail Budget 2015-16 has aimed at modernization, capacity augmentation, better governance and laying out a roadmap for partnerships with both state governments and private sector. A capex plan of Rs. 1.1 lakh crore for FY16 has been finalised with main focus on capacity augmentation of India's rail infrastructure. Centre would be providing 41% of the planned investments, the remaining amount is targeted to be tapped from a mix of other sources – foreign Insurance and Pension Funds, other bilateral and multilateral funds, domestic private sector, monetization of existing idle assets of railways, etc. A number of steps towards improving customer experience have also been proposed some of which will entail extra costs. IT is expected to be embraced in a big way towards improving enterprise resource planning and safety in railways. Dedicated institutes for fundamental research towards advancement of coach design, rail tracks, improvement of rail technology, etc. and for upskilling rail personnel are also to be set up.

To mark the Amrut Mahotsava i.e. the 75th year of independence in 2022, the Government has set for itself certain targets:

- Housing for all – 2 crore houses in urban areas and 4 crore houses in rural areas to be built – each equipped with basic facilities like 24x7 power supply, access to clean drinking water, toilet and road connectivity
- Electrification of remaining 20,000 villages
- Renewable energy capacity to be increased to 175,000 MW
- Connectivity in terms of surface transport and telecom to the un-connected habitations
- Access to medical services in each village and city
- A senior secondary school within 5 km reach of every child
- Improvement of irrigation facilities
- Making India a manufacturing hub by focusing on skill development and encouraging entrepreneurship
- Development of the Eastern and North Eastern regions of India and bringing them at par with rest of the Country.

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 government can restart the stalled projects and how effectively it is able to reach a consensus on the crucial land acquisition issue. The government must address these issues expeditiously because once these are taken care of private sector will become more active in infrastructure creation.

Your Company is actively tracking all these developments and the management is upbeat that the business scenario is poised to improve significantly during FY 2015-16.

## REVIEW OF OPERATIONS

Your Company, a joint venture between Srei Infrastructure Finance Limited and BNP Paribas Lease Group, 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, Technology and Solutions, Healthcare equipment, Captive financing solutions for leading manufacturers like Atlas Copco & Case New Holland (CNH).

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 Rs. 9,238 crores.

The infrastructure equipment market had a de-growth of around 12 per cent last year but your Company managed to improve its market share in standard assets with unit sales of approximate 52,500 in 2014, the Indian earth moving and construction equipment industry was valued at approximately Rs. 18,000 crores (USD 3 bn).

The year 2014-15 was challenging for construction companies and contractors. Cash flows were strained due to non-availability of debt & equity. With the new government coming in, industry is enthusiastic and hopeful of new orders.

During the year under review, the total disbursements in terms of asset cost of your Company had witnessed a de-growth in line with the industry and the profits declined by nearly 36 per cent from Rs. 358 crores to Rs. 227 crores during the year, mainly due to cost of risk.

During the year under review, performance was in line considering the difficult macro-economic conditions and challenging business environment. Key performance vectors stable inspite of stagnant operating environment. Rural, Pre-owned & Retail have been 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 MSME business space to expand market & retain market leadership, Your Company will focus on technology implementation, product & process innovation which will give competitive advantage in the changing business environment.

The relationship between both the shareholders, Srei Infrastructure Finance Limited and BNP Paribas Lease Group, continue to be at the best terms and cross selling opportunities are being continuously explored.

## RESOURCES

The last two years have been challenging for the NBFC sector due to subdued economic environment along with moderation in asset growth rate, rising delinquencies resulting in higher provisioning thereby impacting profitability.

However, the Resource Mobilization team (unit of Liability & Treasury Management Group) of your Company continued to excel in their responsibility and contributed to the profitability

by reducing the overall cost of funds, without compromising on liquidity and mismatching asset liability profile. Your Company has managed its cost of funds very competitively in the market through interest arbitrage measures viz. issuance of short term debt instruments like Commercial Papers aggregating to Rs. 31,690 crores and availment of short term loans from banks by earmarking its Cash Credit limits aggregating to Rs. 16,032 crores during the financial year.

Your Company has managed excellent relationship with all the lenders across public sector banks, private sector banks, foreign banks and non-banking financial institutions including mutual funds. This has helped your Company to diversify funding profile in spite of unfavorable market sentiment in infrastructure sector.

The tied-up Working Capital fund based limit of your Company is Rs. 9,713 crores at the financial year end, with fresh sanctions/enhancements during the year amounting to Rs. 450 crores, from a consortium of 37 banks. Your Company is also enjoying Non fund based limits of Rs. 711 crores. The mobilization of fresh term loans during the year amounted to Rs. 400 crores.

During the year, your Company has securitized/assigned its assets worth Rs. 1,565 crores (as against Rs 1,323 crores during FY 13-14). The steps initiated by your Company to ensure superior asset quality through transparent and impactful processes have resulted in expanding its realm of economic financial alternative. The securitization/assignment not only allows your Company to mitigate the interest rate risk and asset liability mismatch risk but also enables your Company to access low cost funds under priority sector guidelines by the RBI.

Your Company is focused to mobilized medium/long term funds by issue of Non-Convertible Debentures (NCDs) to maintain healthy assets liability profile. Your Company has mobilized Rs. 825 crores by issue of NCDs during the financial year. Moreover, to increase the capital base, your Company raised Tier II capital in the form of Subordinated Debentures aggregating to Rs. 41 crores during the financial year.

## PUBLIC ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

Your Company has vide Prospectus dated March 31, 2015 come out with the public issue of 25,000,000 Secured Redeemable Non-Convertible Debentures of Face Value of Rs. 1,000/- each (the "Debentures" or the "NCDs") for an amount upto Rs. 2,500 Million ("Base Issue") with an option to retain oversubscription upto additional 25,000,000 NCDs of Rs. 1,000/- each, for an amount upto Rs. 2,500 Million, aggregating to Rs. 5,000 Million ("Overall Issue Size"). The Issue opened on April 09, 2015 and shall close on April 30, 2015.

The NCDs have been rated 'CARE AA (Double AA)' by Credit Analysis & Research Limited ("CARE") and 'BWR AA (BWR Double A)' by Brickwork Ratings India Private Limited



("BRICKWORK"). Instruments with a rating of 'CARE AA (Double AA)' by CARE and 'BWR AA (BWR Double A)' by BRICKWORK are considered to have high degree of safety regarding timely servicing of financial obligations and carry low credit risk. The NCDs are proposed to be listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") vide in-principle approval granted by both BSE and NSE.

The public issue of the said Debentures shall not only facilitate diversification of your Company's sources for mobilising long term resources but shall also provide the retail Investors an opportunity to participate in India's development and progress. The various communication efforts of your Company surrounding the Debenture issue shall play a meaningful role in enhancing your Company's brand image across constituencies.

#### **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 Mr. Sunil Kanoria, Joint Managing Director, Mr. Kora Ipe Puthenpurackal, Mr. Shyamalendu Chatterjee and Mr. Olivier De Ryck, Directors as Members of the Committee and Company Secretary acts as Secretary to the Committee. Beside 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 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 Risk Head who is responsible for monitoring and implementation of the said Policies.

#### **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.

During the year, the Risk Management process was further strengthened to include 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](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 donating Rs. 75,00,000 (Rupees Seventy Five Lac only) during the financial year 2014-15. Donations to Srei Foundation qualify for deduction under Section 80G of the Income Tax Act, 1961.

Your Company is cognizant towards promoting and encouraging education and hence donated Rs. 15,07,500 (Rupees Fifteen Lac Seven Thousand Five Hundred 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 Rs. 1,26,73,500 (Rupees One Crore Twenty Six Lac Seventy Three Thousand Five Hundred only) to several welfare and charitable organisations which include the contributors mentioned above.

During the year the Company could spend only Rs. 126.73 Lacs out of the entire allocated budget of Rs. 524.68 lacs being 2% of its average profit for the last three years, since during the year it used its managerial resources to lay the basic framework for undertaking the CSR activities in accordance with the provisions of the Companies Act, 2013 including finalizing the CSR policy, constituting statutory and executive committees for undertaking CSR activities, identifying the CSR projects which meet the Company policy and statutory requirements.

During the year under review, the CSR Committee met 3 (three) times on 31st July, 2014, 6th November, 2014 and 10th February, 2015.

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, 2015.

#### **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 2015-16 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 Rs. 6,772 lacs (previous year Rs. 7,135 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 2014-15 on 21st May, 2014, 1st July, 2014, 31st July, 2014, 6th November, 2014 and 10th February, 2015. The maximum time gap between any two consecutive meetings did not exceed 120 days.

#### **DIRECTORS**

During the year under review, Mr. Shyamalendu Chatterjee (DIN 00048249) and Mr. Kora Ipe Puthenpurackal (DIN 02780367) were appointed 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. In this regard, your Company has issued formal letter of appointment to the Independent Directors and the same is also hosted on the website of your Company.

The Board of Directors of your Company comprises of Mr. Didier Chappet (DIN 06600628), Chairman (Non-Executive), Mr. Hemant Kanoria (DIN 00193015), Vice Chairman & Managing Director, Mr. Sunil Kanoria (DIN 00421564), Joint Managing Director, Mr. Olivier De Ryck (DIN 06800248), Non-Executive 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 based on the recommendation of Nomination and Remuneration Committee has appointed Mrs. Pascale Charlotte Dufourcq Dennery, BPLG Nominee Director as an Additional Director (Non Executive Non-Independent) in place of Mr. Olivier De Ryck, BPLG Nominee Director subject to her compliance with requisite regulatory requirements like obtaining DIN etc.

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 Ninth 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, 2015 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, 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, 2015 -

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	-
Mr. Sanjay Kumar Chaurasia	Company Secretary	01.04.2014	30.06.2014

### 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. Mr. Olivier De Ryck who was a member of the Committee ceased to be a member w.e.f. 10th February, 2015. He however is a permanent Invitee to the Committee since then. 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 5 (five) times on 21st May, 2014, 1st July, 2014, 31st July, 2014, 6th November, 2014 and 10th February, 2015.

### 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, Mr. Olivier De Ryck, 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 2014-15 on November 06, 2014.

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, 2015, 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, 2015 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 in place of the retiring auditors, S. R. Batliboi & Co. LLP, Chartered Accountants (who had expressed their unwillingness to continue as 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, 2015. 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 Secretary 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 2014-15 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, 2015 by Messrs MR & Associates, Company Secretary in Practice. Further, the Secretarial Audit Report forms part of the Annual Report as "Annexure - V".

The Secretarial Audit Report confirms that your Company has complied inter alia with all the applicable provisions of the Companies Act, 1956, Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, 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. The Report also states that the appointment of Woman Director shall be subject to her compliance with requisite regulatory requirement like obtaining DIN etc.

#### **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, 2015 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 received 2 (two) complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and has disposed off the same.

#### **EXTRACT OF ANNUAL RETURN**

An extract of Annual Return as on the financial year ended on March 31, 2015 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 - IV" 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**

**Didier Chappet**

Place : Kolkata

Chairman

Date : 24th April, 2015

(DIN : 06600628)

## **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](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 Knaoria - 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 : Rs. 26234 lacs**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs. 524.68 lacs**

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

- a) Total amount to be spent for the financial year : Rs. 126.73 lacs
- b) Amount unspent, if any : Rs. 397.95 lacs
- c) Manner in which the amount spent during the financial year is detailed below :

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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 (Rs. in lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads (Rs. in lacs)	Cumulative expenditure upto the reporting period (Rs. 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	75.00	75.00	75.00	Direct
2.	Donation to IISD Edu World	Education	In the area - Santoshpur and Birati	15.08	15.08	15.08	Direct
3.	Anti - Drug awareness campaign (voluntary participation + financial aid)	Health	Suburbs of Kolkata and neighboring districts of Kolkata	5.00	5.00	5.00	Through Sonata Foundation
4.	Financial Aid to Jatindranath Society for Educational Advancement	Education	Maheshtala, Kolkata	3.00	3.00	3.00	Direct
5.	Renewal of 'Bed Reservation' in Hospital - S.V.S Marwari Hospital	Health	Ram Mohan Roy Sarani, Kolkata	0.15	0.15	0.15	Direct



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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. 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 (Rs. in lacs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads: (Rs. in lacs)	Cumulative expenditure upto the reporting period (Rs. in lacs)	Amount spent: Direct or through implementing agency
6	Donation to Calcutta Metropolitan Round Table No. 41 Trust	Education	Barasat	2.00	2.00	2.00	Direct
7	Shah Behram Baug Society	Education	Mumbai	5.00	5.00	5.00	Direct
8	Calcutta Metropolitan Round Table No. 41 Trust	Environment	Kolkata	0.50	0.50	0.50	Through Calcutta Metropolitan
9	Indian Institute of Cerebral Palsy	Education	Kolkata	8.00	8.00	8.00	Direct
10	Gyan Prakash Foundation	Education	Khed Shivapur (village), Pune District on Mumbai - Bangalore Highway	10.00	10.00	10.00	Through Gyan Prakash
11	Gram Seva Sangha	Health	Hazra Block - 1 area	1.00	1.00	1.00	Direct
12	West Bengal D.M.S Association	Health	Ganga Sagar	0.01	0.01	0.01	Direct
13	Ramkrishan Sarada Mission Maitri Bhavan	Health	Kolkata	2.00	2.00	2.00	Direct
		<b>TOTAL</b>		<b>126.73</b>	<b>126.73</b>	<b>126.73</b>	

## **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 Rs. 126.73 Lacs out of the entire allocated budget of Rs. 524.68 Lacs since during the year it used its managerial resources to determine the thrust areas for undertaking the CSR activities in accordance with the provisions of the Companies Act, 2013 including finalizing the CSR policy and identifying areas where the CSR activities can be aligned with the nature of the Business along the thrust areas of CSR (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 : April 24, 2015

## 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, 2015 and forming part thereof

Sl. No.	Name	Age As on 31.03.2015	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	52	Vice Chairman & Managing Director	B. Com (Hons)	40,604,207	02-04-2008	35	-	0.0033*
2	Mr. Sunil Kanoria	50	Joint Managing Director	B. Com (Hons), CA	39,935,126	02-04-2008	30	-	0.0033*
3	Mr. Devendra Vyas	46	Chief Executive Officer	B. Com, CA	23,555,640	01-04-1997	23	G P Agrawal & Co. Chartered Accountants (Partner)	NIL
4	Mr. C. R. Sudharsanam #	59	Chief Financial Officer	B. Com, Grad CWA, ACA, FCMA (UK)	8,229,613	01-11-2008	33	BNP Paribas, Canada (Finance & Control - Project Manager (A2 System))	NIL
5	Mr. Prakash Chand Patni	56	Head - Resource Mobilisation	B. Com (Hons), CA	6,539,680	08-07-1995	31	Aketa Limited (Vice President Finance)	NIL
6	Mr. Nilabhra Sinha	45	Zonal Head	B. Com (Hons), ICWA (Inter)	6,465,886	26-09-2002	20	L & T Finance Limited (Assistant Manager)	NIL
7	Mr. Ramana Venkat Vallabhajoyula	42	Business Head	B. Com (Hons), CFA, PGDBM	6,273,714	01-10-2003	13	GE Capital CEF Limited (Area Sales Manager - South CE)	NIL
8	Mr. Debnil Chakravarty	42	Business Head	B. A. (Hons), ICFAI, CFA, PGDBM	6,187,256	02-01-2008	17	ICICI Bank Limited (Product Risk Manager - Commercial Business)	NIL
9	Mr. Sukanta Nag	55	Chief Risk & Credit Officer	M. Com, ACA, ICWA, CS, CAIIB	10,761,771	02-04-2012	30	Credit Analysis & Research Limited (Care Ratings) (Chief General Manager)	NIL
10	Mr. Raja Singh	47	Senior Vice President	B. Com, MBA (Finance), CA	6,173,287	05-04-2010	21	Ford Credit Kotak Mahindra Limited National Sales & Operation Manager	NIL
11	Mr. Jugal Kishore Dwivedi	56	Head - HR	B. Sc. CA	6,273,156	18-12-2006	36	Magma Leasing Limited	NIL
12	Mr. Indranil Sengupta	53	Head - Risk Management	B. Com, CAIIB	7,045,477	01-04-2014	30	BNP Paribas, Canada Director & Senior Banker, Corporate & Investment Banking	NIL

\*Mr. Hemant Kanoria and Mr. Sunil Kanoria hold 1(one) share each as nominee of Srei Infrastructure Finance Limited.

### Notes:

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

For and on behalf of Board of Directors

Didier Chappet

Chairman

DIN: 06600628

Place : Kolkata

Date : April 24, 2015

## 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	34,033,860	374,081	90.98x
2.	Mr. Sunil Kanoria	34,033,860		90.98x

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

Sl. No.	Name	Designation	Remuneration of previous year (Rs.)	Remuneration of Current year (Rs.)	% increase
1.	Mr. Hemant Kanoria	Vice Chairman & Managing Director	25,525,380	34,033,860*	33%
2.	Mr. Sunil Kanoria	Joint Managing Director	25,525,380	34,033,860*	33%
3.	Mr. Devendra Vyas	Chief Executive Officer	22,013,556	24,315,228	10%
4.	Mr. C. R. Sudharsanam	Chief Financial Officer	9,127,838	9,577,909	5%
5.	Mr. Naresh Mathur	Company Secretary	2,904,744	3,188,059	10%
6.	Mr. Sanjay Chaurasia	Company Secretary	1,572,352	1,663,536	6%

\*Previous increase in remuneration effected from 1st April, 2011.

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
379,860	374,081	(-)2%

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

There were 1798 employees as on 31st March, 2015.

- 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 2014-15, the Key Managerial Personnel (KMPs) were paid approximately 4.70% 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 2014-15 and previous financial year 2013-14.

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

Sl. No.	Particulars	As at March 31, 2015 (Rs. in lacs)	As at March 31, 2014 (Rs. in lacs)
1.	Net Worth of the Company	220,880	203,943

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	9%
2.	Increase in salary of employee (other than Managerial Personnel)	9%

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 2014-15
1.	Mr. Hemant Kanoria	1.50%
2.	Mr. Sunil Kanoria	1.50%
3.	Mr. Devendra Vyas	1.07%
4.	Mr. C. R. Sudharsanam	0.42%
5.	Mr. Naresh Mathur	0.14%
6.	Mr. Sanjay Chaurasia	0.07%

Note: Profit (before tax) for the F. Y. 2014-15 is Rs. 22,736 Lacs (Previous year Rs. 35,755 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 received remuneration in excess of the highest paid director during the Financial Year 2014-15.

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**

**Didier Chappet**

Chairman

DIN: 06600628

Place : Kolkata

Date : April 24, 2015

## ANNEXURE - IV 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 31.03.2015

[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: 022 - 25963838 Fax: 022 - 25946969 Email Id: mumbai@linkintime.co.in
	b) For Non-Convertible Debentures issued on Private Placement basis	S. K. Infosolutions Pvt. Ltd. 34/1A Sudhir Chatterjee Road Kolkata - 700 006 Tel : +91-33-2219 4815 Fax: +91-33-2219 4815 Contact Person: Mr. Dilip Bhattacharya E-Mail: skcdilip@gmail.com

### II. Principal business activities of the company

All the Business activities contributing 10 % or more of the total turnover of the company 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)

**ANNEXURE - IV TO THE BOARD'S REPORT (CONTD.)****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*	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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
<b>Sub-total (A) (1):-</b>	<b>29829997</b>	<b>3</b>	<b>29830000</b>	<b>50.00</b>	<b>29829997</b>	<b>3</b>	<b>29830000</b>	<b>50.00</b>	<b>0</b>
<b>(2) Foreign</b>									
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
<b>Sub-total (A) (2):-</b>	<b>29829997</b>	<b>3</b>	<b>29830000</b>	<b>50.00</b>	<b>29829997</b>	<b>3</b>	<b>29830000</b>	<b>50.00</b>	<b>0</b>
<b>Total shareholding of Promoter (A) =</b>									
<b>(A)(1)+(A)(2)</b>	<b>59659994</b>	<b>6</b>	<b>59660000</b>	<b>100.00</b>	<b>59659994</b>	<b>6</b>	<b>59660000</b>	<b>100.00</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0

## ANNEXURE - IV 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*	
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
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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 Rs. 1 lacs	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lacs	0	0	0	0	0	0	0	0	0
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>Grand Total (A+B+C)</b>	<b>59659994</b>	<b>6</b>	<b>59660000</b>	<b>100.00</b>	<b>59659994</b>	<b>6</b>	<b>59660000</b>	<b>100.00</b>	<b>0</b>

\* Mr Hemant Kanoria, Mr Sunil Kanoria and Mr Sanjeev Sancheti holds 1 (one) share each as nominee of Srei Infra.

\*\* Mr Didier Jean Chappet, Mr Thierry Bonetto and Mr Jean Michael Vendassi holds 1 (one) share each as nominee of BPLG.



**ANNEXURE - IV 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
	<b>Total</b>	<b>59660000</b>	<b>100.00</b>	<b>0</b>	<b>59660000</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

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

## ANNEXURE - IV 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.	<b>Mr. Sanjeev Sancheti</b> (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	1	0.00	1	0.00
	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	0.00	1	0.00
2.	<b>Mr. Thierry Bonetto</b> (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.00	1	0.00
	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	0.00	1	0.00
3.	<b>Mr. Jean Michael Vendassi</b> (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.00	1	0.00
	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	0.00	1	0.00

**ANNEXURE - IV 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.	<b>Mr. Hemant Kanoria</b> (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	1	0.00	1	0.00
	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	0.00	1	0.00
2.	<b>Mr. Sunil Kanoria</b> (As Nominee of Srei Infrastructure Finance Limited)				
	At the beginning of the year	1	0.00	1	0.00
	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	0.00	1	0.00
3.	<b>Mr. Didier Jean Chappet</b> (As Nominee of BNP Paribas Lease Group)				
	At the beginning of the year	1	0.00	1	0.00
	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	0.00	1	0.00

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

### V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,154,694	154,899	-	1,309,593
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11,094	5,503	-	16,596
<b>Total (i+ii+iii)</b>	<b>1,165,788</b>	<b>160,402</b>	<b>-</b>	<b>1,326,189</b>
<b>Change in Indebtedness during the financial year*</b>				
• Addition				
• Reduction	(25,827)	19,814	-	(6,013)
<b>Net Change</b>	<b>(25,827)</b>	<b>19,814</b>	<b>-</b>	<b>(6,013)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	<b>1,132,739</b>	<b>173,714</b>	-	<b>1,306,453</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	<b>7,222</b>	<b>6,501</b>	-	<b>13,723</b>
<b>Total (i+ii+iii)</b>	<b>1,139,961</b>	<b>180,215</b>	<b>-</b>	<b>1,320,176</b>

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

### VI. Remuneration of directors and Key Managerial Personnel

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

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	38,778,759	39,701,698	78,480,457
	(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
	<b>Total (A)</b>	<b>38,778,759</b>	<b>39,701,698</b>	<b>78,480,457</b>
	Ceiling as per the Act	76,510,000	76,510,000	153,020,000

**ANNEXURE - IV TO THE BOARD'S REPORT (CONTD.)****B. Remuneration to other directors:**

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	500,000	575,000	1,075,000
	<b>Total(1)</b>	<b>500,000</b>	<b>575,000</b>	<b>1,075,000</b>
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	0	0	0
	<b>Total(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total(B)=(1+2)</b>	<b>500,000</b>	<b>575,000</b>	<b>1,075,000</b>
	<b>Total Managerial Remuneration</b>	<b>39,278,759</b>	<b>40,276,698</b>	<b>79,555,457</b>
	Overall Ceiling as per the Act	-	-	168,322,000

**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	23,690,378	2,274,584	7,833,613	33,798,575
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	32,400	39,600	72,000
	(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
	<b>Total</b>	<b>23,690,378</b>	<b>2,274,584</b>	<b>7,873,213</b>	<b>33,838,175</b>

**VII. Penalties / Punishment / Compounding of offences - NIL**

## ANNEXURE - V TO THE BOARD'S REPORT

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

To,

The Members,

Srei Equipment Finance Limited

“Vishwakarma”, 86C, Topsia Road (South)

Kolkata – 700 046

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 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'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - NA\*
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;- NA\*
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - NA\*
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - NA\*
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and - NA\*
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - NA\*
- vi) 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 :

- a) 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, 2015;
- b) Prevention of Money Laundering Act, 2002;

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.  
(Not notified during the audit period hence NA\*)
- b) The Debenture Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited;

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

\* Not Applicable to the Company during the audit period

**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. Further, we report that the appointment of Woman Director shall be subject to her compliance with requisite regulatory requirements like obtaining DIN etc.

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 the company has made the following offerings of Non Convertible Debentures (NCDs) :-

- i. Issue of Secured, Rated, Listed, Redeemable, Non Convertible Debentures of Face Value of Rs. 10,00,000/- each vide 'Shelf Disclosure Document dated and Private Placement Offer Letter of Debentures on a Private Placement basis' dated May 5, 2014 aggregating to Rs. 50 Crores with an option to retain over subscription upto Rs. 250 Crores.
- ii. Issue of Secured, Rated, Listed, Redeemable, Non Convertible 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 June 30, 2014 aggregating to Rs. 60 Crores with green shoe option of Rs. 120 Crores.
- iii. Issue of Secured, Rated, Listed, Redeemable, Non Convertible 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 October 30, 2014 aggregating to Rs. 520 Crores.
- iv. Issue of Secured, Rated, Listed, Redeemable, Non Convertible 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 November 3, 2014 aggregating to Rs. 75 Crores with green shoe option of Rs. 75 Crores.
- v. Public Issue of Secured, Redeemable Non-Convertible Debentures of Face Value of Rs. 1,000/- each (The Debentures or The NCDs) vide Prospectus dated March 31, 2015 aggregating upto Rs. 2500 million (Base Issue) with an option to retain over subscription upto Rs. 2500 Million aggregating to Rs. 5000 Million (Overall Issue Size).

**For MR & Associates**

Sd/-

**[M R Goenka]**

Place : Kolkata

FCS No. 4515

Date : 24th April, 2015

C. P. No. 2551

## INDEPENDENT AUDITOR'S REPORT

To the Members, of Srei Equipment Finance Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **SREI EQUIPMENT FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

We conducted our audit 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 31st March, 2015, 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 the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) 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 – Refer Note 2.28 to the 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.

**FOR DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 302009E)

**A. Bhattacharya**

Partner

Place : Kolkata

Date : April 24, 2015

Membership No. 054110

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v) and (vi) of paragraph 3 of the Order are not applicable to the Company

- (i) In respect of its fixed assets:
- (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.
- (ii) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (iv) 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, Wealth 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, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 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 Involved (Rs. In lacs)
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2002-03 to 2009-10	255
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 2011-12	1,077
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2008-09 to 2011-12	22

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- (v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (vii) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (viii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (ix) 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 has been noticed or reported during the year.

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

Place : Kolkata

Date : 24th April, 2015

A. Bhattacharya  
Partner  
(Membership No. 054110)

## BALANCE SHEET as at 31st March, 2015

(₹ in Lacs)

	Note No.	As at 31st March, 2015		As at 31st March, 2014	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' funds</b>					
(a) Share capital	2.1	5,966		5,966	
(b) Reserves and surplus	2.2	218,906	224,872	203,690	209,656
<b>(2) Non-current liabilities</b>					
(a) Long-term borrowings	2.3	321,495		409,238	
(b) Deferred tax liabilities (Net)	2.4	18,155		15,694	
(c) Other long term liabilities	2.5	13,743		14,550	
(d) Long-term provisions	2.6	4,072	357,465	2,296	441,778
<b>(3) Current liabilities</b>					
(a) Short-term borrowings	2.7	818,566		739,521	
(b) Trade payables	2.8	38,364		27,704	
(c) Other current liabilities					
(i) Current maturities of long term borrowings	2.9	166,392		160,834	
(ii) Other current liabilities	2.9	20,597		22,387	
(d) Short-term provisions	2.10	3,248	1,047,167	10,696	961,142
<b>TOTAL</b>			<b>1,629,504</b>		<b>1,612,576</b>
<b>II ASSETS</b>					
<b>(1) Non-current assets</b>					
(a) Fixed assets					
(i) Tangible assets	2.11	161,946		125,358	
(ii) Intangible assets	2.11	3,891		3,786	
(b) Non current investments	2.13	805		113	
(c) Long-term loans and advances					
(i) Financial assets	2.14	737,601		755,175	
(ii) Other long term advances	2.15	3,416		3,479	
(d) Other non current assets	2.16	17,103	924,762	25,978	913,889
<b>(2) Current assets</b>					
(a) Current investments	2.13	725		2,971	
(b) Trade receivables	2.17	6,590		6,597	
(c) Cash and bank balances	2.18	35,329		61,736	
(d) Short-term loans and advances					
(i) Financial assets	2.14	230,954		170,482	
(ii) Other short term advances	2.19	3,280		2,079	
(e) Other current assets					
(i) Current maturities of long term financial assets	2.14	417,595		448,282	
(ii) Other current assets	2.20	10,269	704,742	6,540	698,687
<b>TOTAL</b>			<b>1,629,504</b>		<b>1,612,576</b>
Summary of Significant Accounting Policies	1.3				
The accompanying notes are an integral part of the financial statements	2.1 to 2.36				

In terms of our report attached

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

**On behalf of the Board of Directors**
**A. Bhattacharya**

Partner

**Didier Chappet**

Chairman  
(DIN : 06600628)

**Hemant Kanoria**

Vice Chairman and Managing Director  
(DIN : 00193015)

**Devendra Vyas**

Chief Executive Officer

Place : Kolkata,

Date : 24th April, 2015

**CR Sudharsanam**

Chief Financial Officer

**Naresh Mathur**

Company Secretary

**STATEMENT OF PROFIT AND LOSS** for the year ended 31st March, 2015

(₹ in Lacs)

	Note No.	2014-15	2013-14
<b>(1) INCOME</b>			
(a) Revenue from operations	2.21	260,144	261,793
(b) Other income	2.22	834	140
<b>Total Income</b>		<b>260,978</b>	<b>261,933</b>
<b>(2) EXPENDITURE</b>			
(a) Employee benefits expense	2.23	14,256	9,603
(b) Finance costs	2.24	144,200	153,289
(c) Depreciation / Amortization / Impairment expenses	2.11	29,257	24,234
(d) Other expenses	2.25	16,844	13,027
(e) Miscellaneous expenditure written off		28	84
<b>Total</b>		<b>204,585</b>	<b>200,237</b>
<b>(3) PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX</b>			
Bad debts written off (Net) / Provision for Non Performing Assets and Standard Assets		33,657	25,941
<b>Total Expenditure</b>		<b>33,657</b>	<b>25,941</b>
<b>(4) PROFIT BEFORE TAX</b>			
<b>(5) Tax expense :</b>			
(a) Current tax		4,929	12,810
(b) Deferred tax		2,505	407
<b>Total Tax Expense</b>		<b>7,434</b>	<b>13,217</b>
<b>(6) PROFIT AFTER TAX</b>			
<b>(7) Earnings per share (basic and diluted) (₹)</b>	<b>2.27</b>	<b>25.65</b>	<b>37.78</b>
[Nominal Value of Equity Shares of ₹ 10/- each (31st March 2014 : ₹ 10/-each)]			
Summary of Significant Accounting Policies	1.3		
The accompanying notes are an integral part of the financial statements	2.1 to 2.36		

In terms of our report attached

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

**On behalf of the Board of Directors**

**A. Bhattacharya**  
Partner

**Didier Chappet**  
Chairman  
(DIN : 06600628)

**Hemant Kanoria**  
Vice Chairman and Managing Director  
(DIN : 00193015)

**Devendra Vyas**  
Chief Executive Officer

Place : Kolkata,  
Date : 24th April, 2015

**CR Sudharsanam**  
Chief Financial Officer

**Naresh Mathur**  
Company Secretary

## CASH FLOW STATEMENT for the year ended 31st March, 2015

(₹ in Lacs)

	2014-15	2013-14
<b>A. Cash Flows from Operating Activities</b>		
Profit Before Tax	22,736	35,755
<b>Adjustment for :</b>		
Depreciation/amortization / impairment expenses	29,257	24,234
Bad Debts written off (net) / Provision for Non Performing Assets and Standard Assets	33,657	25,941
Loss on sale of Fixed Assets (net)	238	184
Miscellaneous Expenditure Written off	28	84
Finance costs	144,200	153,289
Profit on sale from Current investments	(754)	-
Dividend Income from Current Investments (Non Trade)	(72)	(135)
<b>Operating profit before working capital changes</b>	<b>229,290</b>	<b>239,352</b>
Changes in working capital :		
(Increase) / Decrease in Trade Receivables / Others	794	(4,385)
(Increase) in Financial Assets	(81,420)	(41,165)
Increase / (Decrease) in Trade Payables/Others	11,967	(3,783)
Decrease in Fixed Deposit (Deposits with original maturity period of more than three months)	22,457	36,707
<b>Cash generated from operations</b>	<b>183,088</b>	<b>226,726</b>
Interest paid (net of foreign exchange fluctuation)	(145,785)	(152,509)
Advance taxes paid (including Tax deducted at Source)	(11,227)	(10,470)
<b>Net Cash generated from operating activities</b>	<b>26,076</b>	<b>63,747</b>
<b>B. Cash flows from Investing Activities</b>		
Purchase of Fixed Assets	(31,287)	(24,138)
Proceeds from Redemption of Investments	2,308	53
Dividend Income from Current Investments (Non Trade)	72	135
Proceeds from Sale of Fixed Assets	332	1,072
<b>Net Cash used in Investing Activities</b>	<b>(28,575)</b>	<b>(22,878)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from issuance of debentures	86,600	12,680
Repayment on redemption of debentures	(42,924)	(57,289)
Increase / (Decrease) in Working Capital facilities (net)	38,798	(20,432)
Increase in Other Loans (net)	(86,156)	19,997
<b>Net Cash used in from Financing Activities</b>	<b>(3,682)</b>	<b>(45,044)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(6,181)</b>	<b>(4,175)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>20,777</b>	<b>24,952</b>
<b>Cash and Cash Equivalents at the end of the year (refer note 2.18)</b>	<b>14,596</b>	<b>20,777</b>
Note :	-	
Components of Cash and Cash Equivalents:		
Cash on hand	671	678
In Current Account	13,925	20,099
<b>Total</b>	<b>14,596</b>	<b>20,777</b>
Cash and Bank Balances are represented by :		
Cash and Cash Equivalents	14,596	20,777
Fixed Deposits with original maturity period exceeding three months	20,770	43,227
(Receipts under lien with banks as security ₹ 20,531 lacs (31st March 2014 : ₹ 42,798 lacs)	35,366	64,004
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

**On behalf of the Board of Directors**

**A. Bhattacharya**

Partner

**Didier Chappet**

Chairman  
(DIN : 06600628)

**Hemant Kanoria**

Vice Chairman and Managing Director  
(DIN : 00193015)

**Devendra Vyas**

Chief Executive Officer

Place : Kolkata,

Date : 24th April, 2015

**CR Sudharsanam**

Chief Financial Officer

**Naresh Mathur**

Company Secretary

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

### 1) 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 has 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.

### 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") / Companies Act, 1956 ("the 1956 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 disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 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

Pursuant to the enactment of the Companies Act 2013 (the 'Act'), the Company has, effective 1st April 2014, reviewed and revised the useful lives of its Fixed Assets.

During the year ended 31st March, 2015, 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	3 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, 2015 (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, 2015 (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, 2015 (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 current tax

## **NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)**

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.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 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 framed under the Companies Act, 2013, no debt redemption reserve is required in the case of privately placed debentures. But as a matter of prudence, the Company, as per the management’s discretion, creates debt redemption reserve 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 qualifying for Tier I / Tier II Capital.

### 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.

## 2) 2.1 SHARE CAPITAL

(₹ in lacs, except number of shares)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Authorised</b>		
Equity shares, ₹ 10/- par value		
75,000,000 (31st March, 2014 : 75,000,000) Equity shares	7,500	7,500
	<b>7,500</b>	<b>7,500</b>
<b>Issued, subscribed and fully paid-up</b>		
Equity shares, ₹ 10/- par value		
59,660,000 (31st March, 2014 : 59,660,000) Equity Shares	5,966	5,966
<b>Total</b>	<b>5,966</b>	<b>5,966</b>

### 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, 2015		As at 31st March, 2014	
	No. of shares	₹ In lacs	No. of shares	₹ In lacs
At the beginning of the year	59,660,000	5,966	59,660,000	5,966
Add: Issued as fully paid during the year	-	-	-	-
<b>At the end of the year</b>	<b>59,660,000</b>	<b>5,966</b>	<b>59,660,000</b>	<b>5,966</b>

### 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.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

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, 2015		As at 31st March, 2014	
	No. of shares	% held	No. of shares	% held
Equity shares, ₹ 10/- par value				
Srei Infrastructure Finance Limited *	29,830,000	50	29,830,000	50
BNP Paribas Lease Group *	29,830,000	50	29,830,000	50

\* Including nominee shareholders

## 2.2 RESERVES AND SURPLUS

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Capital reserve</b>		
Opening balance	31	31
Add / Less: Transferred to / from Surplus	-	-
Closing balance	<b>31</b>	<b>31</b>
<b>Securities premium account</b>		
Opening balance	103,980	103,980
Add: Received on issue of equity shares during the year	-	-
Closing balance	<b>103,980</b>	<b>103,980</b>
<b>Debt redemption reserve</b>		
Opening balance	40,956	26,776
Add: Transferred from Surplus for the year	14,791	14,180
Closing balance	<b>55,747</b>	<b>40,956</b>
<b>Special reserve (created pursuant to Section 45IC of the Reserve Bank of India Act, 1934)</b>		
Opening balance	19,939	15,431
Add: Transferred from Surplus for the year	3,084	4,508
Closing balance	<b>23,023</b>	<b>19,939</b>
<b>Income Tax Special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)</b>		
Opening balance	-	-
Add: Transferred from Surplus for the year	3,972	-
Closing balance	<b>3,972</b>	-
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	38,784	34,934
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 ₹ 44 lacs (31st March, 2014 : Nil)] (refer note no : 2.4)	(86)	-
Add: Net profit after tax transferred from Statement of Profit and Loss	15,302	22,538
Amount available for appropriation	54,000	57,472
Appropriations:		
Amount transferred to Special reserve	(3,084)	(4,508)
Amount transferred to Income Tax special reserve	(3,972)	-
Amount transferred to Debt redemption reserve	<b>(14,791)</b>	<b>(14,180)</b>
Closing balance	<b>32,153</b>	<b>38,784</b>
<b>Total Reserves and Surplus</b>	<b>218,906</b>	<b>203,690</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.3 LONG TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31st March, 2015			As at 31st March, 2014		
	(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
<b>A. Secured</b>						
Debentures						
Non-convertible debentures (refer note 2.3.1)	75,600	39,100	36,500	53,024	42,924	10,100
Term loans (refer note 2.3.2)						
From banks						
- Rupee loans	163,079	81,113	81,966	242,256	85,027	157,229
- Foreign currency loans	102,488	32,797	69,691	115,393	16,324	99,069
From Financial institutions						
- Rupee loans	37,300	12,060	25,240	49,110	11,810	37,300
- Foreign currency loans	1,990	1,322	668	3,770	1,560	2,210
Other loans from banks						
Buyer's credit in foreign currency (refer note 2.3.3)	-	-	-	3,189	3,189	-
<b>(A)</b>	<b>380,457</b>	<b>166,392</b>	<b>214,065</b>	<b>466,742</b>	<b>160,834</b>	<b>305,908</b>
<b>B. Unsecured</b>						
Debentures						
Subordinated perpetual debentures (Tier I Capital) [refer note 2.3.4]	3,750	-	3,750	3,750	-	3,750
Subordinated redeemable debentures (Tier II Capital) [refer note 2.3.5]	78,680	-	78,680	74,580	-	74,580
Term loans (refer note 2.3.6)						
Subordinated loans (Tier II Capital)						
- From banks (Rupee loans)	25,000	-	25,000	25,000	-	25,000
<b>(B)</b>	<b>107,430</b>	<b>-</b>	<b>107,430</b>	<b>103,330</b>	<b>-</b>	<b>103,330</b>
<b>Total (A+B)</b>	<b>487,887</b>	<b>166,392</b>	<b>321,495</b>	<b>570,072</b>	<b>160,834</b>	<b>409,238</b>
<b>Less: Amount disclosed under the head "Other Current Liabilities" (refer note 2.9)</b>		<b>166,392</b>	<b>-</b>		<b>160,834</b>	<b>-</b>
<b>Net amount</b>		<b>-</b>	<b>321,495</b>		<b>-</b>	<b>409,238</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015	As at 31st March, 2014		
20 June 2014	1,000,000	1,000	-	10.90%	20 June 2024
13 June 2014	1,000,000	1,000	-	10.92%	13 June 2024
3 November 2014	1,000,000	13,000	-	10.70%	02 November 2017 #
26 June 2014	1,000,000	2,000	-	11.15%	20 June 2017 #
3 November 2014	1,000,000	19,500	-	10.50%	2 November 2016
3 November 2014	1,000,000	19,500	-	10.50%	2 February 2016
3 November 2014	1,000,000	9,500	-	10.15%	16 November 2015
19 July 2012	1,000,000	10,100	10,100	11.50%	19 July 2015
19 December 2011	1,000,000	-	2,500	11.35%	18 December 2014 #
1 December 2011	1,000,000	-	2,500	11.35%	15 December 2014
5 December 2011	1,000,000	-	2,500	11.35%	11 December 2014 #
1 December 2011	1,000,000	-	3,000	11.35%	25 November 2014 #
1 November 2011	1,000,000	-	1,000	11.00%	23 October 2014
2 November 2011	1,000,000	-	300	11.00%	23 October 2014
27 August 2009	100,000	-	3,620	10.50%	26 August 2014
27 August 2009	40,000	-	279	10.75%	26 August 2014
27 August 2009	100,000	-	2,475	11.00%	26 August 2014
03 August 2012	1,000,000	-	19,750	10.75%	3 August 2014
1 December 2011	1,000,000	-	5,000	11.35%	30 April 2014
<b>Total</b>		<b>75,600</b>	<b>53,024</b>		

\* Includes current maturities.

## In cases, where face value has been partially redeemed, those have been shown at outstanding face value.

All the above debentures are redeemable at par except those marked # which are redeemable at premium.

**Security:** The above non-convertible debentures 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.



**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)**

**2.3.2 Term Loans from banks and financial Institutions**

Particulars	Outstanding * (₹ in lacs) As at 31st March, 2015	Repayment terms (₹ in lacs)			Tenure (years)	Rate of Interest per annum	Nature of security
		Monthly	Quarterly	Half yearly			
<b>Rupee term loans</b>							
From banks #	163,079 (242,256)	50,121 (74,940)	100,958 (155,316)	-	12,000 (12,000)	10%-12% (10%-12%)	Hypothecation of specific assets covered by hypothecation loan
From financial institutions	37,300 (49,110)	37,300 (49,110)	-	-	-	11%-12% (10%-12%)	agreements and operating lease agreements with customers and receivables arising there from.
<b>Total</b>	<b>200,379**</b> (291,366)	<b>87,421</b> (124,050)	<b>100,958</b> (155,316)	-	<b>12,000</b> (12,000)		
<b>Foreign currency term loans</b>							
From banks	102,488 (115,393)	-	12,499 (11,982)	89,989 (103,411)	-	<10% (<10%)	Hypothecation of specific assets covered by respective hypothecation loan
From financial institutions	1,990 (3,770)	-	-	1,990 (3,770)	-	<10% (<10%)	agreements and operating lease agreements with customers and / or receivables arising there from.
<b>Total</b>	<b>104,478</b> (119,163)	-	<b>12,499</b> (11,982)	<b>91,979</b> (107,181)	-		

\* Includes current maturities.

\*\* Includes ₹ Nil (₹ 840 lacs) guaranteed by two of the directors of the Company.

# The above figures includes Nil (₹ 9,203 lacs) lying in the bucket range of 12%-14% p.a (31st March, 2014 : 12%-14% p.a)

Figures in bracket indicate previous year's figures.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.3.3 Buyer's credit in foreign currency from banks

These were repayable in single instalment and had tenure ranging from 0-3 years as at 31st March, 2014 and were bearing interest rate of less than 10% per annum. These loans were secured by import documents covering title to capital goods and extension of pari passu charge on assets covered under working capital facilities.

### 2.3.4 Unsecured subordinated perpetual debentures (Tier I Capital)

As at 31st March, 2015, the amount outstanding in respect of unsecured subordinated perpetual debentures is ₹ 3,750 lacs (31st March, 2014: ₹ 3,750 lacs) which is 1.74% (31st March, 2014 : 1.87%) of total Tier I Capital as on Balance Sheet date. The coupon rate of these perpetual debentures is 12.50% (31st March, 2014 : 12.50%) . These perpetual debentures have call option which is exercisable on or after 31st December, 2021 with prior approval of RBI.

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

During the year ended 31st March,2015, the Company raised subordinated redeemable non-convertible debentures qualifying for Tier II Capital amounting ₹ 4,100 lacs (31st March, 2014 ₹ 12,680 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, 2015	As at 31st March, 2014		
16 March 2015	1,000,000	500	-	11.00%	16 March 2025
7 May 2013	1,000,000	2,080	2,080	11.25%	7 May 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
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	-	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
<b>Total</b>		<b>78,680</b>	<b>74,580</b>		

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

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.3.6 Unsecured subordinated term loans from banks (Tier II Capital)

Particulars	Outstanding (₹ in lacs) As at 31st March, 2015	Repayment terms (₹ in lacs)			Tenure (years)	Rate of Interest per annum
		Quarterly	Half yearly	Single instalment		
Subordinated term loans (Tier II Capital)						
Rupee loan from banks	25,000	10,000**	5,000#	10,000	5-7	12%-14%
	(25,000)	(10,000)	(5,000)	(10,000)	(5-7)	(12%-14%)
<b>Total</b>	<b>25,000</b> <b>(25,000)</b>	<b>10,000</b> <b>(10,000)</b>	<b>5,000</b> <b>(5,000)</b>	<b>10,000</b> <b>(10,000)</b>		

\*\* Payable after moratorium of 24 months (36 months)

# Payable after moratorium of 27 months (39 months)

Figures in bracket indicate previous year's figures.

### 2.4 DEFERRED TAX LIABILITIES (NET)

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

Particulars	(₹ in lacs)	
	As at 31st March, 2015	As at 31st March, 2014
Deferred tax liability on :		
Depreciation on Fixed Assets	21,386	18,010
Deferred Revenue Expenditure	1,544	2,209
Gross deferred tax liability (A)	22,930	20,219
Deferred tax asset on :		
Provision for Non Performing Assets and Standard Assets	4,535	4,441
Depreciation on fixed assets (Transitional effect)	44	-
Others	196	84
Gross deferred tax asset (B)	4,775	4,525
<b>Net Deferred Tax Liability (A-B)</b>	<b>18,155</b>	<b>15,694</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.5 OTHER LONG TERM LIABILITIES

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Trade Payables		
- Acceptances	427	817
Others		
- Sundry liabilities (Interest Capitalisation) Account *	-	943
- Interest accrued but not due on borrowings	4,444	2,711
- Trade deposits received	8,699	10,079
- Others liabilities **	173	-
<b>Total</b>	<b>13,743</b>	<b>14,550</b>

\* As per Reserve Bank of India Guidelines

\*\* It represents deferred payment liabilities

### 2.6 LONG-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Provision for employee benefits		
Provision for Gratuity	567	248
Provision for compensated absence	1,001	729
<b>(A)</b>	<b>1,568</b>	<b>977</b>
Less: Current portion of provision for employee benefits (refer note 2.10)		
Provision for Gratuity	100	200
Provision for compensated absence	133	108
<b>(B)</b>	<b>233</b>	<b>308</b>
<b>(C) = (A-B)</b>	<b>1,335</b>	<b>669</b>
Other provisions		
- Contingent provision against standard assets	2,737	1,627
<b>(D)</b>	<b>2,737</b>	<b>1,627</b>
<b>Total (C+D)</b>	<b>4,072</b>	<b>2,296</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.7 SHORT TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
A. Secured		
From Banks :		
Working capital facilities (Rupee loan) [Refer note (a) below]	711,900	657,715
Buyer's credit foreign currency loans [Refer note (b) below]	10,882	22,737
Short- term rupee loan [Refer note (c) below]	12,500	7,500
From Others :		
Debentures [Refer note 2.7.1 ]	17,000	-
<b>(A)</b>	<b>752,282</b>	<b>687,952</b>
B. Unsecured		
From Others :		
Commercial papers [Refer note (d) below]	66,284	51,569
<b>(B)</b>	<b>66,284</b>	<b>51,569</b>
<b>Total (A+B)</b>	<b>818,566</b>	<b>739,521</b>

Notes :

- (a) Working capital facilities including working capital demand loans (earmarked against cash credit limits) from banks are secured by hypothecation of underlying assets (both short-term and long-term financial assets) covered by respective hypothecation loan agreements and operating lease agreements with customers and receivables arising therefrom ranking pari passu (excluding assets specifically charged to others). As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. As at 31st March, 2015 working capital facilities from banks include working capital demand loans aggregating ₹ 441,300 lacs (31st March, 2014: ₹ 479,800 lacs). Rate of interest for working capital demand loans ranges from 10% to 12% per annum (31st March, 2014 : from 10% to 12% per annum) and for working capital facilities, ranges from 11% to 14% per annum (31st March, 2014 : from 10% to 16% per annum)
- (b) Buyer's credit in the form of foreign currency loans from banks are secured by import documents covering title to capital goods and extension of pari passu charge for working capital facilities bearing interest rate of less than 10% per annum (31st March, 2014 : Less than 10% per annum)
- (c) Short- term rupee loans from banks bearing interest rate from 10% to 11% per annum (31st March, 2014: 10% to 12% 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 9% to 10% per annum (31st March, 2014 : from 10% to 11% per annum). The maximum amount outstanding during the year was ₹ 408,500 lacs (31st March, 2014 : ₹ 297,000 lacs)

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 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, 2015	As at 31st March, 2014		
4 July 2014	1,000,000	12,000	-	10.65%	4 July 2016
15 May 2014	1,000,000	5,000	-	10.65%	15 May 2016
Total		17,000			

\*All the above debentures are redeemable at par.

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

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

### 2.8 TRADE PAYABLES

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Due to Micro and Small enterprises ( <i>refer note 2.34</i> )	-	-
Due to others		
Acceptances	7,258	6,470
Other than Acceptance	30,355	20,501
Employees payables	598	507
Commission payable to Directors	153	226
<b>Total</b>	<b>38,364</b>	<b>27,704</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.9 OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Current maturities of long-term borrowings ( <i>refer note 2.3</i> )		
<b>(A)</b>	<b>166,392</b>	<b>160,834</b>
Interest accrued but not due on borrowings	9,279	13,885
Sundry liabilities (Interest Capitalisation) Account *	1,436	3,117
Other payables		
Trade deposits received	7,504	2,604
Forward contracts payable	437	877
Advances from customers for operating leases	75	124
Other liabilities **	1,866	1,780
<b>(B)</b>	<b>20,597</b>	<b>22,387</b>
<b>Total</b> <span style="float: right;"><b>(A + B)</b></span>	<b>186,989</b>	<b>183,221</b>

\* As per Reserve Bank of India Guidelines

\*\* It includes Swap and hedging premium accrued but not due amounting to ₹ 1,197 lacs (31st March, 2014 : ₹ 1,247 lacs) and statutory remittances amounting to ₹ 410 lacs (31st March, 2014 : ₹ 1,247 lacs)

### 2.10 SHORT TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Provision for employee benefits ( <i>refer note 2.6</i> )		
Provision for Gratuity	100	200
Provision for compensated absence	133	108
<b>(A)</b>	<b>233</b>	<b>308</b>
Provision - others		
Contingent provision against standard assets	578	1653
Provision for Income taxes [net of Advance tax / Tax deducted at source of ₹ 38,234 lacs (31st March, 2014: ₹ 31,823 lacs)]	2,437	8,735
<b>(B)</b>	<b>3,015</b>	<b>10,388</b>
<b>Total</b> <span style="float: right;"><b>(A+B)</b></span>	<b>3,248</b>	<b>10,696</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.11 FIXED ASSETS

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	
<b>I. Tangible assets:</b>											
<b>Assets for Own use</b>											
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
<b>(A)</b>	<b>3,782</b>	<b>374</b>	<b>126</b>	<b>4,030</b>	<b>1,941</b>	<b>479</b>	<b>-</b>	<b>100</b>	<b>124</b>	<b>2,396</b>	<b>1,634</b>
<b>Assets given on operating lease</b>											
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>(B)</b>	<b>195,397</b>	<b>64,744</b>	<b>3,415</b>	<b>256,726</b>	<b>71,880</b>	<b>26,459</b>	<b>896</b>	<b>27</b>	<b>2,848</b>	<b>96,414</b>	<b>160,312</b>
<b>Total for Tangible assets (C)= (A+B)</b>	<b>199,179</b>	<b>65,118</b>	<b>3,541</b>	<b>260,756</b>	<b>73,821</b>	<b>26,938</b>	<b>896</b>	<b>127</b>	<b>2,972</b>	<b>98,810</b>	<b>161,946</b>
<b>II. Intangible assets:</b>											
<b>Assets for Own use</b>											
Softwares	3,204	954	-	4,158	1,072	671	-	3	-	1,746	2,412
Tenancy right	8	-	-	8	8	-	-	-	-	8	-
<b>(D)</b>	<b>3,212</b>	<b>954</b>	<b>-</b>	<b>4,166</b>	<b>1,080</b>	<b>671</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>1,754</b>	<b>2,412</b>
<b>Assets given on operating lease</b>											
Softwares	3,836	578	1,197	3,217	2,182	738	14	-	1,196	1,738	1,479
<b>(E)</b>	<b>3,836</b>	<b>578</b>	<b>1,197</b>	<b>3,217</b>	<b>2,182</b>	<b>738</b>	<b>14</b>	<b>-</b>	<b>1,196</b>	<b>1,738</b>	<b>1,479</b>
<b>Total for Intangible assets (F)= (D+E)</b>	<b>7,048</b>	<b>1,532</b>	<b>1,197</b>	<b>7,383</b>	<b>3,262</b>	<b>1,409</b>	<b>14</b>	<b>3</b>	<b>1,196</b>	<b>3,492</b>	<b>3,891</b>
<b>Total for Fixed Assets (C+ F)</b>	<b>206,227</b>	<b>66,650</b>	<b>4,738</b>	<b>268,139</b>	<b>77,083</b>	<b>28,347</b>	<b>910</b>	<b>130</b>	<b>4,168</b>	<b>102,302</b>	<b>165,837</b>

# Additions includes assets pending to be given on operating lease amounting to ₹ 8,635 lacs (31st March, 2014 : Nil)

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, 2015 (CONTD.)

### 2.11 FIXED ASSETS (CONTD.)

(₹ in lacs)

Particulars	Gross block				Depreciation / amortization / impairment				Net book value	
	As at April 01, 2013	Additions	Disposals and other adjustments	As at March 31, 2014	As at April 01, 2013	For the year	Impairment Charge	Disposals and other adjustments	As at March 31, 2014	As at March 31, 2014
<b>I. Tangible assets:</b>										
<b>Assets for Own use</b>										
Land- Freehold	4	-	-	4	-	-	-	-	-	4
Buildings	92	-	-	92	8	2	-	-	10	82
Furniture and fixtures	2,036	93	-	2,129	839	258	-	-	1,097	1,032
Motor vehicles	186	66	48	204	59	19	-	26	52	152
Computers and office equipments	1,245	108	-	1,353	618	164	-	-	782	571
<b>(A)</b>	<b>3,563</b>	<b>267</b>	<b>48</b>	<b>3,782</b>	<b>1,524</b>	<b>443</b>		<b>26</b>	<b>1,941</b>	<b>1,841</b>
<b>Assets given on operating lease</b>										
Aircrafts	806	-	-	806	258	49	-	-	307	499
Earthmoving Equipments	27,624	5,348	1,263	31,709	10,316	3,542	99	1,218	12,739	18,970
Motor vehicles	54,977	9,141	2,250	61,868	23,509	8,851	226	2,156	30,430	31,438
Plant & Machinery	23,612	4,288	-	27,900	5,472	2,504	-	-	7,976	19,924
Wind Mills	40,277	-	-	40,277	5,846	2,165	-	-	8,011	32,266
Computers	23,937	4,785	2,012	26,710	6,911	3,919	475	918	10,387	16,323
Furniture and fixtures	4,629	1,498	-	6,127	1,306	724	-	-	2,030	4,097
<b>(B)</b>	<b>175,862</b>	<b>25,060</b>	<b>5,525</b>	<b>195,397</b>	<b>53,618</b>	<b>21,754</b>	<b>800</b>	<b>4,292</b>	<b>71,880</b>	<b>123,517</b>
<b>Total for Tangible assets (C)=(A+B)</b>	<b>179,425</b>	<b>25,327</b>	<b>5,573</b>	<b>199,179</b>	<b>55,142</b>	<b>22,197</b>	<b>800</b>	<b>4,318</b>	<b>73,821</b>	<b>125,358</b>
<b>II. Intangible assets:</b>										
<b>Assets for Own use</b>										
Softwares	742	2,462	-	3,204	551	521	-	-	1,072	2,132
Tenancy right	8	-	-	8	8	-	-	-	8	-
<b>(D)</b>	<b>750</b>	<b>2,462</b>	<b>-</b>	<b>3,212</b>	<b>559</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>1,080</b>	<b>2,132</b>
<b>Assets given on operating lease</b>										
Softwares	3,087	752	3	3,836	1,468	693	23	2	2,182	1,654
<b>(E)</b>	<b>3,087</b>	<b>752</b>	<b>3</b>	<b>3,836</b>	<b>1,468</b>	<b>693</b>	<b>23</b>	<b>2</b>	<b>2,182</b>	<b>1,654</b>
<b>Total for Intangible assets (F)=(D+E)</b>	<b>3,837</b>	<b>3,214</b>	<b>3</b>	<b>7,048</b>	<b>2,027</b>	<b>1,214</b>	<b>23</b>	<b>2</b>	<b>3,262</b>	<b>3,786</b>
<b>Total for Fixed Assets (C+F)</b>	<b>183,262</b>	<b>28,541</b>	<b>5,576</b>	<b>206,227</b>	<b>57,169</b>	<b>23,411</b>	<b>823</b>	<b>4,320</b>	<b>77,083</b>	<b>129,144</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015, lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to ₹ 2,361 lacs (31st March, 2014: ₹ 2,256 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, 2015 total lease payments aggregating to ₹ 111 lacs (31st March, 2014: ₹ 107 lacs) in respect of such arrangements have been recognized in the Statement of Profit and Loss. The future minimum lease payments in respect of above non-cancellable operating leases are as follows:

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Not later than one year	108	116
Later than 1 year but not later than 5 years	74	151
Later than five years	-	8
<b>Total</b>	<b>182</b>	<b>275</b>

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:

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Not later than one year	43,402	34,249
Later than 1 year but not later than 5 years	88,304	59,837
Later than five years	15,394	18,611
<b>Total</b>	<b>147,100</b>	<b>112,697</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
i. Not later than one year;	345	74
ii. Later than one year and not later than five years;	946	151
<b>Total</b>	<b>1,291</b>	<b>225</b>

#### Unearned finance Income

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
i. Not later than one year;	132	23
ii. Later than one year and not later than five years;	187	22
<b>Total</b>	<b>319</b>	<b>45</b>

#### Minimum lease payments

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
i. Not later than one year;	209	51
ii. Later than one year and not later than five years;	748	129
<b>Total</b>	<b>957</b>	<b>180</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.13 INVESTMENTS

(₹ in lacs, except number of shares)

Particulars	As at 31st March, 2015			As at 31st March, 2014		
	Current	Non Current	Total	Current	Non Current	Total
Non Trade investments						
Unquoted						
Others:						
Investment in India Global Competitive Fund (IGCF) *	-	-	-	2,800	-	2,800
2,800,000 units of Face Value of ₹ 100/- each						
Pass Through Certificates - Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2012	46	2	48	127	48	175
37 units of Face Value of ₹ 129,512 each **						
Pass Through Certificates -Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2013	44	20	64	44	65	109
12 units of Face Value of ₹ 532,744 each **						
Pass Through Certificates - Series A2 in Indian Infrastructure Equipment Receivable Trust, March 2014	443	529	972	-	-	-
114 units of Face Value of ₹ 852,551 each**						
Pass Through Certificates - Series A2 in Indian Infrastructure Equipment Receivable Trust, March 2014	192	254	446	-	-	-
49 units of Face Value of ₹ 910,071 each **						
<b>Total</b>	<b>725</b>	<b>805</b>	<b>1,530</b>	<b>2,971</b>	<b>113</b>	<b>3,084</b>
Aggregate amount of unquoted investment			1,530			3,084

\* At cost or fair value, whichever is lower

\*\* At cost

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.14 FINANCIAL ASSETS (GROSS)

(₹ in lacs)

Particulars	As at 31st March, 2015			As at 31st March, 2014		
	Long-term		Short-term	Long-term		Short-term
	Non-current	Current maturities		Non-current	Current maturities	
(Secured, considered good, unless otherwise stated)						
Financial assets * # @	785,425	417,595	230,954	792,397	448,282	170,482
Less : Bad debts/Provision against Non Performing Assets	47,824	-	-	37,222	-	-
<b>Total</b>	<b>737,601</b>	<b>417,595</b>	<b>230,954</b>	<b>755,175</b>	<b>448,282</b>	<b>170,482</b>

\* Includes non-performing assets of ₹ 79,352 lacs (31st March, 2014: ₹ 77,140 lacs)

@ Includes restructured standard assets under Corporate Debt Restructuring (CDR) mechanism of ₹ 81,610 lacs as on 31st March, 2015 (31st March, 2014 : ₹ 41,203 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, 2015 financial assets include assets pending to be given on finance (repossessed assets) aggregating ₹ 50,193 lacs (31st March, 2014: ₹ 44,632 lacs) and tangible assets acquired in satisfaction of debt aggregating ₹ 44,138 lacs (31st March, 2014: ₹ 9,880 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 aggregating ₹ 98 lacs (31st March, 2014 : Nil) and ₹ 1,023 lacs (31st March, 2014 : Nil) respectively.

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)**

**2.14 FINANCIAL ASSETS (GROSS)- (CONTD.)**  
**Disclosure of Restructured Accounts**

(₹ in lacs)

Sl No	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Total
		Standard	Sub-Standard	Doubtful	Loss		
1	Restructured Accounts on April 1, 2014	No. of Borrowers	7	1	-	-	8
			(1)	(2)	-	-	(3)
	Amount Outstanding		41,203	7,431	-	-	48,634
			(3,864)	(6,010)	-	-	(9,874)
	Provision there on *		3,891	743	-	-	4,634
			(-)	(601)	-	-	(601)
2	Fresh restructuring during the Year	No. of Borrowers	2	-	-	-	2
			(4)	(1)	-	-	(5)
	Amount Outstanding #		37,312	-	-	-	37,312
			(29,291)	(7,431)	-	-	(36,722)
	Provision there on * #		2,151	-	-	-	2,151
			(2,807)	(743)	-	-	(3,550)
3	Upgradation to restructured Standard category during the Year	No. of Borrowers	1	-1	-	-	1
			(2)	(-2)	-	-	(2)
	Amount Outstanding		7,465	-7,431	-	-	7,465
			(8,048 **)	(-6,010)	-	-	(8,048)
	Provision there on *		452	-743	-	-	452
			(1,084)	(-601)	-	-	(1,084)
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	No. of Borrowers	-	-	-	-	-
			(-)	(-)	-	-	(-)
	Amount Outstanding		-	-	-	-	-
			(-)	(-)	-	-	(-)
	Provision there on *		-	-	-	-	-
			(-)	(-)	-	-	(-)

**NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)**

Sl. No.	Type of Restructuring Asset Classification Details	No. of Borrowers	Under CDR Mechanism					Total
			Standard	Sub-Standard	Doubtful	Loss		
5	Downgradations of restructured accounts during the Year	No. of Borrowers	-2	2				2
			(-)	(-)	-	-	-	(-)
	Amount Outstanding		-4,370	4,299				4,299
6	Provision there on *		(-)	(-)	-	-	-	(-)
			-289	490				490
	Provision there on *		(-)	(-)	-	-	-	(-)
6	Write-Offs of restructured accounts during the Year	No. of Borrowers	-	-	-	-	-	-
			(-)	(-)	-	-	-	(-)
	Amount Outstanding		-	-	-	-	-	-
7	Provision there on *		(-)	(-)	-	-	-	(-)
			8	2				10
	Amount Outstanding		(7)	(1)				(8)
7	Restructured Accounts on March 31, 2015	No. of Borrowers	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)

# Fresh restructuring during the year of 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, 2015 (CONTD.)

### 2.15 OTHER LONG-TERM ADVANCES

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(Unsecured, considered good)		
Capital advances	1,053	892
Security deposits		
To Related Parties ( <i>refer note 2.32</i> )	803	812
To Others	195	370
Balances with Service Tax / VAT Authorities etc.	848	890
Other loans and advances		
- Advances to employees	29	27
- Advance income tax [net of Income tax provision of ₹ 162 lacs (31st March, 2014: ₹ 162 lacs)]	488	488
<b>Total</b>	<b>3,416</b>	<b>3,479</b>

### 2.16 OTHER NON CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(Unsecured, considered good)		
Non-current portion of other bank balances		
- Fixed deposit with banks ( <i>refer note 2.18</i> )	37	2,268
Prepaid expenses	2,020	3,369
Receivable on forward exchange contracts	15,020	20,315
Others advances	26	26
<b>Total</b>	<b>17,103</b>	<b>25,978</b>



## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.17 TRADE RECEIVABLES #

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(Unsecured, considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they became due		
Considered good	498	301
Considered doubtful (Non Performing Assets)	-	600
	<b>498</b>	<b>901</b>
Other debts		
Considered good	6,092	5,741
Considered doubtful (Non Performing Assets)	-	17
	<b>6,092</b>	<b>5,758</b>
	<b>6,590</b>	<b>6,659</b>
Less: Bad debts / Provision for bad and doubtful debts	-	62
<b>Total</b>	<b>6,590</b>	<b>6,597</b>

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

### 2.18 CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
A. Cash and cash equivalents		
Cash on hand	671	678
Balances with banks- In current accounts	13,925	20,099
	<b>(A) 14,596</b>	<b>20,777</b>
B. Other bank balances		
Fixed deposit with banks (having original maturity of more than 3 months but less than 12 months) **	9,198	31,655
Fixed deposit with banks (having original maturity of more than 12 months) **	11,572	11,572
Less: Non-current portion of other bank balances (refer note 2.16)	37	2,268
	<b>(B) 20,733</b>	<b>40,959</b>
<b>Total (A+B)</b>	<b>35,329</b>	<b>61,736</b>

\*\* Includes deposits under lien with banks as security aggregating ₹ 20,531 lacs (31st March, 2014 : ₹ 42,798 lacs).

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.19 OTHER SHORT TERM ADVANCES

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
(Unsecured, considered good)		
Advances to employees	615	250
Security deposits		
To Related Parties (refer note 2.32)	725	647
To Others	308	121
Balances with Service Tax / VAT Authorities etc.	673	638
Advances to vendors	959	423
<b>Total</b>	<b>3,280</b>	<b>2,079</b>

### 2.20 OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest accrued on fixed deposits	54	258
Miscellaneous expenses to the extent not written off or adjusted	-	28
Unamortized public issue expenses for non convertible debentures	168	-
Prepaid expenses	1,773	2,316
Receivable on forward exchange contracts	8,040	3,287
Others*	234	651
<b>Total</b>	<b>10,269</b>	<b>6,540</b>

\*Includes Deferred Premium on Forward Contracts of ₹ 210 lacs (31st March, 2014 : ₹ 571 lacs)

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.21 REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	For the year ended 31st March	
	2015	2014
Income from Financial Assets**	221,107	215,847
Income from Operating Lease	35,988	40,296
Interest on Fixed Deposits	3,004	5,609
Interest Income from Investments	45	41
<b>Total</b>	<b>260,144</b>	<b>261,793</b>

\*\* Includes interest income aggregating ₹ 210,145 lacs (31st March, 2014 : ₹ 205,745 lacs)

### 2.22 OTHER INCOME

(₹ in lacs)

Particulars	For the year ended 31st March	
	2015	2014
Profit on sale from current investments	754	-
Dividend income from current investments	72	135
Miscellaneous income	8	5
<b>Total</b>	<b>834</b>	<b>140</b>

### 2.23 EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	For the year ended 31st March	
	2015	2014
Salaries and bonus	12,201	8,050
Contribution to provident and other funds	525	438
Gratuity	355	50
Staff welfare	370	334
Managerial remuneration	805	731
<b>Total</b>	<b>14,256</b>	<b>9,603</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.24 FINANCE COST

(₹ in lacs)

Particulars	For the year ended 31st March	
	2015	2014
Interest expense	113,048	132,781
Other borrowing costs	31,285	20,456
Net (Gain) / Loss on foreign currency transaction and translations	(133)	52
<b>Total</b>	<b>144,200</b>	<b>153,289</b>

### 2.25 OTHER EXPENSES

(₹ in lacs)

Particulars	For the year ended 31st March	
	2015	2014
Communication expenses	384	369
Legal and professional fees	4,490	2,914
Electricity charges	381	339
Rent	2,472	2,363
Rates and taxes	22	27
Brokerage and service charges	1,598	1,060
Payment to Auditors ( <i>refer note 2.25.1 below</i> )	127	116
Repairs others	2,605	1,731
Travelling and conveyance	2,658	2,415
Director's sitting fees	12	2
Insurance	57	28
Printing and stationery	187	187
Advertisement and subscription	197	126
Conference and seminar	75	172
Corporate social responsibility expenses	127	-
Charity and donations	379	383
Loss on sale of Fixed assets (net)	238	184
Miscellaneous expenses	835	611
<b>Total</b>	<b>16,844</b>	<b>13,027</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.25.1 Payment to Auditors

(₹ in lacs)

Particulars	For the year ended 31st March	
	2015	2014
Audit Fees	50	46
Other services (certification etc.)*	70	63
Reimbursement of expenses #	7	7
<b>Total</b>	<b>127</b>	<b>116</b>

\* Includes payment to erstwhile auditor amounting to ₹ 8 lacs

# Includes payment to erstwhile auditor amounting to ₹ 3 lacs

### 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	
	2015	2014
Net Profit attributable to Equity Shareholders (₹ in lacs)	15,302	22,538
Weighted average number of Equity Shares Basic (Nos.)	59,660,000	59,660,000
Weighted average number of Potential Equity Shares (Nos.)	-	-
Weighted average number of Equity Shares Diluted (Nos.)	59,660,000	59,660,000
Nominal Value of Equity per share (₹)	10	10
Basic and Diluted Earnings per share (₹)	25.65	37.78

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

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

(₹ in lacs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Contingent liabilities</b>		
Claims against the company not acknowledged as debt		
Disputed demands		
- Sales tax	171	62
- Service tax	55	555
- Value added tax (VAT)	906	527
- Income tax	397	1,232
<b>(A)</b>	<b>1,529</b>	<b>2,376</b>
Guarantees		
Bank guarantees*	144	480
<b>(B)</b>	<b>144</b>	<b>480</b>
<b>Total (A+B)</b>	<b>1,673</b>	<b>2,856</b>
<b>Commitments</b>		
Estimated amount of capital contracts remaining to be executed [Net of advances of ₹ 748 lacs (31st March, 2014: ₹ 892 lacs)]	1,426	3,792
Other commitments ( <i>refer note 2.28.1</i> )		

\*Excludes ₹ 697 lacs (31st March, 2014: ₹ 697 lacs) issued on behalf of the Joint Venturer to give effect to the Scheme of Arrangement, against which the Company holds counter guarantee.

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.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015		As at 31st March, 2014	
		No. of contracts	Amount in foreign currency	No. of contracts	Amount in foreign currency
1	USD/INR	9	USD 47	25	USD 110
2	EUR/INR	14	EUR 57	21	EUR 120
3	YEN/INR	-	-	1	YEN 515
4	AUD/INR	1	AUD 10	-	-
5	SGD/INR	1	SGD 27	-	-

#### ii) Currency Options and Swaps

(Amount in Lacs)

Sl. No.	Currency	As at 31st March, 2015		As at 31st March, 2014	
		No. of contracts	Amount in Foreign Currency	No. of contracts	Amount in Foreign Currency
1	USD/INR	12	USD 1651	13	USD 1,922
2	YEN/USD	-	-	1	YEN 13,598
3	EUR/INR	1	EUR 17	1	EUR 28
4	SGD/USD	1	SGD 209	1	SGD 279

#### iii) Interest Rate Swaps

(Amount in Lacs)

Sl. No.	Currency	As at 31st March, 2015		As at 31st March, 2014	
		No. of contracts	Amount in Foreign Currency	No. of contracts	Amount in Foreign Currency
1	USD	6	USD 1101	6	USD 1,247
2	EUR	1	EURO 17	1	EUR 28

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.29 C.I.F VALUE OF IMPORTS

(₹ in lacs)

Particulars	For the year ended	
	31st March 2015	31st March 2014
Capital goods (for operating lease)	3,554	1,282
<b>Total</b>	<b>3,554</b>	<b>1,282</b>

### 2.30 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lacs)

Particulars	For the year ended	
	31st March 2015	31st March 2014
Finance charges	5,297	6,943
Others	1,475	192
<b>Total</b>	<b>6,772</b>	<b>7,135</b>

### 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 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2015	Year ended 31st March 2014
Current service cost	167	177	254	205
Interest cost	75	62	29	28
Expected return on plan assets	(50)	(42)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses / (gains)	163	(147)	261	33
<b>Net benefit expense (refer note no. 2.23 : employee benefit expenses)</b>	<b>355</b>	<b>50</b>	<b>544</b>	<b>266</b>
Expected return on plan assets	8.75%	9.25%	N.A.	N.A.



## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

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

(₹ in lacs)

Particulars	Gratuity		Compensated absence	
	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2015	Year ended 31st March 2014
Defined benefit obligation	1,202	815	1,001	729
Fair value of plan assets	(635)	(567)	-	-
<b>Net liability</b>	<b>567</b>	<b>248</b>	<b>1,001</b>	<b>729</b>

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

(₹ in lacs)

Particulars	Gratuity		Compensated absence	
	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2015	Year ended 31st March 2014
Opening defined benefit obligation	815	767	729	680
Interest cost	75	62	29	28
Current service cost	167	177	254	205
Benefit paid	(18)	(33)	(272)	(217)
Actuarial losses / (gains)	163	(158)	261	33
Plan Amendments	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>1,202</b>	<b>815</b>	<b>1,001</b>	<b>729</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

(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 2015	As at 31st March 2014
Opening fair value of plan assets	567	367
Expected return on plan assets*	50	42
Contribution by the Company	37	202
Benefits paid	(18)	(33)
Actuarial (losses) / gains	(1)	(11)
<b>Closing fair value of plan assets</b>	<b>635</b>	<b>567</b>

\* Determined based on government bond rate

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

Particulars	As at 31st March 2015	As at 31st March 2014
Discount rate (%)	7.80%	9.25%
Expected Return on Plan Assets (Gratuity Scheme)	8.75%	9.25%
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

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

(₹ in lacs)

Particulars	Gratuity					Compensated absence	
	31st March 2015	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2015	31st March, 2014
Defined benefit obligation	1,202	815	767	586	468	1,001	729
Fair value of plan assets	635	567	367	266	177	-	-
Deficit	567	248	400	320	291	1,001	729
Experience adjustments on plan liabilities – gains / (losses)	53	28	42	3	(72)	(170)	(89)
Experience adjustments on plan assets – gains / (losses)	(1)	(10)	(4)	-	1	-	-

(g) 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.

(h) The Company expects to contribute ₹ 100 lacs to gratuity fund in the year 2015- 2016 (₹ 200 lacs to gratuity fund in 2014-2015)

(i) Amount provided for defined contribution plans are as follows:

(₹ in lacs)

Particulars	For the year ended	
	31st March 2015	31st March 2014
Provident fund	522	474
Employee state insurance	9	7
<b>Total*</b>	<b>531</b>	<b>481</b>

\*Includes in respect to Managerial Personnel

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 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. C R Sudharsanam	Chief Financial Officer
Mr. Sanjay Chaurasia (till 30th June, 2014)	Company Secretary
Mr. Naresh Mathur (with effect from 1st July, 2014)	Company Secretary
<b>Enterprise over which KMP is having significant influence</b>	
Viom Networks Limited	

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

Summary Of Transactions/Balance Outstanding						(₹ in lacs)		
Name of the Related Party	Nature of relationship	Nature of transactions	For the year ended 31st March, 2015	Balance as at 31st March, 2015	For the year ended 31st March, 2014	Balance as at 31st March, 2014		
Srei Infrastructure Finance Limited	Joint Venturer	Rent payment	1,643	-	1,568	-		
		Security Deposit paid for Leased Premises	69	1,528	-	1,459		
		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	14	-	-	-		
		Balance receivable - Others	-	29	-	-		
		Balance payable-Others	-	351	-	-		
		Professional fees	1,338	-	-	-		
		Balance payable	-	1,242	-	-		
		Interest income	-	-	1,524	-		
Mr. Hemant Kanoria #	Vice Chairman and Managing Director	Remuneration	406	118	361	129		
Mr. Sunil Kanoria #	Joint Managing Director	Remuneration	399	101	370	128		
Mr. D K Vyas	Chief Executive Officer	Remuneration	236	9	261	24		
		Loan Given / (Repayment)	-	-	(13)	-		
		Interest Income on loan given	-	-	*	-		
		Rent paid for leased premise	8	-	5	-		
Mr. C R Sudharsanam	Chief Financial Officer	Remuneration	82	-	85	-		
		Advance given	-	5	-	5		
Mr. Sanjay Chaurasia	Company Secretary	Remuneration	3	***	-	***		
		Loan Given / (Repayment)	(****)	5	(****)	3		
		Interest Income on loan given	*****	-	*****	-		
Mr. Naresh Mathur	Company Secretary	Remuneration	18	1	-	1		
Mrs. Sangeeta Vyas	Spouse of Chief executive officer	Refund of Security deposit for leased premise	-	-	(4)	-		

\* ₹ 41,759

\*\*\* ₹ 22,525 as on 31st March, 2015 (₹ 39,258 as on 31st March, 2014)

\*\*\*\* (₹ 25,104 during the year ended 31st March, 2015) (₹ 22,733 during the year ended 31st March, 2014)

\*\*\*\*\* (₹ 6,023 during the year ended 31st March, 2015) (₹ 8,394 during the year ended 31st March, 2014)

# Apart from the transactions referred above, Mr. Hemant Kanoria, Vice Chairman & Managing Director and Mr. Sunil Kanoria, Joint Managing Director of the Company have extended their personal guarantees in favour of financial institution / banks, the outstanding amount of which as at 31st March, 2015 is Nil lacs (31st March, 2014: ₹ 840 lacs) and Nil lacs (31st March, 2014: ₹ 840 lacs) respectively for the loans taken by the Company from such institutions / banks.

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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:

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

Particulars	Year Ended 31st March, 2015	Year Ended 31st March, 2014
Total number of contracts securitized	2,821	4,570
Book Value of contracts securitized	43,096	87,314
Sales consideration*	43,096	87,314
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, 2015	As at 31st March, 2014
Bank / Other deposits provided as collateral as on Balance Sheet date	20,356	16,622
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, 2015, the Company has assigned financial assets to the extent of ₹ 101,998 lacs (31st March, 2014: ₹ 45,000 lacs) for purchase consideration of ₹ 101,998 lacs (31st March, 2014 : ₹ 45,000 lacs). The total amount of exposures retained by the Company on such assignment to comply with the Minimum Retention Requirement (MRR) is ₹ 11,394 lacs (31st March, 2014: ₹ 5,000 lacs). Assets assigned are derecognized from the books of account. At 31st March, 2015 the Company has lodged bank deposits of Nil lacs (31st March, 2014: ₹ 25,700 lacs) as collateral against total assigned contracts outstanding at the year ended 31st March, 2015.

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 :

(₹ in lacs)

Particulars	Amount outstanding as at	
	31st March, 2015	31st March, 2014
Securitization	92,809	113,189
Assignment of Receivables	112,530	90,730
<b>Total</b>	<b>205,339</b>	<b>203,919</b>

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (CONTD.)

### 2.33 ASSETS UNDER MANAGEMENT (CONTINUED)

#### 2.33.4 Disclosure as per revised guidelines on Securitisation Transactions

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, 2015 are as under:

Sl. No.	Particulars	31st March 2015 No. / (₹ in Lacs)	31st March 2014 No. / (₹ in Lacs)
1	No of SPVs sponsored by the NBFC for securitisation transactions	12	9
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	92,809	113,189
3	Total amount of exposures retained by the NBFC to comply with Minimum retention ratio (MRR) as on the date of Balance Sheet		
	<b>a) Off-balance sheet exposures</b>		
	* First loss	-	-
	* Others	-	-
	<b>b) On-balance sheet exposures</b>		
	* First loss	17,479	15,043
	* Others	1,530	284
4	Amount of exposures to securitisation transactions other than MRR		
	<b>a) Off-balance sheet exposures</b>		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
	<b>b) On-balance sheet exposures</b>		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Others	2,877	1,579
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-

## NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015 are as under:

Sl. No.	Particulars	31st March 2015 No. / (₹ in Lacs)	31st March 2014 No. / (₹ in Lacs)
1	No of transactions assigned by the Company	10	2
2	Total amount outstanding	112,530	50,000
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet		
	<b>a) Off-balance sheet exposures</b>		
	* First loss	-	-
	* Others	-	-
	<b>b) On-balance sheet exposures</b>		
	* First loss	-	-
	* Others	11,394	5,000
4	Amount of exposures to securitisation transactions other than MRR		
	<b>a) Off-balance sheet exposures</b>		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
	<b>b) On-balance sheet exposures</b>		
	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, 2015 (CONTD.)**

**2.34 MICRO, SMALL AND MEDIUM ENTERPRISES**

No interest was payable by the Company during the year ended 31st March, 2015 and 31st March, 2014 to the Suppliers who are covered under the Micro, Small and Medium Enterprise Development Act, 2006 based on the information available with the Company.

**2.35** Information as required by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is furnished vide Annexure – I attached herewith.

**2.36 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 2.36**

**on behalf of the Board of Directors**

**Didier Chappet**  
Chairman  
(DIN : 06600628)

**Hemant Kanoria**  
Vice Chairman and Managing Director  
(DIN : 00193015)

**Devendra Vyas**  
Chief Executive Officer

Place : Kolkata  
Date : 24th April, 2015

**CR Sudharsanam**  
Chief Financial Officer

**Naresh Mathur**  
Company Secretary

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

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 (%)	17.05	17.13
ii	CRAR – Tier I Capital (%)	13.35	12.63
iii	CRAR – Tier II Capital (%)	3.70	4.50
iv	Amount of subordinated debt raised as Tier-II capital	4,100	12,680
v	Amount raised by issue of Perpetual Debt Instruments	-	-

### 2. Exposure to Real Estate

(₹ in lacs)

Category	Current year	Previous year
<b>a) Direct Exposure</b>		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lacs may be shown separately)	-	-
(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;	6,000	-
(iii) Investments in Mortgage Securities (MBS) and other securitised exposures		
a. Residential,	-	-
b. Commercial Real Estate	-	-
<b>b) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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)	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

### 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	4,764	1,158
(ii)	Aggregate value (net of provisions) of accounts sold	101,998	45,000
(iii)	Aggregate consideration	101,998	45,000
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

### 5. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31st March, 2015 are as follows;

(₹ in lacs)

	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
<b>Liabilities</b>									
Borrowings from									
Banks	49,590	56,229	69,563	93,576	186,806	425,242	102,568	17,276	1,000,850
Market Borrowings	11,304	48,047	10,321	30,403	35,691	56,557	3,850	2,000	198,173
<b>Assets</b>									
Advances	95,569	105,123	80,006	134,312	271,774	637,277	178,593	48,965	1,551,619
Investments	60	60	60	181	364	798	7	-	1,530
Foreign Currency Assets									-
Foreign Currency Liabilities	195	621	1,807	1,932	2,703	428	-	-	7,686

Notes :

- The borrowings indicated above do not include unsecured subordinated perpetual debentures and unsecured subordinated debentures/loan amounting to ₹ 107,430 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 - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015		As at 31st March, 2014	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>6.</b>	<b>Liabilities side:</b>				
	<b>Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>				
	a) Debentures				
	- Secured	97,803	-	61,247	-
	- Unsecured				
	(Other than falling within the meaning of public deposits)	88,926	-	83,828	-
	b) Deferred Credits	-	-	-	-
	c) Term loans	319,129	-	420,564	-
	d) Inter- corporate loans and borrowings	-	-	-	-
	e) Commercial paper	66,284	-	51,569	-
	f) Other Loans	748,033	-	709,044	-

(₹ in lacs)

Sl. No.	Particulars	As at	As at
		31st March, 2015	31st March, 2014
		Amount outstanding	Amount outstanding
	Assets side :		
<b>7.</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (9) below] :</b>		
	(a) Secured	-	-
	(b) Unsecured	33,321	35,034
	<b>Total (a) + (b)</b>	<b>33,321</b>	<b>35,034</b>
<b>8.</b>	<b>Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities</b>		
	<b>(i) Lease assets including lease rentals under sundry debtors :</b>		
	(a) Financial Lease	972	273
	(b) Assets on operating Lease	168,381	131,830
	<b>(ii) Stock on hire including hire charges under sundry debtors :</b>		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	50,193	44,632
	<b>(iii) Other loans counting towards AFC activities</b>		
	(a) Loans where Assets have been repossessed	50,193	44,632
	(b) Loans other than (a) above	1,382,809	1,366,256

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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, 2015 Amount outstanding	As at 31st March, 2014 Amount outstanding
9.	<b>Break up of Investments</b>		
	<b>Current Investments :</b>		
	<b>1. Quoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	<b>2. Unquoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	2,800
	(iv) Government Securities	-	-
	(v) Others	1,530	284
	<b>Long term Investments</b>		
	<b>1. Quoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	<b>2. Unquoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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	Current year	Previous year
<b>10.</b>	<b>Value of Investments</b>		
(i)	<b>Gross Value of Investments</b>	<b>1,530</b>	<b>3,084</b>
	(a) In India	1,530	3,084
	(b) Outside India,	-	-
(ii)	<b>Provisions for Depreciation</b>	-	-
	(a) In India	-	-
	(b) Outside India,	-	-
(iii)	<b>Net Value of Investments</b>	<b>1,530</b>	<b>3,084</b>
	(a) In India	1,530	3,084
	(b) Outside India.	-	-
<b>11.</b>	<b>Movement of provisions held towards depreciation on investments</b>		
(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
<b>12.</b>	<b>Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account</b>		
(i)	Bad debts written off (Net) / Provision for Non Performing Assets and Standard Assets	33,657	25,941
(ii)	Provision made towards Income tax	7,434	13,217
(iii)	Other Provision and Contingencies (with details)		
	- Provision for Employee Benefits	899	320
		<b>41,990</b>	<b>39,478</b>

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

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

(₹ in lacs)

Sl. No.	Related Parties	Amount net of provisions					
		As at 31st March, 2015			As at 31st March, 2014		
		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	1,554,531	-	1,554,531	1,505,707	-	1,505,707

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

(₹ in lacs)

Sl. No.	Related Parties	As at 31st March, 2015		As at 31st March, 2014	
		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	-	-	102.10*	2,800

\*Break up Value

### 15. Concentration of Advances

Sl. No.	Particulars	(₹ in lacs)
(i)	Total Advances to twenty largest borrowers	287,444
(ii)	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	18.05%

### 16. Concentration of Exposures

Sl. No.	Particulars	(₹ in lacs)
(i)	Total Exposure to twenty largest borrowers / customers	290,633
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	21.64%



## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

### 17. Concentration of NPAs

Sl. No.	Particulars	(₹ in lacs)
(i)	Total Exposure to top four NPA accounts	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.

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

### 19. Movement of Non Performing Assets (NPAs)

(₹ in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	Net NPAs to Net Advances (%)*	3.83%	4.07%
(ii)	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	77,757	46,857
	(b) Additions during the year	50,762	59,332
	(c) Reductions during the year **	49,167	28,433
	(d) Closing balance	79,352	77,757
(iii)	<b>Movement of Net NPAs</b>		
	(a) Opening balance	63,556	35,547
	(b) Additions during the year	46,642	57,299
	(c) Reductions during the year **	49,214	29,290
	(d) Closing balance	60,984	63,556
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance	14,201	11,310
	(b) Provisions made during the year	11,427	9,617
	(c) Write-off / write-back of excess provisions	7,259	6,726
	(d) Closing balance	18,369	14,201

\* Net NPA on advances

\*\* It includes write- off during the year

### 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	-	-

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

### 22. Other Information:

(₹ in lacs)

Sl. No.	Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>i.</b>	Gross Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related Parties	79,352	77,758
<b>ii.</b>	Net Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than related Parties	60,983	63,557
<b>iii.</b>	Assets acquired in satisfaction of debt*	<b>45,260</b>	<b>9,880</b>

\*It include equity shares acquired in satisfaction of debt as well as those acquired in consideration of receivables under Corporate Debt Restructuring (CDR) Mechanism aggregating ₹ 98 lacs (31st March, 2014 : Nil) and ₹ 1,023 lacs (31st March, 2014 : Nil) respectively.

### 23. Forward Rate Agreement / Interest Rate Swap

(₹ in lacs)

Sl. No.	Particulars	Current year	Previous year
(i)	The notional principal of swap agreements	69,952	76,997
(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 @	(1,158)	(1,689)

Note : Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

\$ Examples of concentration could be exposures to particular industries or swaps with highly geared companies.

@ If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the NBFC would receive or pay to terminate the swap agreements as on the balance sheet date.

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015 (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

### 24. Exchange Traded Interest Rate (IR) Derivatives

(₹ in lacs)

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

### 25. Disclosures on Risk Exposure in Derivatives

#### (i) Qualitative Disclosure

The structure and organization for management of risk in derivatives trading, is not applicable since the Company is not engaged in derivative trading.

The scope and nature of risk measurement, risk reporting, policies for hedging and / or mitigating risk and strategies are carried out by the Asset Liability Committee & Board of Directors. Risk is measured on the basis of Fair Value as on reporting date.

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.

## ANNEXURE - 1 TO NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2015

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

### (ii) Quantitative Disclosures

(₹ in lacs)

Sl. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	<b>Derivatives (Notional Principal Amount)</b>		
	For hedging	89,860	69,952
(ii)	<b>Marked to Market Positions [1]</b>		
	a) Asset (+)	22,888	-
	b) Liability (-)	(34)	(1,158)
(iii)	Credit Exposure [2]	Nil	Nil
(iv)	Unhedged Exposures	Nil	24,998

### 26. Disclosure of Complaints

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



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## Registered Office

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### Kolkata

"Vishwakarma"  
86 C, Topsia Road (South)  
Kolkata - 700 046  
Tel +91 33 61607734  
Fax + 91 33 22857542 / 22858501  
Email corporate@srei.com  
Website www.srei.com

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## Head Office

### Kolkata

Y-10, Block - EP  
Sector V, Salt Lake City  
Kolkata - 700 091  
Tel +91 33 66394700 / 66022000  
Fax +91 33 66022200 / 2600 / 2965  
Email sefpl@srei.com

## Corporate Office

### Kolkata

Olisha House  
7th Floor; 4, Govt. Place (North)  
Kolkata - 700 001  
Tel +91 8697741624 - 29  
Fax +91 33 22623220

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## State Office

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### Andhra Pradesh

59-14-5, 1st Floor of BSR Plaza  
Ramachandra Nagar  
Opposite to Maris Stella College  
Near Benz Circle, Vijayawada - 520008  
Tel +91 0866 6452970  
Fax +91 0866 2479344

### Gujarat

102-B, Baleswar Square  
Opp. Iskon Temple  
S. G. Highway  
Ahmedabad - 380 015  
Tel +91 79 61607734 / 61602100 - 2199  
Fax +91 79 61602119

### Karnataka

25/2, Shankar Narayana Tower  
1st Floor, M G Road  
Bangalore - 560 001  
Tel +91 80 67894300  
Fax +91 80 67894318

### 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 6455710

### 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 8017772531

### 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 / 66284201 / 66284300  
Fax +91 22 66284397 To 66284399

### Punjab

SCO - 130,131, 1st Floor  
Sector 34-A  
Chandigarh - 160 034  
Tel +91 172 6450590  
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



**Srei Equipment Finance Limited**  
**CIN: U70101WB2006PLC109898**

**Registered Office**

'Vishwakarma', 86C, Topsia Road (South)  
Kolkata 700 046  
[srei.com](http://srei.com)