



SIFL/SECT/SB/13-14/063

May 30, 2013

The Secretary  
The Calcutta Stock Exchange Limited  
7 Lyons Range  
Kolkata - 700 001  
Fax: 033-2210 4500/4491; 2230 3020

Dear Sir,

**Sub: Auditor's Report as per Clause 41 of the Listing Agreement**

In terms of the requirements of Clause 41 of Listing Agreement with your Stock Exchange, please find enclosed herewith a copy of the Auditor's Report on Standalone and Consolidated Financial Results for the Financial Year ended on March 31, 2013.

Kindly acknowledge the receipt.

Thanking you.

Yours faithfully,  
For Srei Infrastructure Finance Limited

**Sandeep Lakhota**  
Company Secretary

Encl: as above

cc : The Secretary

- 1. Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001  
Fax: 022-2272 2037/2039/2041/3121
- 2. National Stock Exchange of India Limited**  
Exchange Plaza, 5th Floor, Plot no. C/1, G Block  
Bandra-Kurla Complex  
Bandra (E)  
Mumbai - 400 051  
Fax: 022-2659 8237/38; 2659 8347/48

**Srei Infrastructure Finance Limited**

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

Tel. : +91 33 22850112-15, 61607734 Fax : +91 33 22857542/8501

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

## INDEPENDENT AUDITORS' REPORT

To the Members of Srei Infrastructure Finance Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Srei Infrastructure Finance Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

### *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;  
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Branch offices

Ahemdabad • Bengaluru • Chennai • Coimbatore • Hyderabad • Jaipur • Mumbai • New Delhi • Pune • Vadodara



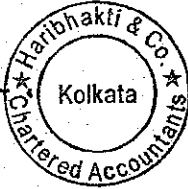
**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ["the Order"], issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co.  
Chartered Accountants  
[Firm's Registration No.103523W]

*A. K. Jhunjunwala*

Anand Kumar Jhunjunwala  
Partner  
Membership No.056613



Place: Kolkata

Date: 20<sup>th</sup> May, 2013

**ANNEXURE TO THE AUDITORS' REPORT**

[Referred to in our report of even date, to the members of Srei infrastructure Finance Limited]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) In respect of shares and securities held as stock for trade:
- (a) According to the information and explanations given to us, the stock for trade has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of stock for trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of stock for trade and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions stated in clauses 4 (iii)(a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of shares and securities held as stock for trade, fixed assets and with regard to the sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in such internal control system of the Company.
- (v) According to the information and explanations given to us, there were no contracts or arrangements during the year, referred to in section 301 of the Act, that need to have been entered in the register maintained under that section. Accordingly, clauses 4(v) (a) and (b) of the Order are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the relevant provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Being a Non-Banking Financial Company, the provisions of clause 4 (viii) of the Order are not applicable to the Company.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, cess and other material statutory dues, were in arrears, as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the dues as on 31<sup>st</sup> March, 2013 of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakh)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	471	2005-06 and 2006-07	Hon'ble High Court, New Delhi & CIT (Appeals), New Delhi
Income Tax Act, 1961	Income Tax	388	2005-06	ITAT, New Delhi
Income Tax Act, 1961	Income Tax	125	2006-07 and 2007-08	CIT (Appeals), New Delhi (Appeal filed on 26.04.2013)
Income Tax Act, 1961	Income Tax	986	2007-08	ITAT, New Delhi
Income Tax Act, 1961	Income Tax	1,809	2008-09	Hon'ble Supreme Court, New Delhi
Income Tax Act, 1961	Fringe Benefit Tax	226	2005-06 to 2008-09	Hon'ble High Court, Calcutta
Finance Act, 1994	Service Tax	450	2006-07 to 2010-11	Commissioner of Service Tax, Kolkata



- (x) The Company has no accumulated losses as at the end of the financial year covered by our audit. The Company has not incurred cash losses in the said financial year and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the Company has maintained adequate documents and records in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing or trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, term loans have been prima facie applied for the purposes for which the loans were obtained.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have prima facie not been used during the year for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of all debentures issued by the Company during the year.
- (xx) We have verified the end use of money raised during the year by public issue of Secured, Redeemable, Non Convertible Debentures, as disclosed in Note 4.2 in the financial statements.



- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For Haribhakti & Co.  
Chartered Accountants  
[Firm's Registration No.103523W]

*A.K. Jhunjunwala*

Anand Kumar Jhunjunwala  
Partner  
Membership No.056613



Place: Kolkata  
Date: 20<sup>th</sup> May, 2013

**INDEPENDENT AUDITORS' REPORT****ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SREI INFRASTRUCTURE  
FINANCE LIMITED**

To the Board of Directors of Srei Infrastructure Finance Limited

We have audited the accompanying consolidated financial statements of Srei Infrastructure Finance Limited ("the Company"), its subsidiaries (including their subsidiaries and joint ventures), associates, trusts and jointly controlled entity [the Company, its subsidiaries, associates, trusts and jointly controlled entity collectively referred to as "the Group"] which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of the Company, its subsidiaries (including their subsidiaries and joint ventures), associates, trusts and jointly controlled entity.





In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors and management accounts as mentioned in the 'Other Matter' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Other Matter**

We did not audit the financial statements of subsidiaries (including their subsidiaries and joint ventures), an associate and trusts whose financial statements reflect total assets (net) of ₹ 18,935 lakhs as at 31<sup>st</sup> March, 2013, total revenues of ₹ 23,772 lakhs and net cash outflows amounting to ₹ 17,432 lakhs for the year then ended as considered in the Consolidated Financial Statements. We also did not audit the financial statements of the jointly controlled entity, whose aggregate share of net profit amounting to ₹ 13,496 lakhs is also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries (including their subsidiaries and joint ventures), an associate, trusts and the jointly controlled entity, is based solely on the reports of the other auditors except for in case of a foreign sub-subsidiary where reliance has been placed on the management accounts for the 3 month period ended 31st March, 2013, in case of two joint ventures of a subsidiary, two trusts, two foreign sub-subsidiaries (ceased with effect from 28th August, 2012 and 26th November, 2012 respectively), a joint venture of a subsidiary (ceased with effect from 28th November, 2012) and two sub-subsidiaries where reliance has been placed on the management accounts. Our opinion is not qualified in respect of this matter.

For Haribhakti & Co.

Chartered Accountants

[Firm's Registration No. 103523W]

*A. K. (Anand) Jhunjunwala*

Anand Kumar Jhunjunwala

Partner

Membership No. 056613

Place: Kolkata

Date: 20<sup>th</sup> May, 2013

