



SIFL/SECT/EA/17-18/90

July 22, 2017

<p>The Secretary <b>The Calcutta Stock Exchange Limited</b> 7 Lyons Range Kolkata - 700 001 Fax: 033-2210 4500/4491; 2230 3020 <b>CSE Scrip Code: 29051</b></p>	<p>The Secretary <b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 Fax: 022-2272 2037/2039/2041/ 3121 <b>BSE Scrip Code: 523756</b></p>	<p>The Secretary <b>National Stock Exchange of India Limited</b> 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 <b>NSE Symbol: SREINFRA</b></p>
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Dear Sir,

**Sub: 32nd (Thirty-Second) Annual General Meeting (AGM)**

Kindly note that the 32nd (Thirty-Second) Annual General Meeting (AGM) of the Company has been duly convened and held on Saturday, July 22, 2017 at 'Science City Mini Auditorium', Kolkata at 10:30 a.m.

In this regard, please find enclosed the following:

1. The gist of proceedings of the 32nd (Thirty-Second) Annual General Meeting (AGM) of the Company held on July 22, 2017, pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. Voting results in the prescribed format pursuant to Regulation 44(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Consolidated Scrutinizer's Report dated July 22, 2017 submitted by Mr. Mohan Ram Goenka, Practising Company Secretary, Kolkata (FCS No. 4515, CP No. 2551), Scrutinizer appointed to conduct the electronic voting process (Remote e-voting as well as Insta Poll).
4. Annual Report of the Company for the Financial Year 2016-17 pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the Members of the Company.

Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management & Administration) Rules, 2014 and Clause 8.6.2 of Secretarial Standard – 2 on General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI), the Voting Result alongwith the Scrutinizer's Consolidated Report is available on the Company's website [www.srei.com](http://www.srei.com) and on the website of Karvy <https://evoting.karvy.com> for information of all concerned. Further, the results are also placed on the notice board of the Company at its Registered Office as well as Corporate Office.



**Srei Infrastructure Finance Limited**

CIN: L29219WB1985PLC055352

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

Tel.: +91 33 22850112-15, 61607734 Fax: +91 33 2285 8501/7542

Website: [www.srei.com](http://www.srei.com)



The same is for information and records.

Thanking you.

Yours faithfully,  
For Srei Infrastructure Finance Limited

**Sandeep Lakhotia**  
**Company Secretary**  
**FCS No. 7671**

Encl: a/a

cc:

**Central Depository Services (India) Limited**  
Phiroze Jeejeebhoy Towers  
17th Floor, Dalal Street  
Mumbai – 400 001  
Fax: (022) 2272 3199/2272 2072

**National Securities Depository Limited**  
Trade World, A Wing, 4th Floor  
Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai - 400 013  
Fax: 022-2497 2993/2497 6351

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**Gist of the proceedings of the 32nd (Thirty-Second) Annual General Meeting (AGM) of  
Srei Infrastructure Finance Limited held on July 22, 2017**

The 32nd (Thirty-Second) Annual General Meeting (AGM) of the Company has been duly convened and held on Saturday, July 22, 2017 at 'Science City Mini Auditorium', Kolkata at 10:30 a.m.

Mr. Hemant Kanoria, Chairman and Managing Director of the Company, chaired the proceedings of the Meeting.

The Meeting was attended by 2401 Members in person, by proxy and through authorised representatives.

The Chairman informed the Members that the requisite quorum was present and called the Meeting to order. The Quorum was present throughout the Meeting.

The Meeting was attended by all the Directors, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, representative of Statutory Auditor and the Secretarial Auditor.

Thereafter, the Chairman delivered his speech. He gave an overview of the financial performance of the Company for the Financial Year ended on March 31, 2017 and its future outlook. He further informed that there is no qualification, reservation or adverse remark in the Auditors' Report on the Financial Statements and the report of Secretarial Auditors of the Company.

The Chairman informed the Members that in compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations, 2015'), the Company had extended voting facility to the Members of the Company in respect of business transacted at the 32nd AGM to cast their vote electronically from a place other than the venue of the Meeting i.e. Remote e-voting. The Remote e-voting period commenced on Tuesday, July 18, 2017 (9.00 a.m. IST) and ended on Friday, July 21, 2017 (5.00 p.m. IST).

The Chairman further informed the Members that the facility for voting through electronic voting system (i.e. Insta Poll) has been made available at the meeting for the Members who have not cast their vote through Remote e-voting.

He further informed that the Company has engaged the services of Karvy Computershare Private Limited (Karvy) as the authorized agency to provide e-voting facility and has appointed Mr. Mohan Ram Goenka, Practising Company Secretary, Kolkata (FCS No. 4515, CP No. 2551) as the Scrutinizer for the purpose of scrutinizing the electronic voting process (Remote e-voting as well as Insta Poll) in a fair and transparent manner.

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The Chairman invited the Members to raise questions, offer comments or seek clarifications on the annual report and accounts or any of the items stated in the Notice of the 32nd AGM of the Company. Upon the Members completing their submissions, the Chairman furnished requisite clarifications to all the relevant queries raised by the Members.

Thereafter, all the 5 (Five) resolutions required to be passed were proposed and seconded by the Members.

During the course of the Meeting, the Chairman being interested in respect of Item No. 3 pertaining to the re - appointment of Mr. Sunil Kanoria as a Director, entrusted the conduct of the proceeding pertaining to the said item to Mr. Shyamalendu Chatterjee and thereafter resumed the Chair after the particular item of business was transacted.

Thereafter, the Chairman ordered a Poll to be taken at the AGM venue electronically through tablets/ipads (i.e. Insta Poll) for those Members who could not cast their vote through remote e-voting.

The Chairman, thereafter, authorized Mr. Shyamalendu Chatterjee, Independent Director, to declare the result of e-voting (Remote e-voting as well as Insta Poll) and announced that the e-voting results shall be submitted to the Stock Exchanges in the prescribed format and the said results alongwith the Scrutinizer's Consolidated Report on remote e-voting and electronic voting at the AGM venue through Insta Poll, shall also be placed on the Company's website [www.srei.com](http://www.srei.com) and Karvy's website <https://evoting.karvy.com>. He further informed that the results shall also be placed on the notice board of the Company at its Registered Office as well as Corporate Office.

Thereafter, the electronic voting through Insta Poll was conducted smoothly.

Based on the Consolidated Scrutinizer's Report dated July 22, 2017, following resolutions have been passed by the Members with requisite majority:

<b>Ordinary Business</b>	
1.	Adoption of - a. The Standalone Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Directors and Auditors thereon. b. The Consolidated Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Auditors thereon; <b>(Ordinary Resolution)</b>
2.	Declaration of dividend @ Re. 0.50 (i.e. 5%) per Equity share of Rs. 10/- each; <b>(Ordinary Resolution)</b>
3.	Re-appointment of Mr. Sunil Kanoria (holding DIN 00421564) as Director of the Company; <b>(Ordinary Resolution)</b>



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4.	Ratification of appointment of Haribhakti & Co. LLP, Chartered Accountants having Registration No. 103523W / W100048 allotted by The Institute of Chartered Accountants of India (ICAI), as Statutory Auditors of the Company (appointed for 5 (five) years till the conclusion of the Thirty - Fifth Annual General Meeting (AGM) of the Company); <b>(Ordinary Resolution)</b>
<b>Special Business</b>	
5.	Issue of Non-Convertible Debt Securities on private placement basis in one or more tranches upto a maximum aggregate amount of Rs. 10,000 Crores (Rupees Ten Thousand Crores only) during the period of 1 (one) year from the date of passing of the Resolution by the Members, in terms of Section 42 and 71 of the Companies Act, 2013 and Rules thereunder. <b>(Special Resolution)</b>

The Meeting concluded at 12:45 P.M. with a vote of thanks to the Chairman.

For Srei Infrastructure Finance Limited

**Sandeep Lakhota**  
Company Secretary  
FCS No. 7671

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Details of Voting Results of 32nd AGM	
<b>Date of AGM / EGM:</b>	Saturday, July 22, 2017 (AGM)
<b>Total number of Shareholders on record date:</b> [i.e. July 15, 2017 – cut-off date for remote e-voting and voting at the venue of the AGM (through Insta Poll)]	48651
<b>No. of Shareholders attended the meeting either in person or through proxy</b>	
Promoters and Promoter Group:	4
Public:	2397
<b>No. of Shareholders attended the meeting through Video Conferencing</b>	No video conferencing facility was arranged
Promoters and Promoter Group:	
Public :	

#### Agenda-wise disclosure

The mode of voting for all resolutions was remote e-voting which included voting by electronic mode conducted between Tuesday, July 18, 2017 (9.00 a.m. IST) and ends on Friday, July 21, 2017 (5.00 p.m. IST) and e-voting at the venue of the AGM on July 22, 2017 through tablets/i-pads i.e. Insta Poll.

Given below is the resolution wise Consolidated Results of remote e-voting and e-voting at the AGM -

#### Resolution No. 1

##### Adoption of -

- The Standalone Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Directors and Auditors thereon.
- The Consolidated Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Auditors thereon.

Resolution required: (Ordinary/ Special)			Ordinary					
Whether promoter/ promoter group are interested in the agenda/resolution?			Not Applicable					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100

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Promoter and Promoter Group	E-Voting (Remote e-voting)	305868559	305868559	100.0000	305868559	-	100.0000	-
	Poll (Insta Poll)		-	-	-	-	-	-
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>305868559</b>	<b>305868559</b>	<b>100.0000</b>	<b>305868559</b>	<b>-</b>	<b>100.0000</b>
Public-Institutions	E-Voting (Remote e-voting)	99005294	81507020	82.3259	81507020	-	100.0000	-
	Poll (Insta Poll)		-	-	-	-	-	-
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>99005294</b>	<b>81507020</b>	<b>82.3259</b>	<b>81507020</b>	<b>-</b>	<b>100.0000</b>
Public-Non Institutions	E-Voting (Remote e-voting)	98212480	24937409	25.3913	24937409	-	100.0000	-
	Poll (Insta Poll)		55571	0.0566	55568	3	99.9946	0.0054
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>98212480</b>	<b>24992980</b>	<b>25.4479</b>	<b>24992977</b>	<b>3</b>	<b>100.0000</b>
<b>Total</b>		<b>503086333</b>	<b>412368559</b>	<b>81.9678</b>	<b>412368556</b>	<b>3</b>	<b>100.0000</b>	<b>0.0000</b>

## Resolution No. 2

### Declaration of dividend on the Equity Shares of the Company.

Resolution required: (Ordinary/ Special)			Ordinary					
Whether promoter/ promoter group are interested in the agenda/resolution?			Not Applicable					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting (Remote e-voting)	305868559	305868559	100.0000	305868559	-	100.0000	-
	Poll (Insta Poll)		-	-	-	-	-	-
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>305868559</b>	<b>305868559</b>	<b>100.0000</b>	<b>305868559</b>	<b>-</b>	<b>100.0000</b>
Public-Institutions	E-Voting (Remote e-voting)	99005294	82173349	82.9989	82173349	-	100.0000	-
	Poll (Insta Poll)		-	-	-	-	-	-
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>99005294</b>	<b>82173349</b>	<b>82.9989</b>	<b>82173349</b>	<b>-</b>	<b>100.0000</b>

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Public-Non Institutions	E-Voting (Remote e-voting)	98212480	24937409	25.3913	24937409	-	100.0000	-
	Poll (Insta Poll)		55571	0.0566	55565	6	99.9892	0.0108
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		98212480	24992980	25.4479	24992974	6	100.0000
Total		503086333	413034888	82.1002	413034882	6	100.0000	0.0000

### Resolution No. 3

### Re-appointment of Mr. Sunil Kanoria (DIN 00421564) as Director.

Resolution required: (Ordinary/ Special)			Ordinary					
Whether promoter/ promoter group are interested in the agenda/resolution?			Mr. Hemant Kanoria, Chairman & Managing Director is the brother of Mr. Sunil Kanoria					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting (Remote e-voting)	305868559	305868559	100.0000	305868559	-	100.0000	-
	Poll (Insta Poll)		-	-	-	-	-	-
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		305868559	305868559	100.0000	305868559	-	100.0000
Public-Institutions	E-Voting (Remote e-voting)	99005294	82173349	82.9989	68706943	13466406	83.6122	16.3878
	Poll (Insta Poll)		-	-	-	-	-	-
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		99005294	82173349	82.9989	68706943	13466406	83.6122
Public-Non Institutions	E-Voting (Remote e-voting)	98212480	24937259	25.3911	24937259	-	100.0000	-
	Poll (Insta Poll)		55571	0.0566	55570	1	99.9982	0.0018
	Postal Ballot (if applicable)		NA	NA	NA	NA	NA	NA
	Total		98212480	24992830	25.4477	24992829	1	100.0000
Total		503086333	413034738	82.1002	399568331	13466407	96.7396	3.2604



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**Resolution No. 4**

**Ratification of appointment of Haribhakti & Co. LLP, Chartered Accountants as Statutory Auditors.**

Resolution required: (Ordinary/ Special)			Ordinary					
Whether promoter/ promoter group are interested in the agenda/resolution?			Not Applicable					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
<b>Promoter and Promoter Group</b>	<b>E-Voting (Remote e-voting)</b>	305868559	305868559	100.0000	305868559	-	100.0000	-
	<b>Poll (Insta Poll)</b>		-	-	-	-	-	
	<b>Postal Ballot (if applicable)</b>		NA	NA	NA	NA	NA	
	<b>Total</b>		<b>305868559</b>	<b>305868559</b>	<b>100.0000</b>	<b>305868559</b>	<b>-</b>	<b>100.0000</b>
<b>Public-Institutions</b>	<b>E-Voting (Remote e-voting)</b>	99005294	82173349	82.9989	78289101	3884248	95.2731	4.7269
	<b>Poll (Insta Poll)</b>		-	-	-	-	-	
	<b>Postal Ballot (if applicable)</b>		NA	NA	NA	NA	NA	
	<b>Total</b>		<b>99005294</b>	<b>82173349</b>	<b>82.9989</b>	<b>78289101</b>	<b>3884248</b>	<b>95.2731</b>
<b>Public-Non Institutions</b>	<b>E-Voting (Remote e-voting)</b>	98212480	24937409	25.3913	24937209	200	99.9992	0.0008
	<b>Poll (Insta Poll)</b>		55571	0.0566	55567	4	99.9928	0.0072
	<b>Postal Ballot (if applicable)</b>		NA	NA	NA	NA	NA	
	<b>Total</b>		<b>98212480</b>	<b>24992980</b>	<b>25.4479</b>	<b>24992776</b>	<b>204</b>	<b>99.9992</b>
<b>Total</b>		<b>503086333</b>	<b>413034888</b>	<b>82.1002</b>	<b>409150436</b>	<b>3884452</b>	<b>99.0595</b>	<b>0.9405</b>



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**Resolution No. 5**

**Issuance of Non-Convertible Debt Securities upto Rs. 10,000 Crores on Private Placement basis.**

Resolution required: (Ordinary/ Special)			Special					
Whether promoter/ promoter group are interested in the agenda/resolution?			Not Applicable					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
		(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
<b>Promoter and Promoter Group</b>	<b>E-Voting (Remote e-voting)</b>	305868559	305868559	100.0000	305868559	-	100.0000	-
	<b>Poll (Insta Poll)</b>		-	-	-	-	-	-
	<b>Postal Ballot (if applicable)</b>		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>305868559</b>	<b>305868559</b>	<b>100.0000</b>	<b>305868559</b>	<b>-</b>	<b>100.0000</b>
<b>Public-Institutions</b>	<b>E-Voting (Remote e-voting)</b>	99005294	82173349	82.9989	81867823	305526	99.6282	0.3718
	<b>Poll (Insta Poll)</b>		-	-	-	-	-	-
	<b>Postal Ballot (if applicable)</b>		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>99005294</b>	<b>82173349</b>	<b>82.9989</b>	<b>81867823</b>	<b>305526</b>	<b>99.6282</b>
<b>Public-Non Institutions</b>	<b>E-Voting (Remote e-voting)</b>	98212480	24937409	25.3913	24937359	50	99.9998	0.0002
	<b>Poll (Insta Poll)</b>		55571	0.0566	55469	102	99.8165	0.1835
	<b>Postal Ballot (if applicable)</b>		NA	NA	NA	NA	NA	NA
	<b>Total</b>		<b>98212480</b>	<b>24992980</b>	<b>25.4479</b>	<b>24992828</b>	<b>152</b>	<b>99.9994</b>
<b>Total</b>		<b>503086333</b>	<b>413034888</b>	<b>82.1002</b>	<b>412729210</b>	<b>305678</b>	<b>99.9260</b>	<b>0.0740</b>

Note: All the aforesaid resolutions were passed with requisite majority.



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**SCRUTINIZER'S REPORT**

(Voting through Remote e-voting, and e-voting at the Annual General Meeting venue through tablets/ipads i.e. Insta Poll)

**[Pursuant to Section 108 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014]**

To,

The Chairman of the 32nd (Thirty-Second) Annual General Meeting (AGM) of the Members of Srei Infrastructure Finance Limited (CIN: L29219WB1985PLC055352), held on Saturday, 22nd day of July, 2017 at the Science City Mini Auditorium, JBS Haldane Avenue, Kolkata – 700 046 at 10.30 A.M.

Dear Sir,

1. I, Mohan Ram Goenka, a Company Secretary in Practice (FCS No. 4515, CP No. 2551), Partner of MR & Associates, was duly appointed as a Scrutinizer by the Board of Directors of Srei Infrastructure Finance Limited (the Company) for the purpose of Scrutinizing the process of voting through Remote e-voting and e-voting at the Annual General Meeting venue through tablets/ipads i.e. Insta Poll under the provisions of Section 108 of the Companies Act, 2013 (the 2013 Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The Management of the Company is responsible to ensure the Compliance of the requirements of the Companies Act, 2013 and Rules relating to voting through Remote e-voting and e-voting at the Annual General Meeting venue through Insta Poll for the resolutions proposed in the Notice of 32nd Annual General Meeting of the Members of the Company dated May 09, 2017. My responsibility as a Scrutinizer for the process of voting through Remote e-voting and e-voting at the Annual General Meeting venue through tablets/ipads i.e. Insta Poll is to ensure that the voting process is conducted in a fair and transparent manner and is restricted to making a Scrutinizer's Report for the votes cast in "favour" or "against" on the resolutions proposed in the Notice of the 32nd AGM of the Company, based on the report provided by Karvy Computershare Private Limited (Karvy), the agency engaged by the Company to provide e-voting facility for voting through electronic means.

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Our Office :

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goenkamohan@gmail.com

Mobile No.9831074332

Phone No .2237 9517



3. In terms of the aforesaid Notice and as per the provisions of Section 108 of the Companies Act, 2013 (the 2013 Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the remote e-voting facility was kept open for 3 (three) days from Tuesday, July 18, 2017 (9.00 a.m. IST) till Friday, July 21, 2017 (5.00 p.m. IST) and Members were requested to cast their votes electronically conveying their assent or dissent in respect of the resolution on the e-voting platform provided by Karvy Computershare Private Limited (Karvy).
4. The Members holding equity shares as on the "cut-off date" i.e. July 15, 2017 were entitled to vote on the resolutions proposed in the Notice calling the 32nd Annual General Meeting.
5. At the end of the remote e-voting period on Friday, July 21, 2017 (5.00 p.m. IST), the voting portal of the service provider was blocked forthwith.
6. After transacting the business at the meeting, the Chairman ordered for an E-Poll i.e. voting at the AGM venue electronically through tablets/ipads (i.e. Insta Poll) for those Members who could not cast their vote through remote e-voting with the assistance of the Scrutinizer.
7. Immediately after the conclusion of e-voting at the venue of the AGM on the 22nd day of July, 2017 the votes cast at the venue were counted, thereafter the votes cast through remote e-voting were unblocked in the presence of Ms. Sneha Khaitan and Ms. Smita Mondal, who acted as witnesses as prescribed under sub-rule 4(xii) of Rule 20 of the Companies (Management and Administration) Rules, 2014.
8. Thereafter, the details containing inter alia, list of the Members, who voted "for" or "against" on each of the resolution that were put to vote, were derived from the report generated from the e-voting website of Karvy Computershare Private Limited (Karvy) i.e. <https://evoting.karvy.com> and based on such reports,

198 Members have cast their votes through remote e-voting;

603 Members have cast their votes through tablets/ipads i.e. Insta Poll at the AGM venue;

The brief analysis of the results of the voting through Remote e-voting and e-voting at the Annual General Meeting venue through tablets/ipads i.e. Insta Poll are as under:

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Our Office :

46, B. B. Ganguly Street, 4th Floor

R. No.: 6, Kolkata 700012,

E Mail: [goenkamohan@hotmail.com](mailto:goenkamohan@hotmail.com)

[goenkamohan@gmail.com](mailto:goenkamohan@gmail.com)

Mobile No.9831074332

Phone No .2237 9517



**Item No. 1 - Ordinary Resolution:****Adoption of –**

- a) **The Standalone Financial Statement of the Company for the Financial Year ended March 31, 2017, and the report of the Directors and Auditors thereon.**
- b) **The Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2017, and the report of the Auditors thereon.**

Particulars	No. of votes contained in						Percentage (%)
	Remote E-Voting		Insta Poll		Total		
	No.	Votes	No.	Votes	No.	Votes	
Assent	194	412312988	600	55568	794	412368556	100.00
Dissent	0	0	3	3	3	3	0.00
<b>Total</b>	194	412312988	603	55571	797	412368559	100.00
Abstain / Invalid	4	666329	1	799	-	-	-

**Item No. 2 - Ordinary Resolution:**

**Declaration of dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2017.**

Particulars	No. of votes contained in						Percentage (%)
	Remote E-Voting		Insta Poll		Total		
	No.	Votes	No.	Votes	No.	Votes	
Assent	198	412979317	601	55565	799	413034882	100.00
Dissent	0	0	2	6	2	6	0.00
<b>Total</b>	198	412979317	603	55571	801	413034888	100.00
Abstain / Invalid	0	0	1	799	-	-	-

**Item No. 3 - Ordinary Resolution:**

**Re-appointment of Mr. Sunil Kanoria (DIN 00421564) as Director.**

Particulars	No. of votes contained in						Percentage (%)
	Remote E-Voting		Insta Poll		Total		
	No.	Votes	No.	Votes	No.	Votes	
Assent	148	399512761	602	55570	750	399568331	96.74
Dissent	49	13466406	1	1	50	13466407	3.26
<b>Total</b>	197	412979167	603	55571	800	413034738	100.00
Abstain / Invalid	1	150	1	799	-	-	-

Our Office :

46, B. B. Ganguly Street, 4th Floor

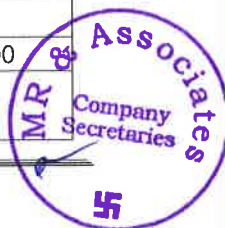
R. No.: 6, Kolkata 700012,

E Mail: goenkamohan@hotmail.com

goenkamohan@gmail.com

Mobile No.9831074332

Phone No .2237 9517



**Item No. 4 - Ordinary Resolution:**

Ratification of appointment of Haribhakti & Co. LLP, Chartered Accountants having Registration No. 103523W / W100048 allotted by The Institute of Chartered Accountants of India (ICAI), as Statutory Auditors of the Company appointed for 5 (five) years till the conclusion of the Thirty - Fifth Annual General Meeting (AGM) of the Company.

Particulars	No. of votes contained in						Percentage (%)
	Remote E-Voting		Insta Poll		Total		
	No.	Votes	No.	Votes	No.	Votes	
Assent	189	409094869	599	55567	788	409150436	99.06
Dissent	9	3884448	4	4	13	3884452	0.94
Total	198	412979317	603	55571	801	413034888	100.00
Abstain / Invalid	0	0	1	799	-	-	-

**Item No. 5 - Special Resolution:**

Issue of Non-Convertible Debt Securities on private placement basis in one or more tranches upto a maximum aggregate amount of Rs. 10,000 Crores (Rupees Ten Thousand Crores only) during the period of 1 (one) year from the date of passing of the Resolution by the Members, in terms of Section 42 and 71 of the Companies Act, 2013 and Rules thereunder.

Particulars	No. of votes contained in						Percentage (%)
	Remote E-Voting		Insta Poll		Total		
	No.	Votes	No.	Votes	No.	Votes	
Assent	193	412673741	600	55469	793	412729210	99.93
Dissent	6	305576	3	102	9	305678	0.07
Total	198*	412979317	603	55571	801*	413034888	100.00
Abstain / Invalid	0	0	1	799	-	-	-

\*Partial e-voting

9. Based on the foregoing, the resolution no.(s) 1 to 5 shall be deemed to have been passed with the requisite majority.



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Phone No .2237 9517



# MR & Associates

Company Secretaries

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10. All the relevant records relating to the e-voting is under my safe custody and will be handed over to the Chairman or Company Secretary for preserving safely after the Chairman considers, approves and signs the minutes of the said AGM.

Thanking You,

For MR & Associates



Mohan Ram Goenka  
Practicing Company Secretary  
Partner  
C.P. No: 2551



July 22, 2017, Kolkata

Countersigned by:  
For Srei Infrastructure Finance Limited



Shyamalendu Chatterjee  
Director  
DIN: 00048249

---

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Phone No .2237 9517



## Board of Directors

---

Mr. Salil Kumar Gupta  
Chief Mentor

Mr. Hemant Kanoria  
Chairman & Managing Director

Mr. Sunil Kanoria  
Vice Chairman

Mr. Srinivasachari Rajagopal  
Mr. Shyamalendu Chatterjee  
Dr. Punita Kumar Sinha  
Dr. Tamali Sengupta  
Mr. T. C. A. Ranganathan  
Mr. Ram Krishna Agarwal

## Chief Executive Officer

---

Mr. Sameer Sawhney  
(w.e.f. November 05, 2016)

## Company Secretary

---

Mr. Sandeep Lakhota

## Chief Financial Officer

---

Mr. Kishore Lodha

## Auditors

---

Harihakti & Co. LLP  
Chartered Accountants

## Principal Banker

---

Axis Bank Limited

## Audit Committee

---

Mr. Shyamalendu Chatterjee  
Chairman

Mr. Sunil Kanoria  
Mr. S. Rajagopal  
Mr. Salil K. Gupta  
Mr. Sandeep Lakhota  
Secretary

## Committee of Directors

---

Mr. Hemant Kanoria  
Chairman

Mr. Sunil Kanoria  
Mr. Salil K. Gupta  
Mr. Sandeep Lakhota  
Secretary

## Stakeholders Relationship Committee

---

Mr. Salil K. Gupta  
Chairman

Mr. Sunil Kanoria  
Mr. Hemant Kanoria  
Mr. Sandeep Lakhota  
Secretary

## Asset Liability Management Committee

---

Mr. Sunil Kanoria  
Chairman

Mr. Shyamalendu Chatterjee  
Mr. Sanjeev Sancheti  
Mr. P. C. Patni  
Mr. Sandeep Lakhota  
Mr. S. B. Tiwari  
Secretary

## Credit Committee

---

Mr. Hemant Kanoria  
Chairman

Mr. Sunil Kanoria  
Mr. Shyamalendu Chatterjee  
Mr. S. B. Tiwari  
Secretary

## Investment Committee

---

Mr. Hemant Kanoria  
Chairman

Mr. Sunil Kanoria  
Dr. Punita Kumar Sinha  
Mr. Sanjeev Sancheti  
Secretary

## Risk Committee

---

Mr. Shyamalendu Chatterjee  
Chairman

Mr. Sunil Kanoria  
Mr. Hemant Kanoria  
Mr. S. B. Tiwari  
Secretary

## Nomination and Remuneration Committee

---

Mr. Salil K. Gupta  
Chairman

Mr. Sunil Kanoria  
Mr. Shyamalendu Chatterjee  
Mr. Sandeep Lakhota  
Secretary

## Corporate Social Responsibility Committee

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Mr. Hemant Kanoria  
Chairman

Mr. Sunil Kanoria  
Mr. Shyamalendu Chatterjee  
Mr. Madhusudan Dutta  
Secretary

## Business Responsibility Committee

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Mr. Shyamalendu Chatterjee  
Chairman

Mr. Ram Krishna Agarwal  
Mr. Kishore Lodha  
Mr. Sanjeev Sancheti  
Mr. S. B. Tiwari  
Mr. Madhusudan Dutta  
Mr. Sandeep Lakhota  
Secretary

## Corporate Identification Number

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L29219WB1985PLC055352

## Registered Office

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“Vishwakarma”, 86C, Topsia Road  
(South), Kolkata - 700 046

Telephone : 91-33-6160-7734

Facsimile no : 91-33-2285-7542/8501

Email: corporate@srei.com

Website: www.srei.com

## Listing

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The Calcutta Stock Exchange Limited  
BSE Limited

National Stock Exchange of India  
Limited

## Depositories

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National Securities Depository Limited  
Central Depository Services (India)  
Limited

## Registrar and Share Transfer Agents

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Karvy Computershare Private Limited  
(Karvy)

32nd Annual General Meeting  
on Saturday, July 22, 2017 at  
10.30 am at Science City Mini  
Auditorium, JBS Haldane Avenue,  
Kolkata - 700 046

## Contents

• Corporate Identity **06** • Srei - Spanning across the entire infrastructure ecosystem **08** • Srei. Ahead of the curve **09** • Chairman and Managing Director's message **10** • A conversation with Vice Chairman **14** • Through a digital platform **18** • Through a complete asset lifecycle presence **20** • Through extension from financial to fin-tech services **22** • Through new businesses in the same sector **24** • Srei's business model **26** • Analysis of our financial statements **29** • Our performance over the years **32** • Directors' profile **34** • Directors' report **36** • Business responsibility report **64** • Report on corporate governance **95** • Shareholders' information **115** • Independent auditor's report and financial statements **129** • Consolidated financial statements **200**

1 billion = 100 crore, 1 million = 10 lacs

All figures attributed to Srei are figures of Srei Consolidated unless otherwise stated.

Progress happens when normalcy is disrupted. When a tree sprouts out of the seed, it disrupts the earth and the seed. When the shell is disrupted, life erupts. When thoughts and ideas disrupt the standard, metamorphosis happens.

Likewise, when one builds infrastructure, construction disrupts the existing. When mechanisation complemented manual labour, it resulted in faster infrastructure creation. When public-private partnership was introduced for building the nation, it resulted in world-class airports, roads, ports, power plants and so on.

Disruption is not incidental to humankind; it is the centre of change. It initiates, energises and transforms.

At Srei, we have professed innovative disruption for decades.

In challenging market scenarios, we partnered our customers. When markets rebounded, we introduced new products.

At Srei, the principal message that we wish to communicate is that innovative disruption is the way we think, the way we work and the way we live.

This responsiveness lies at the very foundation that makes us India's distinctive and holistic infrastructure financing institution.

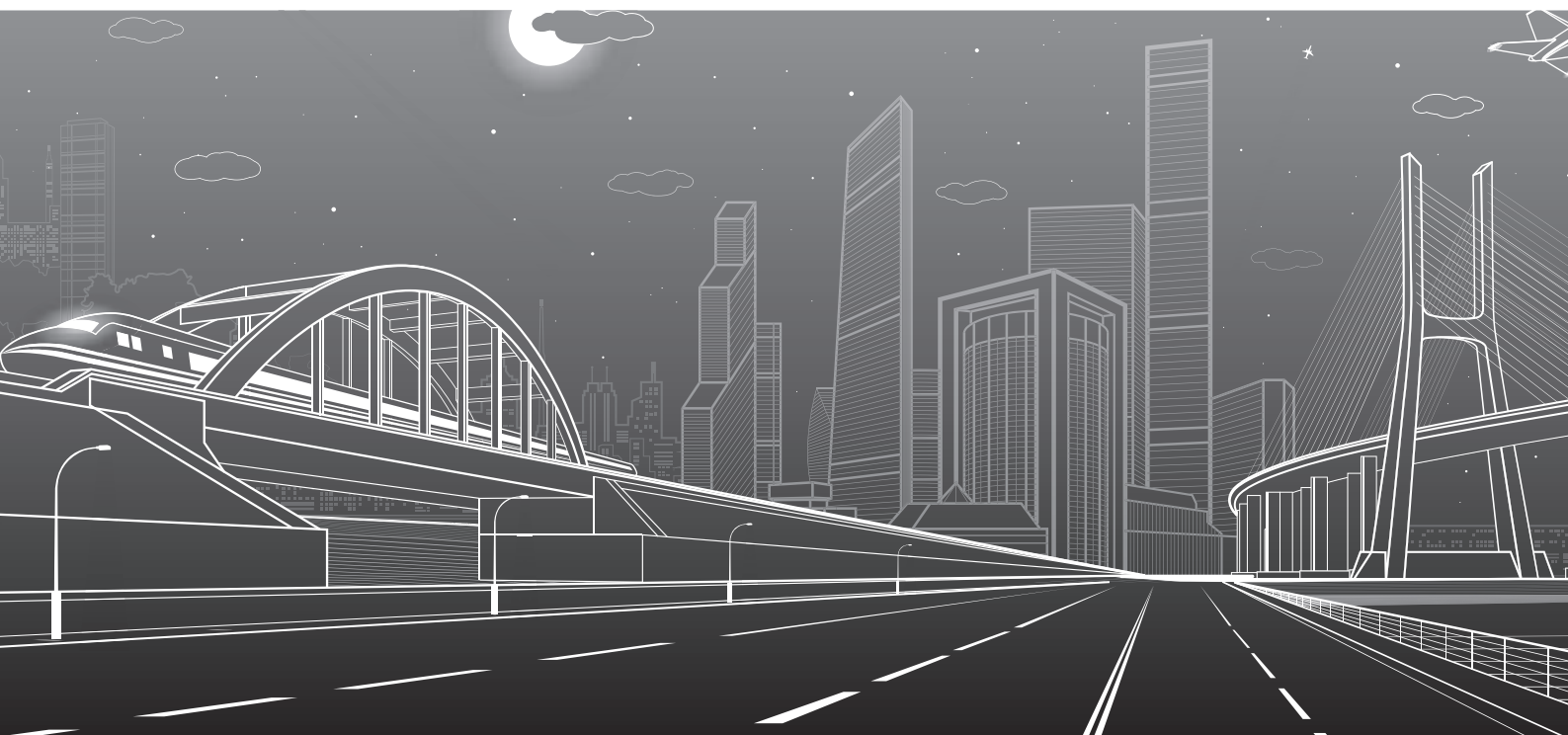


## **SECTORAL AWARENESS COUPLED WITH CORPORATE ACTIVITY DRIVE LONG-TERM SUSTAINABILITY.**

At Srei, we have always been proactive in identifying imminent changes. The result is that the Srei of today is always competing with the Srei of yesterday. We are investing continuously in processes to drive sustainable growth that displaces the status quo and translates into sectoral leadership.

While most players in our business focused on primary asset financing, we graduated to address the entire asset lifecycle – achieving a breakthrough in the infrastructure business through innovative product offerings.

When most in our sector concentrated on lending and marketing financial products, we focused on providing a holistic infrastructure service; our innovative solutions helped grow the market.



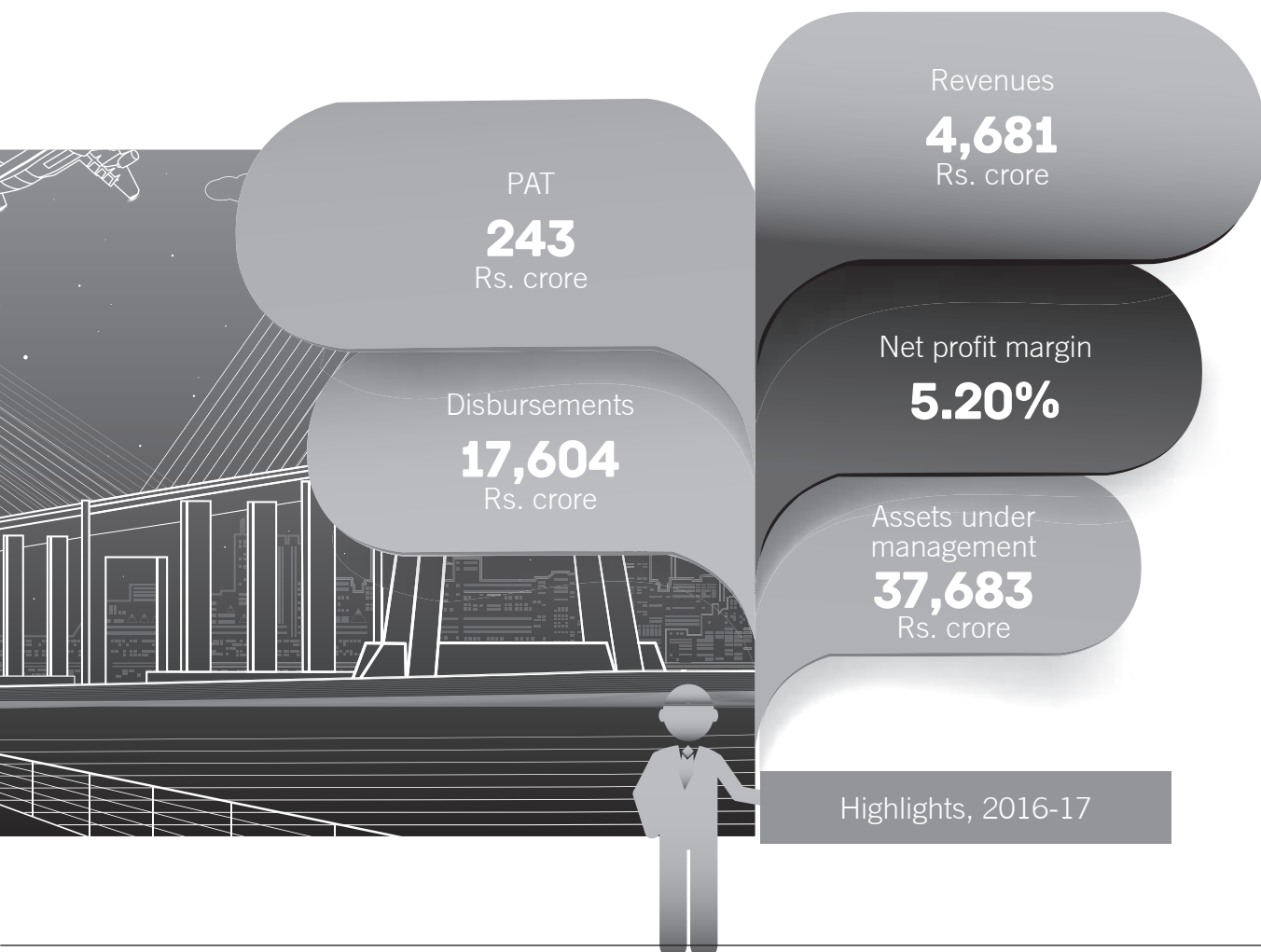


At a time when most peer companies focused on conventional funding sources, we designed new products like mezzanine funding and Shariah-compliant bonds (to source funds from Middle East).

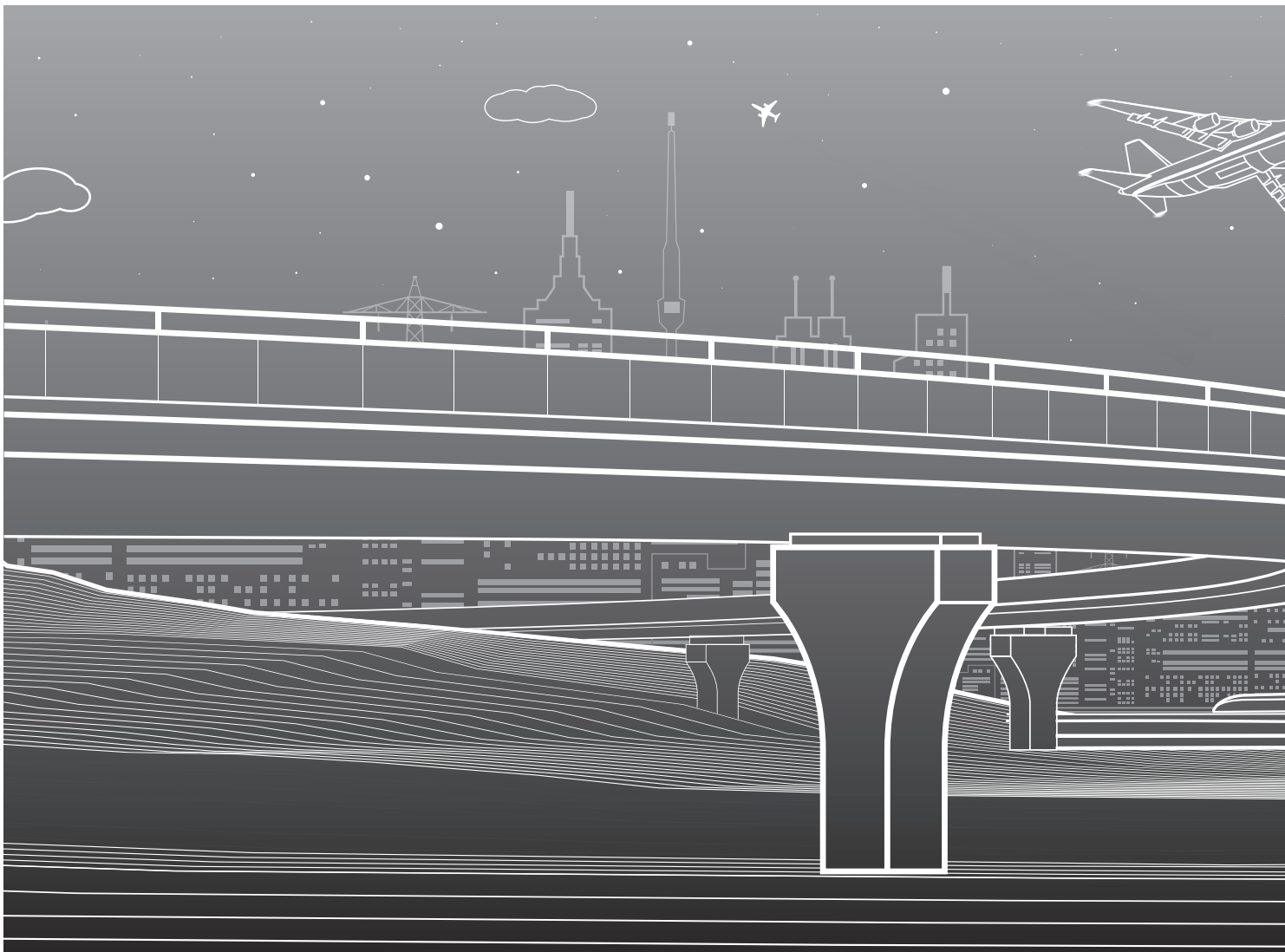
As most players within our sector focused on brick-and-mortar systems, we selected to create a unique digital platform to address customer needs and scale our footprint.

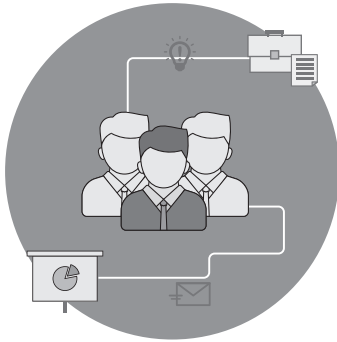
Most in our business select to walk the road most travelled.

We are happy to tread the path less taken and end up discovering altogether new routes.

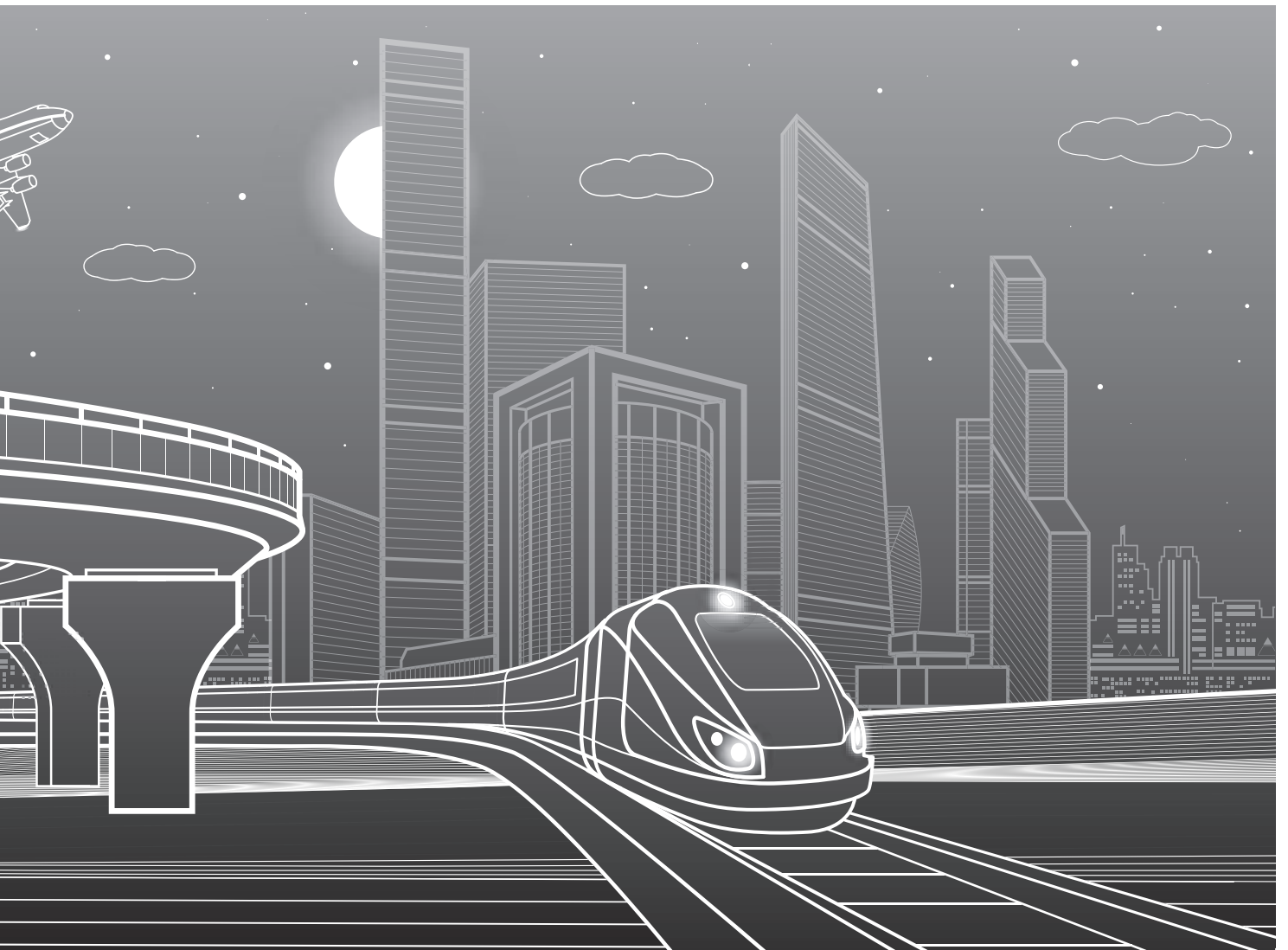


**AT SREI, WE ARE EMBRACING  
THE NEXT STAGE OF  
INNOVATIVE DISRUPTION  
LED BY CUSTOMERISATION,  
DIGITISATION AND TECHNOLOGY.**





Today, businesses have entered a period of relentless innovation driven by technology and connectivity. This digital revolution will inspire disruptive innovation and transform entire sectors – within the space of a few years. This revolution will empower Srei to provide a one-stop shop for our customers at the most competitive price and delivery experience. These will also make it possible for Srei to provide customised products that match needs better, shrink business processes, minimise errors, widen opportunities and enhance shareholder value.



# SREI INFRASTRUCTURE FINANCE LIMITED. INVESTED IN PEOPLE, PRODUCTS, PROCESSES TO CATALYSE CHANGE.

Because to grow and expand the market, it was imperative to think different.

Because in a sector marked by sharp crests and troughs, it was necessary to beat the curve.

Because in a competitive business, it was necessary to proactively disrupt the operating model before the market did.

## Vision

To be the most inspiring holistic infrastructure institution, globally

## Mission

To be an Indian multinational company providing innovative integrated infrastructure solutions

## Lineage

Srei Infrastructure Finance Limited is among India's first private sector infrastructure financing companies. It enjoys a presence of nearly three decades in the Indian infrastructure sector.

## Management

The Company is spearheaded by Hemant Kanoria (Chairman and Managing Director), Sunil Kanoria (Vice-Chairman), D K Vyas (CEO, SEFL), Sameer Sawhney (CEO, SIFL) and a team of experienced and exuberant professionals.

## Classification

The Company is classified as an 'Infrastructure Finance Company' by the Reserve Bank of India and a 'Public Financial Institution' by the Government.

## EVOLUTION OF SREI

1989	1992	1997	2005	2008
Started operations and identified infrastructure sector as the core business	Floated an initial public offer	Engaged international developmental institutions – IFC, Washington (World Bank Group), DEG (owned by Government of Germany) and FMO (owned by the Government of the Netherlands) as strategic equity partners	First Indian NBFI to be listed on the London Stock Exchange	Entered into a joint venture with BNP Paribas for the equipment financing business

The Company operates as an integrated infrastructure solutions provider involved in



Presence

The Company is headquartered in Kolkata (India) and enjoys a pan-India presence.

The Company's equity shares are listed and traded actively on the Bombay and National Stock Exchanges.

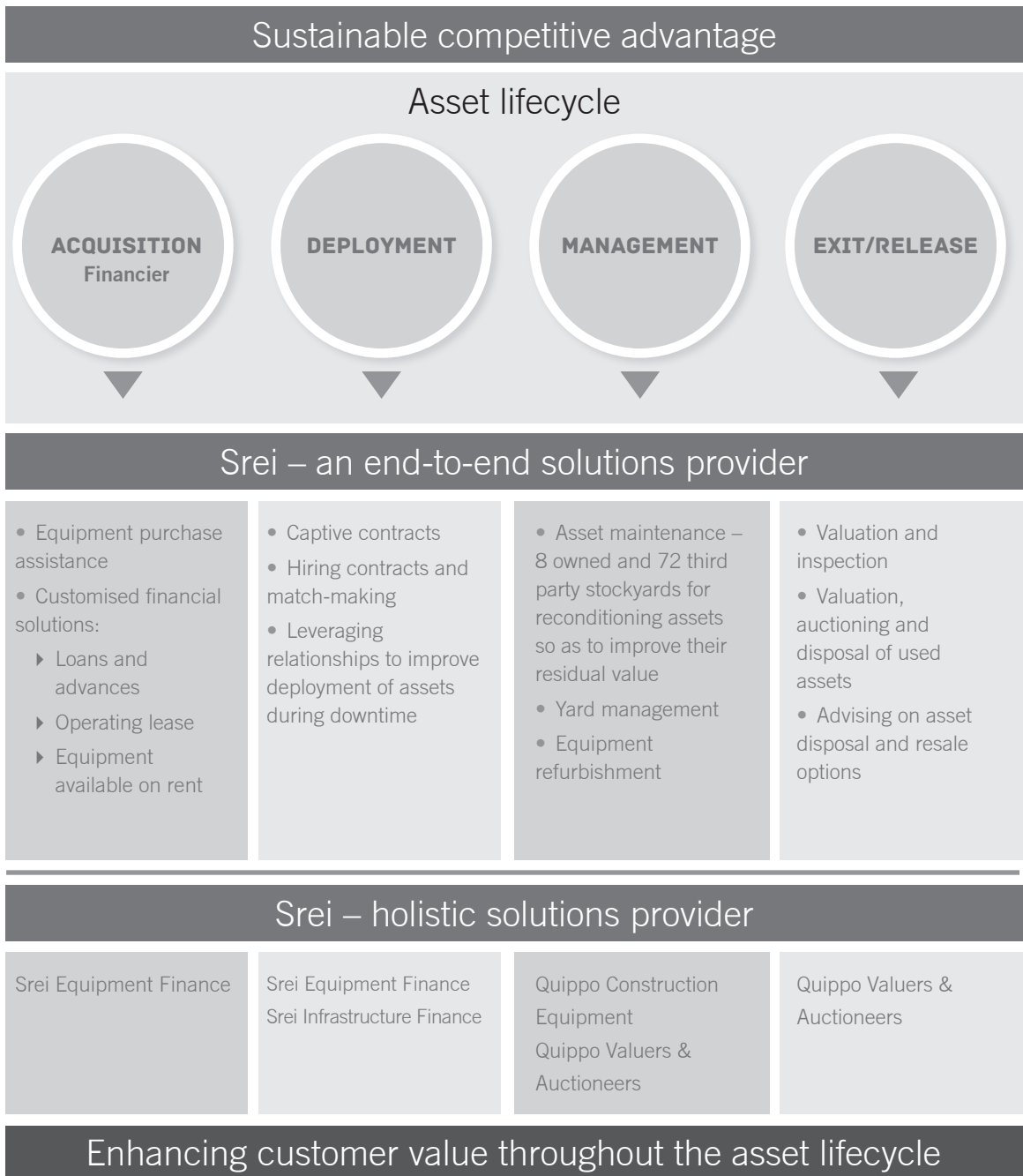
Investors and alliance partners



2009	2010	2011	2012	2014	2016
Entered into a strategic partnership with Tata Group for the passive telecom infrastructure business	Synergistic integration of Srei and Quippo to create a fully integrated holistic infrastructure institution	Received 'Infrastructure Finance Company' and 'Public Finance Institution' status from Reserve Bank of India and Ministry of Corporate Affairs, respectively	Received Certificate of Registration for mutual funds (infrastructure debt fund) from Securities and Exchange Board of India	Received certificate of authorisation from Reserve Bank of India to commission, own and operate White Label ATMs	Divested stake in Viom to American Tower Corporation; transformed the equipment financing arm into a 100 per cent subsidiary

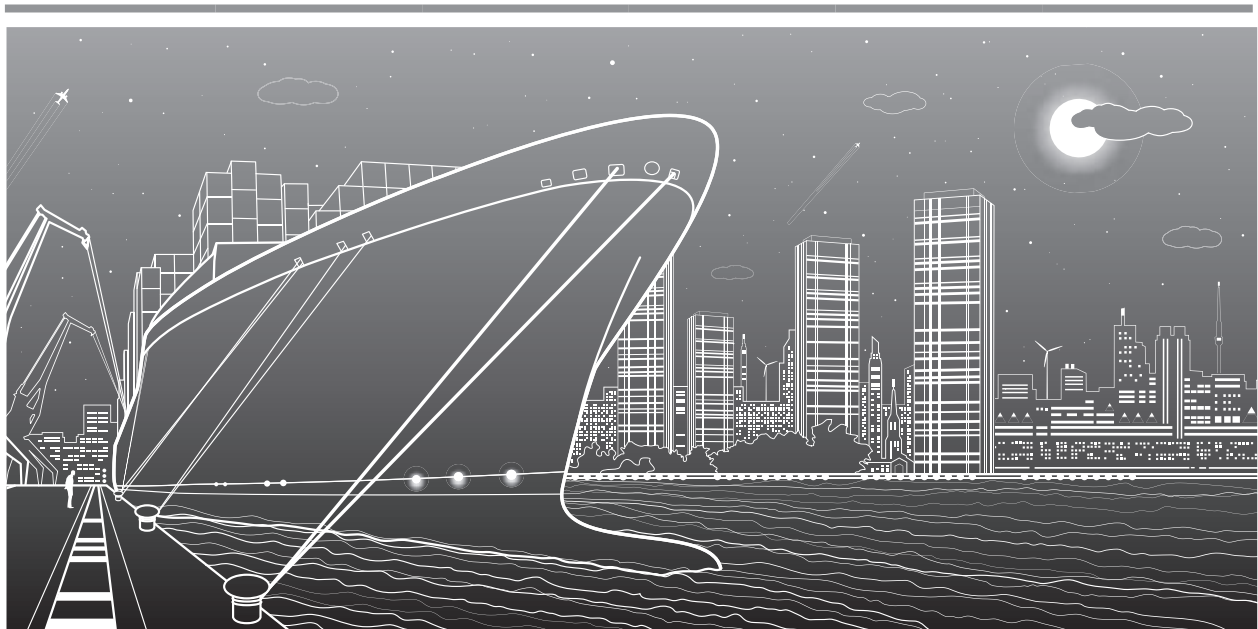


# SREI – SPANNING ACROSS THE ENTIRE INFRASTRUCTURE ECOSYSTEM



# SREI. AHEAD OF THE CURVE

<b>Industry reality</b>	Companies looked at primary asset financing	The industry was engaged in plain financing	Telecom towers were installed by telecom companies	Bonds were largely raised by Indian NBFCs from non-Arab countries	Financiers had limited means to manage asset risk through technology
<b>Disruption by Srei</b>	Srei extended beyond primary financing to the entire asset-lifecycle: financing, leasing, deployment, asset management and exit	Initiated unique and innovative 'Reverse Auction' of interest rates for construction and mining equipment	Srei introduced a new tower sharing model where independent tower companies were created to commission tower infrastructure	Srei became one of the first Indian NBFC to create a bond compliant with Shariah laws	Srei became the first Indian NBFC to use GPS tracking devices (self-fitted as well as OEM-fitted) on equipment to understand asset location, deployment pattern and maintenance requirements
<b>Long-term sectoral impact</b>	Srei remains uniquely positioned as the only provider of Asset Lifecycle Solutions	Srei keeps innovating and being ahead of the curve	This is now the sectoral norm	This set a new trend in the industry	Srei has first mover's advantage



## CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



## Dear Shareholders

# 243

(Rs. crore) net profit registered by the Company in 2016-17

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The year under review has seen an all round improvement in the performance of your Company after few tough years, when the environment in the infrastructure sector was adversely affected due to many factors, both internal for the companies and external from the perspective of government policies. The government has stepped up its outlay for infrastructure projects. Our country is poised for a good monsoon this year. And with the ongoing reforms, the GDP growth momentum is likely to sustain. There is a general 'feel good' factor prevailing, with an emerging belief that this year would be the year of the turnaround. There is an influx of foreign investments in the stock market in India and global investors are excited about investing in the India Growth Story. Thus, we are upbeat that this year and the years ahead will be interesting times for our country and your Company.

Your Company's shares have done much better in the last one year, because of better results and an improved investment environment.

There has been both top-line and bottom-line growth. Leveraging our diversified presence across the infrastructure spectrum and our deep understanding of the risks in each sector, we have done relatively well by focusing on improvement of the business processes, managing and mitigating the risks efficiently.

### Economy outlook

On the global front, during the year under review two trends have become more prominent. First, developed economies are becoming increasingly protectionist, especially evident from the actions in the US and the UK. Second, the era of central bank-driven easy liquidity is gradually coming to an end. US Federal Reserve is already on a tightening mode. Bank of England has indicated that it is through with its targeted purchase of corporate bonds. The European Central Bank (ECB) is also getting ready to initiate its tapering process.

On the domestic economy front, India's GDP grew 7.1 per cent during the year under review. India attracted record FDI and the country's forex

reserves continued making new peaks. However, the sudden demonetisation action initiated by the government in India in November 2016 has resulted in a slowdown. In the January-March quarter (Q4FY17), the ratio of gross fixed capital formation to GDP fell to 28.5 per cent, the lowest in the last 16 quarters, reflecting a further slowing down in the investment cycle. The 5.6 per cent growth in Gross Value Added (GVA) in the same quarter

shows a slowdown in consumption too. Nevertheless, steps are being taken by the government to increase social and infrastructure spending, which will gradually result in growth, investments and eventually a pick-up in consumption expenditure. The recently introduced Insolvency & Bankruptcy Code (IBC) will surely enable the much awaited resolution for the over-leveraged corporates and the bank burdened with bad loans.

Your Company's shares have done much better in the last one year, because of better results and an improved investment environment. There has been both top-line and bottom-line growth. Leveraging our diversified presence across the infrastructure spectrum.

The timeframe for addressing issues under IBC is practical and, as and when implemented, will effectively help in resuscitating the stressed companies.

Steps have also been initiated to improve India's

'global competitiveness rank' and the concerted efforts made towards formalising the economy are reasons to be optimistic. The state governments are getting more flexibility now in terms of spending the resources transferred by the central government. In addition, the National Democratic Alliance (NDA) has significantly consolidated its political position thus laying the ground for pushing through complex economic reforms. Meanwhile, to keep inflation in control RBI has adopted a cautious but accommodative approach. The interest rates may further be reduced which will augur well for fresh investments.

### Business outlook

During the year under review, except for the demonetisation drive which created some temporary setback, the overall business sentiment has been positive. The government has increased its outlay for the infrastructure sector. The other big positive has been the immense groundwork done towards readying the nation for the Goods & Services Tax (GST) which now looks set to be rolled out on 1st July 2017. Although the GST initially may result in some practical issues, it will usher in significant benefits, especially by ensuring a greater degree of transparency in transaction trails and by enhancing logistical efficiencies.

Once GST comes into force, leasing as a financial instrument can make a strong comeback which will be immensely beneficial to your Company.



Lack of clarity about the nature of leasing had resulted in multiple taxation on leasing thereby curbing its efficacy. GST should take care of that.

As IBC has become fully operational, it will enable change in management of many stressed infrastructure assets. Infrastructure Finance Companies (IFCs) like Srei, which have specialised skill sets in managing infrastructure assets, will be well equipped to take charge of such assets and revive them.

In addition, with the banks severely constrained in terms of undertaking fresh lending, IFCs and Asset Finance Companies (AFCs) will play a major role in financing infrastructure projects and assets. Your Company thus now enjoys an added advantage. To sum up, the business outlook for your Company looks very positive.

### Company outlook

During the year under review, your Company posted a consolidated income of Rs. 4,681 crore (an increase of 44 per cent over last fiscal's Rs. 3,262 crore) and registered a net profit of Rs. 243 crore (more than threefold increase over last year's Rs. 73 crore). Your Company's consolidated disbursements stood at Rs. 17,604 crore, a 21 per cent year-on-year growth. The net worth of your Company, at Rs. 4,531 crore, registered a healthy 40 per cent growth. Your Company's consolidated assets under management stood at Rs. 37,683 crore at the end of the year under review. In addition,

on a consolidated basis, the gross non-performing loans (NPL) came down from 4.02 per cent to 2.91 per cent, while the net NPL reduced from 3.09 per cent to 1.98 per cent. Thus, clearly the year under review has been a very good one in terms of performance for your Company.

Your Company has been making strategic investments from time to time and has always followed a strategy of diluting / divesting such stakes at the opportune moment. The management is aware of such opportunities and will opt for strategic divestments whenever the right opportunity beckons. During the year under review, your Company sold Treasury stocks which released more cash, thus making more resources available for business growth. We are now looking forward to mobilising resources from the market for our road portfolio.

Technology is redefining our lives and also the way of doing business. Your Company is well aware of this and the management is judiciously investing in technology in order to be future-ready. At Srei, we have launched a digital platform, iQuippo, which is an online forum to converge buyers and sellers of construction and infrastructure equipment. Right from assisting original equipment manufacturers (OEMs) to market their products, enabling and guiding potential buyers to identify the right assets, iQuippo will have a role in financing the asset, deploying it, providing insurance, offering maintenance and operational

services, making available spare parts, re-deploying the asset in multiple project sites, identifying buyers for the used assets and providing all kinds of fee-based services till the asset is finally disposed off.

Your Company is keenly following the developments on the draft guidelines issued by RBI for on-tap license for universal banks and wholesale banks. At an appropriate time and after detailed evaluation of the pros and cons, your Company will take an informed decision on whether to go for a banking license.

Let me conclude by saying that there is enough reason to hope that the economic recovery will only gather strength from here on. Your Company is well capitalised and equipped both in terms of technology and skilled manpower to tap the opportunities that will unfold. This new phase of your Company's journey will be far more exciting than what we have experienced before. We look forward to receiving your continued support in our future endeavours.

Thank you.



**HEMANT KANORIA**

Chairman & Managing Director





A conversation with  
Mr. Sunil Kanoria, Vice Chairman  
Srei Infrastructure Finance Limited

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#### **How would you appraise the performance of the Company during the fiscal gone by?**

The year under review has been the year of a turnaround, especially for the infrastructure sector. After several years of stagnation, there were nascent signs of a demand pick-up on the project execution side. This was mostly a result of the government's efforts in stepping up investments in infrastructure on its own and clearing the roadblocks of stuck projects. Our Company benefitted from the growing demand of construction equipment. Our recoveries were good and collections improved. We reported a topline growth of 44 per cent, EBIDTA growth of 28 per cent and PAT growth of 236 per cent. Our disbursements grew by 21 per cent, while our net non-performing assets moderated from 3.09 per cent to 1.98 per cent. There was significant mitigation of the various risk factors. On the whole, the year under review was a decent one in terms of our performance.

### What factors were responsible for this performance?

Apart from the improvement in business conditions, a couple of other developments during the year under review boosted our Company's performance. First, we divested our stake in Viom Networks and mobilised Rs. 2,931 cr. This sizeable divestment provided us with resources to reduce our debt and cut down on interest outflow, right-sizing our Balance Sheet. Second, BNP Paribas exchanged its 50 per cent stake in the subsidiary Srei Equipment Finance Limited for a 5 per cent stake in the parent Srei Infrastructure Finance Limited. The result was that after nine years, Srei Equipment Finance once again became a 100 per cent subsidiary of Srei Infrastructure Finance, a development that, we believe, will enhance significant value for Srei shareholders on account of 100 per cent accounting consolidation. I am optimistic that on account of a revival of the country's infrastructure segment, our business is poised to grow faster from this point. To enhance focus, the Company sold Treasury stocks which released more cash, making more resources available for business growth.

### How has the Company enhanced business value over the years?

Since inception, Srei has consciously shaped an infrastructure-focused business model, which is scalable and flexible. Innovation has been a way of doing business at Srei and time and again, we have been successful in introducing concepts that have been pioneering in their fields. This has helped us deliver better value to our stakeholders, tap new opportunities and even create altogether new segments at times.

The concept of an Equipment Bank was one such pioneering concept. In 2000, Srei sponsored Indian Equipment Infrastructure Limited, now known as Quippo, which set up the first equipment bank in the country. Through this venture, the concept of equipment rental was pioneered in India, which is a cost-effective way of doing business vis-à-vis the actual owning of equipment. Today, Quippo is into multiple verticals like telecom, oil & gas, energy and construction. Through the equipment bank, the idle machines of customers can be pooled and offered on rent in multiple projects along with complete maintenance and operators on an hourly basis.

When Srei promoted Viom Networks in 2005, the concept of passive infrastructure sharing (like telecom tower sharing) was largely unknown in India. Srei could foresee immense potential in the 'Shared Passive Telecom Infrastructure' business; the management realised how this could drastically bring down the working capital needs of existing telecom operators and also help in a speedy roll-out of services by new entrants. Looking back, I am pleased to report that Viom's business model became prevalent and popular. Srei prudently nursed this investment and exited during the year under review.

Similarly, Srei had spotted a huge opportunity in the roads and highway sector when PPP, as a concept, was at a nascent stage in India. We had full faith in the potential of the sector and decided to leverage our financing abilities and asset management skills to support highway development through the PPP route in India. Thus, Bharat Road Network Limited (BRNL) got incorporated in 2006 and today BRNL

has a strong track-record of executing and managing road projects. We intend to divest a part of our road portfolio in the near future.

Sahaj is one initiative where we created an altogether new market. Realising how important it is to bridge the urban-rural digital divide, we set up Sahaj in 2007 to supplement the efforts of Government of India under the National e-Governance Project (NeGP). Today Sahaj has a mandate of setting up more than 64,000 Common Service Centres (CSCs) in the remotest interiors of rural India. The CSCs are essentially IT-enabled kiosks with internet connectivity and the objective to provide various G2C and B2C services on-line to the villagers. The best part of this project is that it unlocked huge entrepreneurial talent from the rural sector. Each CSC is run by a Village Level Entrepreneur (VLE) who is also a stakeholder in the CSC. Depending on the level of services on offer, each VLE can generate additional jobs.

### What makes you optimistic about the performance of the Indian infrastructure sector?

Post-liberalisation, India evolved the public-private partnership (PPP) model for infrastructure creation, quite unlike any other country. The response was good and it gathered momentum. However, this being a learning-by-doing exercise, there were a few judgment errors that affected the PPP model. In addition, the policy paralysis that gripped our nation during the earlier phase of this decade did not help and infrastructure creation almost came to a halt. However, there seems to be a perceptible change now for the better. This government has demonstrated a genuine urgency and initiated a number of schemes to break sectoral logjams – be it the augmenting of

coal production for power generation and implementing the 'Ujjwal Discom Assurance Yojana' (UDAY) for power distribution, be it increasing the pace of highway construction to an all-time high of 22.3 km/day or introducing the Hybrid Annuity Model (HAM) to rekindle private sector interest, be it the launching of the 'Ude Desh ka Aam Nagrik' (UDAN) scheme to make flying

The introduction of the Insolvency and Bankruptcy Code (IBC) will benefit lenders. Our banks are saddled with mounting bad loans, a substantial portion of which are loans given to infrastructure projects.

affordable and improve regional air connectivity by revamping the airport network, be it the fiscal incentives provided to make 'Housing for All' a reality – there is action on every front of the country's infrastructure sector. The Central government is hard-selling the India Growth Story to a global audience and seriously working towards attracting investments in the infrastructure sector. At the same time, it has not waited for private sector investment appetite to revive and gone ahead and started investing on its own in infrastructure. The Government action has started delivering results and I am optimistic that this infrastructure development will have a positive trickle-down impact on a number of allied sectors, widening employment opportunities across the economy.

The result is that growth in the Indian construction equipment market, which had been on a continuous decline in 2012, 2013 and 2014, turned the

corner with a modest 2 per cent growth in 2015 and then reported a substantial growth of over 30 per cent in 2016.

I expect the construction equipment market to grow at 25-30 per cent over the next couple of years.

In addition, the introduction of the Insolvency and Bankruptcy Code (IBC) will benefit lenders. Our banks

are saddled with mounting bad loans, a substantial portion of which are loans given to infrastructure projects. Fresh lending has virtually come to a standstill. IBC will enable the lenders to initiate insolvency proceedings against defaulting borrowers, catalyse turnarounds – if necessary with a change

in management. The World Bank calculated that it takes on an average nearly four years to resolve insolvency issues in India. We believe that with IBC, that time period for settling insolvency issues will come down drastically. IBC will add value to the business as a facilitator in terms of addressing past challenges and providing opportunities to finance assets coming out of bankruptcy. Going forward, I foresee a lot of brownfield opportunities emerge from the infrastructure business.

Now that the Goods and Services Tax (GST) is scheduled to be implemented from 1st July 2017, I feel this will open up a huge opportunity for leasing. Worldwide, leasing has been the most cost-effective instrument for infrastructure creation. This will certainly have a role to play in the next phase of infrastructure growth. Also, the rental business of construction equipment is poised for exponential growth. With GST unifying the entire Indian market,

movement of construction equipment across states will become easier, making it simpler to realise the maximum economic value of such assets across their entire lifecycle.

Thus, standing at this juncture, I have plenty of reasons to feel upbeat about the prospects of India's infrastructure business.

#### How is Srei strengthening its business to address the future?

Over a quarter of a century, we have survived several troughs and capitalised on various business crests to emerge as one of the most successful NBFs in the Indian infrastructure sector. Our aim, as always, will be to identify opportunities emerging from this sector before our competitors, and implement strategies to tap those. The other thing that we need to do to strengthen our business is to embrace disruption. Today, there is disruption everywhere. We have seen how the demonetisation drive disrupted the entire economy. IBC and GST are game-changers that will also disrupt existing business models in their own ways. These are the domestic disruptions from the government side. On the international front, the 2008 global financial crisis had shown us why we need to be ready for any Black Swan event. On the business side, we are witnessing the unfolding of the Fourth Industrial Revolution, also known as the Digital Revolution. Digitisation is revolutionising the way of doing business globally and is re-writing the rules of the game. One of the most visible manifestations is the use of cutting-edge analytics to forecast business outcomes. Use of Data Mining and Artificial Intelligence (AI) need to be built into decision making processes to mitigate risk. Embracing technology in every business process

is imperative to usher higher degrees of operational excellence. For example, through Internet of Things (IoT), it would be possible to improve the remote monitoring of the health and position of the assets that we finance. Thus, we need to gear up accordingly and be ready to confront these changes.

At Srei, we realised quickly that if we do not disrupt our business model through the digital route, our future may be in jeopardy. Therefore, Srei's immediate aim is to embrace digitisation. Accordingly, we launched iQuippo, an online forum to converge buyers and sellers of construction and infrastructure equipment onto a platform. This first-of-its-kind initiative aims to change the way the infrastructure business is conducted in India. The seller or the lessor gets his or her assets listed on our website; the buyer or the lessee gets the one that best suits the purpose.

#### **How is iQuippo expected to make a difference?**

**W**e believe iQuippo will help us exponentially grow our level of engagement with original equipment manufacturers (OEMs) and customers. OEMs, through iQuippo, will be able to virtually reach out to more number of customers without being actually physically present in the areas where customers are present. Making brick-and-mortar set-ups unnecessary, this online alternative obviates the need for human intervention (except for large transactions which would require sales executives to meet the clients). In this case, all the customers need to do is identify their required assets and place the order.

The biggest positive of iQuippo will be the superior customer experience that it will be able to offer. We will be in a position to offer customised asset-centric solutions throughout the entire

asset lifecycle. From advising first-time users on selection of equipment type to financing the asset to deploying it to providing insurance to offering maintenance and operational services to making available spare parts to re-deploying the asset at multiple project sites to identifying buyers for the used assets or disposing off the asset as scrap – iQuippo can guide the customer through the entire journey. Not only will this allow us to increase our revenues, but we will also be able to mitigate all asset-related risks. Srei has always believed in increasing its 'stickiness' with the customer. iQuippo will empower us to do it more efficiently and seamlessly, and all this at a fraction of the cost that was incurred earlier.

The beauty of this platform is that it can be scaled with ease by expanding our presence across geographies (states

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“The conventional business model and iQuippo will initially co-exist and merge eventually”

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and countries) and at the same time, add new asset classes and services associated with those assets to expand our spectrum of activities. Thus, to sum up, the sky is the limit for iQuippo.

#### **How will Srei address its conventional business?**

iQuippo is a recent phenomenon at Srei – it was commissioned only in late 2016-17. It will take some time to scale. Our focus on the conventional business will continue. Our conventional business multiplied over the years and that was only possible because of the strong relationship we nurtured with our customers, business partners, investors and employees. We will

continue to invest in that. But what we have realised is that in order to expand the scope and horizon of our growth, we need a mindset change in a world that is fast changing. Globally, B2B platforms are 'assist models' and have done well as those operate within particular ecosystems. Such platforms have produced value propositions for all stakeholders. These also mitigate risks by removing operational inefficiencies. Thus, the creation of iQuippo has been timely. iQuippo is certainly the future, but it has to be scaled on the foundations of trust and partnership on which we have erected our conventional business. To sum up, the conventional business model and iQuippo will initially co-exist and merge eventually.

#### **What is your broad message to shareholders?**

**A**s mentioned before, I feel the infrastructure sector has turned the corner. There are genuine reasons to be optimistic about the future of India's infrastructure. Equipment demand has started to pick up and is poised to register healthy growth in the coming years. In the near future, I expect to see a lot of brownfield investment opportunities opening up in the project finance space. Greenfield projects too will pick up, but with a lag. Thus, the infrastructure space looks quite promising. In addition, game-changers like IBC and GST augur well for this sector, especially for our Company. My simple message to investors is that you patiently supported us through the lean phase. We are now poised for robust growth. In addition, your Company's efforts to embrace digitisation will provide it a first mover's advantage amongst peers. So stay invested – we are in for exciting times ahead. We look forward to your continued support.



# CHANGING THE STATUS QUO. THROUGH A DIGITAL PLATFORM



As the world braces for game-changing digital transformation, Srei leads through the creation of digital platforms in its business space.

### Digitisation transforms.

Digitisation creates opportunities for companies to rebuild market positions, reimagine business systems, and provide innovative offerings. The result is that digitisation is a sweeping priority.

However, few companies come close to capturing digitisation's potential.

While the passenger vehicles market was organised and transparent, there was a critical need for a digital marketplace to buy or sell new or used construction and mining equipment and spare parts, as well as stock leasable/rentable equipment to suit diverse customer needs.

### Plugging a market gap

iQuippo plugged this gap. The Company launched a pioneering

India-focused digital marketplace that converged buyers and sellers of pre-used equipment. Suddenly, a transaction could be consummated without middlemen, financial crunch or qualitative inconsistency.

iQuippo serviced a longstanding market need. The Company lists available equipment across categories and geographies, making it possible for potential buyers/lessees to seek just what they need. The Company has made it possible for them to do so without wasteful expenditure of time and money or a physical pre-verification. The Company empowers OEMs to market products without a physical interface with customers.

Even better, the portal provides financing options (refurbishment and overhauling loans, EMI loans, structured EMI loans and cash flow-based loans, among others) and value-added services (experienced operators, insurance products, spare parts and

auction services among others).

### Impact on Srei

iQuippo provides Srei an attractive growth opportunity without large and precious capital investments - the first step towards 'digitising' a second-hand construction equipment market.

Srei's digitised business model will leverage growing data volumes; it will disrupt the conventional 'go-and-sell' model; it will provide customers with the facility to transact conveniently without a qualitative mismatch.

The result is that Srei has strengthened its one-stop proposition: deploying idle assets, divesting obsolete assets and helping OEMs find new customers.

Besides, Srei's multi-decade relationships shrunk the iQuippo gestation and learning curve: iQuippo marketed or rented more than 330 construction equipment within just five months.

When digitisation fuses with a disruptive idea, transformative things happen.

**2,600+**

Number of listed construction equipment units

**2,100+**

Number of listed buyers and sellers

**330+**

Number of equipment units marketed

**25+**

Transactions (Rs. crore) until the close of 2016-17



# CHANGING THE STATUS QUO. THROUGH A COMPLETE ASSET LIFECYCLE PRESENCE.



**H**olistic asset solutions ensure profits generated by assets through the entire lifecycle.

At Srei, we fused comprehensive portfolio management, rigorous project execution and effective asset management to provide a superior customer experience. In turn, this translated into a superior return on the Company's asset base.

The life of productive construction equipment is around eight to ten years. However, when prudently refurbished, the equipment lasts longer. In a capital-starved country, Srei perceived a growing need for overhauled equipment that would make it possible for budding entrepreneurs and first-generation contractors to enter the construction business with moderate capital outlays, strengthening their profitability from Year One and providing them with a foundation to reinvest and grow sustainably.

Srei address this evident opportunity. The Company financed used equipment, encouraged insurance, offered refurbishment services and connected buyers and sellers with the objective to maximise asset utilisation.

Srei went one step further. Even as the conventional practice was to install GPS devices in new equipment, Srei improvised: it installed GPS trackers in old equipment as well. The utility: Srei could assess equipment location, deployment efficiency and thus manage asset risks prudently.

The word spread. A market emerged from scratch. Srei financed ~Rs. 275 crore of used equipment in 2016-17.

**275**

**(Rs. crore) Used  
equipment financed by  
Srei in 2016-17.**

# CHANGING THE STATUS QUO. THROUGH EXTENSION FROM FINANCIAL TO FIN-TECH SERVICES.



**T**echnology and automation are transforming businesses. Companies utilise data and analytical tools to formulate game-changing business strategies.

In a conventional transaction, a service or product provider sets a price, provides the product or service to the market and consumers accept or reject. These markets are often unorganised and there is information asymmetry between the participants.

Digital technology has transformed this reality.

For one, digitisation has empowered Srei to offer a wider and larger number of products and services; besides, these can be scaled with virtually no incremental expenditure.

Besides, the Company has altered intersection points, efficiently

connecting buyers and sellers. In the conventional model, only moderate data could be extracted; the digitised alternative provides with diverse consumption and behavioural trends in granular detail – in real-time.

The result of this substantially-enhanced data pool is that Srei can interpret marketplace realities deeper; it can redefine product availability and product scarcity across regions, pockets, customer-types and product configurations; even better, it has become possible to get a precious insight into how customers differentiate between ‘cost’ and ‘value’.

The result is that Srei has begun to make the critical last-mile personality evolution: from financial to fin-tech services.

- The deployment of GPS devices not

only makes it possible to locate assets, but also understand asset usage. This helps the Company predict cash flows from assets; it moderates susceptibility to unforeseen risks.

- The proactive investment in data analytics leveraging the growing data bank on asset deployment patterns is empowering Srei in addressing emerging needs and identifying finance-able assets. Besides, enhanced data access is making it possible for Srei to engage in predictive analyses to determine default probability through an analysis of repayment history and other factors.
- Geography-specific product preferences empower the Company to respond quicker to market needs.

**The result:** An increased use of analytics strengthened the Company's risk management and cost reduction.

### Digitisation and superior risk management at Srei

#### REAL TIME CIBIL CHECK

Multi-bureau connectivity integrated with LOS (Loan Origination System)

#### KYC VERIFICATION

Online verification of Aadhar, PAN, Voter ID card through the LOS

#### DEDUPE

Risk/credit control

#### ANALYTICS FRAMEWORK

Predictive Analysis

# CHANGING THE STATUS QUO. THROUGH NEW BUSINESSES IN THE SAME SECTOR.



In this conventional business engagement, a construction asset was financed for four or five years even as equipment life extended to 10 years or more.

In India, there is a huge asset base of post-financing equipment.

Srei created an organised and transparent asset aftermarket, widening opportunities and strengthening business sustainability.

The financing of pre-owned equipment generates higher returns (yield 550-650 bps higher than the primary financing rate equivalent). Besides, Srei (through iQuippo) has extended beyond financing; it offers a host of

services like spare parts, certification and valuation services, auction services, encourage insurances and related services, widening its revenue base.

The most disruptive element of iQuippo is that this has extended from a dedicated platform to one that will increasingly generate revenues from third-party loan, equipment and service providers as well. The simplicity of the platform will widen the marketplace by attracting and engaging a large number of players from the asset and loan provider ecosystem, including financiers, dealers, manufacturers, fleet & equipment owners and service

providers. The resultant benefits of higher asset utilisation and lower payback periods will in turn attract a large number of customers who will also be able to choose and select from the best available loan and asset offerings.

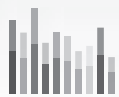
This reality holds out an attractive implication for the Company: the opportunity to widen the scope of fee-based incomes without increasing risk exposure. Besides, the Company has enhanced the credibility of the platform: it verifies assets, values assets and certifies assets to establish their marketplace relevance and acceptability.

## STRATEGY FOR SUSTAINABLE GROWTH



### Asset finance and leasing solution

- Strengthen core business
- Expand tipper and material handling equipment business
- Further develop healthcare vertical
- Banking partnership to provide holistic financial services



### Customer solution

- Stress resolution
  - ▶ Solution for stressed customers
- Loss recovery
  - ▶ Solutions for loss claim customers



### Asset lifecycle solution through digital platform

- Create refurbished asset market
- Asset life expansion
  - ▶ Spare parts
  - ▶ AMC/warranty
  - ▶ Secondary lease
  - ▶ Repo asset management
- New asset and vendor development



**Srei** has endured through passionate paradigm-questioning. The result is that it has been one of India's most successful private sector infrastructure financing companies for more than quarter of a century.



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**From** financing 10,000 customers in FY08  
**> to** 77,000+ customers today

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**From** being promoter-driven  
**> to** becoming a professionally-run organisation

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**From** being an equipment financing company  
**> to** becoming an integrated solutions provider

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**From** a 667-employee organisation in FY10  
**> to** a 2,140-employee organisation today



### The effectiveness of Srei's business model

**Disbursements:** Between FY13 and FY16 when the Indian infrastructure equipment market was sluggish, Srei grew disbursements 12.4 per cent p.a.

**Asset quality:** When the infrastructure sector was affected by bad loans and a rising incidence of non-performance assets, Srei contained net NPA at 1.98 per cent.

**Assets under management:** The value of the assets owned by Srei grew from Rs. 33,329 crore in FY13 to Rs. 37,683 crore in FY17.

**Capital-adequacy ratio:** Srei maintained a capital-adequacy ratio of 18.94 per cent compared to the RBI-mandated 15 per cent.



### The Srei way of doing business

Srei has embraced change to endure and enrich.

**Focused:** Being a partner, not just a lender

**People-oriented:** Making entrepreneurs out of employees

**Proactive:** Doing things before they become sectoral norms

**Honest:** Fostering transparency through governance

**Innovative:** Setting in motion industry trends

**Inclusive:** Driving client growth to grow its business

**Disruptive:** Countering paradigms to create a better tomorrow.



### A growing infrastructure play

The infrastructure sector is India's biggest development catalyst. India allocated a record USD 59.18 billion in infrastructure investment in Union Budget 2017-18. To sustain rapid economic growth, India needs to invest Rs. 31 trillion (USD 454.83 billion) over the next five years; 70 per cent of this investment needs to be made in capital-hungry sectors like power, roads and urban infrastructure.



### Srei's response

Srei's holistic business model covers the infrastructure ecosystem - from equipment financing to project financing to advisory services to equipment rental to project execution.

Srei engages with customers beyond financing; it partners them in identifying projects, reducing equipment idling, managing their cash flows and divesting assets profitably.

Srei finances customers engaged in projects that are 100 per cent compliant with relevant environment norms.

Srei puts the customer first. Srei's special customer-oriented schemes accelerate recovery during challenging economic phases. Srei is the first in India to create a digital marketplace for used equipment and related services.

The result is that prominent global financial institutions invested in the Company or its projects across decades.



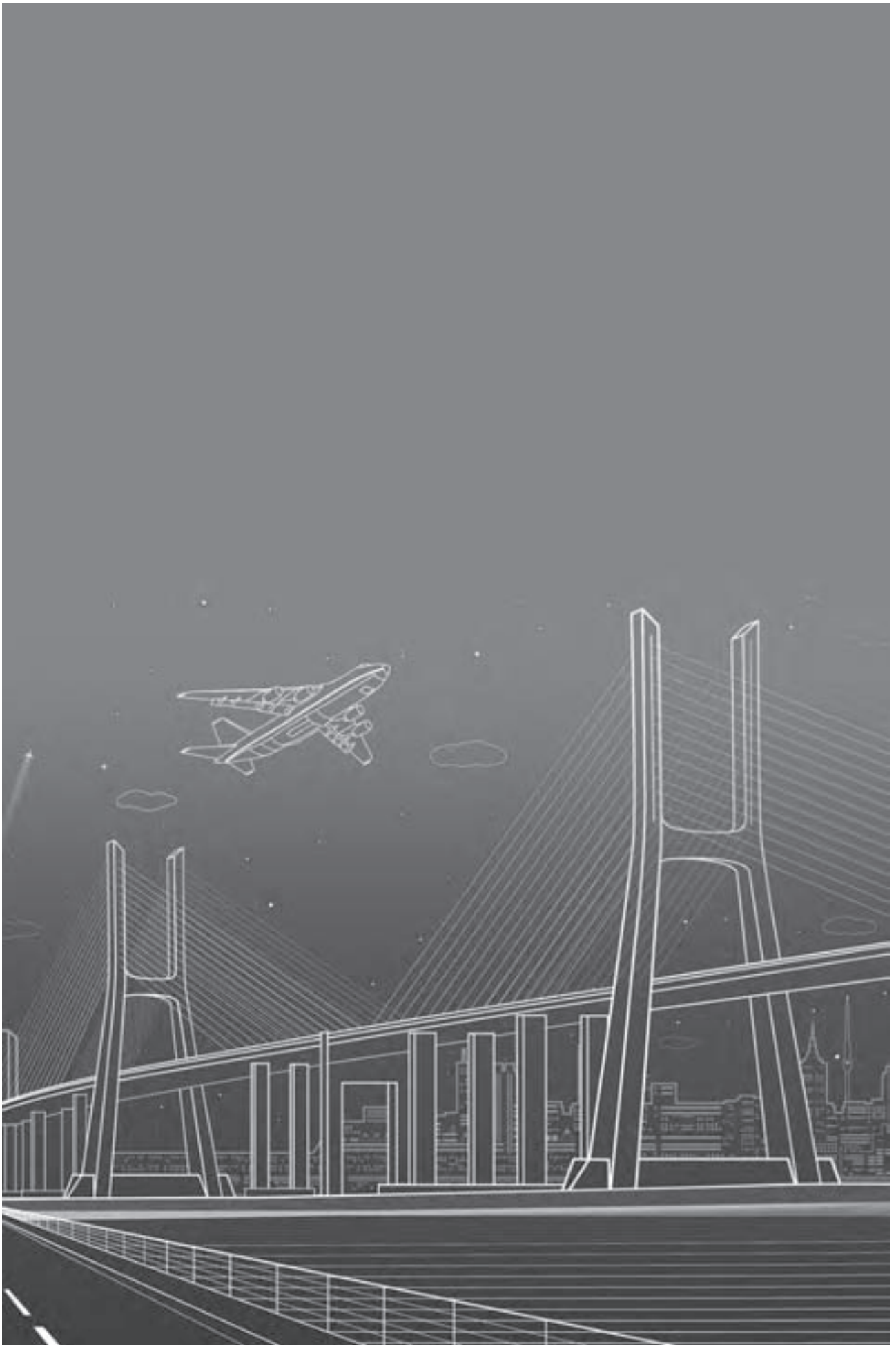
### The strength of Srei's intangibles

**Reliability:** Srei is a preferred financier of more than 200 OEMs and vendors in India; more than 60 per cent of its FY17 disbursements were derived from repeat customers. Srei enjoys highest recall among customers, translating into a > 30 per cent share of India's equipment financing market.

**Innovation:** Srei is a pioneer brand within India's infrastructure financing sector. It was the first in India to create an organised used equipment market; it was the first to launch a digital platform for similar equipment and ancillary services.

**Foresight:** Srei's forward-looking use of GPS devices in equipment has helped protect cash flows (providing the Company with real time information on asset deployment, usage and probable cashflow from the asset); its investment in analytics has accelerated informed decision-making and moderated human engagement in critical creditor appraisal.

**Groundbreaking:** Srei trains employees stay abreast of sectoral developments; it has transformed employees into 'entrepreneurs'. The result is that in an attrition-vulnerable sector, the Company has retained people retention at a high 83 per cent.



# ANALYSIS OF FINANCIAL STATEMENT 16-17

Srei Equipment Finance Limited (SEFL) has become 100% subsidiary during the current financial year. The impact of the same is reflected in current year's financial numbers.

## 1. Review of Consolidated Statement of Profit and Loss

### Highlights, 2016-17

Total income was Rs. 4,681 crore in 2016-17 as against Rs. 3,262 crore in 2015-16.

Assets under management increased from Rs. 36,735 crore in 2015-16 to Rs. 37,683 crore in 2016-17, registering a growth of about 3%.

Disbursement increased by about 21% from Rs.14,533 crore in 2015-16 to Rs.17,604 crore in 2016-17. Disbursement recorded by equipment financing business was Rs. 11,715 crore whereas that for infrastructure finance was Rs. 5,889 crore in 2016-17.

Profit before tax during 2016-17 was Rs. 360 crore as against Rs.106 crore in 2015-16 registering a growth of about 240%.

Profit after tax and minority interest increased by about 233% to Rs. 243 crore in 2016-17 as against Rs. 73 crore in 2015-16. Earnings per share increased by about 236% to Rs.4.84 in 2016-17 as against Rs.1.44 in 2015-16.

Gross interest spread is 2.35% in 2016-17 as against 2.49 % in 2015-16.

### Revenue

Group revenues was Rs. 4,681 crore in 2016-17 as against Rs. 3,262 crore in 2015-16. Group revenues accrued

from three verticals - fund-based businesses, fee-based businesses and investments.

Income from the fund-based businesses increased by about 25% from Rs. 3,119 crore in 2015-16 to Rs.3,904 crore in 2016-17.

Company's fee-based income was Rs 33 crore in 2016-17 as against Rs 50 crore in 2015-16. Income from investments increased to Rs 529 crore in 2016-17 as against Rs 6 crore in 2015-16. Income from investments would vary from year to year as these would depend on the timing of sale of such investments.

Equipment rental income contribution to total income increased to Rs.165 crore in 2016-17 as against Rs.34 crore in 2015-16. Group's non-core income was Rs 34 crore in 2016-17 as against Rs. 53 crore in 2015-16.

### Operational expenses

Group's total operating cost (before interest and Depreciation) was Rs. 541 crore in 2016-17 as against Rs. 359 crore in 2015-16.

**Employee costs:** Employee cost in 2016-17 is Rs.202 crore compared to Rs.145 crore in 2015-16. Number of employees has increased from 1968 in 2015-16 to 2075 in 2016-17.

**Administrative costs:** Administrative costs (including provision for diminution in value of stock for trade and investment) in 2016-17 are Rs.339 crore compared to Rs.214 crore in 2015-16 owing to increase in overhead costs like equipment hiring & leasing, power & fuel, repairs & maintenance, site & site mobilization expense etc.

### Finance charges

Finance charges increased by about 14% from Rs. 2,311 crore in 2015-16 to Rs.2,628 crore in 2016-17

### Taxation

Group total tax expense has increased by about 164% from Rs. 44 crore in 2015-16 to Rs.117 crore in 2016-17. The average tax expense rate was about 33% in 2016-17 as against 42% in 2015-16.

## 2. Analysis of Consolidated Balance Sheet

### Highlights, 2016-17

Capital to Risk Asset Ratio was 18.94% as on March 31, 2017 against 17.54% as on March 31, 2016. Book value per share increased from Rs.64 as on March 31, 2016 to Rs. 90 as on March 31, 2017. Net Worth increased by about 40% from Rs. 3,231 crore as on March 31, 2016 to Rs.4,531 crore as on March 31, 2017. Debt-equity ratio decreased to 5.78 as on March 31, 2017 as against 6.40 as on March 31, 2016.

### Capital employed

Capital employed increased by about 29% from Rs.23,904 crore as on March 31, 2016 to Rs 30,736 crore as on March 31, 2017 owing to the increase in the level of activity in various business verticals.

### Equity

Share capital comprised of 503086333 equity shares with a face value of Rs.10 totaling to Rs.503 crore. There was no increase in equity capital as compared to the previous year. As on March 31, 2017 Promoters' holding constituted

60.80% and foreign portfolio investor constituted 15.97%, domestic institutional investor constituted 1.29% and BNP Paribas Lease Group holds 5%.

**Reserves:** Group Reserves & Surplus grew by about 41% from Rs.3,122 crore as on March 31, 2016 to Rs.4,415 crore as on March 31, 2017.

#### External funds

Secured debt was Rs.22,062 crore as on March 31, 2017 as against Rs.18,031 crore as on March 31, 2016. Secured loans comprised debentures, term loans and working capital loans/facilities. Working capital facilities from banks were increased by about 18% in comparison to previous year. Of the outstanding secured debt, 93.43% was rupee denominated debt and 6.57% was foreign currency borrowing. During the year, the group increased its subordinated debentures / bonds / loans exposure by about 49%. Buyer's credit exposure during the year increased to Rs.162 crore as on March 31, 2017 from Rs.76 crore as on March 31, 2016. Sourcing of funds through commercial paper increased to Rs 858 crore as on March 31, 2017 as against Rs. 448 crore as on March 31, 2016.

#### Other Current & Non-Current Liabilities

Other current & non-current liabilities increased by about 92% from Rs.947 crore as on March 31, 2016 to Rs.1,813 crore as on March 31, 2017. Trade payables increased by about 156% from Rs.404 crore as on March 31, 2016 to Rs.1,032 crore as on March 31, 2017 and 44% increase in other long term and current liabilities from Rs.543 crore as on March 31, 2016 to Rs.781 crore as on March 31, 2017.

#### Current & Non-Current Provisions

Provisions increased by about 13% to Rs.117 crore in 2016-17 from Rs.103

crore in 2015-16. Provision against standard assets increased from Rs.55 crore as on March 31, 2016 to Rs.88 crore as on March 31, 2017.

#### Net Block

Group's net block (including CWIP) was Rs.3,009 crore as on March 31, 2017 as against Rs.1,432 crore as on March 31, 2016.

#### Financial Assets

This largely comprises of outstanding equipment finance loans given to customers. Outstanding equipment finance loan is Rs.14,527 crore as on March 31, 2017 as against Rs.7,104 crore as on March 31, 2016.

#### Loans Asset

This largely comprises of outstanding infrastructure finance loan book, which is Rs.11,939 crore as on March 31, 2017 as against Rs.12,964 crore as on March 31, 2016.

Gross NPA on a consolidated basis decreased from 4.02% as on March 31, 2016 to 2.91% as on March 31, 2017, whereas net NPA decreased from 3.09% as on March 31, 2016 to 1.98% as on March 31, 2017.

#### Trade Receivables

Trade receivables were Rs.120 crore as on March 31, 2017 as against Rs.105 crore as on March 31, 2016, an increase of about 14%.

#### Cash and Cash Equivalents

Cash and cash equivalents have increased by about 40% to Rs.932 crore as on March 31, 2017 as against Rs.664 crore as on March 31, 2016.

#### Other Current and Non-Current Asset and Advances

Other current and non-current asset and advances increased by about 51% from Rs.1,226 crore as on March 31, 2016 to Rs.1,852 crore as on March

31, 2017. Security Receipts, part of other non-current asset is Rs.382 crore as on March 31, 2017 as against Rs. Nil is previous year. Stock for trade has increased to Rs.101 crore as on March 31, 2017 as against Rs.1 crore as on March 31, 2016. Capital Advances has increased to Rs.104 crore as on March 31, 2017 as against Rs.30 crore as on March 31, 2016.

#### Current and Non-Current Investments

Current and non-current investments have decreased from Rs.2,170 crore as on March 31, 2016 to Rs.1,282 crore as on March 31, 2017, a decrease of about 41%. This is due to sale of Company's investment in ATC Telecom Infrastructure Private Limited having book value of Rs.1598 crore and sale of treasury shares having book value of Rs.19 crore in 2016-17.

#### 10-year CAGR

Total Income

**22%**

Profit before tax

**10%**

Disbursement

**13%**

Asset under Management

**18%**

## Consolidated

Sources of Funds	2016-17		2015-16		Y-O-Y Growth (%)
	Amount	Percentage of Total	Amount	Percentage of Total	
	(Rs. in Crore)		(Rs. in Crore)		
Share Capital	503	1.51	503	1.97	0%
Reserves and Surplus	4,415	13.22	3,122	12.23	41%
Minority Interest	1	-	1	-	0%
Long-Term Borrowings	8,913	26.68	6,213	24.33	43%
Short-Term Borrowings	14,598	43.72	12,101	47.38	21%
Current Maturities of Long-Term Borrowings	2,694	8.07	2,359	9.24	14%
Deferred Tax Liabilities	339	1.02	189	0.74	79%
Other Long-Term Liabilities	257	0.77	142	0.56	81%
Trade Payables	1032	3.09	404	1.58	155%
Others Current Liabilities	524	1.57	401	1.57	31%
Long-Term Provisions	82	0.25	52	0.20	58%
Short-Term Provisions	34	0.10	51	0.20	-33%
<b>Total</b>	<b>33,392</b>	<b>100.00</b>	<b>25,538</b>	<b>100.00</b>	<b>31%</b>

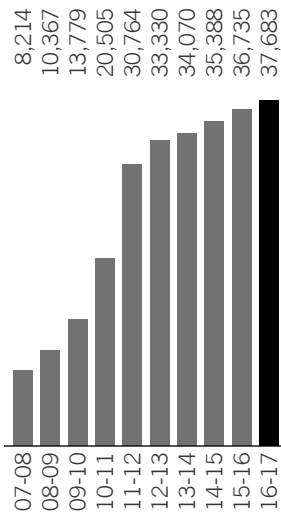
Application of funds	2016-17		2015-16		Y-O-Y Growth (%)
	Amount	Percentage of Total	Amount	Percentage of Total	
	(Rs. in Crore)		(Rs. in Crore)		
Fixed Assets	3,009	9.01	1,432	5.61	110%
Goodwill	284	0.85	308	1.21	-8%
Non-Current Investments	1,270	3.80	2,155	8.44	-41%
Deferred Tax Assets	19	0.06	19	0.07	0%
Long Term Financial Assets	8,506	25.47	3,913	15.32	117%
Short-Term Financial Assets	1,890	5.66	1,089	4.26	74%
Current Maturities of Long-Term Financial Assets	3,739	11.20	1,816	7.11	106%
Long Term Loan Assets	7,910	23.69	9,183	35.96	-14%
Short-Term Loan Assets	438	1.31	135	0.53	224%
Current Maturities of Long-Term Loan Assets	3,389	10.15	3,461	13.55	-2%
Trade Receivables	120	0.36	105	0.41	14%
Inventories	22	0.07	17	0.07	29%
Current Investments	12	0.04	15	0.06	-20%
Cash and Cash Equivalents	932	2.79	664	2.60	40%
Other Long-Term Advances	754	2.26	500	1.96	51%
Other Short-Term Advances	86	0.26	123	0.48	-30%
Other Non-Current Assets	509	1.52	163	0.64	212%
Other Current Assets	503	1.50	440	1.72	14%
<b>Total</b>	<b>33,392</b>	<b>100.00</b>	<b>25,538</b>	<b>100.00</b>	<b>31%</b>



# OUR PERFORMANCE OVER THE YEARS

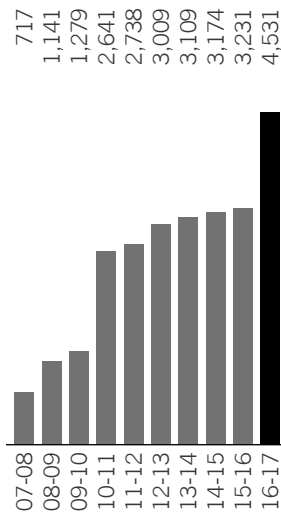
## AUM

(Rs. Crore)



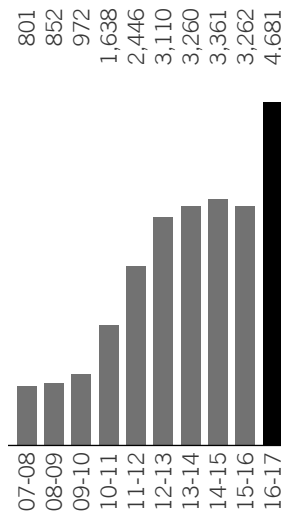
## Net Worth<sup>§</sup>

(Rs. Crore)



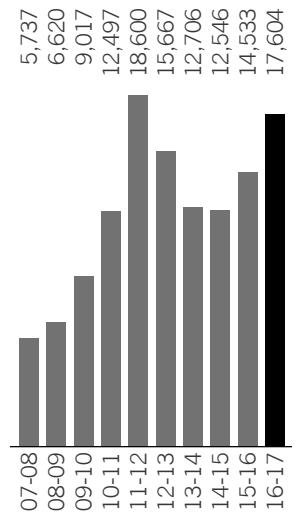
## Total Income

(Rs. Crore)



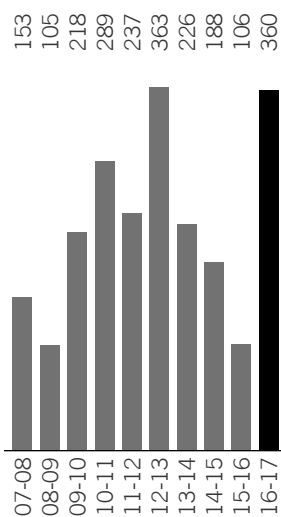
## Disbursement

(Rs. Crore)



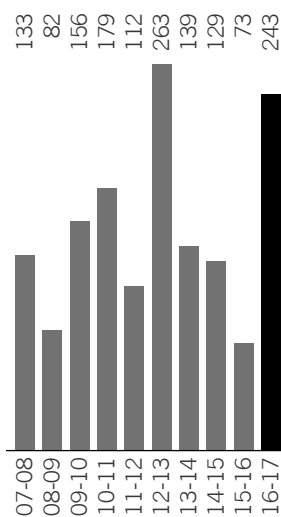
## PBT

(Rs. Crore)



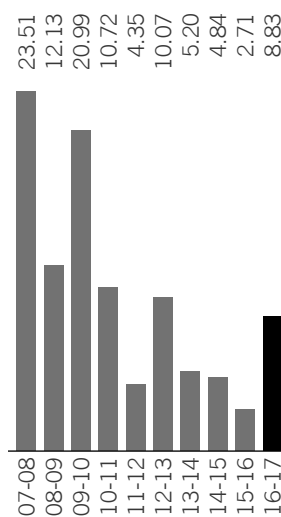
## PAT<sup>&</sup>

(Rs. Crore)



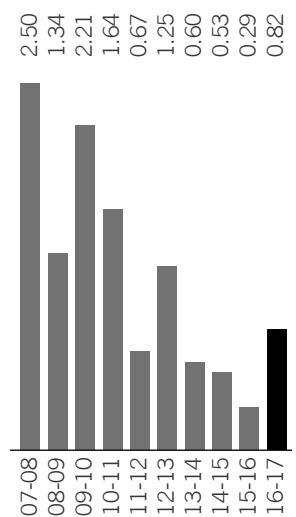
## Return On Average Net Worth<sup>@&</sup>

(%)



## Return On Average Asset<sup>&</sup>

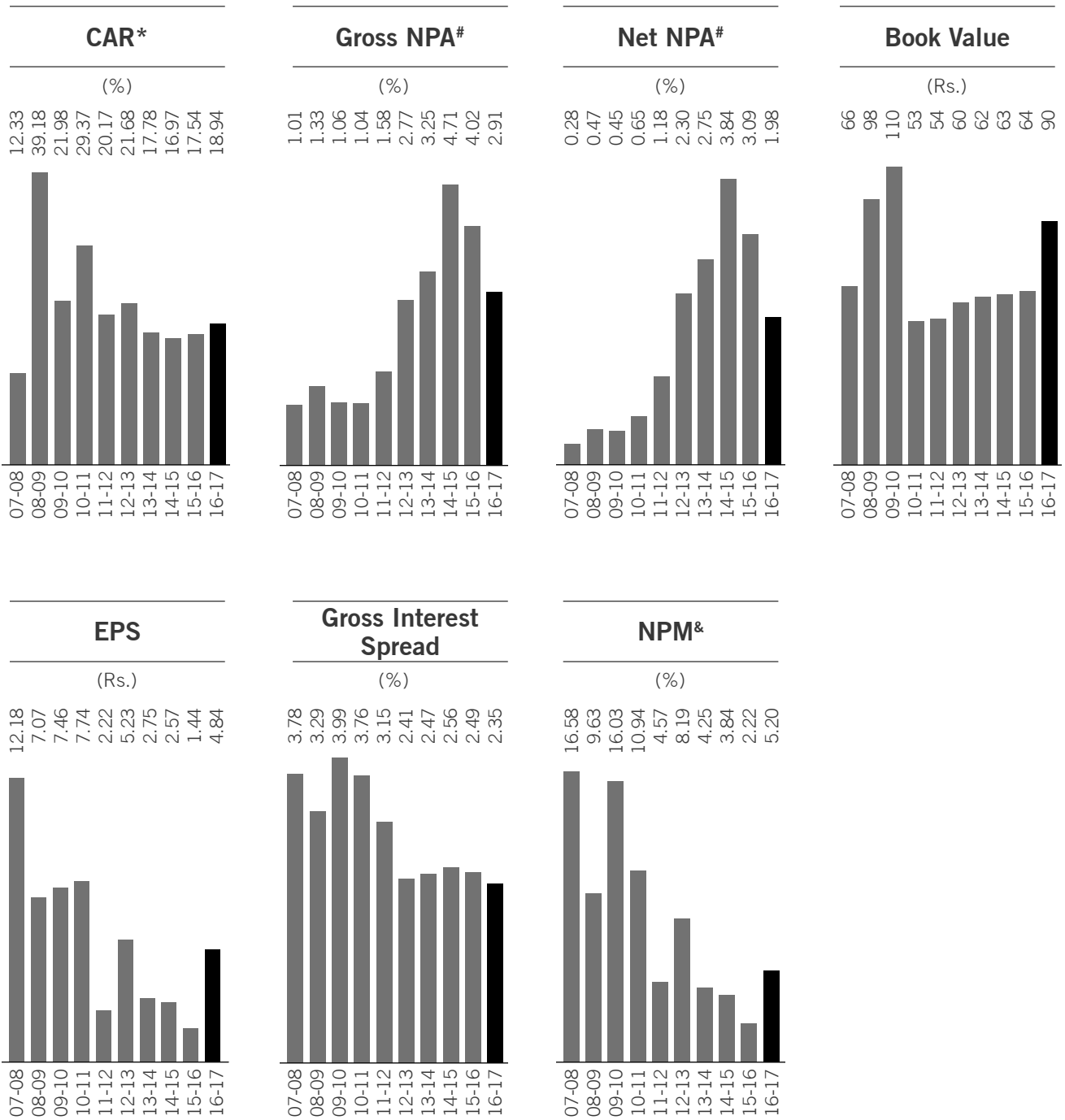
(%)



§ Networth is calculated as per Companies Act 2013, whereas for years prior to 14-15, are based on Companies Act 1956

& Based on Profit after Minority Interest

@ Based on Standalone Net worth



\* Based on Standalone numbers

# Calculated on Total Assets

& Based on Profit after Minority Interest

# DIRECTORS' PROFILE

Salil K. Gupta

Chief Mentor, Independent Director

He has more than 57 years of experience and has served as the former Chairman of West Bengal Industrial Development Corporation Limited - A leading state financial institution. He has also served as the President of The Institute of Chartered Accountants of India (ICAI).

Hemant Kanoria

Chairman & Managing Director

He has over 37 years of experience in industry, trade and financial services. He is currently serving as Board Member in the Indian Institute of Information Technology, Guwahati, Neotia University and New Delhi Institute of Management. He has held several prestigious positions like President of Calcutta Chamber of Commerce, Chairman of the FICCI National Committee on Infrastructure and served on the Board of Governors of Indian Institute of Management, Calcutta (IIM-C) besides being a Member of the Regional Direct Taxes Advisory Committee, Government of India.

Sunil Kanoria

Vice Chairman, Non-Executive Director

He is a Chartered Accountant with more than 29 years of experience in the financial services industry. He has been immediate past President of The Associated Chambers of Commerce & Industry of India, the former governing body member of the Construction Industry Development Council (CIDC) and is presently the Council Member of The Institute of Chartered Accountants of India (ICAI).

T. C. A. Ranganathan

Independent Director

He has over 39 years of banking experience, after completing his graduation / post-graduation in Economics from St. Stephen's College, Delhi School of Economics. He was the Chairman, Export Import Bank of India. As Chairman of Exim Bank, he had been a member of several Government of India overseas initiatives such as Indo-South Africa CEO Forum, Indo-Africa Business Council, Indo-Myanmar Joint Trade and Investment Forum, apart from his earlier international experiences of starting the first Indian commercial banking operations in China (SBI Shanghai) and board positions in various SBI subsidiaries in North America, Africa and Asia. Currently, he is associated with some UN arms for overseas consultancy apart from working as an arbitrator through the panels of NSE/BSE/NCDEX/Indian Council of Arbitration in addition to contributing columns in various economic newspapers and magazines on issues relating to international trade/domestic economy. Presently, he is the Non-Executive Chairman of Indian Overseas Bank.

S. Rajagopal

Independent Director

He is the former Chairman & Managing Director of Bank of India and Indian Bank and has more than 42 years of experience in the banking industry.

S. Chatterjee

Independent Director

A seasoned professional, he has over 46 years of experience in Retail, Commercial, Investment Banking and NBFC. Associated with the State Bank of India for 26 years, he has extensive exposure in the area of International Banking at SBI, London and as the Chief Representative in Washington DC having worked closely with IFC, World Bank and IMF. He was the Executive Director with Axis Bank (formerly UTI Bank)

wherein he was instrumental in developing the bank's business model and strong business processes enabling it to evolve into a leading player in the industry. He has been associated with Srei in various capacities for developing business, audit, compliance, HR & IT processes as well as risk management. In addition, he has also served as a Member of the Board of Directors of Nabil Bank, Nepal.

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**Dr. Tamali Sengupta**

Independent Director

She has over 31 years of experience in the legal field and is a specialist in transnational legal transactions in media, real estate development, insurance and infrastructure. She is a widely published author and is a Fellow of the Centre of International Legal Studies at Salzburg. She is the Principal of T. Sengupta & Associates a corporate law practice based in New Delhi, which provides advice on corporate law, entertainment law, intellectual property, insurance, project finance, corporate governance, and privatization.

She also has extensive experience in international joint-ventures, collaboration and licensing agreements, mergers and acquisitions. She has extensive experience in the structure of projects implemented under Project Finance and on foreign participation in the privatization of infrastructure.

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**Dr. Punita Kumar Sinha**

Independent Director

She has focused on investment management and financial markets during her 27 year career. She spearheaded some of the first foreign investments into the Indian equity markets in the early 1990s. Currently, she is the Founder and Managing Partner, Pacific Paradigm Advisors, an independent investment advisory and management firm focused on Asia. She is also a Senior Advisor and serves as an Independent Director for several companies. Prior to founding Pacific Paradigm Advisors, she was a Senior Managing Director of Blackstone and the Chief Investment Officer of Blackstone Asia Advisors.

She has a Ph.D. and a Masters in Finance from the Wharton School, University of Pennsylvania. She received her undergraduate degree in chemical engineering with distinction from the Indian Institute of Technology, New Delhi. She is an MBA and also a CFA charter holder. She is a member of the CFA Institute, the Boston Security Analysts Society and the Council on Foreign Relations. She is a Charter Member and was a Board Member of TIE-Boston. She has been awarded the Distinguished Alumni Award from IIT Delhi. She was also awarded the Best Woman Director 2016 from the Centre of Corporate Governance & Sustainability.

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**Mr. Ram Krishna Agarwal**

Non-Executive Director

He has over 41 years of experience in various fields like audit, taxation, company law, consultancy, among others. He has been a Partner with S. R. Batliboi & Co. (Member firm of Ernst & Young in India) since 1978 and was the Managing Partner of the Firm at the time of his retirement in June, 2013. He is the past President of The Institute of Internal Auditors, India and was a member of the Central Council of The Institute of Chartered Accountants of India during 1991-97. He is connected with various Chambers of Commerce as the Committee Chairman / Executive Committee member, permanent invitee, among others and is a past Chairman of CII (Eastern Region). He was the National Chairman of Direct Tax Sub - Committee of CII in the year 2013-14.

# DIRECTORS' REPORT

*Dear members*

Your Directors are pleased to present the Thirty-Second Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2017. The summarised consolidated and standalone financial performance of your Company is as follows:

## FINANCIAL SUMMARY

(Rs. in Lacs)

	Consolidated		Standalone	
	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
Total Revenue	4,66,576	3,26,194	2,29,962	1,89,633
Total Expenses (including depreciation etc.)	3,54,921	2,88,352	1,60,370	1,75,526
Profit before bad debts and advances written off (net)/ Provisions, Contingencies, Diminutions & Tax	1,11,655	37,842	69,592	14,107
Bad Debts and Advances written off (net)/ Provisions, Contingencies, Diminutions	77,207	27,248	54,756	5,965
<b>Profit Before Exceptional Items and Tax</b>	<b>34,448</b>	<b>10,594</b>	<b>14,836</b>	<b>8,142</b>
Adjustment on disposal / cessation of Subsidiaries and Step-down Subsidiaries	1,561	-	-	-
Current Tax	10,768	6,037	6,582	3,241
Mat Credit entitlement (including in respect of earlier years)	(5,715)	(6)	(1,112)	-
Deferred Tax	6,680	(1,590)	(241)	(839)
<b>Profit After Tax but before Share of Loss of Associate and Minority Interest</b>	<b>24,276</b>	<b>6,153</b>	<b>9,607</b>	<b>5,740</b>
Share of Loss/(Profit) of Associate	(5)	25	-	-
Minority Interest	(55)	(1,124)	-	-
<b>Profit After Tax after adjustment for Minority Interest</b>	<b>24,336</b>	<b>7,252</b>	<b>9,607</b>	<b>5,740</b>
Surplus brought forward from Previous Year	28,649	30,747	27,120	25,938
<b>Profit Available For Appropriation</b>	<b>52,985</b>	<b>37,999</b>	<b>36,727</b>	<b>31,678</b>
Paid up Equity Share Capital	50,324	50,324	50,324	50,324
Amount transferred to Reserves	20,358	6,322	15,218	1,530
Reserves and Surplus	4,41,550	3,12,177	2,36,174	2,26,190
Earning Per Share (Rs.)	4.84	1.44	1.91	1.14

Note: The above figures are extracted from the standalone and consolidated financial statements for the financial year ended on March 31, 2017

## OPERATIONAL REVIEW

Your Company is one of the leading private sector infrastructure financing institutions in India. Some of the key highlights of your Company's performance during the year under review are:

- The gross profit (before bad debts, and advances written off (net) / Provisions, Contingencies, Diminutions & Tax) is Rs. 69,592 Lacs as against Rs. 14,107 Lacs in the last year.
- Profit before taxation is Rs. 14,836 Lacs as against Rs. 8,142 Lacs in the last year.
- Net profit after taxation is Rs. 9,607 Lacs as against Rs. 5,740 Lacs in the last year.
- The total assets under management of the Srei Group is Rs. 37,68,308 Lacs as against Rs. 36,73,532 Lacs in the last year.

The Capital to Risk Assets Ratio (CRAR) of your Company stood at 18.94 per cent as on March 31, 2017, well above the regulatory minimum level of 15 per cent prescribed by the Reserve Bank of India for systemically important non-deposit taking NBFCs (NBFCs-ND-SI). Of this, the Tier I CRAR was 13.81 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 read with Rule 7 of the Companies (Accounts) Rules, 2014) and the relevant provisions of the Companies Act, 1956 / Companies Act, 2013, as applicable and Regulation 48 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI

Listing Regulations, 2015'). 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 and consolidated unaudited financial results on a quarterly basis, which are subjected to limited review, and standalone 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.

## CLASSIFICATION AS INFRASTRUCTURE FINANCE COMPANY (IFC) AND PUBLIC FINANCIAL INSTITUTION (PFI)

The Reserve Bank of India (RBI) has classified your Company as an 'Infrastructure Finance Company' within the overall classification of 'Non Banking Finance Company'. Your Company is also notified as a Public Financial Institution (PFI) by the Ministry of Corporate Affairs (MCA), Government of India.

## SREI GROWTH TRUST

Mr. Salil Kumar Gupta and Mr. Srinivasachari Rajagopal, Independent Directors of your Company were holding 4,86,00,000 Equity shares (allotted to your Company pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with your Company in lieu of 1,80,00,000 Equity shares held by your Company in Quippo) as on April 01, 2016 for the benefit of your Company and/or the shareholders of your Company, as Trustees of 'Srei Growth Trust'. During the year under review, Mr. Shyamalendu Chatterjee,

Independent Director of your Company was appointed as a Trustee of Srei Growth Trust in place of Mr. Salil Kumar Gupta, who had earlier expressed his desire to step down as the Trustee.

Further, during the year, the aforesaid holding of 4,86,00,000 Equity shares (9.66%) in your Company, were sold by the Trustees in 2 (two) tranches as follows:

- 2,51,54,317 (5.00%) Equity shares were sold to BNP Paribas Lease Group (BPLG) in June, 2016 pursuant to the Share Purchase Agreement entered between your Company, BPLG, Srei Equipment Finance Limited (SEFL) amongst others.
- 2,34,45,683 (4.66%) Equity shares were sold in open market in March, 2017.

The entire sale proceeds received by Srei Growth Trust has been distributed by it to your Company, being the sole beneficiary. Srei Growth Trust has thereafter been dissolved w.e.f. close of business hours on March 31, 2017.

## DIVIDEND

During the year under review, in accordance with Regulation 43A of SEBI Listing Regulations, 2015, a Dividend Distribution Policy was adopted by your Company, covering, inter alia, the parameters for declaration of dividend, utilization of retained earnings, procedure for dividend declaration etc. The Dividend Distribution Policy is available on the website of your Company [www.srei.com](http://www.srei.com) and the link to the said Policy has been provided elsewhere in this Annual Report.

Your Company follows a consistent dividend policy that balances the dual objectives of appropriately rewarding Members through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support long term growth of your Company. Consistent with this Policy, your Board



has recommended a dividend of Re. 0.50 per Equity share (5 per cent) for the financial year 2016-17 to the Members of your Company. The proposal is subject to the approval of the Members at the 32nd Annual General Meeting (AGM) of your Company scheduled to be held on July 22, 2017. The dividend together with the dividend distribution tax will entail a cash outflow of Rs. 3,028 Lacs (previous year Rs. 3,028 Lacs).

The dividend payout for the year under review is in accordance with your Company's policy to pay sustainable dividend linked to long-term growth objectives of your Company to be met by internal cash accruals.

### PUBLIC DEPOSITS

Your Company decided not to accept any further public deposits or renew such maturing deposits in any manner w.e.f. April 20, 2010 and the entire amount of outstanding public deposits as on April 19, 2010 together with interest promised to the depositors, has been kept in an Escrow Account with a scheduled commercial bank for the purpose of making payment to

the depositors as and when they raise the claim. Despite sustained efforts to identify and repay unclaimed deposits, the amount payable to the depositors as on March 31, 2017 is Rs. 3,37,467.35.

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

### PUBLIC ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

During the year under review, your Company accessed retail public markets through its issue of Secured Redeemable Non-Convertible Debentures (the "Debentures") of face value of Rs. 1,000 each which mobilized Rs. 628.54 Crores, as per the details given hereunder:

Date of opening of Issue	Base Issue Size (Rs. in Crores)	Total Issue Size including Green Shoe Option (Rs. in Crores)	Maturity Period	Allotment Date	Amount (Rs. in Crores)
07.09.2016*	250	Upto 1000	400 days/3 years/5 years	06.10.2016	293.36
30.01.2017**	200	Upto 706.64	400 days/3 years/5 years	27.02.2017	335.18

\*Issue w.r.t. Tranche 1 Prospectus dated August 31, 2016 read together with Shelf Prospectus dated August 31, 2016.

\*\*Issue w.r.t. Tranche 2 Prospectus dated January 24, 2017 read together with Shelf Prospectus dated August 31, 2016.

Being a non-deposit taking Company, your Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013.

Debenture Trustee Agreement(s) in favour of Axis Trustee Services Limited for the aforesaid issue was duly executed. The said Debentures are listed on the Debt Segment of the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The entire proceeds have been utilised for the purpose of various financing activities, repayment of existing loans and other business operations including

working capital requirements. Your Company has duly paid the interest due on the aforesaid Debentures on time.

The public issue of the said Debentures has not only facilitated diversification of your Company's sources for mobilising long term resources but has also provided the retail Investors an opportunity to participate in India's infrastructure development and progress. Through the two public issues

launched in FY 2016-17, your Company has acquired nearly 32,000 retail investors. Along with previous issues, your Company has broad-based the retail base of nearly 90,000 investors. That signifies the growing confidence of investors in your Company. The various communication efforts of your Company surrounding the Debentures played a meaningful role in enhancing your Company's brand image amongst relevant constituencies.

## PROMOTERS' GROUP SHAREHOLDING

The Promoters' Group of your Company has increased their net shareholding in your Company during the year by 2.0820 per cent from 58.7164 per cent to 60.7984 per cent through the creeping acquisition route allowed as per SEBI (Acquisition of Shares and Takeovers) Regulations, 2011.

The Promoters' Group has shown increased commitment to the business strategy and substantial growth of your Company and your Company believes that this will result in enhanced value for all the stakeholders.

As on March 31, 2017, none of the Promoter/Promoters' Group shareholding is under pledge. Further, in compliance with Regulation 31(2) of SEBI Listing Regulations, 2015, the entire shareholding of promoter(s) and promoter group is in dematerialised form.

## WHITE LABEL ATMs

The RBI has granted licences to private non-bank companies to set up, own and operate their own brand of ATMs in the Country, known as White Label ATMs (WLA). Your Company has received Certificate of Authorisation from RBI for setting up White Label ATMs. Your Company has also commenced its ATM roll out in August, 2016 and through its network of White Label ATMs, your Company aims at empowering millions of Indians with the convenience to access their own money with ease.

## BUYBACK OF LONG TERM INFRASTRUCTURE BONDS

The Board of Directors of your Company at its meeting held on May 12, 2016, accorded approval to your Company to buyback Long Term Infrastructure Bonds with face value of Rs. 1,000 each issued and allotted by your Company in the financial year 2011-12 under Shelf Prospectus and Prospectus Tranche - 1 both dated 28th December, 2011 from the existing Bondholders upto a maximum amount of Rs. 24,88,56,000/- (Rupees Twenty Four Crore Eighty Eight Lacs Fifty Six Thousand only) ("Buyback Programme").

In accordance with the Shelf Prospectus and Prospectus Tranche - 1 both dated 28th December, 2011, the Buyback Programme commenced on Saturday, 6th August, 2016 and ended on Saturday, 24th September, 2016 and the Buyback Date was Thursday, 23rd March, 2017.

44,866 nos. of Long Term Infrastructure Bonds with face value Rs. 1,000 each were bought back from 2,436 Bond Holders. The buyback proceeds was paid on Thursday, 23rd March, 2017 to all those Bondholders whose name appeared in the Register of Bondholders as on the Record Date i.e. March 07, 2017, the date being 15 days prior to the date on which payment of interest or the Buyback Amount or Maturity Amount was due and payable and who have participated in the Buyback Programme. Necessary intimation in this regard was made to the Stock Exchanges pursuant to SEBI Listing Regulations, 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT ECONOMIC REVIEW

### a. Global Outlook

According to the World Bank, global GDP is projected to grow at 2.7 per cent in 2017, after an estimated growth

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

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

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

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

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

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

## b. Indian Scenario

India continues to hold on to its position of the fastest growing major economy in the world. The point to be noted here is that India has achieved this despite the huge disruption caused by the

Demonetization Drive that was initiated by the government in November, 2016 to curb black money. For 2016-17, India's GDP growth rate has been estimated to be 7.1 per cent, 7 per cent and 6.8 per cent by Central Statistics Office (CSO), the World Bank and IMF, respectively. For 2017-18, the Economic Survey has predicted that India's GDP growth rate will be within a range of 6.75-7.5 per cent. Most other institutions have predicted growth rates within that range, only the World Bank has predicted a higher rate at 7.6 per cent.

During the year under review, the Government of India has performed well on a number of fronts. There was considerable progress made in building consensus for the Goods & Services Tax (GST) and now GST is likely to be rolled out from 1st July, 2017. Passing of the Insolvency & Bankruptcy Code (IBC), 2016 was another major achievement. These steps will certainly contribute towards improving the ease of doing business in India and will support entrepreneurship. The recent state elections have also ensured that the ruling coalition at the Centre now enjoys a strong position in both Houses of the Parliament, thus making it easier to push key legislative reforms. On the macroeconomic front, the fiscal deficit has been kept under control and within targeted limits. At USD 364 billion, the foreign exchange reserve position is also comfortable. In recent months, exports and imports have started to register positive growth once again. All these augur well for the economy. The very fact that India has been able to attract foreign direct investment (FDI) worth USD 60.08 billion in 2016-17 (vis-a-vis USD 55.6 billion in 2015-16) and that too at a time when global FDI inflows fell, is an endorsement of the fact that the global investor community is interested in the India Growth Story.

However, there are a few areas of concern as well. A paltry 0.6 per cent growth in the Index of Industrial

Production (IIP) during April-January 2016-17 indicates a lack of buoyancy in industrial activity. However, more worryingly, the capital goods index, which is an indicator of future investment, registered a negative growth of 15 per cent during April-January 2016-17. Even growth of services sector seems to be losing steam as it grew at 7.5 per cent between April-December 2016-17 vis-à-vis 9.5 per cent a year ago. Meanwhile, inflation is on the rise as evident from the month-wise Wholesale Price Inflation (WPI) figures and the Reserve Bank of India (RBI) has already shifted its monetary policy to a neutral stance indicating that interest rates may have plateaued for the time being. The growth so far has essentially been on account of the increase in government spending, which though good in the current context, cannot be sustained for long. To add momentum to our growth, there is a need to revive private sector investment in a big way, especially in infrastructure projects. The biggest concern at this juncture has been the 'twin balance sheet problem' which has got reflected in the growing amount of bad loans in our banking system, especially public sector banks, and a spurt in the number of overleveraged companies which are finding it difficult to service their debt. Banks' lending activity has got choked and neither is there an appetite for fresh investments among the corporates. A number of initiatives have been taken by the Reserve Bank of India (RBI) to tackle the bad loan problem, but their implementation remains a challenge. Now that the IBC has got implemented, there is renewed hope of resolving the bad loan issue by helping the banks to free up their balance sheets and resume lending.

The domestic challenges are not insurmountable. The overall business environment today is much better than what it was during the last few years. The management of your Company is upbeat about India's prospects and is

convinced that with the right reforms India will continue to surge ahead of its peers.

## NBFCs IN INDIA

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

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

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

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

- Concentration of credit/investment norms will not apply to Systemically Important NBFCs (NBFC-SI) which do not access public funds in India (directly or indirectly) and which do not issue guarantees.
- While attempting to revitalize any distressed asset, each NBFC can formulate its policy and requirements as approved by the Board. The restructuring package decided upon must be implemented within 90 days. Promoters must bring additional funds in all cases of restructuring which should be equal to a minimum of 20 per cent of NBFCs' sacrifice or 2 per cent of the restructured debt, whichever is higher. NBFCs, based on the cash flow and Techno Economic Viability (TEV) study, should determine a reasonable time period during which the account is likely to become viable. Each NBFC should clearly document its own due diligence done in assessing the TEV and the viability of the assumptions underlying the restructured repayment terms.
- RBI has increased the number of eligible players to whom banks are allowed to sell their stressed assets. NBFCs with adequate capital and necessary expertise to deal with stressed assets are eligible to buy such assets from banks.
- NBFCs are allowed to refinance any existing infrastructure and other project loan by way of full or partial take-out financing, without a pre-determined agreement with other lenders, and fix a longer repayment period. Further, the same would not be considered as restructuring in the books of the existing as well

as taking over lenders, if certain conditions are satisfied.

- Effective June 30, 2017, all unrated claims on Asset Finance Companies (NBFC-AFCs) and Infrastructure Finance Companies (NBFC-IFCs) having aggregate exposure from banking system of more than Rs. 200 crore will attract a risk weight of 150 per cent. However, claims on NBFC-AFCs and NBFC-IFCs having aggregate exposure from banking system of more than Rs. 100 crore, which were rated earlier and subsequently became unrated, have been assigned a risk weight of 150 per cent from August, 2016.
- Guidelines were issued on setting up a category of NBFCs called Account Aggregators.
- NBFCs need to put in place a reporting system for recording frauds.
- The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has introduced a scheme for extending guarantee coverage to eligible NBFCs in respect of collateral free and/or third party guarantee free credit facilities extended by them to eligible Micro and Small Enterprises (MSEs).

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

## BUSINESS OUTLOOK AND FUTURE PLANS

The government is earnestly working towards enhancing India's attractiveness as an investment destination. Apart from the various systemic reforms that are being pursued, the decision to

abolish Plan and Non Plan expenditure and to opt for a consolidated Outcome Budget, as announced in Union Budget 2017-18, is indeed a step in the right direction as it brings in higher degrees of accountability.

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

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

- Total capital and development outlay for the railways for 2017-18 has been pegged at Rs. 1.31 trillion out of which Rs. 0.55 trillion will be provided by the Government. Major thrust in the Union Budget 2017-18 for railways has been on development of new lines, station redevelopment and safety upgradation. A new Metro Rail policy will be announced with focus on innovative models of implementation and financing as well as standardisation and indigenisation of hardware and software.
- Union Budget 2017-18 has allocated Rs. 649 billion for roads & highways. Rs. 270 billion has been earmarked for development of rural roads. In 2016-17, the pace of highway construction reached an all-time high of 22.3 km/day and the target set for 2017-18 is 41 km/day.
- Union Budget 2017-18 has allocated Rs. 138.81 billion for the power sector. Rs. 33.61 billion has been earmarked for renewable energy. With implementation of a series of reforms in generation, transmission & distribution and renewable energy, the aim of enabling 'Power for All by 2019' looks very much achievable.

Total generation capacity as on February, 2017 stood at 315 GW. Government has completed electrification works in 116,680 villages (hitherto un-electrified) and intensive electrification in 399,829 villages by end of November 2016. As on April, 2017, 27 States and Union Territories have signed up for Ujjwal Discom Assurance Yojana (UDAY).

- Union Budget 2017-18 has allocated Rs. 6 billion for the port sector. A new Major Ports Authority Bill, 2016 has been passed to impart faster and transparent decision-making, benefiting the stakeholders and enabling better project execution capability. The bill is aimed at reorienting the governance model in central ports to the landlord port model, in line with successful global practices. In addition, a Merchants Shipping Bill, 2016 has also been passed with the aim to establish a National Shipping Board, develop Indian coastal shipping & trade, enhance safety and security of vessels & life at sea and to ensure compliance of India's obligations under international conventions, among others.
- The UDAN (Ude Desh ka Aam Nagarik) scheme has been launched with an aim to boost regional air connectivity. The scheme is expected to add over 50 new airports to India's operational network of 75 and open up as many as 1.3 million seats in unserved sectors. Government support in terms of tax sops and viability gap funding has been promised to make the scheme successful.
- The housing sector has suffered a lot from the demonetization drive. To provide relief to this sector, 'Infrastructure Status' has been accorded to affordable housing in the Union Budget 2017-18. In addition, the move to defer levy of

tax on notional rental income by one year (after year of completion certificate is received) will allow builders some breathing space to clear their inventory of constructed flats. Also, the move to reduce the holding period for computing long term capital gains from transfer of immovable property from 3 to 2 years is expected to provide some boost to the housing sector.

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

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

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

## BUSINESS REVIEW

The three main business activities of your Company are categorised as Fund based, Fee based and Strategic Investments.

### I. FUND BASED ACTIVITIES

#### INFRASTRUCTURE PROJECT FINANCE

Infrastructure sector is a key driver for the Indian economy and the definition of infrastructure includes power, bridges, dams, roads and

urban infrastructure development. On a conservative estimate, India needs Rs. 31 trillion (US\$ 455 billion) to be spent on infrastructure development over the next five years, with 70 per cent of funds needed for power, roads and urban infrastructure segments.

Government has planned initiatives to fast track infrastructure development with a target investment of Rs. 25 trillion (US\$ 377 billion) in the sector over a period of three years. This includes Rs. 8 trillion (US\$ 120 billion) for developing 27 industrial clusters and an additional Rs. 5 trillion (US\$ 75 billion) for road, railway and port connectivity projects.

### **Power**

India has the third largest energy consumption in the world but per capita electricity consumption is around a third of the world average. Moreover, electricity demand in India is expected to continue to expand as a result of economic and population growth, along with increased urbanisation and industrialisation.

The Indian power sector has an investment potential of Rs. 17 trillion (US\$ 250 billion) in the next 4-5 years, thereby providing immense opportunities in power generation, distribution, transmission, and equipment, etc. Generation is further split into coal / gas based thermal power, wind power, solar power and biomass. Renewables sector remain to be a focus for the Government and has seen impressive gains, which is reflected in the growth in installed capacity.

The CAGR for installed capacity in India over FY 2007–17 was 10.6 per cent for thermal power, 21.3 per cent for renewable energy, 2.4 per cent for hydro power and 4.5 per cent for nuclear power.

Your Company has allocated around 37 per cent of its total allocation to this sector diversified into generation and transmission & distribution. 18 per cent

of your Company's total power sector investment is in renewable energy sector.

### **Roads**

Road network in India at 4.7 million KMs, the second largest in the world, transport 65 per cent of all goods and 90 per cent of total passenger traffic. After almost coming to a standstill, the road sector is showing signs of revival drawing on several policy measures announced by the Government over the last two years. Concerted efforts by the Government to restart stalled projects by providing necessary clearances, launch of the hybrid annuity model and creation of the NIIF have helped in reviving growth in the sector.

Government has invested around Rs. 3.17 trillion (US\$ 48 billion) in Road & Highway sector, in the past two and a half years. A total of 6,604 km out of the 15,000 km of target set for national highways in 2016-17 has been constructed by the end of February, 2017.

During the year, your Company has selectively participated in financing road projects by National Highway Authority of India (NHAI) and State Authorities. Your Company has allocated about 7 per cent of its total allocation to this sector.

### **Ports and Port Equipment**

India has 12 major and 200 non-major ports. Cargo traffic, which recorded 1,673 million metric tonnes (MMT) in 2016, is expected to reach 3,130 MMT by 2020.

To improve operational efficiency of Port sector, the Government has taken several measures through mechanisation, deepening the draft and speedy evacuations. Indian ports sector received FDI worth US\$ 1.64 billion between April, 2000 and December, 2016.

Your Company has exposure to this sector by financial participation in a mix

The Government is aware that in order to take advantage of the present global scenario, India would need to massively add to the carrying capacity of its physical infrastructure.



of major ports, minor ports and captive ports. The port sector now comprises around 5 per cent of the portfolio.

### **Aviation and Airports**

The Indian Aviation industry is the 9th largest globally. Airports Authority of India (AAI) plans to increase its capital expenditure for 2017-18 by 25 per cent to Rs. 2,500 crore (US\$ 0.37 billion), primarily to expand capacity at 12 airports to accommodate increase air traffic.

Your Company has exposure in the aviation sector comprising of about 1 per cent of the portfolio and is willing to take additional exposure to cash in the growth opportunity in the sector.

### **SEZ & Industrial Parks**

The Special Economic Zone (SEZ) policy was introduced by the Government of India in year 2000 to overcome the shortcomings of the Export Processing Zones (EPZ) like size, infrastructure constraints, location handicaps and lack of policy framework.

As on March, 2017, 436 formal approvals have been granted for setting up of Special Economic Zones, out of which 347 SEZs have been notified and are in various stages of operation out of which 210 are operational.

During the year, your Company has selectively participated in financing projects in this sector. Your Company has allocated about 17 per cent of its total allocation to this sector.

Your Company remains to be a leader in providing advisory and funding solutions to companies that are operating in the infrastructure sector. Your Company continues to improve its capabilities and bring in best in class technology and solution to its customers.

### **INFRASTRUCTURE EQUIPMENT FINANCE - SREI EQUIPMENT FINANCE LIMITED**

Pursuant to the Share Purchase Agreement ("SPA") dated December

29, 2015 executed between your Company, BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL) and others, BPLG agreed to sell its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to your Company in accordance with applicable laws. The transaction received all the requisite approvals and BPLG sold its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to your Company. Pursuant to this transaction, SEFL became the wholly-owned subsidiary of your Company w.e.f June 17, 2016.

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

SEFL retained its position as one of the leading equipment financier in India in the year under review with a disbursement in terms of asset cost of Rs. 13,602 crores. The Government's impetus on fast-tracking infrastructure projects, clearing policy logjam and improving the financial health of infrastructure companies has led to a very healthy growth for infrastructure equipment. The infrastructure equipment market grew by 30-35 per cent in 2016-17 (unit sales). In the recent Union Budget, the total outlay for infrastructure including budgetary and internal and extra budgetary resources increased to Rs. 5.1 trillion with Roads and Railways being the biggest beneficiaries.

The Government realizes how important it is to put in place an infrastructure dispute resolution mechanism in order to put PPP in Infrastructure back on track.

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

The year under review saw a marked improvement in the financial performance of SEFL. Buoyed by a rejuvenated infrastructure segment, the total disbursements in terms of asset cost of your Company grew by 24 per cent during the year under review. The total Asset under Management (AUM) grew to over Rs. 21,623 crores, representing a 13 per cent growth over last year. The Gross Non-Performing Assets (GNPA) reduced from 2.80 per cent in 2015-16 to 2.38 per cent in 2016-17, while the Net Non-Performing Assets have reduced from 1.90 per cent in 2015-16 to 1.70 per cent in 2016-17. The Capital Adequacy Ratio (CAR) remained healthy at 18.66 per cent. The profit before tax grew to Rs. 216.42 crores in the year under review from Rs. 160.43 crores in 2015-16.

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

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

## II. FEE BASED ACTIVITIES

### INFRASTRUCTURE PROJECT ADVISORY

Infrastructure Project Advisory Division of your Company is expanding its spectrum as strategic advisors through conceptualising various infrastructure projects in different domains.

Your Company has made a foray into the Housing for All Mission by assisting Government of Jharkhand in preparation of its robust Plan of Action by identifying the beneficiaries for a Cluster of eight cities and towns namely Jamshedpur, Adityapur, Jugsalai, Mango, Seraikela, Chakulia, Chaibasa and Chakradharpur in providing Housing For All through programme verticals and also assisting in preparation of the detailed project report for their implementation and Project Management under the Centrally Sponsored Scheme.

Your Company has been appointed by Government of Jharkhand as Consultant for preparation of Pre-feasibility Reports, Detailed Project Reports and tender documents for full coverage of drinking water to rural population in two Packages viz., Ramgarh and Hazaribagh.

Your Company has been empanelled with the Ministry of Urban Development, Government of India as Project Management Unit (PMU) for AMRUT Mission as well as Transaction Advisor for providing technical assistance to Local Urban Bodies in issuing Municipal Bonds.

The 'Namami Gange Programme', an approved 'Flagship Programme' of the Government of India, aims to accomplish the twin objectives of effective abatement of pollution, conservation and rejuvenation of National River Ganga. Your Company has made an entry to this Integrated Conservation Mission through empanelment with the Ministry of Water Resources, River Development & Ganga Rejuvenation, Government

of India as Transaction Advisor for Sewerage Wastewater Treatment and re-use of treated water in various towns on PPP model.

Your Company continues to work as Programme Management Agency (PMA) for the Ministry of Food Processing Industries, Government of India, to facilitate establishment of Mega Food Parks that will enable fresh investments into the food processing sector, increase realization for farmers and employment generation across the Country. On the basis of your Company's appraisal, the Ministry has accorded (i) in-principle approval for four Mega Food Parks, (ii) final approval for five Mega Food Parks in different parts of the Country, and (iii) grant disbursal to three of these Mega Food Park projects.

Your Company has undertaken Feasibility Study and Bid Process Management for construction of silos for storage of wheat at 11 (eleven) locations across 6 (six) States in the Country through PPP on Design, Build, Finance, Operate and Transfer (DBFOT) basis and has been successful in providing assistance in signing of Concession Agreement with selected developers for all the 6 (six) locations. Your Company has further been awarded with similar study for additional 19 (nineteen) locations across the Country by FCI. The technical feasibility of these new 19 (nineteen) locations has been completed and tender documents have already been floated by the Authority for selection of Developer for two locations.

During the year under review, your Company continued to work as PMA for Food Processing Industries in Bihar and has assisted 17 (seventeen) Rice Milling units of total capacity 466800 MT/Annum, 6 (six) Maize based units of total capacity 108300MT/Annum, 2 (two) Wheat based units of total capacity 54000MT/Annum and RABC units of total capacity 11500MT for their financial closure and obtaining requisite subsidies from Department of

Industries, Government of Bihar. Your Company has successfully provided consultancy services to Directorate of Industries, Government of Jharkhand as Programme Management Agency (PMA) for National Mission for Food Processing (NMFP) 2012-17. Your Company has been reappointed to work as PMA for identification, funding and execution of various Projects/ Activities in Food and Feed Processing Sectors in the State of Jharkhand.

Madhya Pradesh Intercity Transport Authority (MPITA) intends to develop and upgrade bus terminals and their appurtenant infrastructure at 6 (six) locations viz. Bhopal, Gwalior, Indore, Sagar, Rewa & Jabalpur to international standard on PPP basis. For this purpose, MPITA appointed your Company as Consultant to carry out Project Feasibility Study, structuring and implementation of the project under PPP mode that will allow the project to be completed in a timely and cost effective manner, maximising Value for Money, assisting MPITA in determining the transaction structure, institutional set up / arrangement, execution arrangement and carrying out Bid Process Management including Bidding documents.

Your Company continues to work as Project Management Consultant (PMC) for implementation of Sewerage Scheme in Rumdamol, Devorlim, Navelim Zone IV and Mandop Area in Goa for Sewerage & Infrastructural Development Corporation of Goa. Your Company has successfully completed the Rumdamol sewerage scheme. Your Company has also secured 2 (two) new PMC mandates from the same client for implementation of Sewerage System at Porvorim additional sewerage area and trunk main sewer in Bardez Taluk in Goa.

Your Company has also been working as Transaction Advisor for several clients across the Country, which, among others, include (i) West Bengal Highway

Development Corporation for multi-layer car parking cum commercial complex project in Kolkata on PPP mode, (ii) Goa Housing Board for development of commercial infrastructure in Goa on PPP model, and (iii) Madhya Pradesh Warehousing & Logistic Corporation for development of 'Composite Logistics Hub' at Ujjain and 'Trucking Hub' at Saikheda (Sagar) in Madhya Pradesh through PPP mode.

Due to low growth in manufacturing sector, major advisory firms operating in the Engineering Consultancy arena have been shifting their focus to Urban Infrastructure and this trend has increased competition manifold putting a stress on revenue potential. Secondly, Government clients are designing Consultancy & Advisory projects with focus on engaging a team of experts capable of providing end-to-end solutions. This has resulted in longer project duration with back-end fee payment and requirement of multi-function team. The opportunity now lies in Urban Infrastructure sectors like Smart City and AMRUT wherein major precincts of urban infrastructure are being clubbed together under one umbrella project. The ticket size of projects has been increasing for this project as it operates on 'clubbing' all segments. To mitigate business risks and to enhance our position, the Advisory division of your Company is working to create synergy within the group and with other external specialized agencies.

Leveraging the core competency coupled with strategic planning for sectors like Urban Infrastructure, Tourism, Transportation, Industrial Park, City Development Plan, etc., your Company is building initiative for a sustainable growth. It is the start of a new journey which your Company believes will result in expanding to new markets, new business precincts, and enrich the group's capacity in delivering complex, multi-faceted advisory assignments.

### III. STRATEGIC INVESTMENTS

Due to buoyant world financial markets and cyclical recovery in global trade, IMF has projected global growth to accelerate from 3.1 per cent in 2016 to 3.5 per cent and 3.6 per cent in 2017 and 2018, respectively (Source: IMF). The world economy is being threatened due to inward looking policies by developed economies which are risking global economic integration. Stronger economic policies and cohesive global efforts are needed to manage the challenges in an integrated global economy. Emerging markets contribute almost three-fourths of global growth and therefore emerging economies need to ward-off the external risks with robust institutional framework, managing current account deficits and permitting exchange rate flexibility. The positive sign in emerging economies is reflected through supportive macro economic policies in China, and hardening of Commodity & Oil prices benefiting Brazil and Russia.

Despite demonetisation drive by Indian Government, the Indian economy is estimated to have grown by 6.7 per cent during FY 2016-17 supported by government expenditure. The various economic policy reforms pronounced by Indian Government coupled with victory of NDA (Central Government ruling political alliance lead by BJP) in the recently concluded state elections has boosted investor sentiments, which is reflected in recent capital market buoyancy. The Indian economy growth during FY 2017-18 is projected to be 7.4 per cent (Source: RBI). The remonetisation program will continuously focus to promote consumer discretionary spending. This will be second consecutive year wherein MET department has projected normal monsoon in current financial year. Normal monsoon coupled with stable oil prices will keep inflation under control and will provide RBI the opportunity to lower interest rates in future. The continued focus of

Indian Government to rollout robust structural reforms, impetus in building infrastructure at the Centre & State level (significant increase in budgetary allocation for infrastructure spending in FY 2017-18), moderation of interest rates and comfortable liquidity position is already boosting the investment climate in the Country.

Your Company's investment encompasses infrastructure sector such as transportation, energy, special economic zone & industrial parks, urban infra and social infrastructure. Acceleration in implementation of structural reforms by Indian Government including Insolvency & Bankruptcy Laws, & GST, providing higher budgetary support for infrastructure and rural development projects, divestment in PSUs and focusing on simplified compliances has led to faster project awards & execution in the infrastructure sector. Your Company expects that robust policy reforms will provide the much needed economic environment during FY 2017-18 and will boost overseas investment in infrastructure sector. Infrastructure sector provides attractive investment opportunities to long term investors in emerging economy such as India. Your Company expects that stable government will foster better economic condition in India during FY 2017-18 and will help significantly in identifying right opportunities to monetise its investment value.

Leveraging the current favourable economic environment and positive capital market sentiments, Bharat Road Network Limited, one of your associate company having presence in highway projects, has filed Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI). This is on the back of monetisation of our investment in the telecommunication infrastructure space, wherein your Company sold its entire stake in Viom Networks Limited to American Tower Corporation (ATC) at the beginning

of this financial year, thus creating significant value for the stakeholders. Your Company also bought 50 per cent stake in Srei Equipment Finance Limited from BNP Paribas Lease Group (BPLG) in June, 2016, thus becoming 100 per cent holding company of the largest equipment financing business in India. This was done without any cash outflow, in lieu of 5 per cent stake in your Company to BPLG through sale of shares of your Company held by Srei Growth Trust as Treasury Stock. In March, 2017, your Company realized Rs. 195 Crores as the said Trust sold the balance 4.66 per cent of your Company's shares held as treasury stock in the open market.

Your Company will embrace technology driven risk model, create brand positioning, and embark on digital journey to optimise available resources while continuously emphasizing to enhance shareholder returns on its investment portfolio. Your Company is continuously striving on enhancing the portfolio value of its investments through creating alliances, innovative approach and agile processes which can surpass the test of global challenges and prevailing market conditions. Given the positive economic sentiments, your Company is continuously emphasizing its efforts to explore divestment opportunities of its portfolio to realize better value.

## RESOURCES

During financial year 2016-17, the Treasury department of your Company has seamlessly mobilised resources at competitive rates in the market. Leveraging its long standing relationship and robust track record, your Company has been able to maintain cost while ensuring proper asset liability match.

### i. Bank Finance

Your Company's strong relationships and past credit record with nationalized banks and private sector banks enables it to access cost effective fund. Your Company is funded by a diversified

Your Company also bought 50 per cent stake in Srei Equipment Finance Limited from BNP Paribas Lease Group (BPLG) in June, 2016, thus becoming 100 per cent holding company of the largest equipment financing business in India.

consortium of 30 Indian banks and has enhanced the tied-up fund based working capital limit to Rs. 9,716.50 crores from consortium member banks at the end of financial year. Further, your Company also successfully mobilised Long Term Loans aggregating to Rs. 625 crores during the year at the most competitive rates and continued to tap resources through domestic sources.

### **ii. Bonds / Debentures / Commercial Papers**

Your Company has allotted debentures aggregating to Rs. 628.54 crores by issue of long term Non-Convertible Debentures (NCDs) during the year under review through public issue. Your Company is focussing on diversifying liability mix and hence, going forward, NCDs will be one of the focus areas to augment long term resources. Your Company has also raised Rs. 4,207.95 crores through Commercial Papers during the year under review.

### **iii. Foreign Institutional Borrowings**

Your Company has drawn ECB of USD 12 million from Deutsche Bank with door to door tenor of 10 years and Euro 15 million from Oesterreichische Entwicklungsbank AG (Development Bank of Austria) with door to door tenor of 8 years. This has augmented the long term resources of your Company.

## **RISK MANAGEMENT**

Risk management has been an important and integral part of the operations of your Company, driven by the objectives of maintaining robust asset quality alongside growth in business, optimal allocation of capital simultaneously with enhancement of shareholders' value and hedging against unforeseen events and macro-economic or environmental conditions.

Your Company's risk management strategy strives to balance the trade-off between risk and return and ensure optimal risk-adjusted return on capital,

and entails independent identification, measurement and management of risks across the various businesses of your Company. Your Company has enunciated a framework of policies and principles derived from relevant directives provided from time to time by the Reserve Bank of India (RBI) for a specific classification of non-banking finance companies (NBFCs), and continuously benchmarked with industry best practices. The policies are approved and reviewed from time to time by the Board of Directors supported by an independent risk function, which ensures that your Company operates within a pre-defined risk appetite. In compliance with norms under RBI, your Company computed capital requirement for credit, market and operational risk as on March 31, 2017. The capital to risk-weighted assets ratio (CRAR) of your Company worked out to 18.94 per cent and based on Tier-I capital it was 13.81 per cent, above the minimum regulatory requirements of 15 per cent and 10 per cent, respectively.

## **Governance Structure**

The Risk Committee of Board (RCB), an independent Board level committee, puts in place specific policies, frameworks and systems for effective risk management. The RCB approves policies from time to time in consultation with other sub-committees of the Board, viz. the Investment Committee (IC) and the Asset Liability Management Committee (ALCO), constitute the governing framework for various types of risk and business activities undertaken within this policy framework. The 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

**Y**our Company has an execution experience of developing and managing 14 annuity and toll-based road projects with a total Capital Cost of around Rs. 13,000 Crores.

risks on a regular and dynamic basis. This entails, as an imperative, garnering adequate knowledge of macroeconomic trends, insights into dynamics of various sectors, and understanding of regulatory environment, and application of quantitative and qualitative tools facilitating an accurate assessment of risk at all times.

### **Credit Risk**

Your Company has a comprehensive and well-defined Credit Risk Policy for maximizing the risk-adjusted rate of return on capital by maintaining a healthy asset portfolio and managing the credit risk inherent in individual exposures as well at the portfolio level. The emphasis is placed both on evaluation and containment of risk at the individual exposures and on analysis of the portfolio behaviour. The appraisal process encompasses a detailed risk assessment and rating of all obligors using internal rating models. The ratings of customers are assessed based on their financial performance, industry characteristics, business positioning, project risks, operating performance and other non-financial parameters such as quality of management and conduct of account.

Your Company has strong a framework for the appraisal and execution of project finance transactions that involves a detailed evaluation of technical, commercial, financial, marketing and management factors including sponsor's financial strength and experience. Your Company identifies the project risks, mitigating factors and residual risks associated with the project, and applicable risk mitigating factors, including creation of debt service reserves and channeling project revenues through a trust & retention account. In some cases, your Company also has taken additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project or a pledge of

the sponsors' equity holding in the project company.

The RCB periodically reviews the impact of the stress scenarios resulting from rating downgrades or drop in the asset values in case of secured exposures on the portfolio. Your Company works within identified limits on exposure to borrower groups, industry sectors and geographies, and continuously tracks portfolio level concentrations. These limits are periodically reviewed based on changes in macro-economic environment, regulatory environment and industry dynamics. Existing credit exposure in the portfolio is continuously monitored and reviewed. Key sectors are analysed in details to suggest strategies considering both risks and opportunities. Corrective action, if required, is taken well in advance based on early warning signals.

Sustainability risk is an essential and integral part of your Company's credit risk management framework. Besides economic benefits, the environmental and social benefits of the project are assessed as these are critical aspects for sustainability of any project. Subsequent to analysing sustainability risk at the time of initial loan approval, it is also periodically monitored through the life-cycle of the exposure.

### **Market risk**

Market risk is defined as the risk to earnings and to the value of investments arising from movements in extraneous market risk factors, namely stiff liquidity, interest rates and foreign exchange rates. The most common factors connected with market risk are interest rates, currency exchange rates, costs of investments in trade portfolio (regardless of the instruments' character – debt or capital), prices of exchange commodities and other market variables related to your company's activity.

Your Company's market risk management is guided by well-laid policies, guidelines, processes

and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of your Company. Treasury Mid-Office independently monitors the risk limits stipulated in the Market Risk Policy and reports deviations, if any, to the appropriate authorities as laid down in the policy.

Liquidity risk is two-dimensional: risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). Your Company's Asset Liability Management Committee (ALCO) lays down a broad framework for liquidity risk management to ensure that it is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from industry, market or a combination of them. The liquidity profile is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. The ALM position of your Company is being periodically reported to ALCO, RCB and also to RBI.

Interest rate risk is the probability that variations in the interest rates will have a negative influence on the quality of a given financial instrument or portfolio, as well as on your Company's condition as a whole. Interest rate risk is generally managed through floating rate mechanism by linking the lending rate of interest to your Company's Benchmark Rate and is reviewed periodically with changes in your Company's cost of funds. Your Company regularly conducts stress testing to monitor vulnerability towards interest rate unfavorable shocks.

Currency or exchange rate risk is the risk where the fair value or future cash flows of a given financial instrument



fluctuate as a result from changes in the currency exchange rates. Currency exchange rates can be subject to big and unexpected changes, and managing of the risk related to the currency exchange rates' volatility can be very complicated.

Exchange rate risk management becomes necessary as your Company borrows money in foreign currency and lends in domestic currency. In order to optimize the cost of funds, your Company adopts effective hedging strategies considering the overall risk appetite of your Company. Through statistical measure like Value at Risk (VaR), stress tests, back tests, scenario analyses, your Company monitors the foreign currency portfolio.

### **Operational risk**

Operational risk is defined as the risk of loss arising out of inadequate or failed internal processes, people and systems or from external events. Your Company in accordance with the regulatory guidelines has put in place a framework to identify, assess and monitor risks, strengthen controls, improve customer service and minimize operating losses.

Your Company has built into its operational process by segregation of duties, clear reporting structures, well defined processes, operating manuals, staff training, verification of high value transactions and strong audit trails to control and mitigate operational risks. New product and activity notes prepared by business units are reviewed by all concerned departments including compliance, risk management and legal. All concerned departments coordinate and discuss key operational risk issues involving people, process, and technology, external factors etc. so as to minimise them or ensure adequate controls over them.

A well-formulated Business Continuity Plan (BCP) is in place which ensures business continuity in unlikely event of disaster or disruption. Further to provide continued and uninterrupted

service even during natural disasters, a Disaster Recovery (DR) Site is also in place. Vigorous information technology system is put in place which has been certified with globally accepted ISO2701:2005 standard, comprising features like DR, security features covering firewalls, encryption technologies, spam-guards etc. Your Company is committed towards investing in information technology to strengthen its business process.

In addition, to manage operational risk prudently, Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy are in place, which helps to prevent your Company from being used intentionally or unintentionally by criminal elements for money laundering.

The risk management framework of your Company is based on assessment of all risks through proper analysing and understanding the underlying risks before undertaking any transactions and changing or implementing processes and systems. All transactions and processes conform to your Company's risk appetite and regulatory requirements and the same is achieved through a proper governance structure, which includes a multi-tiered approval levels for transactions and processes. This risk management mechanism is aided by regular review, control, self assessments and monitoring of key risk indicators.

### **HUMAN RESOURCES ACTIVITIES**

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

In the prevailing scenario of business, particularly with technology becoming a key enabler of business and a vital part of strategy, your Company has focused on leveraging technology and digitization as a key part of its people strategy.

The Human Resource Team of your Company has delivered several transformational changes in the year under review. These include the launch of an e-learning platform for all domain and functional skills - LEaD SREI Online. Your Company has created a role based curriculum for all customer facing and critical roles. The key dimensions of knowledge that individuals need are covered through this Portal. The modules are crisp and engaging and tailor made for the needs of each function, each role. Moreover, there has been significant interaction with the business leaders in the creation of the courses to ensure that the content is fully aligned with current business processes and business priorities. It is ensured to cover topics that are part of statutory requirements such as Know Your Customer (KYC) and Anti Money Laundering (AML) as well as Prevention of Sexual Harassment at the Workplace.

In order to exponentially increase collaboration, idea sharing and engagement between employees, your Company has launched Srei Sampark in the last year. This is an app based social media platform which also acts as a digital sensor for employee mood and engagement. Several initiatives are run on this platform including those related to Swasth Srei and a reward and recognition initiative called Shabash.

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

Your Company continues to work on and improve all its people management processes through the cloud based Human Resource Management System (HRMS) which was launched in the year 2016. The Human Resource Team has continued to work on and improve its response time and turn - around

times to better support the business of your Company.

The biggest accolade your Company has received in the year under review has come in the form of highest ever ratings in the Great Place to Work, Survey 2016. Employee participation was at an all-time high at 96 per cent and your Company's scores on every parameter were also at an all-time high.

The employee count of your Company stands at 189 as on March 31, 2017, and automating employee services has supported your Company to improve response time and service.

## **INFORMATION TECHNOLOGY**

Information Technology (IT) in your Company has emerged as a strategic enabler and is playing a major role in improving productivity, reliability and customer satisfaction level while optimizing cost & risks. The IT function has successfully transformed its status from "Reactive" state to "Managed" state by implementing state of the art technology, integrating end to end business process along with underlying technology and transforming its vision from gaining technological expertise to offering customer focused end-to-end service.

Following the current industry trend and business need, your Company moved away from Capex to Opex mode largely and adopted cloud based sourcing strategy for many of its crucial services including enterprise e-mail, Human Resource Management System (HRMS) etc. These strategic transformation projects have not only optimized IT resource and operational cost but also improved stability and performance of business critical services.

In addition to various initiatives enabling cost variabilisation, consolidation and efficiencies and on demand scale, various initiatives in the areas of digitalization, speed, performance and mobility have been given high priority

to get the competitive advantages in client and employee facing processes. To enhance end client reliability and satisfaction level, SMS facility has been provided for all transactions and payment made by cash, cheque or demand draft. Google Apps for Work has been introduced through "PIN IT" initiative that brings to users collaboration anytime, anyplace and any device and seamless integration of end to end business process was accomplished coupled with a single service desk solution across IT services. All data centres of your Company were consolidated into a single one and given to a strategic partner via a long term contract for managed hosting services.

During the year under review, the focus areas were end user mobility, uniformity in process automation and risk optimization by state of art security practice. Human Resource Management System (HRMS) solution has been moved to a cloud based solution which tracks the employee lifecycle from joining till separation with a very efficient performance management system.

IT is now a digital partner of the business, connecting the four pillars – the customer, the manufacturer, the employee and the asset. During this year, your Company launched 'My Srei' – a customer self service app, field investigation and lead management app for the sales force alongwith a self service app for all employees. Your Company has embarked upon a project of GPS based location tracking of the assets financed which would enable in reduction of risk. Your Company has also implemented eKYC, automated bureau verification, de-dupe for better management of the customer on-boarding process.

Risk of internet usage has been highly mitigated by adopting a cloud based proxy solution in terms of secured communication and integrated control. While continuing with its accreditation

The biggest accolade your Company has received in the year under review has come in the form of highest ever ratings in the Great Place to Work, Survey 2016. Employee participation was at an all-time high at 96 per cent and your Company's scores on every parameter were also at an all-time high.

for ISO 27000:2013, your Company has taken its IT risk management system to the next level of maturity. Compliance to regulatory and statutory needs has always been the focus at your Company, and taking a further step in that direction, your Company has implemented a comprehensive compliance tracking solution. Further, your Company has taken proactive measures to educate the entire business users about information security issues through sustained communication.

Analytics was identified by your Company as one of the new areas of innovation. Accordingly, a Centre of Excellence has been created to identify and work on all use cases for analytics across the group and possible opportunities of synergy.

The IT function is embarking on the next wave of maturity that will position IT as a key business driver for every employee and customer. By leveraging innovations in mobile applications, adopting best of breed solution and framework, reengineering the current process and driving continuous improvement cycle across services, your Company is aiming to move towards the next level of maturity and make a significant footprint in the world of digitalization.

## **INTERNAL CONTROL AND AUDIT**

Your Company's vision, mission and core values have laid the foundation for internal controls. On the administrative controls side, your Company has a proper reporting structure, oversight committees and rigorous performance appraisal system to ensure checks and balances. On the financial controls side, your Company has in place segregation of duties and reporting mechanism to deter and detect misstatements in financial reporting.

Your Company's Internal Control System is commensurate with the nature of its business and the size and complexity of its operations and ensures compliance

with policies and procedures. The Internal Control Systems are being constantly updated with new / revised standard operating procedures.

Further, in accordance with the latest legislation, your Company's Internal Financial Controls (IFC) have been reviewed and actions have been taken to strengthen financial reporting and overall risk management procedures. Further, an Information System (IS) Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by your Company.

Your Company has a dedicated and independent Internal Audit Department reporting directly to the Audit Committee of the Board. 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.

Furthermore, the Audit Committee of your Company evaluates and reviews the adequacy and effectiveness of the internal control systems and suggests improvements. Significant deviations are brought to the notice of the Audit Committee and corrective measures are recommended for implementation. Based on the internal audit report, process owners undertake corrective action in their respective areas. All these measures help in maintaining a healthy internal control environment.

## **ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM**

Environmental & Social Management System (ESMS) is followed as the process of sustainable business practice by your Company to adequately meet, respond to and enhance benchmarks in Environmental and Social (E&S) management. E&S risks

**Y**our Company's market risk management is guided by well-laid policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of your Company.

associated with a proposal considered for investment and its existing portfolio are adequately taken care of by ESMS, which has been adopted to reduce the business risk of its portfolio related to E&S issues and adhere to Sustainable Finance Practice, which has been integrated as a part of overall Credit & Risk Policy. This management system is aimed at properly evaluating, assessing and ensuring customer compliance with relevant E&S requirements and encourages clients to take corrective action & mitigation plans.

Core element of your Company's ESMS is a self-declared Policy Framework which includes due-diligence (rapid, sustainability, client risk assessment, project/activity risk categorization and if required site inspection), appraisal (analysis of E&S impacts and client's capacity & commitment to address them), mitigation measures, action plans, monitoring & review of ongoing projects, training & workshop and continuous improvement of the system. By following ESMS practice, your Company has been able to create awareness in the market regarding relevance of E&S issues and their impacts on the society and the environment.

In your Company, a full scale E&S due-diligence is carried out for any business activity as per International Finance Corporation (IFC) Performance Standards and Country's E&S laws, rules & notifications, based on which a 'go' or 'no go' decision is given by ESMS team. Your Company neither participates nor invests in certain activities and industries, which fall in the exclusion list of your Company. Your Company does not invest in any projects that do not comply with the environmental & social norms and laws of the Country.

Your Company monitors & reviews the invested projects on a regular basis whereas shortfalls or misconducts are rectified by framing action plans for

the same. Your Company continuously updates and upgrades the ESMS policy framework from time to time. Over the past years, your Company has been able to successfully manage, reduce and control the E&S risks associated with its portfolio. Another sustainability strategy of your Company is to increase investment in green projects steadily. In FY 2016-17, your Company rejected several business opportunities due to non-conformity to E&S policy like absence of sufficient regulatory clearances, public interest litigation, land acquisition and other E&S issues. On the other hand, your Company has encouraged sustainable development by investing in various renewable energy projects.

As a part of its sustainability strategy, your Company has entered into a capacity development agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) [Netherlands Development Finance Company] and Oesterreichische Entwicklungsbank AG (OeEB) [Development Bank of Austria] to launch a Corporate Rollout Programme (CRP) on ESMS for its clients across the Country for carrying out business with better management of E&S risks, thereby enhancing your Company's brand image in the market. ESMS-CRP help clients to build their own sector specific ESMS Policy, and facilitate training program on different ESHS (Environmental, Social, Health & Safety) issues. This programme reduces business risk substantially from your Company's portfolio and will help your Company to gain third party control. In FY 2016-17, your Company has entered into agreement for ESMS-CRP with a dozen Clients and completed sector specific ESMS Policy framework and Risk Toolkits for these clients to carry out their business with better understanding & mitigation of its E&S risks.

Your Company believes in a Sustainable Finance Business Approach by

considering conservation, management & sustainable use of human & natural resources. This endeavour helps your Company in creating a strong & confident long term relationship with its stakeholders.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The total amount available for CSR spending, being 2 (two) per cent of the average net profits of your Company made during the three immediately preceding financial years, during the financial year 2016-17 aggregated to approximately Rs. 1.96 Crores.

Recognising its social responsibility, your Company had earlier established a public charitable trust in the name of 'Srei Foundation' with the objective of granting scholarships and other financial assistance to deserving and talented candidates. The Fund also supports setting up of schools, colleges, medical and scientific research institutions. Donations to Srei Foundation qualify for deduction under Section 80G of the Income Tax Act, 1961. Your Company has granted donation of Rs. 1,50,00,000/- (Rupees One Crore and Fifty Lacs only) to Srei Foundation during the financial year 2016-17.

Your Company is fully aware of the fact that as a corporate citizen, it is also entrusted with the responsibility to contribute for the betterment of the society at large. During the year under review, your Company extended support to Sonata Foundation towards operational expenses for smooth running of Animal Mobile Clinics used extensively for welfare of animals, with a sum of Rs. 3,40,000/- (Rupees Three Lacs and Forty Thousand only).

Your Company is cognizant towards promoting and encouraging education and hence contributed Rs. 80,00,000/- (Rupees Eighty Lacs only) to Indian Institute of Information Technology Guwahati (IIITG), an institution under MHRD, Government of India set up

in 2013 and aimed at generating highly competent manpower of global standards for the Information Technology Industry.

Your Company perceives Corporate Social Responsibility (CSR) as an opportunity to contribute towards 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 namely 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 and 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 CSR Committee of your Company has formulated the CSR Policy which describes the multiple lines around which the CSR activities of your Company are positioned being education and skill development, social and economic welfare, environmental sustainability and such other activities included in Schedule VII of the Companies Act, 2013 as may be identified by the CSR Committee from time to time. The said Policy is available on your Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report. The Committee presently comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Mr. Shyamalendu Chatterjee, Independent Director. Mr. Hemant Kanoria, Chairman and Managing Director of your Company acts as the Chairman of the CSR Committee. Mr. Madhusudan Dutta, Group Head – Corporate Strategy & Planning (Human

Capital) acts as the Secretary to the CSR Committee.

4 (Four) meetings of the CSR Committee were held during the year 2016-17 on May 12, 2016, August 06, 2016, November 05, 2016 and February 02, 2017.

During this year, your Company spent an aggregate amount of Rs. 2,33,65,000/- (Rupees Two Crore Thirty Three Lacs and Sixty Five Thousand only), being 2.39 per cent of the average net profits of last 3 years, towards CSR activities pursuant to CSR Policy of your Company, which is more than the minimum statutory requirement, being 2 per cent of the average net profits of last 3 years. The manner in which the CSR amount was spent during the financial year is set out as an annexure to the Directors' Report and forms part of this Annual Report.

## **BUSINESS RESPONSIBILITY REPORT**

The Business Responsibility (BR) Report as stipulated under Regulation 34(2)(f) of SEBI Listing Regulations, 2015, describing the initiatives taken by your Company from an environmental, social and governance perspective, forms part of the Annual Report.

Further, the BR Committee of your Company constituted by the Board of Directors at its meeting held on May 12, 2016, formulated and approved the BR Policy of your Company in line with the provisions of SEBI Listing Regulations, 2015 as amended from time to time. The policy describes the principles of sustainable business that delivers value for its stakeholders including but not limited to its shareholders, employees, clients, business partners and the wider community.

## **SREI WEBSITE**

The website of your Company [www.srei.com](http://www.srei.com) was revamped recently. This

website has been developed on the new responsive technology based platform known as 'Drupal', ensuring uniform display across all devices like mobile, tablet, desktop etc. and all the operating systems. The website has an inbuilt sophisticated and customized content management system for easy change in content. A simple, improved navigation system needs a lesser number of clicks to reach the information available in the different sections of the website. The contemporary and smart look of the website ensures a customer centric approach catering to the requirements of prospective customers, investors, employees and other stakeholders. The website of your Company also has 'Live Stock Ticker' with dynamic display of current stock prices in BSE and NSE with respective market caps. The site carries a comprehensive database of information of interest to the investors including the financial results of your Company, dividend declared, unclaimed dividend list, shareholding pattern, any price sensitive information disclosed to the regulatory authorities from time to time, analysts' reports, investor presentations, standard downloadable forms, media coverage, corporate profile and business activities of your Company and the services rendered by your Company to its investors. Some useful features like Online Resume Management System to pull the best talents and Online NCD Application Form download system as a part of fund raising initiatives have been duly introduced in the system. In order to strengthen the bonds with the valued customers by offering them a better experience, your Company has integrated the new customer portal in the corporate website. The customers can access their account and download the essential documents directly from the website. By introducing the download facility of MySREIApp mobile application from the website,

your Company extends the digital services and creates an 'anywhere anytime' experience like never before. The multiplatform mobile app now empowers customers to raise service request, contact relationship managers, send request for new finance etc. The links to different social media i.e. Facebook, YouTube, Twitter, LinkedIn has been embedded in the home page of the new website to get access of the key initiatives and achievements of your Company.

## SUBSIDIARY COMPANIES

The Statement in Form AOC-1 containing the salient features of the financial statement of your Company's subsidiaries and associates pursuant to first proviso to Section 129(3) of the Companies Act, 2013 (Act) read with Rule 5 of the Companies (Accounts) Rules, 2014, forms part of the Annual Report. Further, in line with Section 129(3) of the Act read with the aforesaid Rules, SEBI Listing Regulations, 2015 and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by your Company include financial information of its subsidiary companies.

A Report on the performance and financial position of each of the Subsidiaries and Associate Companies included in the Consolidated Financial Statements prepared by your Company as per Rule 8(1) of the Companies (Accounts) Rules, 2014, forms part of the annual accounts of each of the Subsidiary and Associate Companies which have been placed on the website of your Company [www.srei.com](http://www.srei.com) and also forms part of Form AOC-1 pursuant to Rule 5 of the Companies (Accounts) Rules, 2014, which is set out as an annexure to the Directors' Report and forms part of this Annual Report. Members interested in obtaining a copy of the annual accounts of the Subsidiaries and Associate Companies may write to the Company Secretary at your Company's Registered Office. The said report is not repeated here for the sake of brevity.

The names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year are given below:

Name	Status
Srei Forex Limited	Ceased to be a wholly-owned Subsidiary w.e.f. 17.05.2016.
Srei Equipment Finance Limited	Ceased to be a Joint Venture and became a wholly-owned Subsidiary w.e.f. 17.06.2016.
Srei International Infrastructure Services GmbH, Germany	Ceased to be a Subsidiary and became an Associate w.e.f. 21.06.2016.
AO Srei Leasing, Russia	Ceased to be a Step down-subsubsidiary w.e.f. 21.06.2016.
Srei Advisors Pte. Ltd., Singapore	Ceased to be a Step down-subsubsidiary w.e.f. 21.06.2016.
Bharat Road Network Limited*	Became an Associate w.e.f. 12.11.2016.
Quippo Telecom Infrastructure Private Limited	Ceased to be an Associate w.e.f. 13.01.2017.

\* Post filing of Draft Red Herring Prospectus by Bharat Road Network Limited (BRNL), your Company became the Corporate Promoter of BRNL w.e.f. February 16, 2017 in terms of the SEBI ICDR Regulations.

Your Company perceives Corporate Social Responsibility (CSR) as an opportunity to contribute towards uplifting the society at large, empowering individuals, making them self-reliant.



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

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

## POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

As on March 31, 2017, Srei Equipment Finance Limited (SEFL), a wholly owned subsidiary of your Company is a listed 'material' subsidiary of your Company with its, debt securities being listed on the Stock Exchanges in India. However, your Company does not have any material unlisted subsidiary. Your Company has formulated a Policy for determining Material Subsidiaries in

accordance with the applicable laws. The said Policy is available on your Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

Mr. Shyamalendu Chatterjee, an Independent Director of your Company, is the Chairman (Non-Executive) of Srei Capital Markets Limited and an Independent Director of SEFL, both wholly owned subsidiaries of your Company. Further, Ms. Tamali Sengupta, Independent Director of your Company, is an Independent Director of SEFL.

## KEY MANAGERIAL PERSONNEL (KMPs)

The following directors/executives of your Company are whole-time Key Managerial Personnel (KMPs) as on March 31, 2017 in accordance with the provisions of Section 203 of the Companies Act, 2013 -

Name	Designation
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Sameer Sawhney*	Chief Executive Officer
Mr. Sandeep Lakhota	Company Secretary
Mr. Kishore Kumar Lodha	Chief Financial Officer

\*Appointed w.e.f. November 05, 2016.

During the year, Mr. Sameer Sawhney was appointed as the Chief Executive Officer (CEO) of your Company for a period of 3 (Three) years w.e.f. November 05, 2016. Further, Mr. Bajrang Kumar Choudhary, Key Managerial Personnel (KMP) of your Company resigned as Chief Executive Officer (CEO) - Infrastructure Project Development and was relieved from the services of your Company w.e.f. the close of business hours of October 31, 2016 in accordance with your Company's Policy.

## NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of your Company have constituted a Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI Listing Regulations, 2015. The Committee comprises Mr. Salil Kumar Gupta, Mr. Shyamalendu Chatterjee, Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil Kumar Gupta, Chief Mentor and Director of your Company acts as the Chairman of the Nomination and Remuneration

Your Company does not invest in any projects that do not comply with the environmental & social norms and laws of the Country.

Committee. Mr. Sandeep Lakhota, Company Secretary of your Company acts as the secretary to the Nomination & Remuneration Committee. The Terms of Reference of the Committee has been provided in the Corporate Governance Section forming part of this Report.

3 (Three) meetings of the Nomination and Remuneration Committee of your Company were held during the year 2016-17 on May 12, 2016, November 05, 2016 and February 02, 2017.

The Committee has formulated the Nomination and Remuneration Policy ('Srei Nomination and Remuneration Policy') which broadly laid 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. The said Policy is available on your Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

### **WHISTLE BLOWER POLICY (VIGIL MECHANISM)**

Your Company has formulated a codified Whistle Blower Policy incorporating the provisions relating to Vigil Mechanism in terms of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, 2015, in order to encourage Directors and Employees of your Company to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of your Company and its stakeholders in any way. The said Policy was last revised on February 03, 2017. Your Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for

protection of employees from reprisals or victimisation, for whistle blowing in good faith. The said Policy is available on your Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

### **POLICY AGAINST SEXUAL AND WORKPLACE HARASSMENT**

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

Your Company has put in place a 'Policy on Prevention of Sexual Harassment' as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said Policy was last revised on February 03, 2017. The Policy is meant to sensitize the employees about their fundamental right to have safe and healthy environment at workplace. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee constituted for this purpose. The said Policy is available on your Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

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

During the year, your Company has not received any complaint on sexual harassment from any of the women employees of 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 and Companies (Meetings of Board and its Powers) Amendment Rules, 2015 as your Company is engaged in the business of financing of companies or of providing infrastructural facilities.

### **PERFORMANCE EVALUATION**

The Nomination and Remuneration Committee (NRC) of your Company has formulated and laid down criteria for Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors and Chairman & Managing Director) pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of SEBI Listing Regulations, 2015 covering inter-alia the following parameters namely:

- i) Board Evaluation - degree of fulfillment of key responsibilities; Board culture and dynamics.
- ii) Board Committee Evaluation - effectiveness of meetings; Committee dynamics.
- iii) Individual Director Evaluation (including IDs) - contribution at Board Meetings.

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

During the year under review, the Board carried out annual evaluation of its own performance as well as evaluation of the working of various Board Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. This exercise was carried out through a structured questionnaire prepared separately for Individual Board Members (including the Chairman) and Board Committees based on the criteria as formulated by the NRC and in context of the Guidance note dated January 05, 2017 issued by SEBI.

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

During the year under review, the Independent Directors of your Company reviewed the performance of Non-Independent Directors and Chairperson of your Company, taking into account the views of Executive Director and Non-Executive Directors.

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

The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and dialogued 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, possesses a mind for detail, is meticulous to the core and conducts the Meetings with poise and maturity.

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

### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS (IDs)**

In terms of Regulation 25(7) of the SEBI Listing Regulations, 2015, your Company is required to conduct Familiarisation Programme for Independent Directors (IDs) to familiarise them about your Company including nature of industry in which your Company operates, business model of your Company, roles, rights and responsibilities of IDs and any other relevant information. Further, pursuant to Regulation 46 of SEBI Listing Regulations, 2015, your Company is required to disseminate on its website, details of familiarisation programme imparted to IDs including the details of i) number of programmes attended by IDs (during the year and on a cumulative basis till date), ii) number of hours spent by IDs in such programmes (during the year and on a cumulative basis till date), and iii) other relevant details.

One such specific familiarisation programme was conducted on November 04, 2016. As a part of the programme, presentation was made to the Independent Directors giving a brief overview of Roles, Responsibilities and Liabilities of Independent Directors under RBI regulations, Systemically Important Non-Banking Financial Companies (NBFCs) Prudential norms – Infrastructure Finance Companies,

Corporate Governance norms with focus on constitution of various Committees under the Companies Act, 2013, Fit and proper criteria for Directors, Disclosure and Transparency norms, framing of internal guidelines by NBFCs etc., Highlights on key amendments to the SARFAESI Act, Insolvency and Bankruptcy Code, 2016 with salient features of the Code.

In addition to the above, the Board of Directors is encouraged to participate in various training sessions to ensure that the Board members are kept up to date.

At the time of appointment, a new Director is welcomed to the Board of Directors of your Company by sharing an Induction Kit containing inter-alia the Organization Chart, brief profile of all Directors and Key Managerial Personnel (KMPs), Policy Compendium, Investor Presentation, Investor call transcripts amongst others.

Further, the management of your Company makes various presentations to the Independent Directors on an ongoing basis which inter-alia includes Company overview, various business verticals, latest key business highlights, financial statements, evolution as well as business model of the various business of your Company, as part of the familiarisation programme for Independent Directors.

Significant Statutory updates are circulated on a quarterly basis as a part of the agenda of the Board Meetings through which Directors are made aware of the significant new developments and highlights from various regulatory authorities viz. Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), etc.

The Company Secretary also regularly apprises the Board about their roles, rights and responsibilities in your Company from time to time as per the requirements of SEBI Listing

Regulations, 2015, Companies Act, 2013 read together with the Rules and Schedules thereunder and Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Board has open channels of communication with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications and other related information. Directors are also informed of the various developments in your Company through e-mails, newsletters, internal magazines, etc. The same is made available on their I-Pads as well.

As a part of e-initiatives adopted by your Company, latest news and events including regulatory alerts are made available through a smartphone knowledge application “Srei Chanakya”. This app also serves as a means to enhance compliance awareness and contains detailed do’s and don’ts, FAQ’s for Insider Trading, presentations on SEBI Listing Regulations, 2015, NBFC Compliance Dashboard & other relevant matters.

The link to the details of familiarisation programmes imparted to Independent Directors, as required under Regulation 46 of SEBI Listing Regulations, 2015, has been provided elsewhere in this Annual Report.

## **EXTRACT OF ANNUAL RETURN**

An extract of Annual Return as on the financial year ended on March 31, 2017 in Form No. MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is set out as an annexure to the Directors’ Report and forms part of this Annual Report.

## **PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTIES**

All the related party transactions of your Company are entered on arm’s length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015. There are no materially significant transactions entered into by your Company with Promoters, Directors or Key Managerial Personnel (KMPs), which have potential conflict with the interest of your Company at large. Your Company has not entered into any material related party transactions with any of its related parties during the FY 2016-17. Members may refer to the notes to the financial statements for details of related party transactions.

Since all related party transactions entered into by your Company were in the ordinary course of business and were on an arm’s length basis, Form AOC-2 is not applicable to your Company. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and your Company’s long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

In terms of Regulation 23(2) of SEBI Listing Regulations, 2015, your Company obtained prior approval of the Audit Committee for entering into transactions with related parties. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The statement is supported by the certificate from the Chief Financial officer (CFO) of your Company.

Your Company is committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees.

A Related Party Policy has been devised by your Company for determining the materiality of transactions with related parties and dealings with them. The said Policy is available on your Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

### **PARTICULARS OF EMPLOYEES**

The prescribed particulars of remuneration of employees pursuant to Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out as annexures to the Directors' Report and form part of this Annual 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 Rule 8(3) of Companies (Accounts) Rules, 2014. However, your Company uses information technology extensively in its operations and also continues its endeavour to improve energy conservation and utilisation, safety and environment.

During the year under review, the total foreign exchange earnings and expenditure of your Company was NIL and Rs. 7,921 Lacs, respectively (previous year Rs. NIL and Rs. 10,513 Lacs, respectively).

### **TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)**

During the year under review, your Company transferred a sum of Rs. 5,19,320 (Rupees Five Lacs Nineteen Thousand Three Hundred and Twenty only) to the Investor Education & Protection Fund (IEPF) of the Central Government, being the

dividend amount pertaining to the financial year ended on March 31, 2009, which was due & payable and remained unclaimed and unpaid for a period of 7 (seven) years, as provided in Section 124(5) and 125 of the Companies Act, 2013. Cumulatively, the dividend amount transferred to the said Fund upto March 31, 2017 aggregates to Rs. 52,70,744.69 (Rupees Fifty Two Lacs Seventy Thousand Seven Hundred Forty Four and Paise Sixty Nine only).

Pursuant to Section 124(6) and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from September 07, 2016 and as further amended on February 28, 2017, all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more are required to be transferred by the Company in the name of Investor Education and Protection Fund (IEPF) along with a statement containing such details as may be prescribed.

Adhering to the various requirements set out in the Rules, your Company has sent individual communication to those shareholders whose shares are liable to be transferred to IEPF under the said Rules at their latest available address. The details of such shareholders and shares due for transfer to IEPF have also been uploaded on the website of your Company [www.srei.com](http://www.srei.com).

The shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back by the Shareholders from the IEPF Authority after following the procedure prescribed under the Rules.

### **AUDIT COMMITTEE**

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI Listing Regulations, 2015. The Board of Directors of your Company, at its

**D**uring the year, your Company has been adjudged as the winner of Corporate Governance Award 2017 by the Indian Chamber of Commerce.

meeting held on August 06, 2016, reconstituted the Audit Committee whereby Mr. Shyamalendu Chatterjee was appointed as Chairman of the Audit Committee in place of Mr. Salil K. Gupta, who continued as a Member of the Committee. The Audit Committee presently comprises of Mr. Salil Kumar Gupta, Mr. Srinivasachari Rajagopal, Mr. Shyamalendu Chatterjee, Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Shyamalendu Chatterjee, Independent Director of your Company is the Chairman of the Audit Committee w.e.f. August 06, 2016.

The Company Secretary of your Company acts as the Secretary to the Audit Committee. The Terms of Reference of the Audit Committee has been provided in the Corporate Governance Section forming part of this Report.

4 (Four) meetings of the Audit Committee were held during the year 2016-17 on May 12, 2016, August 06, 2016, November 05, 2016 and February 02, 2017.

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

## AUDITORS

At the 30th Annual General Meeting (AGM) of your Company held on August 01, 2015, Haribhakti & Co. LLP, Chartered Accountants, having registration No. 103523W/W100048 allotted by The Institute of Chartered Accountants of India (ICAI), were appointed as Statutory Auditors of your Company to hold office for a term of 5 (Five) years from the conclusion of 30th AGM (subject to ratification of such appointment by the Members at every AGM) till the conclusion of the 35th AGM of your Company. Accordingly, the appointment of Haribhakti & Co. LLP, Chartered Accountants, as Statutory Auditors of your Company, is placed

for ratification by the Members. Your Company has received a confirmation from Haribhakti & Co. LLP, Chartered Accountants, to this effect that their appointment, if ratified, would be within the limits prescribed under Section 139 of the Companies Act, 2013 and the rules framed thereunder and in accordance with Section 141 of the Companies Act, 2013. They have also confirmed that they hold a valid peer review certificate as prescribed under Regulation 33(d) of the SEBI Listing Regulations, 2015. The Audit Committee and the Board of Directors of your Company recommend ratification of their appointment from the conclusion of this AGM upto the conclusion of the 33rd AGM of your Company.

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

## SECRETARIAL AUDIT REPORT

Your Company appointed Dr. K. R. Chandratre, Practising Company Secretary, holding membership of The Institute of Company Secretaries of India (Membership No. FCS 1370; Certificate of Practice No. 5144) as the Secretarial Auditor of your Company for FY 2016-17 to conduct the Secretarial Audit pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Audit Report confirms that your Company has complied inter alia with all the applicable provisions of the Companies Act, 1956 (as applicable), Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2), Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to your Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and the Reserve Bank of India Directions, Guidelines and Circulars applicable to Systemically Important Non-Deposit Accepting or Holding NBFCs (NBFC – ND – SI).

The Secretarial Audit Report for the financial year ended March 31, 2017 does not contain any qualification, reservation or adverse remark or disclaimer and the same forms part of the Annual Report.

## CORPORATE GOVERNANCE

Your Company has always practised sound corporate governance and takes necessary actions at appropriate times for enhancing and meeting stakeholders' expectations while continuing to comply with the mandatory provisions of Corporate Governance.

As required under Regulation 34(3) read with Schedule V of SEBI Listing Regulations, 2015, a separate section on Corporate Governance and a Certificate from the Auditors of your Company confirming compliance with the requirements of Corporate Governance, forms part of the Annual Report.

## MEETINGS OF THE BOARD

The Board meets at regular intervals to discuss and decide on 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.

4 (Four) Board meetings were held during the year 2016-17 on May 12, 2016, August 06, 2016, November 05, 2016 and February 03, 2017. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days.

## DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013 (Act) and the relevant Rules and your Company's Articles of Association, Mr. Sunil Kanoria (DIN 00421564) retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

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

Your Company has received declaration from each of the Independent Directors under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI Listing Regulations, 2015. All requisite declarations were placed before the Board.

Pursuant to Regulation 16(b) of SEBI Listing Regulations, 2015 and Section 197 of the Act read with the Rules framed thereunder, your Company has approved payment of remuneration of Rs. 75 (Seventy Five) Lacs by way of commission on net profits computed under Section 198 of the Act to Non-

Executive Directors and Independent Directors of your Company for the financial year 2016-17. The payment is within the limit of 1 (One) per cent of the net profits of your Company for the financial year 2016-17 as approved by the Members of your Company at the AGM held on August 02, 2014 and in accordance with the applicable provisions of SEBI Listing Regulations, 2015 and the Act read with the Rules framed thereunder.

Further, Mr. Hemant Kanoria, Chairman and Managing Director (CMD) and Mr. Sunil Kanoria, Vice Chairman (Non-Executive Director) of your Company, are also the CMD and Vice Chairman, respectively, of Srei Equipment Finance Limited (SEFL), a wholly owned subsidiary of your Company and are in receipt of remuneration (including commission) during the Financial Year 2016-17 from SEFL as per the details given below:

Name of Director	Remuneration (Rs. in Lacs)
Hemant Kanoria	523.26
Sunil Kanoria	515.85

Apart from the above, Mr. Hemant Kanoria and Mr. Sunil Kanoria have not received any remuneration or commission from any of your Company's subsidiaries or holding company during the Financial Year 2016-17.

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

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs

of your Company at the end of the financial year and of the profit of your Company for the year;

- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts for the financial year ended March 31, 2017 on a going concern basis;
- (v) they have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and are operating effectively;

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

### GENERAL DISCLOSURES

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

- Issue of equity shares with differential rights as to dividend, voting or otherwise
- Issue of sweat equity shares
- Your Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees
- There was no revision in the Financial Statements
- There was no change in the nature of business.

### AWARDS AND RECOGNITION

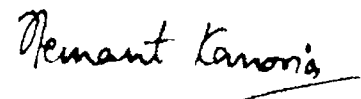
During the year, your Company has been adjudged as the winner of Corporate Governance Award 2017 by the Indian Chamber of Commerce. The award considered your Company's sustainability policies, practices and performance in Corporate Governance. Further, your Company was one amongst the seven pioneering companies in India to be awarded with the Arogya World's Healthy Workplace Platinum Award 2016. The Prestigious award under the "Clinton Global Initiative" evaluates on Health & Safety of employees, Annual employee Health Budget, Employee Health Risk Assessment, Innovative Health program Practice in the Organisation under both "Quantitative" & "Qualitative" scanner.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the excellent support and co-operation received from the Financial Institutions, Banks, Central & State Government Authorities, RBI,

SEBI, MCA, Registrar of Companies, Indian Stock Exchanges, Depositories, Credit Rating Agencies, Customers, Manufacturers, Vendors, Suppliers, Business Associates, Members, 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 realisation of the corporate goals in the years ahead.

On behalf of the Board of Directors



**Hemant Kanoria**  
Chairman & Managing Director  
DIN 00193015

Kolkata, May 09, 2017

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company :**  
L29219WB1985PLC055352
2. **Name of the Company :** Srei Infrastructure Finance Limited
3. **Registered address :** 'Vishwakarma', 86C Topsia Road (South), Kolkata - 700046, West Bengal, India
4. **Website :** www.srei.com
5. **E-mail id :** secretarial@srei.com
6. **Financial Year reported :** April 01, 2016 to March 31, 2017
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):** The Company holds a certificate of registration issued by the Reserve Bank of India (RBI) allowing the Company to carry on the business of non-banking financial institution under Section 45-IA of the RBI Act, 1934. The Company is classified as an Infrastructure Finance Company – Systemically important Non - Deposit taking under Section 45-IA of the RBI Act, 1934. The Company is also notified as a Public Financial Institution (PFI) by the Ministry of Corporate Affairs (MCA), Government of India.
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):** The Company is one of the largest private sector integrated and holistic infrastructure institutions constantly and consistently delivering innovative solutions in the infrastructure sector. The Company is primarily engaged in the business of Infrastructure Project Finance. The Company has been playing a significant role in nation-building for over two-and-a half decades, both in urban and rural India.
9. **Total number of locations where business activity is undertaken by the Company**
  - (a) **Number of International Locations (Provide details of major 5) :** Nil.
  - (b) **Number of National Locations :** Kolkata, New Delhi, Mumbai and Hyderabad.

10. **Markets served by the Company – Local/State/National/International:** The Company serves customers both in national and international locations.

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR):** Rs. 503.08 Crores comprising of 50,30,86,333 equity shares of Rs. 10/- each.
2. **Total Turnover (INR):** Rs. 2,299.62 Crores. (Total Income which includes Revenue from Operations and Other Income).
3. **Total profit after taxes (INR) :** Rs. 96.07 Crores.
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**
  - a. **Average net profit of the Company for last three financial years (INR):** Rs. 97.75 Crore.
  - b. **Prescribed CSR Expenditure (two per cent of the amount as in Sl. No. 4(a) above) (INR):** Rs. 1.96 Crore.
  - c. **Total amount spent for the Financial Year:** The Company has spent Rs. 2.34 Crore i.e. approximately 2.39%. Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the annual report for the year ended March 31, 2017.
5. **List of activities in which expenditure in 4 above has been incurred:** The CSR activities are carried out by the Company in multiple ways:
  1. Independently.
  2. Jointly with Srei Foundation.
  3. In partnership with external social bodies / NGOs.

The CSR activities are carried out along the following thrust areas which are within the permissible scope of CSR under the Companies Act, 2013:

  - a. Education and Skills Development
  - b. Healthcare / Medical facilities
  - c. Social and Economic Welfare
  - d. Environmental Sustainability.

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes, the Company had 15 subsidiaries as on 31st March, 2017.

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)-

Yes, the Company encourages its subsidiaries to participate in the BR initiatives. Almost all subsidiary companies directly or indirectly endorse or participate in the BR initiatives of the Company. Further, 2 (two) subsidiaries of the Company have contributed to the corpus of Srei Foundation during the Financial Year 2016-17.

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

No.

## SECTION D: BR INFORMATION

### 1. Details of Director / Directors responsible for BR.

#### (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1. **DIN Number:** 00048249
2. **Name:** Mr. Shyamalendu Chatterjee
3. **Designation:** Non-Executive and Independent Director

#### (b) Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	Mr. Shyamalendu Chatterjee, Non-Executive and Independent Director of the Company, oversees the BR implementation. However, the Company does not have a BR head as of now.
2	Name	
3	Designation	
4	Telephone number	
5	E-mail id	

Note: The Company has constituted a Business Responsibility Committee (BR Committee) comprising of Directors and Senior Executives. Mr. Shyamalendu Chatterjee is designated as Director responsible for implementation of the Business Responsibility Principles as well as the BR Policy of the Company.

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

P1. Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3. Businesses should promote the wellbeing of all employees.

P4. Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

P5. Businesses should respect and promote human rights.

P6. Business should respect, protect, and make efforts to restore the environment.

P7. Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8. Businesses should support inclusive growth and equitable development.

P9. Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**a. Details of compliance (Reply in Y/N):**

No.	Questions	Ethics, transparency and accountability	Product safety	Well-being of employees	Stakeholders engagement	Human rights	Environment Policy	Public and regulatory policy	Inclusive growth	Value to customers and consumers
		P1	P2	P3	P4	P5	P6 (Refer Note)	P7 (Refer Note)	P8 (Refer Note)	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?*	Y	N	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	-	-	Y	Y
The policies are based on NVG guidelines.										
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	<ol style="list-style-type: none"> <li>1. Srei Investor Grievance Redressal Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>2. Whistle Blower Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>3. Corporate Social Responsibility Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>4. Nomination &amp; Remuneration Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>5. Policy on Board Diversity is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>6. Policy on Prevention of Sexual Harassment is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>7. Srei Code of Conduct for Prohibition of Insider Trading is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>8. Srei Code of Conduct for Board of Directors and Senior Executives is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> <li>9. Srei Fair Practices Code is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a></li> </ol>								

No.	Questions	Ethics, transparency and accountability	Product safety	Well-being of employees	Stakeholders engagement	Human rights	Environment Policy	Public and regulatory policy	Inclusive growth	Value to customers and consumers
		P1	P2	P3	P4	P5	P6 (Refer Note)	P7 (Refer Note)	P8 (Refer Note)	P9
6	Indicate the link for the policy to be viewed online?	10. Corporate Governance Framework is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a> 11. ESMS Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a> 12. Data Privacy and Protection Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a> 13. Dividend Distribution Policy is available at <a href="http://www.srei.com/investor/corporate-policies">www.srei.com/investor/corporate-policies</a> 14. Shareholders' Referencer is available at <a href="https://www.srei.com/investor/srei-shareholders/shareholders-referencer">https://www.srei.com/investor/srei-shareholders/shareholders-referencer</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	-	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? #	Y	Y	Y	Y	Y	Y	-	Y	Y

Note:

P6: The aspects outlined under this Principle are not substantially relevant to the Company given the nature of its business. The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. The Company also requires the borrowers of project loans to comply with the applicable environmental standards. The Company adheres to the RBI guidelines with respect to Lending to restricted industries.

P7: While there is no specific Policy outlined for this Principle, the Company, through trade bodies, chambers and associations, puts forth a number of suggestions with respect to the economy in general and the financial sector in particular.

P8: The Company directly and along with the Srei Foundation, has been working on several initiatives for promotion of inclusive growth.

\* The consultations are conducted as required and where relevant.

# All policies and practices are subject to internal audit and / or review from time to time.

b. If answer to question at Serial Number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) :

No.	Questions	Ethics, transparency and accountability	Product safety	Well-being of employees	Stakeholders engagement	Human rights	Environment Policy	Public and regulatory policy	Inclusive growth	Value to customers and consumers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	✓	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Periodically. The Business Responsibility Committee (BR Committee) meets at least once in a year or more often, if required to review and decide on any matter concerning applicability, interpretation, operation and implementation of the BR Policy. The BR Committee recommends amendments, if any to the BR Policy and also approves the BR Report which forms part of the Annual Report of the Company.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (SEBI LODR) read together with SEBI notification dated 22nd December, 2015, the Annual Report of the top 500 listed entity based on market capitalization (calculated as on March 31 of every year) shall contain the Business Responsibility Report (BR Report) describing the initiative taken by them from an environmental, social and governance perspective, in the prescribed format from time to time.

Therefore, being the 1st year of implementation for the Company as it features in the top 500 list, the Company will publish its BR Report along with its Annual Report for the financial year 2016-17, in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (SEBI Listing Regulations).

## SECTION E: PRINCIPLE-WISE PERFORMANCE

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**



The Company is committed to acting professionally, fairly and with integrity in all its dealings. The Company has adopted a 'zero-tolerance' approach to bribery and corruption. The Srei Code of Conduct which captures the behavioural and ethical standards along with 'zero tolerance' towards bribery is applicable, inter alia, to directors and employees of the Company. The Company also has in place a Know Your Customer (KYC) and Anti-Money Laundering (AML) policy which states that statutory and regulatory obligations to prevent money laundering are to be met in full. The Company also has a Fraud Prevention & Detection Policy to facilitate the development of controls which will aid in the prevention, detection and reporting of fraud against the Company.

The Company's philosophy on Corporate Governance, inter alia, is aimed at enhancing long term shareholder value, achieving transparency and professionalism in all decisions and activities of the Company and achieving excellence in corporate governance.

The Company has developed good governance structure and formulated procedures and practices that ensure ethical conduct at all levels of the organization. The Company continuously reviews and upgrades the procedures and practices. The Company does not engage in any practice that is abusive and corrupt.

Further, the Directors, Management and Employees at all level ensure good governance, ethical practices, transparency and accountability in conducting affairs of the Company and dealing with stakeholders of the Company.

The Company promptly posts on its website information regarding quarterly, half yearly and annual financial results/statements (standalone as well as consolidated) of the Company and its subsidiaries, Notices of general meetings, Intimations of 'Record-date', Annual Reports, shareholding patterns, prospectus, profile of Board of directors and other information as per the SEBI Listing Regulations and provisions of the Companies Act, 2013 such that the same is easily accessible to the holders of the listed securities. The website is regularly updated from time to time.

The Company has prepared and published a Shareholders Referencer, a handbook for shareholders, which is available on the website of the Company under the head 'Investor Zone'. It serves as an easy guide for the investor's share and dividend related queries and inter-alia covers the shareholders' grievance redressal mechanism and their duties & responsibilities.

To ensure that these principles translate into consistent practice, the below enablers lead the Company towards high standards of business conduct.

## **Board of Directors**

Our Board of Directors lead the Company towards a sustainable growth path based on integrity, fairness and responsibility. The Board members bring to the table, a wealth of experience, the strength of entrepreneurship and the breadth of global perspective.

The Company conducted familiarisation programme for the independent directors. The Company has deployed the practice of separating the roles of the Chairman of the Board and CEO to ensure the right focus to governance.

## **Board Committees**

Dedicated Board committees are formed to oversee important functions to increase the efficacy of governance. These are led by the top management team and comprise Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Committee, Committee of Directors, Asset Liability Management Committee, Credit Committee, Investment Committee and Business Responsibility Committee.

## **Code of Conduct & Policy**

Our code of conduct encourages and enables our employees to succeed by embracing fair practices. In addition to the code of conduct, various policies have also been designed to address specific purposes.

### **Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

The Company is primarily engaged in the business of Infrastructure Project Finance. Taking cognizance of the macroeconomic scenario, the Company has consciously adopted a cautious approach and exercised extreme prudence in its disbursements. The quality of loan portfolio has been consistently improving and stressed clients are being closely monitored towards prudent recovery.

The Company also ensures that its activities comply with applicable statutes and regulations. The Company works towards ensuring that services are provided in an ethical manner and in consideration of occupational health, safety & environment. Further, the Company adopts Environmental & Social Management System (ESMS) in order to reduce the business risk of its portfolio related to E&S issues and adhere to sustainable Finance practices.

### **Principle 3: Businesses should promote wellbeing of employees**

The Company believes that employees are its most valuable asset and greatest strength. With this firm belief, the Company considers wellness, safe and healthy living of its employees as

one of the important aspects of work culture. The Company has an extremely strong Employee benefit scheme supported by various insurance programs like health, health top-up, personal accident, term life, voluntary term life, EDLI etc. In order to boost the employee morale, the Company has introduced various innovative measures under its insurance platform like continuity of health cover post retirement, availing of continuity benefit post separation with the Company etc.

The Company has also invested heavily into preventive wellness for its employees. The range of services includes on-site complimentary health check-ups, health camps, discounted health check-up plans etc. To generate awareness among the employees, the Company keeps on organising health talks / shows where eminent medical stalwarts are invited to share from their rich experience. Srei Group, an award holder of Gold category last year, has elevated into winner of Platinum Award of Arogya, A Clinton Global Initiative of Healthy Workplace.

The Company provides equal opportunity to all employees starting from their recruitment irrespective of their caste, creed, gender, race, religion, language, disability or sexual orientation. The Company's employees belong to all parts of the Country and are selected based on individual merit without any discrimination or preference. The Company continues to encourage the capable female employees reaching senior positions and participating in the organization's decision making process.

During the year, the Company continued to take various initiatives for employee welfare such as encouraging employees towards a healthy lifestyle and supported various health initiatives such as Marathons, in house Health talks and promoted Sports Clubs for cricket, football and badminton etc.

The Company has adopted an initiative called 'Swasth Srei' with the intent to create a 'culture of wellness and safety' that fosters a long term commitment to healthy lifestyles and the reduction of health risks amongst the employees. Further, in order to prevent sexual harassment of women employees, the Company has also constituted Internal Complaint Redressal Committees at various workplaces.

The Company has also constituted a People Council, which is a cross functional leadership team who actually leads the talent pool. The People Council steered the roll out of new Performance Management System (PMS) and Compensation Policy in the Company. The highlight of this was an improved objectivity in performance management which had detailed job description of unique roles, standardized KRAs for all frontline jobs. Further, for the smooth assimilation of new recruits in the organization, Design for Success was rolled out which encompassed support to the new entrants. Such initiatives brought trust and transparency and the effect was

an all-time high score of 77% (seventy seven per cent) under "Great Place to work" survey.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

The stakeholders consist of customers, investors and market intermediaries, lenders, employees, society and government authorities. The Investors comprise of shareholders (including Institutional Investors) and Debenture holders. The lenders comprise of banks, financial institutions and public.

As an Infrastructure Finance Company, the liquidity and ongoing profitability are, in large part, dependent upon our timely raising of capital and the costs associated therewith. The funding requirements historically have been met from a combination of term loans from banks and financial institutions, issuance of Redeemable Non-Convertible Debentures etc.

The Company supports education institutions and provide opportunities to deserving students (from marginalized sections of society) through various channels. The Company also ensures and promotes a culture of healthy workforce by creating awareness and raising consciousness among people. The Company also supports the cause of building social institutions by advancing financial grant towards construction of houses, girl marriage and other social essentialities to the underserved.

**1. Customers**

The Company focuses on reaching closer to the grassroots and making the Company a preferred choice for providing holistic infrastructure financial solutions. The Company makes infrastructure financing solutions available to all qualified applicants without discrimination and the Company treats all customers consistently and fairly. The Company communicates to its customers in transparent manner about the terms and conditions of the finance, including interest rates and mechanism for redressal of customer's grievances, etc. in accordance with regulations stipulated by the Reserve Bank of India (RBI).

The Company ensures that while dealing with customers, the employees follow Srei Fair Practices Code. All customer grievances are effectively resolved through mechanism laid down in the Code. The Fair Practices Code is displayed on website of the Company at [www.srei.com](http://www.srei.com).

**2. Investors and Lenders**

The Company has consistent track record of payment of dividend for past several years. The Company is regular in payment of interest and repayment of credit facilities availed from Banks and Financial Institutions & Bondholders of the Company. The track record has enabled the Company to

obtain better credit ratings from the Credit Rating Agencies. This enables smooth raising of funds from investors. The Company believes that it enjoys good reputation, goodwill and standing in the financial markets. The Company has formulated a Dividend Distribution Policy which is available on the website of the Company at [www.srei.com](http://www.srei.com). The said Policy encapsulates inter alia, the parameters for declaration of dividend, utilization of retained earnings, procedure for dividend declaration etc.

### 3. Society

The Company works towards creation of value for the society in a manner which is sustainable, scalable and replicable. As a part of Corporate Social Responsibility (CSR), the Company is actively engaged in deliberating and practicing humble service to Humanity on a sustainable basis. The Company perceives CSR as a strategic social investment aimed at uplifting the society at large, empowering individuals, making them self-reliant. The CSR philosophy is embedded in its commitment to all stakeholders namely consumers, employees, environment and society while the Company's approach extends both to external community as well as to the Company's large and diverse internal employee base and their families. The Company has formulated a CSR Policy which is available on the website of the Company at [www.srei.com](http://www.srei.com). The said Policy encapsulates inter alia, the Company's CSR Vision and Mission, approach to CSR, CSR thrust areas etc. For further details, please refer to the Annual Report of the Company for the financial year 2016-17.

#### **Principle 5: Businesses should respect and promote human rights**

As a good corporate citizen, the Company respects the human rights of those who it engages with. The Company pays fair wages to its employees and does not discriminate between male and female employees. They are treated equally with dignity and are given equal opportunities, rights and benefits. The Company complies and adheres to all the human rights laws and guidelines.

The Company has developed a Human Resource Manual (HR Manual) titled "Srei Niti" which encompasses the Company's core values such as Customer partnership, Respect for people, Integrity, Stakeholder's value enhancement, Professional entrepreneurship & Passion for excellence and aims to provide employees with information on HR policies, practices, and operating procedures that will be applicable in the Organization. The same is available on the Intranet of the Company.

#### **Principle 6: Businesses should respect, protect and make efforts to restore the environment**

The Company has formulated an Environmental & Social Management System (ESMS) which reduces the business risk

of its portfolio related to E&S issues and enables adherence to sustainable finance practices. The Company continues to create awareness about environment protection. The Company is continuously making appeal to its shareholders to participate in the 'Green initiative' to reduce use of paper by converting their holding of physical shares into electronic shareholding by dematerialization, receiving soft copies of annual reports using internet facilities, receiving dividend by direct credit to their bank accounts instead of physical dividend warrants etc.

The Company also spreads awareness about conservation and optimum utilization of resources across all levels of the organization as well as in all branch offices spread across the Country. As a part of Green initiative for paperless office, the Company uses electronic methods of communication within and outside its offices and avoids use of paper as far as possible to contribute to green environment as much as possible.

For payment of Interest, dividend, maturity amount of debentures etc. as far as possible, the Company use methods of electronic remittances such as NACH, NEFT, RTGS which also ensures faster credit of money to the bank accounts of the investors, avoids use of paper for dividend warrants, interest warrants, cheques. Our objective is to achieve highest level of paperless office by adopting practices, methods and modern techniques in our internal and external communication with all stakeholders.

#### **Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

The Company takes up the issues and matters impacting its business segments and gives suggestions in respect of the proposals of the regulatory and government bodies directly as well as through Chambers of Commerce and Industry associations such as Finance Industry Development Council (FIDC), Confederation of Indian Industries (CII), Associated Chambers of Commerce & Industry of India (ASSOCHAM) and Federation of Indian Chambers of Commerce and Industry (FICCI).

#### **Principle 8: Businesses should support inclusive growth and equitable development**

The Company understands the impact of its businesses on social and economic development and responds through appropriate action to minimize the negative impacts. The Company also makes efforts to complement and support the development priorities at local and national levels. The Company aims at financing business and/or projects in the regions that are underdeveloped and would be sensitive to local concerns. The Company accordingly, promotes the 'financial inclusion' which is the focus point of all welfare initiatives of the Government.

The Company has formulated a CSR Policy which is available on the website of the Company at [www.srei.com](http://www.srei.com). Please refer the Annual Report of the Company for the Financial Year 2016–17 containing details of Company’s CSR activities undertaken for the benefit of financially weaker and vulnerable sections of the society.

The Company has track record of loyal customers who have achieved advancement, progress, growth of their business through long term relationship with us. The Company strives hard to provide best possible services to its customers. The Company has effectively implemented the Fair Practices Code for redressal of customer grievances.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

The Company does not restrict the freedom of choice and free competition in any manner while engaging in business activities.

**BUSINESS RESPONSIBILITY PARAMETER INDEX**

**Principle-Wise Performance**

Sr. No.	Questions	Whether Complied?
<b>Principle 1</b>		
1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	Yes, it covers the Company and its subsidiaries.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	No complaint was received regarding ethical and other matters contained in this principle.
<b>Principle 2</b>		
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The Company is not engaged in manufacture of any goods.  The Company is a Non Banking Financial Institution (Category: Infrastructure Finance Company) engaged primarily in the business of Infrastructure Project Finance.  The Company does not finance and/or invest in any project that does not comply with the environmental & social norms and laws of the Country.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):  a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?  b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Not Applicable.
3	Does the Company have procedures in place for sustainable sourcing (including transportation)?  a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Not Applicable.
4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	No

Sr. No.	Questions	Whether Complied?
5	Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	<p>The Company is not engaged in the manufacture of any goods.</p> <p>The waste generated at its offices is managed as per the waste disposal process. `</p> <p>The Company has procedures in place to dispose of e-waste through authorised e-waste vendors.</p> <p>The Company has normal sewerage system as per plans of Municipality.</p>

**Principle 3**

1.	Please indicate the Total number of employees.	189 as on 31st March, 2017.																
2.	Please indicate the Total number of employees hired on temporary /contractual/casual basis.	Nil.																
3.	Please indicate the Number of permanent women employees.	38.																
4.	Please indicate the Number of permanent employees with disabilities	The Company does not specifically track the number of disabled employees. The Company is an equal opportunity employer and treats all employees at par.																
5.	Do you have an employee association that is recognized by management.	No.																
6.	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable.																
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table border="1"> <thead> <tr> <th>No</th> <th>Category</th> <th>No of complaints filed during the year</th> <th>No. of complaints pending as on end of the financial year</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Child labour/forced labour/involuntary labour</td> <td>-</td> <td>-</td> </tr> <tr> <td>2</td> <td>Sexual harassment</td> <td>-</td> <td>-</td> </tr> <tr> <td>3</td> <td>Discriminatory employment</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	No	Category	No of complaints filed during the year	No. of complaints pending as on end of the financial year	1	Child labour/forced labour/involuntary labour	-	-	2	Sexual harassment	-	-	3	Discriminatory employment	-	-
No	Category	No of complaints filed during the year	No. of complaints pending as on end of the financial year															
1	Child labour/forced labour/involuntary labour	-	-															
2	Sexual harassment	-	-															
3	Discriminatory employment	-	-															

Sr. No.	Questions	Whether Complied?
8	<p>What percentage of your under mentioned employees were given safety &amp; skill up-gradation training in the last year?</p> <p>a. Permanent Employees</p> <p>b. Permanent Women Employees</p> <p>c. Casual/Temporary/Contractual Employees</p> <p>d. Employees with Disabilities</p>	<p>The Company continues to focus on skilling employees with the requisite knowledge and skill through LEaD Srei. The Company has training centres where various training programmes, designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. In addition to classroom training, e-learning programmes are also available for employees. The e-learning portal has been customized for employees using Edunxt - the leading Learning Management System from Manipal Global Education Services. Further, with an objective to build in-house talent, an intensive Department and Business specific curriculum is structured to create capability excellence in four areas namely, Work Excellence, Personal Excellence, People Excellence and Business Excellence.</p> <p>In 2017, the Company spent around 735 man-days towards learning and development, 98 man-days towards senior leadership development programmes and 464 man-days towards middle management development programmes, the Company also spent around 207 man-days towards domain related workshop.</p>
<b>Principle 4</b>		
1.	Has the Company mapped its internal and external stakeholders? Yes/No	Yes.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes.
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	Yes. Please refer Para 3 of Principle 4 under Section E of this Report.
<b>Principle 5</b>		
1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs/Others?	Yes, the policy also extends to our subsidiaries.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaint was received for human rights violation during the reporting period.
<b>Principle 6</b>		
1.	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs /others.	The aspects outlined under this Principle are not substantially relevant to the Company given the nature of its business. The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. The Company also requires the borrowers of project loans to comply with the applicable environmental standards.

Sr. No.	Questions	Whether Complied?
2.	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company has Environment policy in place. The Company has taken the green initiative through paperless office, water conservation etc. The offices have been designed such that they are equipped with energy efficient air conditioners. As a part of Green initiative for paperless office, the Company uses electronic methods of communication within and outside our offices and avoids use of paper as far as possible.
3.	Does the Company identify and assess potential environmental risks? Y/N	The Company is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Company complies with applicable environmental regulations in respect of its premises and operations. The Company also requires the borrowers of project loans to comply with the applicable environmental standards.  Further, every project where the Company invests or finances, a thorough E&S due diligence is followed by the ESMS team based on national E&S rules and IFC – performance standards.
4.	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Not applicable to the Company as it is not a manufacturing Company.
5.	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	The Company participates in several initiatives in the area of environment sustainability. The Company invests in clean technology like Wind Power and Hydro Power. Renewable energy portfolio of the Company is about 17% of its total Power sector investment. It is 6.59% of the total Portfolio.
6.	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	The Company complies with applicable environmental regulations in respect of its premises and operations.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	Nil.

**Principle 7**

1.	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Yes, the Company is a member of various industry associations. The notable names among those include Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), Associated Chambers of Commerce & Industry in India (ASSOCHAM), Indian Chamber of Commerce (ICC), Bengal Chamber of Commerce & Industry (BCCI) and Finance Industry Development Council (FIDC).  The Senior management of the Company are members of various committees constituted by government, regulators, chambers and industry bodies.
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Sr. No.	Questions	Whether Complied?
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	<p>Yes, the Company uses these platforms to take up sector-specific reforms required in areas of infrastructure and finance. The policy advocacy is done sometimes through sending of representations to the government and regulatory bodies, sometimes through meetings with concerned officials and sometimes through organization of theme-specific conferences and seminars.</p> <p>Further, the Directors and members of senior management participate in various committees/ working groups constituted by the Government of India, the Reserve Bank of India and other regulators from time to time.</p>
<b>Principle 8</b>		
1.	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, please refer Para 1 & 2 of Principle 8 under Section E of the Report. The Company through one of its associate company, namely Sahaj e-Village Limited provides rural India's consumers with urban services. Sahaj offers e-governance services, utility services, payments, deposits, insurance, financial services, and a host of e-information and e-learning facilities delivered through dedicated Sahaj Kendras (one for every six villages) operated by Sahaj Mitras, who are self-motivated village-level entrepreneurs. As on 31st March, 2017, there were 65,251 touch points across 22 States with strong presence in Central and East India covering approximately 450 million people constituting 50% of India's rural population.
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	Yes, the projects are undertaken primarily through in-house teams and Srei Foundation, with the assistance of implementation partners wherever required.
3.	Have you done any impact assessment of your initiative?	No.
4.	What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.	<p>The Company has spent Rs. 2.34 Crores during the financial year ended on 31st March, 2017. The CSR activities were carried out along the following thrust areas:</p> <ul style="list-style-type: none"> <li>a. Education and Skills Development.</li> <li>b. Healthcare / Medical facilities.</li> <li>c. Social and Economic Welfare.</li> <li>d. Environmental Sustainability.</li> </ul> <p>Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the Annual Report for the year ended 31st March, 2017.</p>
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, the Company actively encourages participation of stakeholders in various programs. This includes both volunteering and proactive participation.
<b>Principle 9</b>		
1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	None.
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)	Not Applicable.

Sr. No.	Questions	Whether Complied?
3.	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	In the ordinary course of Company's business, several customers and borrowers may have disputes with the Company which could result in their filing a civil suit claiming compensation for damages and for enforcing contractual obligation etc., criminal complaint or consumer complaint alleging deficiency of services. The Company always strives to have a cordial relationship with its customers/ borrowers and attempts to have an amicable settlement of the dispute but yet, in some cases it may need to pursue legal resolution of the same.
4.	Did your Company carry out any consumer survey/ consumer satisfaction trends?	No.

**For Srei Infrastructure Finance Limited**

Sd/-

**Shyamalendu Chatterjee**

DIN: 00048249

Chairman - Business Responsibility Committee

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

**Srei Infrastructure Finance Limited**

Vishwakarma, 86C, Topsia Road (South)

Kolkata – 700 046

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

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 ('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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;

(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 **(Not applicable to the Company during the Audit Period)**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**.

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

- Reserve Bank of India (RBI) Directions, Guidelines and Circulars applicable to Systemically Important Non-Deposit Accepting or Holding NBFCs (NBFC – ND – SI).

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India).
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**I further report that**

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and

clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**I 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.

**I further report that** during the audit period:

- (i) the Company has made following offering of Non-Convertible Debentures (NCDs):-
  - (a) Public Issue of 2,500,000 Secured Redeemable Non-Convertible Debentures (NCDs) of Face value of Rs. 1,000/- each aggregating to Rs. 2,500 Million (Base Issue Size) with an option to retain oversubscription upto 7,500,000 NCDs aggregating upto Shelf Limit of 10,000 million vide Tranche 1 Prospectus dated August 31, 2016 read with Shelf Prospectus dated August 31, 2016;
  - (b) Public Issue of 2,000,000 Secured, Redeemable, Non-Convertible Debentures (NCDs) of Face Value of Rs. 1,000/- each aggregating to Rs. 2,000 Million (Base Issue Size) with an option to retain oversubscription upto additional 5,066,360 NCDs of Face value of Rs. 1,000/- each, amounting to Rs. 5,066.36 Million, aggregating upto the residual shelf limit i.e. 7,066.36 Million (overall issue size) vide Tranche 2 Prospectus dated January 24, 2017 read with Shelf Prospectus dated August 31, 2016.

Sd/-

Place: Pune

**Dr. K. R. Chandratre**

Date: May 09, 2017

FCS No. 1370, C P No. 5144

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

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

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

CSR activities at Srei Infrastructure 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 essentials to the underserved.

#### d. Environmental Sustainability:

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

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is

placed on the Company's website and the web link for the same is:

<https://www.srei.com/sites/default/files/Corporate%20Social%20Responsibility%20Policy%20for%20SIFL.pdf>

The details of the CSR activities undertaken at Srei Infrastructure Finance Limited can be accessed at:

<https://www.srei.com/csr/what-do-we-do>

### 2. The Composition of the CSR Committee

#### Committee Members:

- Mr. Hemant Kanoria, Chairman (Chairman & Managing Director)
- Mr. Sunil Kanoria, Non-Executive Director
- Mr. Shyamalendu Chatterjee, Non-Executive and Independent Director

#### Secretary to the CSR Committee:

- Mr. Madhusudan Dutta

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

Rs. 97,75,23,042/-

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

Rs. 1,95,50,461/-

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

- a. **Total amount to be spent for the Financial Year:** The Company has spent Rs. 2,33,65,000/- against the mandated requirement of Rs. 1,95,50,461/-
- b. **Amount unspent, if any:** Nil
- c. **Manner in which the amount spent during the financial year is detailed below:**

(Amount in Rs.)

Sl. No.	CSR project or activity identified	Sector in which the Project is covered (clause no. (Cl.) of Schedule VII to the Companies Act, 2013, as amended)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period*	Amount spent: Direct or through implementing agency
1.	Srei Foundation	Cl.(ii) Promoting Education; Cl.(iii) Empowering Women	Asansol, West Bengal	1,50,00,000	1,50,00,000	2,50,00,000	Direct
2.	Sonata Foundation	Cl.(iv) Animal Welfare	New Town, Rajarhat, West Bengal	3,40,000	3,40,000	3,40,000	Direct
3.	Indian Institute of Information Technology, Guwahati (IIITG)	Cl.(ii) Promoting Education	Guwahati, Assam	80,00,000	80,00,000	1,60,00,000	Direct
4.	Sushrutha Voluntary Blood Bank	Cl.(i) Health	Bangalore, Karnataka	25,000	25,000	25,000	Direct
	<b>TOTAL</b>			<b>2,33,65,000</b>	<b>2,33,65,000</b>	<b>4,13,65,000</b>	

\*Considering the expenditure during the previous financial year, the cumulative expenditure upto the reporting period is Rs. 5,07,10,962.

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

Not Applicable

**7. Responsibility statement of the CSR Committee**

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

**For and on behalf of Corporate Social Responsibility Committee**

Sd/-

**Hemant Kanoria**

DIN: 00193015

Chairman of Committee

(Chairman & Managing Director)

Sd/-

**Shyamalendu Chatterjee**

DIN: 00048249

Member of Committee

(Independent Director)

Place: Kolkata

Date: May 08, 2017

**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March, 2017

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

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L29219WB1985PLC055352
ii.	Registration Date	29th March, 1985
iii.	Name of the Company	Srei Infrastructure Finance Limited
iv.	Category / Sub-Category of the Company	Public Company limited by Shares
v.	Address of the Registered office and contact details	“Vishwakarma”, 86C, Topsia Road (South), Kolkata-700 046 Email: corporate@srei.com Telephone no: 91-33-6160-7734 Fax no : 91-33-2285-7542/8501
vi.	Whether listed company (Yes / No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad – 500 032 Email: einward.ris@karvy.com Telephone no: 040-67161500, 1800-345-4001 Fax no: 040-23420814

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product / service*	% to total turnover of the Company**
1.	Other financial service activities, except in insurance and pension funding activities	649	99.67

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

\*\* Represents total income

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Adisri Commercial Private Limited 3, Middle Road, Hastings, Kolkata- 700 022	U67190WB2014PTC199720	Holding	60.36	2(46)
2.	Srei Capital Markets Limited ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata – 700 046	U67190WB1998PLC087155	Subsidiary	100	2(87)
3.	Srei Alternative Investment Managers Limited ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata – 700 046	U65999WB1994PLC065722	Subsidiary	100	2(87)
4.	Hyderabad Information Technology Venture Enterprises Limited 5-9-58/B, Parisrama Bhavanam, Basheerbagh, Hyderabad – 500 004	U72200AP1998PLC029282	Step-down Subsidiary	51	2(87)
5.	Cyberabad Trustee Company Private Limited 5-9-58/B, Parisrama Bhavanam, Basheerbagh, Hyderabad – 500 004	U72200TG1999PTC033128	Step-down Subsidiary	51	2(87)
6.	Srei Infrastructure Advisors Limited ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata – 700 046	U75131WB2001PLC093316	Subsidiary	100	2(87)



Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
7.	Bengal Srei Infrastructure Development Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U70109WB2004PLC100517	Step-down Subsidiary	51	2(87)
8.	Controlla Electrotech Private Limited Y10/EP, Sector – V, Salt Lake Electronics Complex ,Kolkata – 700 091	U29303WB1991PTC052455	Subsidiary	100	2(87)
9.	Srei Mutual Fund Asset Management Private Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U65990WB2009PTC139801	Subsidiary	100	2(87)
10.	Srei Mutual Fund Trust Private Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U65990WB2009PTC139790	Subsidiary	100	2(87)
11.	Srei Insurance Broking Private Limited 'Vishwakarma' 86C, Topsia Road (S), Kolkata – 700 046	U67120WB2002PTC095019	Subsidiary	100	2(87)
12.	Quippo Oil and Gas Infrastructure Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U11120WB2005PLC218282	Subsidiary	100	2(87)
13.	Quippo Drilling International Private Limited 'Vishwakarma' 86C, Topsia Road (S), Kolkata – 700 046	U11100WB2015PTC218280	Step-down Subsidiary	100	2(87)
14.	Quippo Energy Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U70109WB2007PLC218320	Subsidiary	100	2(87)
15.	Srei Asset Reconstruction Private Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U65999WB2014PTC202301	Subsidiary	100	2(87)
16.	Srei Equipment Finance Limited 'Vishwakarma', 86C, Topsia Road (S), Kolkata – 700 046	U70101WB2006PLC109898	Subsidiary	100	2(87)
17.	Sahaj e-Village Limited 'Mirania Garden', Plot No. 43, 10B/1, Topsia Road (East), Kolkata – 700 046	U67190WB2002PLC095455	Associate	49.47	2(6)
18.	Attivo Economic Zone (Mumbai) Private Limited D-2, 5th Floor, Southern Park, Saket Place, Saket, New Delhi – 110 017	U45400DL2008PTC186006	Associate	48.78	2(6)
19.	Bharat Road Network Limited Mirania Gardens, 10B/1, Topsia Road (East), Kolkata – 700 046	U45203WB2006PLC112235	Associate	30.43	2(6)
20.	Srei International Infrastructure Services GmbH [Germany] Rostocker Str. 1, 50374 Erfstadt, Germany	Foreign Company	Associate	49.13	2(6)

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

##### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% 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	2182714		2182714	0.43	2182714		2182714	0.43	0.00
b) Central Govt.									
c) State Govt(s).									
d) Bodies Corp.	293211250		293211250	58.28	303685845		303685845	60.36	2.08
e) Banks / FI									
f) Any other									
<b>Sub Total (A)(1)</b>	<b>295393964</b>		<b>295393964</b>	<b>58.72</b>	<b>305868559</b>		<b>305868559</b>	<b>60.80</b>	<b>2.08</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other – Individuals									
c) Bodies Corp									
d) Banks / FI									
e) Any Other									
<b>Sub Total (A)(2)</b>									
<b>Total shareholding of Promoter A =(A)(1) + (A)(2)</b>	<b>295393964</b>		<b>295393964</b>	<b>58.72</b>	<b>305868559</b>		<b>305868559</b>	<b>60.80</b>	<b>2.08</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3002156	16120	3018276	0.60	6448729	16120	6464849	1.29	0.69
b) Banks / FI	97560		97560	0.02	95056		95056	0.02	0.00
c) Central Govt.									
d) State Govt(s).									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	63778152	180000	63958152	12.71	80143398	180000	80323398	15.97	3.26
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1)</b>	<b>66877868</b>	<b>196120</b>	<b>67073988</b>	<b>13.33</b>	<b>86687183</b>	<b>196120</b>	<b>86883303</b>	<b>17.27</b>	<b>3.94</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	37514699	105922	37620621	7.48	25111133	105922	25217055	5.01	(2.47)
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	21534738	1120003	22654741	4.50	21090137	1099164	22189301	4.41	(0.09)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	71705998	10636	71716634	14.26	26405711	10636	26416347	5.25	(9.01)
c) Others (specify)									
Non Resident Indians	6498900	16357	6515257	1.30	7045139	15994	7061133	1.40	0.10
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	349831		349831	0.07	2550521		2550521	0.51	0.44
Trusts	3980		3980	0.00	10080		10080	0.00	0.00
Foreign Bodies		1735717	1735717	0.35	25154317	1735717	26890034	5.35	5.00
<b>Sub-total (B)(2)</b>	<b>137608146</b>	<b>2988635</b>	<b>140596781</b>	<b>27.95</b>	<b>107367038</b>	<b>2967433</b>	<b>110334471</b>	<b>21.93</b>	<b>(6.02)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>204486014</b>	<b>3184755</b>	<b>207670769</b>	<b>41.28</b>	<b>194054221</b>	<b>3163553</b>	<b>197217774</b>	<b>39.20</b>	<b>(2.08)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	21600		21600	0.00	-		-	-	0.00
<b>Grand Total (A+B+C)</b>	<b>499901578</b>	<b>3184755</b>	<b>503086333</b>	<b>100.00</b>	<b>499922780</b>	<b>3163553</b>	<b>503086333</b>	<b>100.00</b>	<b>0.00</b>

Note: Listing and Trading of GDRs is cancelled w.e.f. May 16, 2016

## ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% 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	Hemant Kanoria (Promoter)	380000	0.08	-	380000	0.08	-	0
2	Sunil Kanoria	1802714	0.36	-	1802714	0.36	-	0
3	Adisri Commercial Private Limited	293201250	58.28	-	303675845	60.36	-	2.08
4	Bhavah Enterprise Private Limited	10000	0.00	-	10000	0.00	-	0

## iii. Change in Promoters' Shareholding

Sl. No.	Name	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares	% of total Shares of the company	No. of shares	% of total shares of the company
1.	<b>Hemant Kanoria (Promoter)</b>				
	At the beginning of the year	380000	0.08		
	Date-wise increase/decrease in promoters' shareholding during the year specifying the reasons for increase/decrease	No Changes during the year			
	At the end of the year			380000	0.08
2.	<b>Sunil Kanoria</b>				
	At the beginning of the year	1802714	0.36		
	Date wise increase/decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease	No Changes during the year			
	At the end of the year			1802714	0.36
3.	<b>Adisri Investment Private Limited</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in promoters' shareholding during the year specifying the reasons for increase/decrease				
	Date                      Reason				
	06.04.2016              Buy	10474595	2.08		
	08.04.2016              Sale	10474595	2.08		
	At the end of the year			-	-
4.	<b>Adisri Commercial Private Limited</b>				
	At the beginning of the year	293201250	58.28		
	Date wise increase/decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease				
	Date                      Reason				
	08.04.2016              Buy	10474595	2.08		
	At the end of the year			303675845	60.36
5.	<b>Bhavah Enterprise Private Limited</b>				
	At the beginning of the year	10000	0.00		
	Date wise increase/decrease in Promoters' Shareholding during the year specifying the reasons for increase/decrease	No Changes during the year			
	At the end of the year			10000	0.00

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Mr. Salil Kumar Gupta Mr. Srinivasachari Rajagopal [Trustees of Srei Growth Trust]	48600000	9.66	-	-
2.	Fidelity Investment Trust Fidelity Series Emerging Markets Fund	42943661	8.54	41882982	8.33
3.	Milan Commercial Private Limited	9714286	1.93	20000	0.00
4.	Subrata Ghosh	5638750	1.12	2866095	0.57
5.	AADI Financial Advisors LLP	3277444	0.65	3278444	0.65
6.	Jai-Vijay Resources Pvt Ltd	2940689	0.58	2940689	0.58
7.	Akash Bhanshali	2735365	0.54	2735365	0.54
8.	Kancham Enterprises Private Limited	9925513	1.97	-	-
9.	Amal N Parikh	5000000	0.99	5000000	0.99
10.	Reliance Capital Trustee Co. Ltd-A/C Reliance Small Cap Fund	3000000	0.60	3300000	0.66
11.	BNP Paribas Lease Group	-	-	25154317	5.00
12.	Citigroup Global Markets Mauritius Private Limited	70000	0.01	2763000	0.55
13.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	1011401	0.20	2739949	0.54

Note: The shares of the Company are substantially held in dematerialised form, and are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.

#### v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares	% of total Shares of the company	No. of shares	% of total shares of the company
	<b>Directors</b>				
1.	<b>Mr. Salil K. Gupta</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-
2.	<b>Mr. Hemant Kanoria</b>				
	At the beginning of the year	380000	0.08		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			380000	0.08
3.	<b>Mr. Sunil Kanoria</b>				
	At the beginning of the year	1802714	0.36		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			1802714	0.36
4.	<b>Mr. Srinivasachari Rajagopal</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-

Sl. No.	For each of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares	% of total Shares of the company	No. of shares	% of total shares of the company
5.	<b>Mr. Shyamalendu Chatterjee</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-
6.	<b>Dr. Punita Kumar Sinha</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-
7.	<b>Dr. Tamali Sengupta</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-
8.	<b>Mr. T. C. A. Ranganathan</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-
9.	<b>Mr. Ram Krishna Agarwal*</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			-	-
	<b>Key Managerial Personnel</b>				
1.	<b>Mr. Hemant Kanoria - Chairman and Managing Director</b>				
	At the beginning of the year	380000	0.08		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
	At the end of the year			380000	0.08
2.	<b>Mr. Sandeep Lakhota - Company Secretary</b>				
	At the beginning of the year	97593	0.02		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease				
	Date                    Reason				
	04.10.2016          Buy	75000	0.01		
	At the end of the year			172593	0.03
3.	<b>Mr. Kishore Lodha - Chief Financial Officer</b>				
	At the beginning of the year	-	-		
	Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease				
	Date                    Reason				
	20.10.2016          Buy	8350	0.00		
	17.03.2017          Buy	8350	0.00		
	At the end of the year			16700	0.00

4. **Mr. Sameer Sawhney - Chief Executive Officer\*\***

At the beginning of the year	-	-	-	-
Date-wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease	No Change during the year			
At the end of the year	-	-	-	-

\*Appointed w.e.f. May 12, 2016

\*\*Appointed w.e.f. November 05, 2016

**V. INDEBTEDNESS**

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

(Rs. in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12,75,681	1,84,236	14	14,59,931
ii) Interest due but not paid	191	-	2	193
iii) Interest accrued but not due	17,844	3,452	-	21,296
<b>Total (i+ii+iii)</b>	<b>12,93,716</b>	<b>1,87,688</b>	<b>16</b>	<b>14,81,420</b>
<b>Change in Indebtedness during the financial year</b>				
Addition		1,765		1,765
Reduction	(1,42,706)		(13)	(1,42,719)
<b>Net Change</b>	<b>(1,42,706)</b>	<b>1,765</b>	<b>(13)</b>	<b>(1,40,954)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,32,900	1,85,907	3	13,18,810
ii) Interest due but not paid	134	-	-	134
iii) Interest accrued but not due	17,976	3,546	-	21,522
<b>Total (i+ii+iii)**</b>	<b>11,51,010</b>	<b>1,89,453</b>	<b>3</b>	<b>13,40,466</b>

\*Unclaimed Deposits

\*\*Secured loan includes Rs. 400 Lacs towards principal and Rs. 42 Lacs towards interest wherein Income Tax Authority has directed the Company not to transfer the maturity proceeds to the recipient.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director**

(Amount in Rs)

Sl. No.	Particulars of Remuneration	Name of MD	Total Amount
		Mr. Hemant Kanoria	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		2,70,00,000
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		60,00,000
	- others, specify		(inclusive in 1)
5.	Others, please specify		
	<b>Total (A)</b>		<b>2,70,00,000</b>
	Ceiling as per the Act		7,63,65,235

**B. Remuneration to other Directors**

(Amount in Rs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Salil K. Gupta	Mr. S. Rajagopal	Mr. Shyamalendu Chatterjee	Dr. Punita Kumar Sinha	Dr. Tamali Sengupta	Mr. T. C. A. Ranganathan	
1.	Independent Directors							
	Fee for attending Board and Committee Meetings	6,05,000	5,50,000	9,20,000	5,75,000	4,50,000	4,50,000	35,50,000

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Salil K. Gupta	Mr. S. Rajagopal	Mr. Shyamalendu Chatterjee	Dr. Punita Kumar Sinha	Dr. Tamali Sengupta	Mr. T. C. A. Ranganathan	
1.	Independent Directors							
	Commission	10,00,000	7,50,000	12,50,000	12,50,000	7,50,000	7,50,000	57,50,000
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>16,05,000</b>	<b>13,00,000</b>	<b>21,70,000</b>	<b>18,25,000</b>	<b>12,00,000</b>	<b>12,00,000</b>	<b>93,00,000</b>

(Amount in Rs)

Sl No.	Particulars of Remuneration	Name of Directors		Total Amount
2.	Other Non-Executive Directors	Mr. Sunil Kanoria	Mr. Ram Krishna Agarwal*	
	Fee for attending Board and Committee Meetings	11,15,000	4,10,000	15,25,000
	Commission	10,00,000	7,50,000	17,50,000
	Others, please specify	-	-	-
	Total (2)	21,15,000	11,60,000	32,75,000
	Total (B)=(1+2)			1,25,75,000
	Total Managerial Remuneration**			3,45,00,000
	Overall Ceiling as per the Act			9,16,38,282

\*Appointed as Non-Executive Director w.e.f. May 12, 2016

\*\*Exclusive of sitting fees

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

(Amount in Rs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total Amount
		CEO			CS	CFO	
		Mr. Sameer Sawhney*	Mr. Bajrang K. Choudhary**	Mr. Bijoy Kumar Daga***	Mr. Sandeep Lakhota	Mr. Kishore Lodha	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	56,22,357	94,87,518	1,22,98,796	64,46,480	47,48,964	3,86,04,115
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	NIL	23,100	8,100	32,400	32,400	96,000
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as a % of Profit - others, specify	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	<b>Total (C)</b>	<b>56,22,357</b>	<b>95,10,618</b>	<b>1,23,06,896</b>	<b>64,78,880</b>	<b>47,81,364</b>	<b>3,87,00,115</b>

\*Appointed w.e.f. November 05, 2016

\*\*Resigned w.e.f. November 01, 2016

\*\*\*Resigned w.e.f. June 12, 2016

### VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offence under any sections of the Companies Act, 2013 against the Company or its Directors or other officers in default during the year ended 31st March, 2017.

Sd/-

**Hemant Kanoria**

Chairman & Managing Director

DIN 00193015

Place: Kolkata

Date: May 09, 2017

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

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

Sl. No.	Name of the Directors	Remuneration (Rs.)	Median Remuneration of employees (Rs.)	Ratio (In times)
1.	Mr. Hemant Kanoria	3,06,60,000	8,88,802	34.50x
2.	Dr. Punita Kumar Sinha	12,50,000		1.41x
3.	Mr. Srinivasachari Rajagopal	7,50,000		0.84x
4.	Mr. Salil Kumar Gupta	10,00,000		1.13x
5.	Mr. Shyamalendu Chatterjee	12,50,000		1.41x
6.	Mr. Sunil Kanoria	10,00,000		1.13x
7.	Mr. T. C. A. Ranganathan	7,50,000		0.84x
8.	Dr. Tamali Sengupta	7,50,000		0.84x
9.	Mr. R. K. Agarwal	7,50,000		0.84x

Note:

- Remuneration excludes sitting fees.
- The Non-Executive Directors of the Company are paid commission on an annual basis based on the recommendation of Nomination and Remuneration Committee and approval of the Board in accordance with Nomination and Remuneration Policy and within the approved statutory limit of the 1% of the net profits of the Company pursuant to Section 197 of the Companies Act, 2013 read with Rules thereto.

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

Sl. No.	Name	Designation	Remuneration of previous year (Rs.)	Remuneration of Current year (Rs.)	% increase	
1.	Mr. Hemant Kanoria	Chairman & Managing Director	3,06,60,000	3,06,60,000	-	
2.	Mr. Sunil Kanoria	Non-Executive Director (Vice Chairman)	5,00,000	10,00,000	100.00	
3.	Mr. Salil Kumar Gupta	Independent Director	10,00,000	10,00,000	-	
4.	Mr. Srinivasachari Rajagopal		5,00,000	7,50,000	50.00	
5.	Mr. Shyamalendu Chatterjee		10,00,000	12,50,000	25.00	
6.	Dr. Punita Kumar Sinha		10,00,000	12,50,000	25.00	
7.	Dr. Tamali Sengupta		5,00,000	7,50,000	50.00	
8.	Mr. T. C. A. Ranganathan		5,00,000	7,50,000	50.00	
9.	Mr. R. K. Agarwal*		Non-Executive Director	-	7,50,000	-
10.	Mr. Bajrang K. Choudhary**		Chief Executive Officer, Infrastructure Project Development	1,22,62,828	85,84,704	(29.99)
11.	Mr. Bijoy Daga***	Chief Executive Officer, Infrastructure Project Finance	2,13,91,272	1,09,23,429	(48.94)	
12.	Mr. Sandeep Lakhota	Company Secretary	79,04,264	71,13,917	(10.00)	
13.	Mr. Kishore Lodha	Chief Financial Officer	53,39,696	49,64,696	(7.02)	
14.	Mr. Sameer Sawhney****	Chief Executive Officer	-	59,92,384	-	

\*Appointed w.e.f. May 12, 2016

\*\*Ceased to be a KMP of the Company w.e.f. November 01, 2016

\*\*\*Ceased to be a KMP of the Company w.e.f. June 12, 2016

\*\*\*\*Appointed as a KMP of the Company w.e.f. November 05, 2016

Note:

- Remuneration excludes sitting fees.
- The Non-Executive Directors of the Company are paid commission on an annual basis based on the recommendation of Nomination and Remuneration Committee and approval of the Board in accordance with Nomination and Remuneration Policy and within the approved statutory limit of the 1% of the net profits of the Company pursuant to Section 197 of the Companies Act, 2013 read with Rules thereto.



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

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

Median remuneration of previous year (Rs.)	Median remuneration of current year (Rs.)	% increase
8,64,558	8,88,802	2.80

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

There were 189 employees as on 31st March, 2017.

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

Sl. No.	Particulars	Average % increase
1	Increase in salary of Managerial Personnel	(3)
2	Increase in salary of employee (other than Managerial Personnel)	7

**vi. Affirmation that the remuneration is as per the remuneration policy of the Company:**

Yes it is confirmed.

For and on behalf of Board of Directors

Sd/-

**Hemant Kanoria**

Chairman & Managing Director

DIN: 00193015

Place: Kolkata

Date: May 09, 2017

# PARTICULARS OF EMPLOYEES

Information pursuant to Section 197(12) read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year ended March, 2017

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

Sl. No.	Name	Designation	Remuneration Received (Rs.)	Qualification	Experience in years	Age in years	Date of Commencement of Employment	Last employment held by the employee before joining the Company	Percentage of equity shares held by the employee in the Company
1.	Hemant Kanoria	Chairman & Managing Director	3,06,60,000	B. Com (Hons.)	37	54	07.05.1994	None	0.08
2.	Rajdeep Khullar	Legal: Group Head	84,42,319	LLB	33	55	02.02.1998	The Right Address Limited- Sr. Manager- Law (Group)	0.00
3.	Sandeep Lakhota	Company Secretary: Head	71,13,917	FCA, FCS	19	42	26.06.2000	None	0.03
4.	Bajrang Kumar Choudhary*	Infrastructure Project Development :CEO	85,84,704	B. Com (Hons.), ACA	22	48	05.09.2005	Apeejay Surrendra Group- Wholtime Director	0.03**
5.	Sanjeev Sancheti	Chief Strategy Officer	1,15,96,481	B.Com (Hons.), ACA, AICWA	26	49	14.11.2007	Tebma Shipyards Limited - CFO	0.02
6.	Arunava Sengupta	Infrastructure Project Development: COO	76,61,464	BE (Civil)	31	53	07.12.2007	Banowarilal & Agarwal (P) Limited - Executive Director (Technical)	NIL
7.	Ganesh Prasad Bagree	Infrastructure Project Finance: Senior Vice President	80,00,280	B. Com (Hons.), CA	23	47	19.06.2008	ICICI - West Bengal Infrastructure Development Corporation Limited (ICICI - WINFRA) - Assistant General Manager	0.00
8.	Murli Manohar Khemka	Corporate Strategy & Planning : Senior Vice President	99,69,083	BSc, MMS (Finance)	24	43	02.07.2008	Self Employed	NIL
9.	Neelesh Vishnu Vernekar*	Head – Structured Finance	60,70,261	BE, PGDM	21	46	23.05.2016	Standard Chartered Bank – Executive Director (Corporate and Institutional Banking)	0.00**
10.	Bijoy Daga*	Infrastructure Project Finance: CEO	1,09,23,429	ACA	22	44	24.04.2013	IL & FS Financial Services Limited- Head - Project Finance & Joint Head - Advisory Business	0.06**
11.	Sameer Sawhney*	Chief Executive Officer	59,92,384	CA	22	46	05.11.2016	Regional CEO South and East Asia, ANZ Bank	NIL
12.	Shishir Jain*	Head – Structured Finance	16,33,242	BE (Mech), MBA (Finance)	22	44	23.02.2017	CX Advisors LLP - Managing Director	NIL

\*Employed for part of the financial year.

\*\*As on the last date of employment.

Notes:

- Remuneration includes Basic Salary, HRA, Special Allowance, Super Annuation Allowance, Commission, Ex-gratia, LTA, Medical, Leave Encashment, Employer's contribution to Provident Fund, Employer's contribution to NPS, Incentives and other Perquisites.
- Nature of Employment and duties: Contractual and in accordance with terms and conditions as per Company's rules and policies.
- No employee is a relative of any Director except Mr. Hemant Kanoria (Chairman & Managing Director) who is brother of Mr. Sunil Kanoria (Non-Executive Director & Vice Chairman).

For and on behalf of of Board of Directors  
Sd/-

**Hemant Kanoria**

Chairman & Managing Director

DIN: 00193015

Place : Kolkata

Date : May 09, 2017

# CEO & CFO CERTIFICATION

Pursuant to Regulation 17(8) read with Regulation 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors

May 09, 2017

**Srei Infrastructure Finance Limited**

'Vishwakarma'

86C, Topsia Road (South)

Kolkata – 700 046

We, Hemant Kanoria, Chairman & Managing Director (CMD), Sameer Sawhney, Chief Executive Officer (CEO) and Kishore Lodha, Chief Financial Officer (CFO) of Srei Infrastructure Finance Limited certify to the Board that we have reviewed the financial statements and the cash flow statement of the Company for the Financial Year ended on 31st March, 2017 and to the best of our knowledge and belief, we certify that –

1. The Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; that the Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are no fraudulent or illegal transactions and transactions violative of the Company's Code of Conduct.
3. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Audit Team and have evaluated based on feedbacks received from the Company's Internal Audit Team, the effectiveness of the internal control systems of the Company pertaining to financial reporting and have reported to the Auditors and the Audit Committee, the deficiencies, if any, in the operation and design of such internal controls and the steps taken or proposed to be taken to rectify the deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any in the internal controls over financial reporting during the year;
  - (ii) significant changes, if any in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) that there have been no instances of significant fraud, of which we have become aware and consequently no involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**Hemant Kanoria**  
Chairman & Managing Director (CMD)

Sd/-

**Sameer Sawhney**  
Chief Executive Officer (CEO)

Sd/-

**Kishore Kumar Lodha**  
Chief Financial Officer (CFO)

## **AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members,  
**Srei Infrastructure Finance Limited**

We have examined the compliance of conditions of Corporate Governance by Srei Infrastructure Finance Limited ('the Company'), for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the year ended on March 31, 2017.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Haribhakti & Co. LLP.**  
Chartered Accountants  
ICAI Firm Registration No. 103523W / W100048

sd/-

**Anand Kumar Jhunjunwala**  
Partner  
Membership No. 056613  
Kolkata, May 09, 2017

# REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Organisation. Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders.

Srei Infrastructure Finance Limited ("Srei") is committed to the adoption of and adherence to the best Corporate Governance practices at all times and continuously benchmarks itself against each such practice in the industry. Srei understands and respects its fiduciary and trusteeship role and responsibility to its stakeholders and strives hard to meet their expectations. Srei believes that Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. Over the years, the governance processes and systems have therefore been strengthened at Srei. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized.

The Company's Equity shares are presently listed on three Stock Exchanges in India namely The Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India

Limited. Further, the Company's Global Depository Receipts (GDRs) have been traded and listed on the Professional Securities Market ("PSM") of the London Stock Exchange ("LSE") with effect from April 21, 2005. The GDR program has been terminated and the said GDRs have been cancelled from listing and trading on the LSE w.e.f. May 16, 2016. Srei has complied in all material respects with the features of Corporate Governance Code as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"). In accordance with SEBI Listing Regulations, 2015, the details of compliances by the Company for the year ended March 31, 2017 are as under:

## A. MANDATORY REQUIREMENTS

### 1. Company's philosophy on Code of Governance

The Company has endeavoured to benchmark itself against global standards in all areas, including Corporate Governance. Good Corporate Governance implies optimum utilisation of the resources and ethical behaviour of the enterprise to enhance the stakeholders' value with strong emphasis on transparency, accountability and integrity, which are the primary objectives of Srei.

The Company enhances value for its stakeholders by focusing on growth and profitability, managing risks and contributing to the society.

### 2. Board of Directors

#### • Composition

The Board has a strength of 9 (Nine) Directors as on March 31, 2017. The Board comprises of optimum combination of Executive, Non-Executive and Independent Directors. 2 (Two) Directors are Non-Executive Directors including Vice Chairman, 1 (One) Director is Executive Director (Chairman) and 6 (Six) Directors are Independent Directors including 2 (Two) Woman Directors.

The Company recognises and embraces the benefits of having a diverse Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company. The Company sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Company has framed

a Policy on Board Diversity which sets out the approach to diversity on the Board of Directors of the Company.

During the year, a majority of the Board comprised of Independent Directors. Independent Directors play a crucial role in imparting balance to the Board processes by bringing independent judgement on issues of strategy, performance, resources, technology, finance, standards of the Company, conduct, etc.

In compliance with Regulation 25 of SEBI Listing Regulations, 2015, none of the Directors on the Board serve as an Independent Director of more than 7 (Seven) listed entities across all entities in which he/she is a Director. Further, none of the Director on the Board who is serving as a whole time Director in any listed entity is serving as an Independent Director of more than 3 (Three) listed entities across all entities in which he/she is a Director. Further, in compliance with Regulation 26 of SEBI Listing Regulations, 2015, none of the Directors on the Board is a member of more than 10 (Ten) committees or Chairman of more than 5 (Five) committees across all public limited companies (whether listed or not) in which he/she is a Director. For assessment of these criteria, the membership/chairmanship of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered. Further, in compliance with Section 165 of the Companies Act, 2013, none of the Directors on the

Board hold directorship in more than 20 (Twenty) companies at the same time with the directorship in public companies not exceeding 10 (Ten). All the Directors have made necessary disclosures regarding directorship/committee positions occupied by them in other listed entities / public limited companies (whether listed or not) in accordance with Regulations 25 and 26 of SEBI Listing Regulations, 2015 and the Companies Act, 2013.

Pursuant to the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 issued by the Reserve Bank of India (RBI), all applicable NBFCs shall frame their internal guidelines on corporate governance with the approval of the Board of Directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's website, if any, for the information of various stakeholders. Accordingly, the Board of Directors of the Company have approved and adopted the Corporate Governance Framework for the Company in accordance with the RBI Directions. Further, a Certificate confirming compliance w.r.t. conformity with Corporate Governance Standards as envisaged in the said Directions is placed before the Board for noting. The Company's Corporate Governance Framework is available on the website of the Company [www.srei.com](http://www.srei.com) and the

link to the said framework has been provided elsewhere in this Annual Report.

Further, relevant declarations and undertakings have been obtained from the Directors pursuant to the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016. The Company has also executed the Deed of Covenant with all the Directors in accordance with the said RBI Directions. The Deed of Covenant lays down acknowledgement by the Director that his/her appointment as Director on the Board of the Company is subject to applicable laws and regulations including Memorandum and Articles of Association of the Company and the provisions of the Deed of Covenant. The Deed of Covenant also inter alia lays down the duties of the Director as well as disclosures to be made by the Company to the Directors etc.

The Company has taken a Directors' and Officers' Liability Insurance Policy for an amount of Rs. 30,00,00,000/- (Rupees Thirty Crores only) in order to safeguard and protect the interests of the Directors from any contingent liabilities.

The Composition of the Board of Directors as on March 31, 2017 is in conformity with the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, 2015. The details of the

Board of Directors as on March 31, 2017 are as under:

Sl. No.	Directors	DIN	Category
1.	Mr. Salil Kumar Gupta (Chief Mentor)	00651223	Independent
2.	Mr. Hemant Kanoria (Chairman & Managing Director)	00193015	Executive (Promoter)
3.	Mr. Sunil Kanoria (Vice Chairman)	00421564	Non Executive
4.	Mr. Srinivasachari Rajagopal	00022609	Independent
5.	Mr. Shyamalendu Chatterjee	00048249	Independent
6.	Dr. Punita Kumar Sinha	05229262	Independent
7.	Dr. Tamali Sengupta	00358658	Independent
8.	Mr. T. C. A. Ranganathan	03091352	Independent
9.	Mr. Ram Krishna Agarwal*	00416964	Non Executive

\*Appointed w.e.f. May 12, 2016

Except Mr. Hemant Kanoria and Mr. Sunil Kanoria (being brothers), no Director of the Company is related to any other Director on the Board.

### Shareholding of Directors & Key Managerial Personnel (KMPs)

Mr. Hemant Kanoria (Promoter) and Mr. Sunil Kanoria hold 3,80,000 and 18,02,714 Equity shares in the Company, respectively, as on March 31, 2017. None of the other Directors hold any Equity shares in the Company.

Mr. Salil Kumar Gupta and Mr. Srinivasachari Rajagopal, Independent Directors of the Company were holding 4,86,00,000 Equity shares (allotted to the Company pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with the Company in lieu of 1,80,00,000 Equity shares held by the Company in Quippo) as on April 01, 2016 for the benefit of the Company and/or the shareholders of the Company, as Trustees of 'Srei Growth Trust'. During the year under review, Mr. Shyamalendu Chatterjee, Independent Director of the Company was appointed as a Trustee of Srei Growth Trust in place of Mr. Salil Kumar Gupta, who had earlier expressed his desire to step down as the Trustee.

Further, during the year, the aforesaid holding of 4,86,00,000 Equity shares (9.66%) in the Company, were sold by the Trustees in 2 (two) tranches as follows:

- 2,51,54,317 (5.00%) Equity shares were sold to BNP Paribas Lease Group (BPLG) in June, 2016 pursuant to the Share Purchase Agreement entered between the Company, BPLG, Srei Equipment Finance Limited (SEFL) amongst others.

- 2,34,45,683 (4.66%) Equity shares were sold in open market in March, 2017.

The entire sale proceeds received by Srei Growth Trust has been distributed by it to the Company, being the sole beneficiary. Srei Growth Trust has thereafter been dissolved w.e.f. close of business hours on March 31, 2017.

During the year, Mr. Bajrang Kumar Choudhary, Key Managerial Personnel (KMP) of the Company resigned as Chief Executive Officer (CEO) - Infrastructure Project Development and was relieved from the services of the Company w.e.f. the close of business hours of October 31, 2016 in accordance with the Company's Policy. Further, Mr. Sameer Sawhney has been appointed as the Chief Executive Officer (CEO) of the Company for a period of 3 (Three) years w.e.f. November 05, 2016. As on March 31, 2017, Mr. Hemant Kanoria, Chairman & Managing Director (CMD), Mr. Sameer Sawhney, Chief Executive Officer (CEO), Mr. Sandeep Lakhota, Company Secretary and Mr. Kishore Lodha, Chief Financial Officer (CFO) of

the Company are the Whole-time Key Managerial Personnel (KMPs) of the Company in accordance with Section 203 of the Companies Act, 2013. During the year under review, Mr. Sandeep Lakhota acquired 75,000 Equity shares and Mr. Kishore Lodha acquired 16,700 Equity shares of the Company. Mr. Hemant Kanoria, Mr. Kishore Lodha, and Mr. Sandeep Lakhota hold 3,80,000; 16,700; and 1,72,593 Equity shares in the Company, respectively, as on March 31, 2017.

### Appointment of Directors

The Board has formulated the Nomination and Remuneration Policy of Directors, Key Managerial Personnel (KMPs) and other employees in terms of the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The said Policy outlines the appointment criteria and qualifications, the term / tenure of the Directors on the Board of the Company and the matters related to their remuneration. The link to said Policy has been provided elsewhere in this Annual Report.

Further, based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board has approved a policy on Fit and Proper Criteria of Directors in accordance with the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,

2016 dated September 01, 2016 issued by the Reserve Bank of India which sets a framework to determine whether a Director is fit and proper to hold such position in the Company.

### **Succession Policy**

The Company recognises the importance of effective executive leadership to its success and has initiated requisite steps to put in place a Succession Plan for appointments to the Board and to the Senior Management. The Nomination and Remuneration Committee of the Company is entrusted with the responsibility to oversee succession planning for the Board and the Senior Management.

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the statute. Executive Directors are appointed by the shareholders for a maximum period of 5 (Five) years at a time, but are eligible for re-appointment upon completion of their term. Non-Independent, Non-Executive Directors do not have any term, but retire by rotation as per the law.

### **Responsibilities**

The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the maximum time gap between any two meetings is not more than 120 (One Hundred Twenty) days.

The Managing Director is responsible for corporate strategy, planning, external contacts and Board matters. The senior management personnel heading respective divisions are responsible for all day-to-day operations-related issues, profitability, productivity, recruitment and employee retention for their divisions.

### **• Independent Directors (IDs)**

As on March 31, 2017, the Company has 6 (Six) Independent Directors on its Board out of the total strength of 9 (Nine) Directors.

All the Independent Directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the tests of their being independent as laid down under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations, 2015. All requisite declarations were placed before the Board.

### **Meeting of Independent Directors (IDs)**

The Independent Directors (IDs) met on May 12, 2016 and November 05, 2016 without the presence of the Chairman & Managing Director, CEOs, the Non-Executive Non-Independent Directors and the Management Team. The meeting was attended by all the Independent Directors and enabled them to discuss various matters pertaining to the Company's affairs and thereafter put forth their combined views to the Board. The IDs reviewed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **Familiarisation Programme for IDs**

In terms of Regulation 25(7) of SEBI Listing Regulations, 2015, the Company is required to conduct Familiarisation Programme for Independent Directors (IDs) to familiarise them about the Company including nature of industry in which the Company operates, business model of the Company, roles, rights and responsibilities of IDs and any other relevant information. Further, pursuant to Regulation 46 of SEBI Listing Regulations, 2015, the Company is required to disseminate

on its website, details of familiarisation programme imparted to IDs including the details of i) number of programmes attended by IDs (during the year and on a cumulative basis till date), ii) number of hours spent by IDs in such programmes (during the year and on a cumulative basis till date), and iii) other relevant details.

One such specific familiarisation programme was conducted on November 04, 2016. As a part of the programme, presentation was made to the Independent Directors giving a brief overview of roles, responsibilities and liabilities of Independent Directors under RBI regulations, Systemically Important Non-Banking Financial Companies (NBFCs) Prudential norms – Infrastructure Finance Companies, Corporate Governance norms with focus on constitution of various Committees under the Companies Act, 2013, Fit and proper criteria for Directors, Disclosure and Transparency norms, framing of internal guidelines by NBFCs etc., Highlights on key amendments to the SARFAESI Act, Insolvency and Bankruptcy Code, 2016 with salient features of the Code.

In addition to the above, the Directors are continuously encouraged to participate in various training sessions to ensure that the Board members are kept up to date.

At the time of appointment, a new Director is welcomed to the Board of Directors of the Company by sharing an Induction Kit containing inter-alia the Organization Chart, brief profile of all Directors and Key Managerial Personnel (KMPs), Policy Compendium, Investor Presentation, Investor call transcripts amongst others.

Further, the management of the Company makes various presentations to the Independent Directors on an ongoing basis which inter-alia includes Company overview, various business



verticals, latest key business highlights, financial statements, evolution as well as business model of the various business of the Company, as part of the familiarisation programme for Independent Directors.

Significant Statutory updates are circulated on a quarterly basis as a part of the agenda of the Board Meetings through which Directors are made aware of the significant new developments and highlights from various regulatory authorities viz. Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), etc.

The Company Secretary also regularly appraises the Board about their roles, rights and responsibilities in the Company from time to time as per the requirements of SEBI Listing Regulations, 2015, Companies Act, 2013 read together with the Rules and Schedules thereunder and the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

The Board has open channels of communication with executive management which allows free flow of communication among Directors in terms of raising query, seeking clarifications and other related information. Directors are also informed of the various developments in the Company through e-mails, newsletters, internal magazines, etc. The same is made available on their I-Pads as well.

As a part of e-initiatives adopted by the Company, latest news and events including regulatory alerts are made available through, a smartphone knowledge application “Srei Chanakya”. This app also serves as a means to enhance compliance awareness and contains detailed do’s and don’ts, FAQ’s for Insider

Trading, presentations on SEBI Listing Regulations, 2015, NBFC Compliance Dashboard & other relevant matters.

The link to the details of familiarisation programmes imparted to Independent Directors, as required under Regulation 46 of SEBI Listing Regulations, 2015, has been provided elsewhere in this Annual Report.

### Performance Evaluation

The Nomination and Remuneration Committee (NRC) of the Company formulated and laid down criteria for Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors and Chairman & Managing Director) pursuant to provisions of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part D of Schedule II of SEBI Listing Regulations, 2015 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 Chairman and Managing Director (CMD) is evaluated on key aspects of his role which includes inter-alia effective leadership to the Board and adequate guidance to the CEOs.

During the year under review, the Board carried out annual evaluation of its own performance as well as evaluation of the working of various Board Committees viz. Audit Committee, Stakeholders’ Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility

Committee. This exercise was carried out through a structured questionnaire prepared separately for Individual Board Members (including the Chairman) and Board Committees based on the criteria as formulated by the NRC and in context of the Guidance note dated January 05, 2017 issued by SEBI.

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

During the year under review, the Independent Directors of the Company reviewed the performance of Non-Independent Directors, the Board as a whole and of the Chairperson of the Company, taking into account the views of Executive Director and Non-Executive Directors.

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

The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and dialogued 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, possesses a mind for detail, is meticulous to the core and conducts the Meetings with poise and maturity.

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

#### ■ Meetings

4 (Four) Board meetings were held during the year 2016-17 on May 12, 2016, August 06, 2016, November 05, 2016 and February 03, 2017. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days.

The tentative annual calendar of the Board meetings for the forthcoming year are decided well in advance and published as part of the Annual Report.

The Board meets at least once a quarter to review the quarterly results and other items of the agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Meetings are governed by structured agenda and all major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

The Agenda papers along with the explanatory notes for Board meetings are circulated well in advance to the Directors. In some instances, documents are tabled at the meetings and presentations are also made by the respective executives on the matters related to them at the Board meetings. Every Board Member is free to suggest items for inclusion in the Agenda.

Further, in compliance with the Secretarial Standard – 1 on 'Meetings of the Board of Directors' (SS-1) issued by The Institute of Company Secretaries of India (ICSI), any item not included in the Agenda is taken up for consideration

before the Board with the permission of the Chairman and with the consent of majority of Directors present in the meeting, which includes at least one Independent Director.

The Directors have instant access to important information on their respective I-Pads, through Board Information System (BIS) application which also facilitates them to communicate with the management and the Board, thereby redefining and refining Board processes. BIS creates online Institutional Memory - accessible anytime, anywhere; enables long term savings in cost and time, including through reduced paper usage and wastage; enables Directors to raise queries ahead of the Board Meeting on the agenda notes; assists in communicating important news and events of the Company to its Directors on a real-time basis and assures security of information.

In order to assist the Board Members and Senior Management to keep pace with the ever-changing laws and to apply them prudently in their respective area of activities, a Regulatory Landscape Handbook containing the regulatory changes carried out by the various Regulators is circulated on monthly, half yearly and annual basis. Important regulatory alerts are circulated on a real-time basis through a mobile application 'Srei Chanakya' which can be downloaded on Android, IOS and Blackberry devices. This application also serves as a means to create awareness pertaining to insider trading as it contains the detailed list of compliances under Srei Insider Code, FAQ's on Insider Trading and do's and don'ts for insider trading. Also, a Compliance Dashboard encompassing various compliances which are required

to be adhered to by the Company being a Non-Banking Financial Institution (NBFC) is circulated to the Board Members and Senior Management on half yearly basis to ensure that all applicable laws for the Company as an NBFC are being complied with. Power point presentations, notes, impact analysis, compliance status checklist are shared from time to time on various rules, regulations and guidelines issued by various regulators with the Directors and Senior Management. A comprehensive Booklet on various Codes and Policies of the Company was compiled during the year under review and circulated as a ready reckoner to all the Directors and Senior Management of the Company.

The information as specified in Part A of Schedule II read with Regulation 17(7) of SEBI Listing Regulations, 2015 is regularly made available to the Board, whenever applicable, for discussion and consideration. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

The important decisions taken at the Board/Committee(s) meetings are promptly communicated to the concerned departments/executives. The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to the Board/Committee members within 15 (Fifteen) days from the date of conclusion of the meeting for their comments and the minutes are entered in the Minutes Book within 30 (Thirty) days from the date of conclusion of the meeting in compliance with Secretarial Standard – 1 on 'Meetings of Board of Directors' (SS-1) issued by The Institute of Company Secretaries of India (ICSI). Action Taken Report on the

decisions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board/Committee(s) for information and review by the Board/Committee(s).

■ **Attendance of each Director at Board meetings held during the year 2016-17 and at the last Annual General Meeting (AGM)**

Directors	No. of Board meetings during the tenure of the Director		Attendance at the last AGM held on August 06, 2016
	Held	Attended	
Mr. Salil Kumar Gupta	4	3	No*
Mr. Hemant Kanoria	4	4	Yes
Mr. Sunil Kanoria	4	4	Yes
Mr. Srinivasachari Rajagopal	4	4	Yes
Mr. Shyamalendu Chatterjee	4	4	Yes
Dr. Punita Kumar Sinha	4	4	Yes
Dr. Tamali Sengupta	4	4	Yes
Mr. T. C. A. Ranganathan	4	4	Yes
Mr. Ram Krishna Agarwal**	4	4	Yes

\*Due to ill health

\*\*Appointed w.e.f. May 12, 2016

■ **Number of other Companies or Committees in which the Director is a Member/ Chairman**

The following table gives the number of outside directorships and the Committee positions held by each of the Directors as on March 31, 2017 -

Directors	No. of Directorship in other Companies (other than Srei Infrastructure Finance Limited)		No. of Committee positions held in Indian Public Limited Companies (other than Srei Infrastructure Finance Limited)****	
	Indian Public Limited Companies**	Others***	Chairman	Member
Mr. Salil Kumar Gupta	-	-	-	-
Mr. Hemant Kanoria	2	5	1	1
Mr. Sunil Kanoria	3	1	1	3
Mr. Srinivasachari Rajagopal	5	3	3	5
Mr. Shyamalendu Chatterjee	3	-	2	3
Dr. Punita Kumar Sinha	9	8	2	6
Dr. Tamali Sengupta	3	4	1	1
Mr. T. C. A. Ranganathan	3	1	-	1
Mr. Ram Krishna Agarwal*	5	3	-	6

\*Appointed w.e.f. May 12, 2016

\*\*Includes Directorships in private companies that are either holding or subsidiary company of a public company

\*\*\*Includes Directorships in private limited companies (other than private companies that are either holding or subsidiary company of a public company), foreign entities, companies under Section 8 of the Companies Act, 2013, alternate Directorships, Directorship/Memberships of Managing Committees of various Chambers/Institutions/Universities and proprietorship of firms

\*\*\*\*Includes only Audit Committee and Stakeholders Relationship Committee of public limited companies, whether listed or not

### ■ Board Committees

The Board has constituted various Committees consisting of Executive and Non-Executive Directors to focus on the critical functions of the Company.

The Board Committees play a crucial role in the governance structure of the Company and are being set out to deal with specific areas/activities which concern the Company and need a closer review. They are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by Members of the Board, as a part of good Corporate Governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action.

The Board has various Committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Committee of Directors, Risk Committee, Credit Committee, Investment Committee, Corporate Social Responsibility Committee and Asset Liability Management Committee as on March 31, 2017. Further, the Board of Directors at its meeting held on May 12, 2016 constituted the Business Responsibility Committee in accordance with the provisions of Regulation 34 of SEBI Listing Regulations, 2015. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval,

as the case may be. Further, minutes of proceedings of the Committees are circulated to the Members and are placed before the Board for noting thereat.

The Terms of Reference for the various Committees including their roles and powers is in accordance with the relevant provisions of Companies Act, 2013, SEBI Listing Regulations, 2015 and other applicable rules and regulations issued by the concerned Regulators from time to time.

Each of the Committees has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its function.

## 3. Remuneration of Directors

### ■ Details of remuneration paid/payable to Directors for the year ended March 31, 2017 are as follows:

(Amount in Rs.)

Directors	Sitting Fees <sup>1</sup>	Salary & Perquisites <sup>2</sup>	Commission <sup>3</sup>	Total
Mr. Salil Kumar Gupta (Chief Mentor)	6,05,000	-	10,00,000	16,05,000
Mr. Hemant Kanoria (Chairman & Managing Director)	N.A.	2,46,60,000	60,00,000	3,06,60,000
Mr. Sunil Kanoria (Vice Chairman)	11,15,000	-	10,00,000	21,15,000
Mr. Srinivasachari Rajagopal	5,50,000	-	7,50,000	13,00,000
Mr. Shyamalendu Chatterjee	9,20,000	-	12,50,000	21,70,000
Dr. Punita Kumar Sinha	5,75,000	-	12,50,000	18,25,000
Dr. Tamali Sengupta	4,50,000	-	7,50,000	12,00,000
Mr. T. C. A. Ranganathan	4,50,000	-	7,50,000	12,00,000
Mr. Ram Krishna Agarwal*	4,10,000	-	7,50,000	11,60,000

\*Appointed w.e.f. May 12, 2016

<sup>1</sup>includes sitting fees paid to Non-Executive Directors for various Board and Committee meetings

<sup>2</sup>includes basic salary, incentives, allowances, contribution to provident fund, leave encashment and other perquisites

<sup>3</sup>The Commission for the year ended March 31, 2017 will be paid, subject to deduction of tax, after adoption of the accounts by the Members at the ensuing Annual General Meeting

■ The appointment of Managing Director is governed by resolution passed by the Nomination and Remuneration Committee, Board of Directors and the Shareholders of the Company, which covers the terms and conditions of such

appointment including remuneration, and approval of Central Government, wherever applicable. Further, payment of remuneration to Managing Director is also governed by the agreement executed between him and the

Company, and approval of Central Government, wherever applicable. The tenure of office of the Managing Director is for 5 (Five) years effective from April 01, 2015 and can be terminated by giving 3 (Three) months notice in

writing. There is no separate provision for payment of severance fees. The Managing Director is presently liable to retirement by rotation.

Further, Mr. Hemant Kanoria, Chairman and Managing Director (CMD) and Mr. Sunil Kanoria, Vice Chairman (Non-Executive Director) of the Company, are also the CMD and Vice Chairman, respectively, of Srei Equipment Finance Limited (SEFL), a wholly owned subsidiary of the Company and are in receipt of remuneration (including commission) during the Financial Year 2016-17 from SEFL as per the details given below:

Name of Director	Remuneration (Rs. in Lacs)
Hemant Kanoria	523.26
Sunil Kanoria	515.85

Apart from the above, Mr. Hemant Kanoria and Mr. Sunil Kanoria have not received any remuneration or commission from any of the Company's subsidiaries or holding company during the Financial Year 2016-17.

The remuneration of Executive Directors is divided into two components viz. fixed component of salaries, perquisites and retirement benefits and variable component of performance based incentive. The remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance vis-à-vis key result areas, industry benchmark and current compensation trends in the market.

■ The Non-Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or any Committee thereof attended by them and reimbursement of out-of-pocket expenses incurred, wherever applicable, for attending such meetings. The sitting fees as determined by the

Board are presently Rs. 1,00,000/- for attending each meeting of the Board, Rs. 25,000/- for attending each meeting of the Audit Committee, Investment Committee and Risk Committee and Rs. 10,000/- for attending each meeting of other Committees. The aforesaid payment is well within the limits prescribed under the Companies Act, 2013 and rules made therein.

Further, the Members of the Company at their meeting held on August 02, 2014 approved payment of commission to Non-Executive Directors of the Company annually for each of the 5 (Five) financial years of the Company commencing from Financial Year 2014-15, upto an amount not exceeding 1 (One) percent of the net profits of the Company payable in one financial year, to be divided amongst Non-Executive Directors in such amounts or proportions and in such manner as may be determined by the Board from time to time and in default of such determination equally and the above commission shall be in addition to the sitting fees payable to such Directors for attending meetings of the Board and/or Committee(s) thereof or for any other purpose whatsoever as may be decided by the Board and reimbursement of expenses for participation in the Board and/or Committee meetings. The Company has approved payment of remuneration of Rs. 75 (Seventy Five) Lacs by way of commission on net profits calculated under Section 198 of the Companies Act, 2013 and the Rules framed thereunder to Non-Executive Directors of your Company for the financial year 2016-17.

The remuneration by way of commission to the Non-Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and distributed to them based on their attendance and contribution at the Board and certain Committee meetings as well as time spent on operational matters other than at the meetings.

No pecuniary transactions have been entered into by the Company with any of the Non-Executive Directors of the Company, except the payment of sitting fees and commission to them.

#### 4. Code of Conduct for Directors and Senior Management

A Code of Conduct as applicable to the Board of Directors and Senior Management (Vice Presidents and above) as approved by the Board, has been displayed on the Company's website [www.srei.com](http://www.srei.com). The Board Members and Senior Management have affirmed their compliance with the Code and a Declaration signed by the Chief Executive Officer (CEO) and Chairman & Managing Director (CMD) pursuant to Regulation 34(3) read with Schedule V of SEBI Listing Regulations, 2015 is given below:

It is hereby declared that the Company has obtained from all the Board Members and Senior Management an affirmation that they have complied with the Code of Conduct for the financial year 2016-17.

sd/-	sd/-
<b>Sameer Sawhney</b>	<b>Hemant Kanoria</b>
Chief Executive Officer	Chairman & Managing Director
	DIN 00193015

Further, pursuant to Regulation 26(5) of SEBI Listing Regulations, 2015, Senior Management of the Company have affirmed that they have not entered into any material, financial and commercial transactions during the year in which they had personal interest, that may have potential conflict of interest with the Company.

#### 5. Audit Committee

##### ■ Terms of Reference, Composition, Name of Members and Chairman

The Audit Committee has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of

SEBI Listing Regulations, 2015. The Board of Directors, at its meeting held on August 06, 2016, reconstituted the Audit Committee whereby Mr. Shyamalendu Chatterjee was appointed as Chairman of the Audit Committee in place of Mr. Salil K. Gupta, who continued as a Member of the Committee. The Audit Committee comprises Mr. Salil Kumar Gupta, Mr. Srinivasachari Rajagopal, Mr. Shyamalendu Chatterjee, Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Shyamalendu Chatterjee, Independent Director of the Company is the Chairman of the Audit Committee w.e.f. August 06, 2016. All the Members of the Audit Committee are financially literate and have accounting or related financial management expertise. The Head of Internal Audit Department, the Chief Financial Officer (CFO) and the Chief Executive Officer (CEO) attend the meetings of the Audit Committee and the Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditors of the Company are invited to attend the Audit Committee meetings. The Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the Committee. The Terms of Reference of this Committee includes oversight of the Company's financial reporting process and the disclosure of its financial information to ensure

that the financial statement is correct, sufficient and credible, recommending appointment, remuneration and terms of appointment of auditors, reviewing/ examining quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval, evaluate Company's internal financial controls and risk management systems, reviewing performance of statutory and internal auditors and adequacy of internal control systems, reviewing the functioning of the Whistle Blower Mechanism and other matters specified for Audit Committee in Section 177 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI Listing Regulations, 2015. Mr. Salil K. Gupta, former Chairman of the Audit Committee was unable to attend the last Annual General Meeting due to his ill health and he had authorized Mr. Sunil Kanoria, Member of the Committee to attend the meeting on his behalf and to provide clarifications and answer queries, if any.

The Audit Committee has recommended to the Board of Directors the ratification of appointment of Haribhakti & Co. LLP, as Statutory Auditors of the Company (appointed for 5 (Five) years till the conclusion of the Thirty – Fifth Annual General Meeting (AGM) of the Company), and that the necessary resolution for appointing

them as auditors be placed before the Members for approval. Further, in compliance with the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by RBI, the Company is required to rotate the partner of the Chartered Accountant firm conducting the audit, every 3 (Three) years so that same partner does not conduct audit of the Company continuously for more than a period of 3 (Three) years. However, the partner so rotated will be eligible for conducting the audit of the Company after an interval of 3 (Three) years, if the Company, so decides. Appropriate terms, in this regard, are incorporated in the letter of appointment furnished by the Company to the Auditors to ensure its compliance.

#### ■ Meetings and attendance during the year

4 (Four) meetings of the Audit Committee were held during the year 2016-17 on May 12, 2016, August 06, 2016, November 05, 2016 and February 02, 2017. The maximum time gap between any two consecutive meetings did not exceed 120 (One Hundred Twenty) days. Moreover, the requisite quorum as required by SEBI Listing Regulations, 2015, was present in all the meetings of the Audit Committee held during the year.

The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Shyamalendu Chatterjee	4	4
Mr. Salil Kumar Gupta	4	3
Mr. Sunil Kanoria	4	4
Mr. Srinivasachari Rajagopal	4	4

■ The Company has an Internal Audit Department and the Head of the Department reports to the Audit Committee from time to time. The Company's system of internal controls covering financial and operational activities, compliances, IT applications, etc. are reviewed by the Internal Audit Department and presentations are made to the Audit Committee on the findings of such reviews. Further, in compliance with Section 177(4)(vii) of the Companies Act, 2013 and Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Audit Committee maintains and evaluates the effectiveness of internal control systems of the Company pertaining to financial reporting, compliance with Accounting Standards, and looks after overall financial activities under applicable laws and regulations governing the Company. Further, an Information System (IS) Audit of the internal systems and processes is conducted at least once in 2 (Two) years to assess operational risks faced by the Company. The Company has also appointed external agencies to undertake the Internal Financial

Controls (IFC) implementation at the Company and for review, control and monitoring Internal Financial Controls as well as for the purpose of Information System (IS) Audit of the internal systems and processes of the Company.

## 6. Stakeholders Relationship Committee

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Stakeholders Relationship Committee has been constituted in line with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 of SEBI Listing Regulations, 2015. The Stakeholders Relationship Committee comprises Mr. Salil Kumar Gupta, Chief Mentor & Director (Category – Independent), Mr. Hemant Kanoria, Chairman & Managing Director (Category - Executive) and Mr. Sunil Kanoria, Vice Chairman (Category - Non-Executive) of the Company. Mr. Salil Kumar Gupta is the Chairman of the Stakeholders Relationship Committee. Mr. Sandeep Lakhotia, Company Secretary of the Company acts as the Secretary to the Stakeholders Relationship

Committee and is assigned with the responsibilities of overseeing investor grievances. The Committee oversees and reviews redressal of shareholder and investor grievances, transfer & transmission of shares, issue of duplicate share certificates, exchange of new design share certificates, recording dematerialisation & rematerialisation of shares, deal with matters relating to Srei Code of Conduct for Prohibition of Insider Trading (Srei Insider Code) framed in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and related matters. The Stakeholders Relationship Committee meets at regular intervals to take note of share transfer and other matters.

### ■ Meetings and attendance during the year

During the year 2016-17, the Stakeholders Relationship Committee met 7 (Seven) times on April 04, 2016, May 12, 2016, July 01, 2016, August 06, 2016, October 03, 2016, November 18, 2016 and January 24, 2017. The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Salil Kumar Gupta	7	6
Mr. Hemant Kanoria	7	7
Mr. Sunil Kanoria	7	7

Total number of shares physically transferred during the year 2016-17 was 3,953 shares compared to 5,775 shares during the year 2015-16.

### ■ Status of Investors' Grievances for Equity Shares and Debentures/Bonds

The Company has formulated and put in place a comprehensive

Investor Grievance Redressal Policy prescribing the standards of shareholders' service & grievance redressal procedure and mechanism to be adhered to by the Registrar and Share Transfer Agents as well as the Company. The said Policy was last revised on February 03, 2017. Equity shareholders can write to the Company at 'investor.relations@

srei.com' and Bond Holders can write to the Company at 'connect@sreibonds.com' on a day to day basis.

During the financial year ended March 31, 2017, the Company received 80 (Eighty) complaints from the equity shareholders comprising of 79 (Seventy Nine) complaints received by the Registrar

and Share Transfer Agents (RTA) of the Company and 1 (One) complaint received on SCORES, the web based redressal system of the Securities and Exchange Board of India (SEBI). All the aforesaid complaints were resolved to the satisfaction of the shareholders and none of the complaints received were pending as on March 31, 2017.

The Calcutta Stock Exchange Limited (CSE), BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) have furnished separate confirmations that there are no investor complaints pending against the Company as on March 31, 2017.

Further, during the financial year ended March 31, 2017, the Company received 1569 (One Thousand Five Hundred and Sixty Nine) complaints from the debenture holders/bond holders comprising of 1561 (One Thousand Five Hundred and Sixty One) complaints received by the Registrar and Share Transfer Agents (RTA) of the Company, 1 (One) complaint received from BSE and 7 (Seven) complaints received on SCORES. Out of the 1561 (One Thousand Five Hundred and Sixty One) complaints received by the RTA, 23 complaints were unresolved as on March 31, 2017. All other complaints received from BSE and SCORES were resolved to the satisfaction of the debenture holders/bond holders and none of such complaints received were pending as on March 31, 2017.

Further, pursuant to Regulation 13(3) read with Regulation 13(4) of SEBI Listing Regulations, 2015, Statements of investor complaints as received from the Registrar & Share Transfer Agents, Karvy Computershare Private Limited, each for Equity shares and Bonds/

Debentures were filed with the Stock Exchanges on a quarterly basis and the said Statements were also placed before the Board of Directors for information and noting.

It has been a constant endeavour of the Company to send regular emails to the shareholders keeping them abreast of all the latest events, press releases and corporate announcements that are made by the Company from time to time. Weekly emails to new shareholders intimating corporate profile, annual reports and investor presentation and quarterly emails to all shareholders intimating financial results are being sent to those shareholders who have registered their email addresses with their respective Depository Participants.

Shareholders have been given reminder to encash their dividends. Further, to constantly render effective and reliable services to Investors and to scale it up on a regular basis, the Company has taken an initiative to conduct a survey to assess the requirement and satisfaction of valuable shareholders of the Company. For the said survey, emails were sent to the shareholders with the link to access the Members' Feedback Form and the same was also made available on the website of the Company [www.srei.com](http://www.srei.com) for electronic submission. In the wake of electronic regime being the order of the day, all shareholders are requested to update their email addresses to enable the Company to serve them better.

## 7. Nomination and Remuneration Committee

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Nomination and Remuneration Committee has been constituted in

line with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI Listing Regulations, 2015. The Nomination and Remuneration Committee comprises Mr. Salil Kumar Gupta, Mr. Shyamalendu Chatterjee, Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil Kumar Gupta, Chief Mentor & Director of the Company acts as the Chairman of the Nomination and Remuneration Committee. Mr. Sandeep Lakhota, Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee. The Committee evaluates the composition and organization of the Board and its Committees in light of requirements established by any regulatory body or any other applicable statutes, rules and regulations which the Committee deems relevant, makes recommendations to the Board of Directors in respect to the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company, ensures 'fit and proper' status of the existing/proposed Directors of the Company in accordance with Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, identifies the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommends to the Board their appointment and removal and other matters specified for Nomination and Remuneration Committee in Section 178 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and under SEBI Listing Regulations, 2015.



■ **Meetings and attendance during the year**

3 (Three) meetings of the Nomination and Remuneration Committee of the Company were held during the year 2016-17 on May 12, 2016, November 05, 2016 and February 02, 2017. The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Salil Kumar Gupta	3	3
Mr. Shyamalendu Chatterjee	3	3
Mr. Sunil Kanoria	3	3

The Nomination and Remuneration Committee at its said meetings discussed and approved various matters delineated in its Terms of Reference including formulation of the Nomination and Remuneration Policy, Policy on Board Diversity, setting of Performance Evaluation Criteria, Succession Planning etc. The link to the Nomination and Remuneration Policy as well as Policy on Board Diversity has been provided elsewhere in this Annual Report.

**8. Subsidiary Companies' Monitoring Framework**

All subsidiary companies are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. The Company does not have any material unlisted subsidiary, and hence, is not required to nominate an Independent Director of the Company on the Board of any subsidiary. However, Srei Equipment Finance Limited (SEFL), wholly owned subsidiary of the Company, is a 'listed material subsidiary' of the Company with its debt securities listed on Stock Exchanges. The Company monitors performance of subsidiary companies, inter alia, by the following means:

- Financial statements, in particular investments made by unlisted subsidiary companies, are reviewed quarterly by the Company's Audit Committee.

- Minutes of Board meetings of unlisted subsidiary companies are placed before the Company's Board regularly.

- A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

In addition to the above, the Company has formulated a Policy for determining 'Material' Subsidiaries in accordance with SEBI Listing Regulations, 2015. The said Policy is available on the Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

Mr. Shyamalendu Chatterjee, an Independent Director of the Company, is the Chairman (Non-Executive) of Srei Capital Markets Limited and Independent Director of SEFL, both wholly owned subsidiaries of the Company, and Ms. Tamali Sengupta, Independent Director of the Company, is the Independent Director of SEFL.

As on March 31, 2017, Srei Equipment Finance Limited (SEFL) is a material Subsidiary of the Company.

**9. Corporate Social Responsibility Committee**

■ **Terms of Reference, Composition, Name of Members and Chairman**

The Corporate Social Responsibility Committee has been constituted in line with the provisions of Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility Committee comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Mr. Shyamalendu Chatterjee, Non-Executive & Independent Director. Mr. Hemant Kanoria, Chairman & Managing Director of the Company acts as the Chairman of the Corporate Social Responsibility Committee. Mr. Madhusudan Dutta, Group Head – Corporate Strategy & Planning (Human Capital) of the Company acts as the Secretary to the Committee. The Committee is responsible for monitoring the Corporate Social Responsibility Policy (CSR Policy) of the Company from time to time, instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company etc. The Company's CSR Policy is available on the Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

■ **Meetings and attendance during the year**

4 (Four) meetings of the Corporate Social Responsibility Committee of the Company were held during the year 2016-17 on May 12, 2016, August 06, 2016, November 05, 2016 and February 02, 2017.

The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Hemant Kanoria	4	4
Mr. Sunil Kanoria	4	4
Mr. Shyamalendu Chatterjee	4	4

## 10. Committee of Directors

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Committee of Directors comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Mr. Salil Kumar Gupta, Non-Executive & Independent Director. Mr. Hemant Kanoria, Chairman & Managing Director of the Company acts as the Chairman of the Committee of Directors.

Mr. Sandeep Lakhota, Company Secretary of the Company acts as the Secretary to the Committee. The Terms of Reference of this Committee includes oversight of banking and borrowing related matters, to authorise the Company officials for signing various agreements, deeds and documents etc., to consider, approve and submit various Bid documents etc. for promotion, investment, joint venture and/or expression etc. of business of

the Company in the Infrastructure sector, amongst others.

### ■ Meetings and attendance during the year

9 (Nine) meetings of the Committee of Directors of the Company were held during the year 2016-17 on April 04, 2016, May 12, 2016, July 16, 2016, August 19, 2016, October 06, 2016, December 03, 2016, January 24, 2017, February 15, 2017 and February 27, 2017. The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Hemant Kanoria	9	9
Mr. Sunil Kanoria	9	8
Mr. Salil Kumar Gupta	9	9

## 11. Credit Committee

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Credit Committee comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Mr. Shyamalendu Chatterjee, Non-Executive & Independent Director. Mr. Hemant Kanoria, Chairman & Managing Director of the Company acts as the Chairman of the Credit

Committee. Mr. Shashi Bhushan Tiwari acts as the Secretary to the Committee. The Terms of Reference of this Committee includes oversight of all Credit related matters, to give guarantees, letter of comforts, undertakings, indemnities, lien, pledge of securities, etc. on behalf of the Company, to consider, approve and adopt various policies or guidelines or code for the Company and make modifications thereto from time to time etc.

### ■ Meetings and attendance during the year

15 (Fifteen) meetings of the Credit Committee of the Company were held during the year 2016-17 on April 26, 2016, May 12, 2016, June 11, 2016, June 27, 2016, July 16, 2016, August 20, 2016, August 31, 2016, October 04, 2016, November 14, 2016, December 03, 2016, December 22, 2016, February 06, 2017, February 11, 2017, March 25, 2017 and March 30, 2017.

The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Hemant Kanoria	15	15
Mr. Sunil Kanoria	15	13
Mr. Shyamalendu Chatterjee	15	15

## 12. Investment Committee

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Investment Committee comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Dr. Punita Kumar Sinha, Non-Executive & Independent Director. Mr. Hemant Kanoria, Chairman & Managing Director of

the Company acts as the Chairman of the Investment Committee. Mr. Sanjeev Sancheti, Chief Strategy Officer of the Company acts as the Secretary to the Committee. The Terms of Reference of this Committee includes considering, authorising and approving all investment related matters of the Company in accordance with the Investment Policy of the Company.

### ■ Meetings and attendance during the year

5 (Five) meetings of the Investment Committee of the Company were held during the year 2016-17 on May 12, 2016, August 06, 2016, October 21, 2016, November 05, 2016 and February 03, 2017. The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Hemant Kanoria	5	4
Mr. Sunil Kanoria	5	5
Dr. Punita Kumar Sinha	5	5

## 13. Risk Committee

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Risk Committee comprises Mr. Hemant Kanoria, Chairman & Managing Director, Mr. Sunil Kanoria, Non-Executive Director and Mr. Shyamalendu Chatterjee, Non-Executive & Independent Director.

Mr. Shyamalendu Chatterjee acts as the Chairman of the Risk Committee. Mr. Shashi Bhushan Tiwari acts as the Secretary to the Committee. The Terms of Reference of this Committee includes to identify and assess various risks across all entities in the Group and to suggest measures to minimise and/or mitigate the significant risks.

### ■ Meetings and attendance during the year

4 (Four) meetings of the Risk Committee of the Company were held during the year 2016-17 on May 12, 2016, August 04, 2016, November 03, 2016 and February 02, 2017.

The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Hemant Kanoria	4	2
Mr. Sunil Kanoria	4	4
Mr. Shyamalendu Chatterjee	4	4

## 14. Business Responsibility Committee

### ■ Terms of Reference, Composition, Name of Members and Chairman

The Business Responsibility (BR) Committee has been constituted by the Board of Directors at its meeting held on May 12, 2016 in line with the provisions of Regulation 34 of SEBI Listing Regulations, 2015.

The Business Responsibility (BR) Committee comprises Mr. Shyamalendu Chatterjee, Non-Executive and Independent Director, Mr. Ram Krishna Agarwal,

Non-Executive Non-Independent Director, Mr. Kishore Lodha, Chief Financial Officer, Mr. Sanjeev Sancheti, Chief Strategy Officer, Mr. Shashi Bhushan Tiwari and Mr. Madhusudhan Dutta, Group Head – Corporate Strategy & Planning (Human Capital). Mr. Shyamalendu Chatterjee acts as the Chairman of the BR Committee and Mr. Sandeep Lakhota, Company Secretary of the Company acts as the Secretary to the BR Committee. The Terms of Reference of this Committee includes to oversee the matters concerning the BR Policy formulation

& implementation, principles of responsible business and guidance and report/intimate any deviation to the Board; to review and decide on any matter concerning applicability, interpretation, operation and implementation of the BR Policy; to formulate a system for grievance redressal mechanism related to the BR Policy etc.

### ■ Meetings and attendance during the year

1 (One) meeting of the BR Committee of the Company was held during the year 2016-17 on June 30, 2016.

The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Shyamalendu Chatterjee	1	1
Mr. Ram Krishna Agarwal	1	1
Mr. Kishore Lodha	1	1
Mr. Sanjeev Sancheti	1	-
Mr. S. B. Tiwari	1	1
Mr. Madhusudhan Dutta	1	1
Mr. Bajrang Kumar Choudhary*	1	-

\* Resigned w.e.f. the close of business hours of 31.10.2016

### 15. Asset Liability Management (ALM) Committee

#### ■ Terms of Reference, Composition, Name of Members and Chairman

The Asset Liability Management (ALM) Committee comprises Mr. Sunil Kanoria, Non-Executive Director, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Director, Mr. Sanjeev Sancheti, Chief Strategy Officer,

Mr. P. C. Patni and Mr. Sandeep Lakhotia, Company Secretary of the Company. Mr. Sunil Kanoria acts as the Chairman of the ALM Committee. Mr. Shashi Bhushan Tiwari acts as the Secretary to the ALM Committee.

The Terms of Reference of this Committee includes review of liquidity position of the Company in various time buckets, review of

Interest rate scenerio including Srei Benchmark Rate (SBR) etc.

#### ■ Meetings and attendance during the year

4 (Four) meetings of the ALM Committee of the Company was held during the year 2016-17 on May 10, 2016, August 04, 2016, November 03, 2016 and February 02, 2017.

The attendance of each member of the Committee is given below:

Members	No. of Meetings during the tenure of Members	
	Held	Attended
Mr. Sunil Kanoria	4	4
Mr. Shyamalendu Chatterjee	4	4
Mr. Sanjeev Sancheti	4	4
Mr. P. C. Patni	4	3
Mr. Sandeep Lakhotia	4	4

### 16. General Body Meetings

#### ■ Details of the location of the last three Annual General Meetings (AGMs) and the details of special resolutions passed

The date, time and venue of the last three AGMs of the Company and details of special resolutions passed thereat have been provided in the section on Shareholders' Information in the Annual Report. All the resolutions set out in the respective Notices were passed by the Shareholders.

No Resolution requiring a postal ballot was placed before the last

AGM of the Company held on August 06, 2016.

There is no immediate proposal for passing any resolution through postal ballot. None of the businesses proposed to be transacted at the ensuing AGM require passing a resolution through postal ballot.

### 17. Disclosures

#### ■ Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large

Transactions effected with the related parties are disclosed under Note No. 35 in 'Notes to

the Financial Statements' in the Annual Report, in accordance with the requirements of Accounting Standard AS 18 as notified by the Companies (Accounting Standards) Rules, 2006.

A Statement in summary form of the transactions with related parties in the ordinary course of business and on arms' length basis is periodically placed before the Audit Committee for review and approval and thereafter recommendation to the Board for their approval, wherever required.

The Company's related party transactions, during the year,

are with the subsidiaries and associates of the Company. All these transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates.

Besides the transactions reported in the Annual Report as aforesaid, no transaction of material nature has been entered into by the Company with its Directors or Key Managerial Personnel (KMPs) and their relatives that may have a potential conflict with the interests of the Company at large. The Company has not entered into any material related party transactions with any of its related parties during the financial year 2016-17. The Register of Contracts containing transactions, if any, in which Directors are interested, is placed before the Board regularly.

The Company has formulated Related Party Transactions (RPT) Policy which provides a framework to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company. The said Policy is available on the Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

Prior approval of Audit Committee is obtained for all Related Party Transactions (RPTs), wherever applicable, except for the Related

Party Transactions (RPTs) for which omnibus approval is granted by the Audit Committee from time to time.

■ **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years**

During the last 3 (Three) years, there were no strictures or penalties imposed by either Stock Exchanges or Securities and Exchange Board of India (SEBI) or any statutory authority for non-compliance of any matter related to the capital markets.

In regard to the Application under Section 633 of the Companies Act, 1956 filed on November 26, 2008 in the Hon'ble Calcutta High Court by the Directors and Company Secretary of the Company, the Ad-interim order of injunction restraining the Regional Director and the Registrar of Companies, West Bengal from instituting or causing to be instituted any proceedings against the Directors and Company Secretary of the Company is still continuing.

■ **Insider Trading Code**

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations, 2015), the Board of Directors of the Company adopted the Code of Conduct for Prohibition of Insider Trading (Srei Insider Code) for prohibition of Insider Trading by the Designated Employees and their immediate relatives as well as Promoter and Promoter Group of the Company. The Srei Insider Code was last revised on November 05, 2016. Further, awareness emails are circulated to all the Designated Employees of

the Company on a monthly basis for increasing awareness, highlighting the compliance requirements arising out of the Srei Insider Code including FAQs and the do's and don'ts on insider trading. Further, "Srei Chanakya", a smartphone knowledge application, which can be freely downloaded on Android, IOS and Blackberry devices also serves as a means to create insider trading awareness through the detailed list of compliances under Srei Insider Code, FAQ's on Insider Trading and do's and don'ts for insider trading. Further, initiatives have been taken by the Company to spread insider trading awareness by sending bulk SMS to all the Designated Employees of the Company intimating them about the closure of Trading Window and flashing the do's and don'ts as screen savers on the desktops / laptops of the Designated Employees.

Mr. Sandeep Lakhotia, Company Secretary is the Compliance Officer for monitoring adherence to the Regulations for the preservation of price sensitive information, pre-clearance of trades and implementation of the Srei Insider Code.

■ **Fair Disclosure Code**

Pursuant to Regulation 8 read with Schedule A of the PIT Regulations, 2015, the Board of Directors of the Company adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) (Srei Fair Disclosure Code) which lays down principles and practices to be followed by the Company pertaining to universal disclosure of UPSI.

Mr. Sanjeev Sancheti, Chief Investor Relations Officer, is authorised to deal with dissemination of information and disclosure of UPSI in a fair

and unbiased manner. A quarterly certificate, affirming compliance with the Srei Fair Disclosure Code is placed before the Stakeholders' Relationship Committee for noting. The said Code is available on the website of the Company [www.srei.com](http://www.srei.com) and the link to the said Code has been provided elsewhere in this Annual Report.

■ **Disclosure of events or information pursuant to SEBI Listing Regulations, 2015**

Pursuant to Regulation 30(1) of the SEBI Listing Regulations, 2015, the Board of Directors of the Company adopted the Policy for determination of Materiality of any event/information for the purpose of proper, sufficient and timely disclosure of the same to the stock exchange(s) and the said Policy is available on the Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

Pursuant to the resignation of Mr. Bijoy Daga, CEO – Infrastructure Project Finance and Mr. Bajrang Kumar Choudhary as CEO – Infrastructure Project Development and appointment of Mr. Sameer Sawhney as Chief Executive Officer (CEO), the Committee of Key Executives for the determination of Materiality of events/information was reconstituted by the Board as follows:

Name	Designation
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Sameer Sawhney	Chief Executive Officer (CEO)
Mr. Sanjeev Sancheti	Chief Strategy Officer
Mr. Kishore Lodha	Chief Financial Officer (CFO)

Further, Mr. Sandeep Lakhota, Company Secretary of the Company acts as the coordinator and liaison officer for dissemination of material events/information to the Stock Exchanges(s) in terms of SEBI Listing Regulations, 2015 and Company's Policy.

Further, in compliance with Regulation 30(8) of SEBI Listing Regulations, 2015, all such events or information which has been disclosed to Stock Exchanges under the said regulation has been disclosed on the website of the Company [www.srei.com](http://www.srei.com).

■ **Whistle Blower Policy (Vigil Mechanism)**

The Company has formulated a codified Whistle Blower Policy in order to encourage Directors and employees of the Company to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of the Company and its stakeholders in any way. The said Policy was last revised on February 03, 2017. The Company is committed to adhere to highest possible standards of ethical, moral and legal business conduct and to open communication and to provide necessary safeguards for protection of employees from reprisals or victimisation, for whistle blowing in good faith. The said Policy is available on the Company's website [www.srei.com](http://www.srei.com) and a link to the said Policy has been provided elsewhere in this Annual Report.

The Company affirms that none of the employees have been denied access to the Audit Committee. Quarterly report with number of

complaints received, if any, under the Whistle Blower Policy and their outcome is placed before the Audit Committee of the Company at quarterly intervals.

■ **Policy against Sexual and Workplace Harassment**

The Company is committed to provide and promote a safe, healthy and congenial atmosphere irrespective of gender, caste, creed or social class of the employees. The Company in its endeavour to provide a safe and healthy work environment for all its employees has developed a policy to ensure zero tolerance towards verbal, physical, psychological conduct of a sexual nature by any employee or stakeholder that directly or indirectly harasses, disrupts or interferes with another's work performance or creates an intimidating, offensive or hostile environment such that each employee can realize his / her maximum potential. Further, the Company has created an online module for the employees which will help the learner to understand the costs of sexual harassment at workplace and the importance of prevention of sexual harassment. Further, the module will familiarise the employees not just about the legal requirements but also the moral and ethical reasons why organisations must promote healthy workplace.

The Company has put in place a 'Policy on Prevention of Sexual Harassment' as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('Act'). The said Policy was last revised on February 03, 2017. The Policy is

meant to sensitize the employees about their fundamental right to have safe and healthy environment at workplace. As per the Policy, any employee may report his / her complaint to the Internal Complaint Committee formed for this purpose. The Company affirms that during the year under review adequate access was provided to any complainant who wished to register a complaint under the Policy.

During the year, the Company has not received any complaint on sexual harassment from any of the women employees of the Company.

#### 18. Means of Communication

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report, Press Release and the Company's website. The Company also informs the Stock Exchanges in a prompt manner, all price sensitive information as well as all such other matters which in

its, opinion are material and relevant for the shareholders. The Company effectively uses NEAPS (NSE Electronic Application Processing System) and BSE Corporate Compliance & Listing Centre, a web based application designed by National Stock Exchange of India Limited and BSE Limited, respectively, for filing of shareholding pattern, corporate governance report, financial statements and significant corporate announcements thereby saving time, cost and ensuring operational efficiency.

■ Quarterly results	The Quarterly results of the Company are published in prominent English Newspaper having nationwide circulation as well as Bengali Newspaper and regularly hosted on Company's website. Further, pursuant to Regulation 47 read with Regulation 33 of SEBI Listing Regulations, 2015, extract of the Consolidated Results were published as per the prescribed format.
■ Newspapers in which results are normally published	Business Standard, HT Mint, Hindu Business Line, Financial Express, Ek Din and Ei Samay.
■ Any website, where displayed	Yes, at the Company's website www.srei.com
■ Whether it also displays official news releases	Yes
■ The presentations made to institutional investors or to the analysts	Yes Pursuant to Para A of Part A of Schedule III read with Regulation 30 of SEBI Listing Regulations, 2015, schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional Investors, if any, has been duly disclosed by the Company to the Stock Exchanges and the same has also been simultaneously disseminated on the Company's website www.srei.com pursuant to Regulation 46(2) of the said Regulations.
■ Whether MD & A is a part of Annual Report or not	Yes

#### 19. General Shareholders' Information

A section on Shareholders' Information is separately provided in the Annual Report.

### B. DISCRETIONARY REQUIREMENTS

(Regulation 27 of SEBI Listing Regulations, 2015)

a)	<b>Chairman of the Board</b> Whether Non-Executive Chairman is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties	Not Applicable as the Company has an Executive Chairman.
----	--	--

b)	<p><b>Shareholder rights</b></p> <p>A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders</p>	<p>Since quarterly, half-yearly and annual results of the Company are published in a leading English daily newspaper having a nationwide circulation and a Bengali daily newspaper (having circulation in Kolkata) and regularly hosted on Company's website, these are not sent individually to the shareholders of the Company. There is no declaration/publication of second half yearly results as the audited annual results are taken on record by the Board and then communicated to the shareholders through the Annual Report. However, emails are sent on a quarterly basis to the shareholders of the Company having e-mail ids giving financial highlights of the Company.</p> <p>The Annual Report of the Company for the financial year 2016-17 shall be emailed to the Members whose email addresses are available with the depositories or are obtained directly from the Members, as per Section 136 of the Companies Act, 2013 and Rule 11 of the Companies (Accounts) Rules, 2014. For other Members, who have not registered their email addresses, the Annual Report shall be sent at their registered address. If any Member wishes to get a duly printed copy of the Annual Report, the Company shall send the same, free of cost, upon receipt of request from the Member.</p> <p>The Company communicates with shareholders through e-mail, telephone and one on one meetings either in shareholder's conferences, Company visits or on road shows.</p>
c)	<p><b>Modified opinion(s) in audit report</b></p> <p>Company may move towards a regime of unmodified financial statements</p>	<p>It is always the Company's endeavour to present unmodified financial statements. There is no audit modification in the Company's financial statements for the year ended on March 31, 2017.</p>
d)	<p><b>Separate posts of Chairman and CEO</b></p> <p>The Company may appoint separate persons to the post of Chairman and Managing Director/CEO</p>	<p>The positions of Chairman and Chief Executive Officer (CEO) are separate. The Chairman of the Company is an Executive Director (Chairman &amp; Managing Director) and his position is separate from that of the CEO.</p>
e)	<p><b>Reporting of Internal Auditor</b></p> <p>The Internal Auditor may report directly to the Audit Committee</p>	<p>The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meetings and regularly attends the Meetings for reporting audit findings to the Audit Committee.</p>



## SHAREHOLDERS' INFORMATION

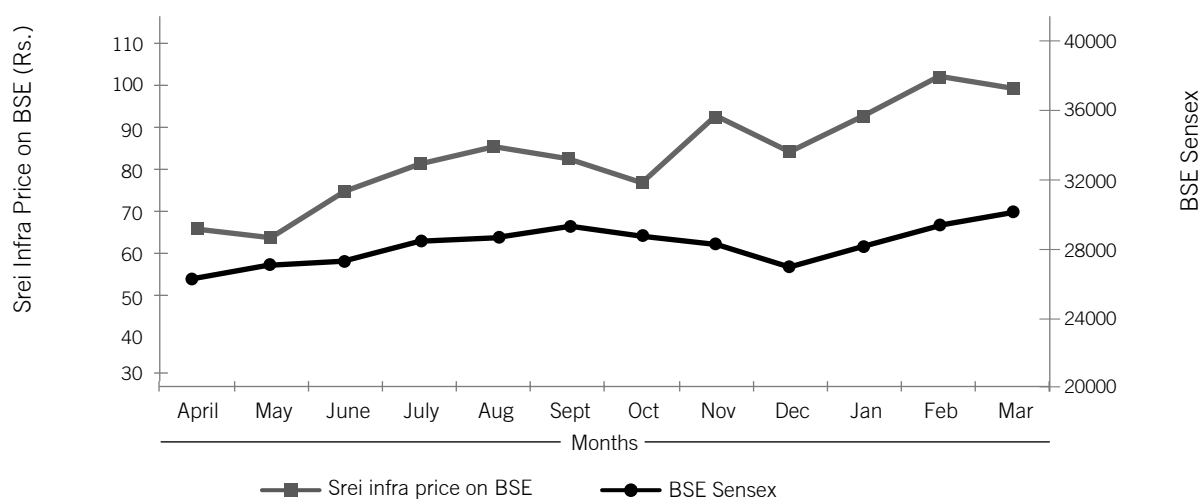
1. Annual General Meeting	
a. Date and Time	Saturday, July 22, 2017 at 10.30 a.m.
b. Venue	Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046
2. Financial Calendar (Tentative)	
a. Financial reporting for 2017-18	
Quarter ending June 30, 2017	On or before August 14, 2017
Quarter/Half year ending September 30, 2017	On or before November 14, 2017
Quarter/Nine months ending December 31, 2017	On or before February 14, 2018
Year ending March 31, 2018	On or before May 30, 2018
b. Annual General Meeting for the year ending on March 31, 2018	August/September, 2018
3. Book Closure Date	Friday, July 14, 2017 to Friday, July 21, 2017 (both days inclusive) for payment of Dividend
4. Dividend Payment	Electronic Credit/dispatch between August 01, 2017 and August 09, 2017
5. Listing on Stock Exchanges	<p>The Equity shares and other Securities of the Company are presently listed on the following Stock Exchanges:</p> <p><b>a. The Calcutta Stock Exchange Limited</b> 7, Lyons Range Kolkata – 700 001</p> <p><b>b. BSE Limited</b> P. J. Towers, Dalal Street Mumbai – 400 001</p> <p><b>c. National Stock Exchange of India Limited</b> Exchange Plaza, 5th Floor, Plot no. C/1, G Block Bandra - Kurla Complex, Bandra (E) Mumbai – 400 051</p> <p>The Company's GDRs were traded and listed on the Professional Securities Market ("PSM") of the London Stock Exchange (LSE) with effect from April 21, 2005. The said GDRs have however been cancelled from listing and trading on the LSE w.e.f. May 16, 2016. Cancellation of listing of GDRs on the LSE has not resulted in any change in the total paid up equity capital structure of the Company.</p> <p>The Debt securities of the Company are listed on the Debt Segment of BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).</p>
6. Listing Fees	Listing fees are paid to all the Stock Exchanges within timelines.
7. International Security Identification Number (ISIN)	Equity Shares - INE872A01014
8. Stock Codes (Equity Shares)	Equity Shares CSE - 29051, BSE - 523756 and NSE - SREINFRA
9. Corporate Identification Number (CIN)	L29219WB1985PLC055352

## 10. Stock Market Data

Month	National Stock Exchange of India Limited			BSE Limited		
	High Rs.	Low Rs.	Volume	High Rs.	Low Rs.	Volume
April, 2016	65.35	54.35	3,06,48,311	65.35	54.40	54,05,197
May, 2016	61.70	51.25	1,68,78,309	63.40	42.35	46,60,103
June, 2016	74.35	56.05	4,32,65,522	74.40	55.85	94,77,079
July, 2016	80.70	70.05	2,82,21,337	80.75	70.15	59,20,442
August, 2016	85.90	71.40	2,96,03,778	84.85	71.50	63,08,104
September, 2016	82.00	62.25	1,69,75,299	82.10	63.05	44,57,277
October, 2016	76.30	68.60	1,18,81,153	76.35	69.00	25,30,675
November, 2016	91.90	69.65	3,83,31,321	91.95	68.95	74,65,770
December, 2016	83.50	70.30	1,13,27,894	83.55	70.30	18,77,841
January, 2017	92.25	74.15	2,42,58,000	92.25	74.30	45,91,941
February, 2017	101.50	86.10	2,96,05,811	101.50	86.50	47,92,380
March, 2017	98.85	80.20	7,90,09,972	98.70	80.20	2,00,87,334

Note: Volume is the total monthly volume of trade in number of shares

Performance in comparison to BSE Sensex (monthly High)



## 11. Registered Office

a. Address	'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046
b. Telephone No.	91-33-6160 7734
c. Facsimile Nos.	91-33-2285 7542/8501
d. Website	www.srei.com
e. Email	corporate@srei.com

## 12. Registrar and Share Transfer Agent's details

a. Name & Address	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032
b. Telephone Nos.	040-67161500, 1800-345-4001
c. Facsimile No.	040-23420814
d. Website	www.karvy.com
e. Email	einward.ris@karvy.com

**13. Details of Debenture Trustees to the Issue**

a. Name & Address	Axis Trustee Services Limited Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Mumbai - 400 025
b. Telephone Nos.	91-22-6226-0054
c. Facsimile Nos.	91-22-4325-3000
d. Website	www.axistrustee.com
e. Email	debenturetrustee@axistrustee.com

**14. Financial Year**

1st April to 31st March

**15. Particulars of Past three AGMs**

AGM	Year	Venue	Date	Time	Members present
31st*	2015/16	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata - 700046	06/08/2016 (Saturday)	10.30 a.m.	2,425
30th**	2014/15	'Science City Main Auditorium', JBS Haldane Avenue, Kolkata - 700046	01/08/2015 (Saturday)	10.30 a.m.	2,486
29th***	2013/14	'Science City Main Auditorium', JBS Haldane Avenue, Kolkata - 700046	02/08/2014 (Saturday)	10.30 a.m.	2,814

\*One Special Resolution was passed:

- Issue of Non-Convertible Debt Securities on private placement basis in one or more tranches upto a maximum aggregate amount of Rs. 10,000 Crores during the period of 1 (one) year from the date of passing of the Resolution by the Members, in terms of Section 42 and 71 of the Companies Act, 2013 and Rules thereunder.

\*\*Two Special resolutions were passed:

- Approval of material Related Party Transactions (RPTs) entered into with Sahaj e-Village Limited (Sahaj), an Associate Company, for the Financial Year 2014-15, and for any prospective RPTs that may be entered into in future within a threshold limit of Rs. 500 Crores for each Financial Year.
- Issue of Non-Convertible Debt Securities on private placement basis in one or more tranches upto a maximum aggregate amount of Rs. 10,000 Crores during the period of 1 (one) year from the date of passing of the Resolution by the Members, in terms of Section 42 and 71 of the Companies Act, 2013 and Rules thereunder.

\*\*\*Six Special resolutions were passed:

- Alteration of the Articles of Association (AOA) of the Company so as to be in consonance and harmony with the provisions of the Companies Act, 2013 and the relevant rules thereunder.
- Keeping the Register of Members together with the Index of Members, Register of Debenture Holders together with the Index of Debenture Holders and Register of any other Security Holders together with the Index of any other Security Holders and/or any other related documents and returns, as required to be kept at the Registered Office of the Company, at the Office in India of Registrar & Share Transfer Agents (RTA) of the Company.
- Borrowing limits of the Company in terms of Section 180(1)(c) of the Companies Act, 2013 for an amount not exceeding Rs. 25,000 Crores.
- Mortgaging and/or creating charge etc. in terms of Section 180(1)(a) of the Companies Act, 2013 upto the borrowing limits approved by the Members.
- Issue of Non-Convertible Debt Securities on private placement basis upto a maximum aggregate amount of Rs.10,000 Crores during the period of one year from the date of

passing of the Special Resolution by the Members in terms of Section 42 and 71 of the Companies Act, 2013.

- Invest/acquire by way of subscription, purchase, conversion or otherwise securities of one or more bodies corporate, whether in India or outside, which may or may not be subsidiary(ies) and/or associates of the Company, upto a maximum aggregate amount of Rs. 2,500 Crores in subsidiary(ies) companies and Rs. 5,000 Crores in any other bodies corporate (including associates) in excess of and in addition to the investments already made as at March 31, 2014 in terms of Section 186 of the Companies Act, 2013.

#### 16. Distribution of Shareholding as on March 31, 2017

Category (Shares)	No. of Shareholders		No. of Shares	
	Total	Per cent	Total	Per cent
Up to 500	40,488	78.81	60,23,302	1.20
501 to 1000	5,241	10.20	41,65,609	0.83
1001 to 2000	2,570	5.00	40,00,604	0.80
2001 to 3000	815	1.59	20,94,999	0.42
3001 to 4000	493	0.96	17,61,397	0.35
4001 to 5000	388	0.76	18,31,962	0.36
5001 to 10000	646	1.26	48,51,760	0.96
10001 - 20000	302	0.59	44,59,088	0.89
20001 and above	430	0.84	47,38,97,612	94.20
<b>Total</b>	<b>51,373</b>	<b>100.00</b>	<b>50,30,86,333</b>	<b>100.00</b>

#### 17. Dividend History (Last 5 Years)

Financial Year	Dividend Per Share* (Rs.)	Dividend Declaration
2015 - 16	0.50	August 06, 2016
2014 - 15	0.50	August 01, 2015
2013 - 14	0.50	August 02, 2014
2012 - 13	0.50	August 14, 2013
2011 - 12	0.50	August 10, 2012

\*share of paid-up value of Rs. 10/- per share

#### 18. Categories of Shareholders as on March 31, 2017

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B+C)
<b>A</b>	Shareholding of Promoter and Promoter Group			
1	Indian	4	305868559	60.80
2	Foreign	N.A	N.A	N.A
	<b>Total Shareholding of Promoter and Promoter Group*</b>	<b>4</b>	<b>305868559</b>	<b>60.80</b>
<b>B</b>	Public Shareholding			
1	Institutions	111	113773337	22.62
2	Non-institutions	51258	83444437	16.59
	<b>Total Public Shareholding</b>	<b>51369</b>	<b>197217774</b>	<b>39.20</b>
<b>C</b>	Non Promoter-Non Public			
1	Shares underlying DRs	-	-	-
	<b>Total Non Promoter-Non Public Shareholding</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>51373</b>	<b>503086333</b>	<b>100.00</b>

\*None of the shares held by the Promoter/Promoters' Group is under pledge.

## 19. Equity Share Capital History

The Paid up Capital of the Company consists of 50,30,86,333 Equity shares of Rs. 10/- each fully paid up and allotted as under:

Date of Allotment	No. of Shares	Issue Price (Rs. per Share)
30.03.1985	2,742	10
27.06.1986	31,600	10
24.05.1987	16,000	10
13.12.1988	5,000	10
30.05.1990	6,08,558	10
20.04.1991	2,56,100	10
31.08.1992	32,20,000	10
13.01.1994	41,40,000	20
21.11.1997	4,54,54,545	22
05.09.1998	27,688	15
01.06.1999	5,500	10
18.04.2005	3,45,94,000	44.38
22.11.2005	2,10,50,056	33
20.02.2006	3,556	37
13.05.2006	880	39
19.02.2007	200	28
11.05.2007	400	29
08.11.2007	800	41
31.03.2008	72,00,000	100
05.03.2011	38,69,41,535*	-
<b>Total</b>	<b>50,35,59,160</b>	
<b>Less:</b> Shares forfeited on 14.03.2000	4,72,827	
<b>Total Shares as on date</b>	<b>50,30,86,333</b>	

\*Equity Shares issued and allotted without consideration being received in cash pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with the Company sanctioned by the Hon'ble High Court at Calcutta vide its Order made on 18.01.2011 and effective w.e.f. 04.03.2011.

## 20. Credit Ratings

Agency	CARE	ICRA	Brickwork
NCDs / Bonds	CARE A+	-	BWR AA+
Short term Debt Instruments	CARE A1+	-	BWR A1+
Unsecured Subordinated Tier-II Debentures / Bonds	CARE A	-	BWR AA+
Banking Facilities	CARE A+ (For Long Term Banking Facilities) CARE A1+ (For Short Term Banking Facilities)	-	-

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**21. Measures adopted to protect the interests of the Shareholders****a. Share Transfer Processing**

Requests for share transfers are registered and share certificates or receipts or advices, as applicable, of transfers are issued or any valid objection or intimation to the transferee or transferor, as the case may be, are issued within a time period of 15 (Fifteen) days from the date of receipt subject to the documents being valid and complete in all respects in accordance with the requirements of Regulation 40(3) of SEBI Listing Regulations, 2015. The Stakeholders' Relationship Committee meets at regular intervals. During the year 2016-17, the Stakeholders' Relationship Committee met 7 (Seven) times. Total number of shares physically transferred during the year 2016-17 was 3,953 Equity shares. There are no legal cases relating to transfer of shares.

The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance pertaining to share transfer formalities as required under Regulation 40(9) of SEBI Listing Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

**b. Redressal of Grievances**

Investor servicing is one of the key ingredient of good Corporate Governance practices to enhance stakeholders' confidence. Necessary system has been put in place in order to attend with promptness any grievances or queries by the Shareholders. Personal calls and proactive follow-ups have only enhanced stakeholders' confidence which has enabled retaining NIL investor grievances status month on month.

Various initiatives undertaken to closely monitor the grievances / correspondences of Equity shareholders are as follows:

- A designated e-mail ID 'investor.relations@srei.com' is available to address the Investor Grievances on a day to day basis;
- Weekly e-mails are sent to those shareholders whose e-mail IDs are registered with the Company/RTA, intimating brief highlights of the latest publicly available financial results;
- Shareholders' Referencer, a handbook for shareholders is available on the website of the Company under the head 'Investor Zone'. It serves as an easy guide for the investor's share and dividend related queries and inter-alia covers the shareholders' grievance redressal mechanism and their duties & responsibilities.

Further, with the issue of Non-Convertible Debentures (NCDs), serving Debenture holders / Bond holders has also become equally important. Daily tracker on NCD grievances mechanism is available to closely monitor the movements and ensure faster deliverables. Various initiatives undertaken by the Company to closely monitor the grievances / correspondences of the Bond Holders are as follows:

- A login based and password protected online portal i.e., Srei First Account has been developed for the bond holders to help them keep track on their investments in NCDs/ bonds online;
- A designated e-mail ID 'connect@sreibonds.com' is available to address the grievances of bond holders on a day to day basis;
- A toll free number +180 04197734 is readily available for the bond holders to address their grievances.

In addition to the above, a comprehensive Investor Grievance Redressal Policy has been formulated and put in place by the Company. The said Policy was last revised on February 03, 2017.

The investor complaints are processed in a centralised web-based complaints redress system called SEBI Complaints Redress System (SCORES). The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of actions taken on the complaint and its current status. The Company had obtained SCORES authentication in June, 2011, when the said concept was introduced by SEBI and the Company has maintained a track record of resolving the grievances of investors received on SCORES within the stipulated time period specified by SEBI.

The Securities and Exchange Board of India (SEBI) issued Circular No. CIR/OIAE/1/2014 dated December 18, 2014 on SCORES consolidating all the earlier Circulars issued relating to SCORES. The said Circular provides that failure by listed companies and SEBI registered intermediaries to file Action Taken Report under SCORES within 30 (Thirty) days of date of receipt of the grievance shall not only be treated as failure to furnish information to SEBI but shall also be deemed to constitute non-redressal of investor grievance.

There are no pending investor grievances lying unresolved as per the data available on SCORES as on March 31, 2017.

**c. Prevention of Fraudulent Transfers**

A locking provision is in existence whereby, whenever any intimation is received from the shareholders regarding loss of shares or of any legal dispute, the shares are immediately kept locked so that fraudulent transfer is stalled.

**d. Dematerialisation of Shares and Liquidity**

Based on a SEBI directive, the Equity shares of the Company are permitted to be traded only in dematerialised form and are available for demat under both the Depositories in India - National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on March 31, 2017, a total of 49,99,22,780 Equity shares of the Company representing 99.37% of the total Equity Share Capital were held in dematerialised form. The entire Promoters' Group shareholding of the Company is in dematerialised form.

The bifurcation of shares held in Physical and Demat form as on March 31, 2017 is given below –

Physical / Electronic	No. of Holders	No. of Shares	%
Physical	4727	3163553	0.63
NSDL	30131	172861914	34.36
CDSL	16515	327060866	65.01
<b>Total</b>	<b>51373</b>	<b>503086333</b>	<b>100.00</b>

For any assistance in converting physical shares in electronic form, investors may approach Karvy Computershare Private Limited or the Company Secretary of the Company.

The Equity shares of the Company are actively traded on the Stock Exchanges.

**21. Measures adopted to protect the interests of the Shareholders (contd.)**

**e. Depositories**

<b>National Securities Depository Limited</b>	<b>Central Depository Services (India) Limited</b>
Trade World, A Wing, 4th & 5th Floor Kamala Mills Compound Senapati Bapat Marg Lower Parel Mumbai - 400 013 Telephone No : 91-22-2499 4200 Facsimile Nos. : 91-22-2497/ 2993/6351 E-mail : info@nsdl.co.in Website : www.nsdl.co.in	Phiroze Jeejeebhoy Towers 17th Floor, Dalal Street, Fort Mumbai – 400 001 Telephone No : 91-22-2272 3333 Facsimile Nos. : 91-22-2272 3199/2072 E-mail : investors@cdslindia.com Website : www.cdslindia.com

**f. Registrar and Share Transfer Agents (RTA)**

The share transfer and shareholder related activities of the Company are attended and processed by the Registrar and Share Transfer Agents (RTA) of the Company. It is the responsibility of the RTA, inter alia, to register share transfers, coordinate with the depositories and to look after the redressal of shareholders' and Investors' complaints. The complaints/queries received from Investors relating to transfer of shares, non-receipt of annual reports, dividends, share certificates etc. and also the complaints/queries received through SEBI, MCA and the Stock Exchanges are being attended to by the RTA on priority basis.

Karvy Computershare Private Limited (Karvy), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, India, is the Registrar and Share Transfer Agents (RTA) of the Company for Equity Shares.

During the year, the Company made Public issuances of:

- 25,00,000 secured redeemable Non-Convertible Debentures of face value of Rs. 1,000 each aggregating to Rs. 2,500 Million ("Base Issue Size"), with an option to retain oversubscription upto 7,500,000 NCDs aggregating upto Shelf Limit of 10,000 million vide Tranche 1 Prospectus dated August 31, 2016 read with Shelf Prospectus dated August 31, 2016; and
- 20,00,000 secured redeemable Non-Convertible Debentures of face value of Rs. 1,000 each aggregating to Rs. 2,000 Million ("Base Issue Size"), with an option to retain oversubscription upto additional 50,66,360 NCDs of Rs. 1,000 each amounting to Rs. 5,066.36 Million, aggregating upto the residual shelf limit i.e. 7,066.36 Million ("overall issue size") vide Tranche 2 Prospectus dated January 24, 2017 read with Shelf Prospectus dated August 31, 2016.

Karvy Computershare Private Limited (Karvy) is also the Registrar to the aforesaid Public issuances.

**g. Investor Relations**

Global macro and business environment has been very dynamic in the past year with implications on Company's business and financial performance. In this context, the Company recognises the imperatives to maintain continuous dialogue with the investor community. This is done with the objective to abreast the Investors of all the significant developments that may likely impact the Company's performance. This translates into feeding timely, accurate and relevant information that helps investors in taking informed investment decisions.



The Company focuses to build Investor Relations on pillars of trust and transparency. The Company's proactive approach has enabled global investor community to better understand the management objectives, corporate strategies and overall performance of the Company over a period of time.

To deliver an effective communication, the Investor Relations Department of the Company effectively deploys tools like Annual Report, Quarterly Earnings, Investor Release, Conference Calls, one on one Investor Meets, General Meetings and Internet (Company website) to serve as a link to stay connected with the Investors. In order to enable the Company to serve better, the Members are requested to update their database with the Company by filling in and returning to the Company the Shareholders Information Form available on the Company's website or by e-mailing the information at investor.relations@srei.com.

#### **h. Investor Feedbacks**

It is the constant endeavour of the Company to improve the standard of its Investor services. The Company has stipulated internal timeframes for responding to Investors' correspondence and adherence thereof is monitored by the Stakeholders' Relationship Committee.

In pursuit of excellence in Corporate Governance and to constantly improve standards of service, communication and disclosures, the Company conducted a preliminary survey during the year to assess the requirement and satisfaction of valuable Investors on following broad parameters:

1. Timely receipt of Annual Reports, Dividend and other documents/correspondence.
2. Quality and contents of Annual Report.
3. Dissemination of information about the Company through shareholder communication, Annual Reports, Newspapers/Press, Company's website, e-mails.
4. Response time and satisfaction level experienced in transfer/transmission of shares, sub-division of shares, issue of duplicate share certificates, change of address, revalidation of dividend warrants, exchange with new share certificates etc.
5. Interaction with Company officials.
6. Interaction with Registrar and Share Transfer Agents.
7. Investor services section of the Company's website.
8. Annual General Meeting w.r.t. overall arrangements, attendance facilities, voting on I-pads, Chairman's communication.
9. Overall rating of Company's Investor services.

The Investors have expressed their satisfaction on the quality of services rendered by the Company. The Company is constantly in the process of enhancing the service levels based on feedbacks received from the Investors.

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#### **22. Address for Shareholders' correspondence**

The Company Secretary  
Srei Infrastructure Finance Limited  
'Vishwakarma', 86C, Topsia Road (South)  
Kolkata – 700 046  
Email : secretarial@srei.com, investor.relations@srei.com

### 23. Transfer of Unclaimed dividend / shares to Investor Education and Protection Fund (IEPF)

Pursuant to Section 124(5) of the Companies Act, 2013, dividends that are unpaid / unclaimed for a period of 7 (Seven) years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

During the year under review, the Company has credited a sum of Rs. 5,19,320/- to the Investor Education and Protection Fund pursuant to Section 124(5) of the Companies Act, 2013, being the dividend amount pertaining to the financial year ended on March 31, 2009, which was due & payable and remained unclaimed and unpaid for a period of 7 (Seven) years. Cumulatively, the aggregate dividend amount transferred to the said Fund upto March 31, 2017 stands at Rs. 52,70,744.69.

The dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF are as follows:

Financial Year	Date of Declaration of Dividend	Due Date of Transfer to IEPF
2009 - 10	August 09, 2010	September 09, 2017
2010 - 11	July 30, 2011	September 05, 2018
2011 - 12	August 10, 2012	September 15, 2019
2012 - 13	August 14, 2013	September 19, 2020
2013 - 14	August 02, 2014	September 07, 2021
2014 - 15	August 01, 2015	September 06, 2022
2015 - 16	August 06, 2016	September 11, 2023

The shareholders are regularly advised to claim the unencashed dividends lying in the unpaid dividend accounts of the Company before the due dates for crediting the same to the Investor Education and Protection Fund. Further, the details of dividend unclaimed by the Members for the past years which have not yet been transferred to the Central Government are readily available for view by the Members on the website of the Company [www.srei.com](http://www.srei.com). Further, the Members are advised to glance through the database and lodge their claim with the Company's Registrar and Share Transfer Agents for dividend which have remained unclaimed.

Pursuant to Section 124(6) and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from September 07, 2016 and as further amended on February 28, 2017, all shares in respect of which dividend has not been paid or claimed for 7 (Seven) consecutive years or more are required to be transferred by the Company in the name of Investor Education and Protection Fund (IEPF) along with a statement containing such details as may be prescribed.

Adhering to the various requirements set out in the Rules, the Company has sent individual communication to those shareholders whose shares are liable to be transferred to IEPF under the said Rules at their latest available address. The details of such shareholders and shares due for transfer to IEPF have also been uploaded on the website of the Company [www.srei.com](http://www.srei.com).

The shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back by the Shareholders from the IEPF Authority after following the procedure prescribed under the Rules.

### 24. Nomination

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination forms can be obtained from the Company's Registrar and Share Transfer Agents or can be downloaded from the Company's

website [www.srei.com](http://www.srei.com) under the section "Investor Zone". Nomination facility in respect of shares held in electronic form is available with the Depository Participants as per bye-laws and business rules applicable to NSDL and CDSL.

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**25. Payment of Dividend etc. in electronic mode**

Pursuant to Regulation 12 of SEBI Listing Regulations, 2015, listed entity shall use any of the electronic mode of payment facility approved by the Reserve Bank of India (RBI) in the manner specified in Schedule I of SEBI Listing Regulations, 2015, for making payments of dividend, interest, redemption or repayment amounts etc. However, where it is not possible to use electronic mode of payment, 'payable at-par' warrants or cheques may be issued. Further, where the amounts payable as dividend exceeds Rs. 1,500 (Rupees One Thousand and Five Hundred), the 'payable at-par' warrants or cheques shall be sent by speed post.

The Company is using various RBI approved electronic mode of payment for making payments such as dividend, etc. to the investors, failing which the bank details available with the depository participants and the Company's Registrar and Share Transfer Agents (RTA) are printed on the physical payment instruments.

Payment of dividend and other benefits through electronic mode is beneficial to the Members since the risks associated with receiving payment through dividend warrants and other instruments such as loss in transit/misplacement/revalidation etc. can be easily mitigated.

Members who wish to avail of the electronic facility of remittance, may update their bank details with the depository participants for shares held in demat form and Members holding securities of the Company in physical form are requested to update their bank details with the Company or its RTA by sending a duly filled and signed National Automated Clearing House (NACH) Mandate Form available on the website of the Company [www.srei.com](http://www.srei.com).

The Company is using NACH mandate for remittance of dividend either through NACH or other electronic modes failing which the bank details available with the depository participants and the Company's RTA are printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

Members who wish to receive dividend in a bank account other than the one registered with the depository participants for shares held in demat form and with the Company's RTA for shares held in physical form, may notify their depository participants and the Company or its RTA, respectively, about any change in the bank account details.

Further, pursuant to Regulation 43A of SEBI Listing Regulations, 2015, a Dividend Distribution Policy was adopted by the Company covering, inter alia, the parameters for declaration of dividend, utilization of retained earnings, procedure for dividend declaration etc. The Company's Dividend Distribution Policy is available on the website of the Company [www.srei.com](http://www.srei.com) and the link to the said Policy has been provided elsewhere in this Annual Report.

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**26. Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified practising Company Secretary carries out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the Report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

<b>27. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)</b>	The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued Secretarial Standards on Board Meetings and General Meetings and the same have become effective from July 01, 2015. Further, pursuant to Section 118(10) of the Companies Act, 2013, every company shall observe secretarial standards specified by ICSI with respect to Board and General Meetings. The Company confirms that it has duly adhered to the said Secretarial Standards.
<b>28. Secretarial Audit</b>	The Secretarial Auditor appointed by the Company undertook the Secretarial Audit of records and documents in accordance with Section 204 of the Companies Act, 2013 and the Rules made thereunder. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 1956 (as applicable), Companies Act, 2013 and the Rules made thereunder, Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India), Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of the Securities and Exchange Board of India (SEBI) as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Prohibition of Insider Trading) Regulations, 2015, the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and the Reserve Bank of India Directions, Guidelines and Circulars applicable to Systemically Important Non-Deposit Accepting or Holding NBFCs (NBFC – ND – SI). The Secretarial Audit Report for the financial year ended March 31, 2017 is provided in the Annual Report.
<b>29. Compliance Officer</b>	Mr. Sandeep Lakhotia Company Secretary FCS 7671 'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046 Tel : 91-33-6160 7734 Fax : 91-33-2285 7542/8501 Email : secretarial@srei.com, investor.relations@srei.com
<b>30. Role of Company Secretary in overall governance process</b>	The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. He assists and advises the Board in ensuring good corporate governance as well as in complying with the corporate governance requirements. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and in accordance under Section 205 of the Companies Act, 2013 reports to the Board regarding compliance with the provisions of the Companies Act, 2013, the rules made thereunder and other laws applicable to the Company. He is also the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.
<b>31. Web links to Company policies and programmes</b>	Policy on determining Material Subsidiaries - <a href="https://www.srei.com/sites/default/files/Policy%20on%20determining%20%E2%80%9CMaterial%E2%80%9D%20Subsidiaries.pdf">https://www.srei.com/sites/default/files/Policy%20on%20determining%20%E2%80%9CMaterial%E2%80%9D%20Subsidiaries.pdf</a>  Related Party Transactions (RPT) Policy- <a href="https://www.srei.com/sites/default/files/Related%20Party%20Transactions%20%28RPTs%29%20Policy.pdf">https://www.srei.com/sites/default/files/Related%20Party%20Transactions%20%28RPTs%29%20Policy.pdf</a>

Familiarisation Programme for Independent Directors -

[https://www.srei.com/sites/default/files/Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](https://www.srei.com/sites/default/files/Familiarisation_Programme_for_Independent_Directors.pdf)

Whistle Blower Policy -

[https://www.srei.com/sites/default/files/Whistle%20Blower%20Policy\\_0.pdf](https://www.srei.com/sites/default/files/Whistle%20Blower%20Policy_0.pdf)

ESMS Policy -

<https://www.srei.com/sites/default/files/ESMS%20Policy.pdf>

Policy on Prevention of Sexual Harassment -

[https://www.srei.com/sites/default/files/Policy%20on%20Prevention%20of%20Sexual%20Harassment\\_0.pdf](https://www.srei.com/sites/default/files/Policy%20on%20Prevention%20of%20Sexual%20Harassment_0.pdf)

Corporate Social Responsibility (CSR) Policy -

<https://www.srei.com/sites/default/files/Corporate%20Social%20Responsibility%20Policy%20for%20SIFL.pdf>

Nomination and Remuneration Policy -

<https://www.srei.com/sites/default/files/Srei%20Nomination%20and%20Remuneration%20Policy.pdf>

Policy on Board Diversity -

<https://www.srei.com/sites/default/files/Policy%20on%20Board%20Diversity.pdf>

Srei Fair Practices Code -

<https://www.srei.com/sites/default/files/fair-practices-code-december-2015.pdf>

Srei Code of Conduct for Board of Directors and Senior Executives -

[https://www.srei.com/sites/default/files/Srei%20Code%20of%20Conduct%20for%20Board%20of%20Directors%20and%20Senior%20Executives\\_0.pdf](https://www.srei.com/sites/default/files/Srei%20Code%20of%20Conduct%20for%20Board%20of%20Directors%20and%20Senior%20Executives_0.pdf)

Srei Code of Conduct For Prohibition of Insider Trading (Srei Insider Code) -

[https://www.srei.com/sites/default/files/Srei%20Code%20of%20Conduct%20for%20Prohibition%20of%20Insider%20Trading\\_5.pdf](https://www.srei.com/sites/default/files/Srei%20Code%20of%20Conduct%20for%20Prohibition%20of%20Insider%20Trading_5.pdf)

Code of Practices and Procedures for Fair Disclosure (Srei Fair Disclosure Code) of Unpublished Price Sensitive Information (UPS)-

<https://www.srei.com/sites/default/files/Code%20of%20Practices%20and%20Procedures%20for%20Fair%20Disclosure%20of%20UPS1.pdf>

Srei Investor Grievance Redressal Policy -

<https://www.srei.com/sites/default/files/Srei%20Investor%20Grievance%20Redressal%20Policy.pdf>

Srei Corporate Governance Framework -

<https://www.srei.com/sites/default/files/Corporate%20Governance%20Framework.pdf>

Policy for determination of Materiality of any Event/Information -

[https://www.srei.com/sites/default/files/Policy\\_for\\_determination\\_of\\_Materiality\\_of\\_any\\_Event\\_or\\_Information.pdf](https://www.srei.com/sites/default/files/Policy_for_determination_of_Materiality_of_any_Event_or_Information.pdf)

Archival Policy -

[https://www.srei.com/sites/default/files/Archival%20Policy\\_0.pdf](https://www.srei.com/sites/default/files/Archival%20Policy_0.pdf)

Dividend Distribution Policy –

<https://www.srei.com/sites/default/files/Dividend%20Distribution%20Policy.pdf>

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<b>32. Disclosure of compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI Listing Regulations, 2015</b>	<p>Pursuant to Schedule V of SEBI Listing Regulations, 2015, the Company hereby confirms that it has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) inter-alia covering the following subject matter/heads:</p> <ul style="list-style-type: none"><li>i) Board of Directors</li><li>ii) Audit Committee</li><li>iii) Nomination and Remuneration Committee</li><li>iv) Stakeholders' Relationship Committee</li><li>v) Risk Management Committee – Not Applicable</li><li>vi) Vigil Mechanism</li><li>vii) Related Party Transactions</li><li>viii) Corporate governance requirements with respect to subsidiary of Company</li><li>ix) Obligations with respect to Independent Directors</li><li>x) Obligations with respect to Directors and senior management</li><li>xi) Other Corporate governance requirements as stipulated under the Regulations</li><li>xii) Dissemination of various information on the website of the Company w.r.t clauses (b) to (i) of Regulation 46(2).</li></ul>
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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Srei Infrastructure Finance Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Srei Infrastructure Finance Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, 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

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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and 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 disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (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 it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone 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 31<sup>st</sup> March, 2017 and taken on

record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in “Annexure 2”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note No. 27 to the standalone 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 has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the company and as produced to us by the Management – Refer Note No. 38 to the standalone financial statements.

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

**Anand Kumar Jhunjunwala**

Partner

Membership No. 056613

Kolkata  
9<sup>th</sup> May, 2017



## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2017]

- (i)
- (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has a programme 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 fixed assets. Pursuant to the programme, certain fixed assets were physically verified by the Company's Management ("management") during the year. As informed and explained to us by the management, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company, except as detailed herein below :-

Land / Buildings	Total number of cases	Leasehold / Freehold	Gross Block as at 31 <sup>st</sup> March, 2017 (Rs. In Lacs)	Net Block as at 31 <sup>st</sup> March, 2017 (Rs. In Lacs)	Remarks
Buldings	2	Freehold	9,967.98	8,792.72	Conveyance is pending

- (ii) According to the information and explanations given to us in respect of equity shares held as stock for trade, the same has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As explained to us, no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) According to the information and explanations given to us in respect of loans, investments, guarantees and security, the Company has complied with the provisions of Sections 185 and 186 of the Act.
- (v) 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 and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder with regard to the acceptance of deposits. Further, as informed, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vi) Being a Non-Banking Financial Company, the provisions of clause 3(vi) of the Order with regard to the maintenance of cost records are not applicable to the Company.
- (vii)
- (a) According to the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31<sup>st</sup> March, 2017 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 at 31<sup>st</sup> March, 2017 of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax, which have not been deposited on account of any dispute, are as follows :

Name of the Statute	Nature of dues	Amount (Rs. In Lacs)	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	Supreme Court of India
Income Tax Act, 1961	Income Tax	125	2006-07 and 2007-08	CIT(Appeals), Kolkata
Income Tax Act, 1961	Income Tax	986	2007-08	Income Tax Appellate Tribunal, Kolkata

Name of the Statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,809	2008-09	Supreme Court of India
Income Tax Act, 1961	Income Tax	211	2010-11	CIT(Appeals), Kolkata
Income Tax Act, 1961	Income Tax	1,938	2011-12	CIT(Appeals), Kolkata
Income Tax Act, 1961	Income Tax	485	2012-13	CIT(Appeals), Kolkata
Income Tax Act, 1961	Income Tax on Fringe benefits	226	2005-06 to 2008-09	Calcutta High Court
Finance Act, 1994	Service Tax	302	2006-07 to 2010-11	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Kolkata
Finance Act, 1994	Service Tax	973	2011-12 to 2014-15	Principal Commissioner of Service Tax, Kolkata
Central Sales Tax Act, 1956	Central Sales Tax	211	2010-11	West Bengal Sales Tax Appellate and Revisional Board
Central Sales Tax Act, 1956	Central Sales Tax	195	2011-12	West Bengal Sales Tax Appellate and Revisional Board
Central Sales Tax Act, 1956	Central Sales Tax	56	2012-13	West Bengal Sales Tax Appellate and Revisional Board
Central Sales Tax Act, 1956	Central Sales Tax	339	2013-14	Sr. Joint Commissioner of Commercial Tax, Kolkata

- (viii) Based on our audit procedures and as per the information and explanations given to us by the management, we are of the opinion that during the year the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were prima facie applied during the year for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjunwala**

Partner

Membership No. 056613

Kolkata  
9<sup>th</sup> May, 2017

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (2)f under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March, 2017]

### Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of the Company as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjunwala**

Partner

Membership No. 056613

Kolkata  
9<sup>th</sup> May, 2017

**BALANCE SHEET**

as at 31st March, 2017

(Rs. in Lacs)

	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	50,324	50,324
Reserves and Surplus	3	2,36,174	2,26,190
		<b>2,86,498</b>	<b>2,76,514</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	4,64,564	4,73,136
Deferred Tax Liabilities (Net)	5	10,102	10,343
Other Long-Term Liabilities	6	7,912	5,885
Long-Term Provisions	7	3,104	3,033
		<b>4,85,682</b>	<b>4,92,397</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	8	7,03,612	8,27,305
Trade Payables			
– Due to Micro and Small Enterprises	9.1	–	–
– Due to Others	9.2	543	584
Other Current Liabilities			
– Current Maturities of Long-Term Borrowings	4	1,50,231	1,59,476
– Others	10	24,179	25,004
Short-Term Provisions	11	1,390	4,154
		<b>8,79,955</b>	<b>10,16,523</b>
<b>TOTAL</b>		<b>16,52,135</b>	<b>17,85,434</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
– Tangible Assets		63,415	63,827
– Intangible Assets		166	228
– Capital Work-in-Progress		1,052	6,425
Non-Current Investments	13.1	2,02,646	2,75,729
Long-Term Loans and Advances			
– Loan Assets	14	7,94,346	9,28,154
– Other Long-Term Advances	15	56,574	47,545
Other Non-Current Assets	16	45,251	10,704
		<b>11,63,450</b>	<b>13,32,612</b>
<b>Current Assets</b>			
Current Investments	13.2	1,020	1,131
Trade Receivables	17	2,556	3,079
Cash and Cash Equivalents	18	56,280	54,955
Short-Term Loans and Advances			
– Loan Assets	14	43,828	8,586
– Other Advances	19	1,763	1,288
Other Current Assets			
– Current Maturities of Long-Term Loan Assets	14	3,39,313	3,46,066
– Other Current Assets	20	43,925	37,717
		<b>4,88,685</b>	<b>4,52,822</b>
<b>TOTAL</b>		<b>16,52,135</b>	<b>17,85,434</b>
Significant Accounting Policies and Notes to Financial Statements	1 to 40		

The Notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjhunwala**

Partner

Membership No. 056613

Place : Kolkata

Date : 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**  
Chairman & Managing Director

**Shyamalendu Chatterjee**  
Director

**Sameer Sawhney**  
Chief Executive Officer

**Sandeep Lakhota**  
Company Secretary

**Kishore Kumar Lodha**  
Chief Financial Officer

## STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2017

(Rs. in Lacs)

	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>INCOME</b>			
Revenue from Operations	21	2,29,197	1,89,110
Other Income	22	765	523
<b>Total Income</b>		<b>2,29,962</b>	<b>1,89,633</b>
<b>EXPENSES</b>			
Finance Costs	23	1,43,671	1,58,551
Employee Benefits Expense	24	3,931	4,560
Depreciation / Amortisation and Impairment Expense	12	5,157	5,156
Administrative and Other Expenses	25	7,611	7,259
<b>Total Expenses</b>		<b>1,60,370</b>	<b>1,75,526</b>
<b>Profit Before Bad Debts and Advances written off (net) / Provisions, Contingencies, Diminutions &amp; Tax</b>		<b>69,592</b>	<b>14,107</b>
Bad Debts and Advances written off (net) / Provisions, Contingencies & Diminutions	7.1	54,756	5,842
Loss on Sale of Stock for Trade and Investment (net)	7.4	-	123
<b>Profit Before Tax</b>		<b>14,836</b>	<b>8,142</b>
Tax Expense:			
- Current Tax	7.5	6,582	3,241
- Deferred Tax		(241)	(839)
- Mat Credit Entitlement in respect of earlier years		(1,112)	-
<b>Total Tax Expense</b>		<b>5,229</b>	<b>2,402</b>
<b>Profit After Tax</b>		<b>9,607</b>	<b>5,740</b>
<b>Earnings per Equity Share (Basic and Diluted) (in Rs.)</b>			
(Par Value Rs. 10/- per Equity Share)	26	1.91	1.14
Significant Accounting Policies and Notes to Financial Statements	1 to 40		

The Notes referred to above form an integral part of the Statement of Profit and Loss. This is the Statement of Profit and Loss referred to in our report of even date.

For **Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjhunwala**

Partner  
Membership No. 056613

Place : Kolkata  
Date : 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**  
Chairman & Managing Director

**Shyamalendu Chatterjee**  
Director

**Sameer Sawhney**  
Chief Executive Officer

**Sandeep Lakhota**  
Company Secretary

**Kishore Kumar Lodha**  
Chief Financial Officer

**CASH FLOW STATEMENT**

for the year ended 31st March, 2017

(Rs. in Lacs)

	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>14,836</b>	<b>8,142</b>
Adjustments for:		
Depreciation / Amortisation and Impairment Expense	5,157	5,156
Bad Debts and Advances written off (net)	50,979	278
Provision for Bad Debts and Advances	3,448	4,708
Contingent Provisions against Standard Assets	376	856
Loss / (Profit) on Sale of Fixed Assets	(11)	(59)
Loss / (Profit) on Sale of Long-term Trade Investments (net)	(31,835)	(107)
Loss / (Profit) on Sale of Current Investments (net)	(11)	(27)
Loss / (Profit) on Sale of Stock for Trade (net)	(48)	123
Income from Current Investments	(419)	-
Liabilities No Longer Required written back	(3)	(3)
Dividend Income	-	(25)
Provision for Diminution in value of Stock for Trade and Investment	(47)	-
<b>Operating Profit before Working Capital Changes</b>	<b>42,422</b>	<b>19,042</b>
<b>Changes in Working Capital</b>		
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(38,114)	38,610
(Increase) / Decrease in Loan Assets	53,028	(1,26,502)
(Increase) / Decrease in Current Investments / Stock for Trade	(9,830)	1,795
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	14,561	(25,867)
(Decrease) / Increase in Trade Payables / Others	1,124	952
<b>Cash Generated from Operations</b>	<b>63,191</b>	<b>(91,970)</b>
Direct Taxes Paid	(5,896)	(6,706)
<b>Net Cash (Used in) / Generated from Operating Activities</b>	<b>57,295</b>	<b>(98,676)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,414)	(5,885)
Proceeds from Sale of Fixed Assets	157	494
(Increase) / Decrease in Investments (Other than Subsidiaries)	1,05,168	6,664
(Increase) / Decrease of Investments in Subsidiaries	(200)	(100)
Income Received from Current Investments	419	-
Dividend Received	-	25
<b>Net Cash (Used) / Generated in Investing Activities</b>	<b>1,03,130</b>	<b>1,198</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (Decrease) in Debentures (net)	10,156	(4,500)
Increase / (Decrease) in Working Capital facilities (net)	(1,15,846)	59,979
Increase / (Decrease) in Other Loans (net)	(35,820)	34,838
Dividend Paid	(2,517)	(2,516)
Corporate Dividend Tax Paid	(512)	(512)
<b>Net Cash (Used) / Generated in Financing Activities</b>	<b>(1,44,539)</b>	<b>87,289</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>15,886</b>	<b>(10,189)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>11,861</b>	<b>22,050</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>27,747</b>	<b>11,861</b>

**Explanations:**

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 'Cash Flow Statements'.
- Previous year figures have been rearranged / regrouped wherever necessary to conform to the current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjhunwala**

Partner

Membership No. 056613

Place : Kolkata

Date : 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**

Chairman &amp; Managing Director

**Shyamalendu Chatterjee**

Director

**Sameer Sawhney**

Chief Executive Officer

**Sandeep Lakhota**

Company Secretary

**Kishore Kumar Lodha**

Chief Financial Officer

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

### 1(a) Corporate Information

Srei Infrastructure Finance Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is also a Public Financial Institution (PFI) notified under section 4A of the Companies Act, 1956. The Company received a Certificate of Registration from the Reserve Bank of India ('RBI') on 1st August, 1998 to commence / carry on the business of Non-Banking Financial Institution ('NBFI') and was subsequently classified as Infrastructure Finance Company vide Certificate of Registration dated 11th May, 2010.

### 1(b) Significant Accounting Policies

#### 1.1 Basis of Preparation

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India, under the historical cost convention, on accrual basis. As per Rule 7 of The Companies (Accounts) Rules, 2014, the standards of accounting as specified under the Companies Act, 1956 shall be deemed to be the accounting standards until accounting standards are specified by the Central Government under Section 133 of the Companies Act, 2013. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006], the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to an 'Infrastructure Finance Company – Non Deposit Taking' Non-Banking Finance Company ('NBFC'). The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

#### Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III of the Companies Act, 2013.

For the company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the Company is assumed to have a duration of 12 months.

#### 1.2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and the estimates are recognized in the periods in which the results are known / materialized. Any revision to the accounting estimates is recognized prospectively in the current and future accounting years.

#### 1.3 Fixed Assets, Depreciation / Amortisation and Impairment

##### i) Fixed Assets

Tangible fixed assets are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which take substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

Intangible Assets comprising of computer software and licenses expected to provide future enduring economic benefits are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and directly attributable expenditure on making the asset ready for its intended use. Any technology support cost or annual maintenance cost for such software is charged to the Statement of Profit and Loss.

## SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### ii) Depreciation / Amortisation

Depreciation on tangible assets other than Leasehold Improvements, is provided over the estimated useful life of assets, in accordance with Schedule II to the Companies Act, 2013. The residual value of assets is considered as Nil.

The Company has adopted the useful life as specified in Schedule II to the Companies Act, 2013, except for aircraft for which the useful life has been estimated based on Independent technical advice.

The assets for which useful life are adopted as specified in Schedule II to the Companies Act, 2013 are as follows:

	<b>Asset Description (as per Note No. 12)</b>	<b>Estimated useful Life as per Schedule II</b>
<b>I</b>	<b>Assets for Own Use</b>	
i)	Buildings	60 years
ii)	Furniture and Fixtures	10 years
iii)	Motor Vehicles	8 years
iv)	Computers	3, 6 years
v)	Office Equipment	5 years
vi)	Plant & Machinery	15 years
<b>II</b>	<b>Assets given on Operating Lease</b>	
i)	Plant & Machinery	15, 22, 30 years

The useful life of Aircraft which is different from the useful life as specified by Schedule II is as given below:

	<b>Asset Description (as per Note No. 12)</b>	<b>Estimated useful Life duly supported by technical advice</b>	<b>Estimated useful Life as per Schedule II</b>
<b>I</b>	<b>Assets given on Operating Lease</b>		
i)	Aircraft	18 years	20 years

Depreciation / Amortisation on assets purchased / sold during the reporting year is recognised on pro-rata basis.

Lease-hold assets including improvements are amortised over the period of the lease or the estimated useful life of the asset, whichever is lower.

Amortisation of intangible assets is provided on straight line basis which reflect the managements estimate of useful life of such assets:

	<b>Asset Description (as per Note No. 12)</b>	<b>Useful Life as followed by the management</b>
<b>I</b>	<b>Assets for Own Use</b>	
i)	Intangible Assets	2 – 6 years

### iii) Impairment

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount.

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

A previously recognised 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 by charging usual depreciation, if there was no impairment.

### 1.4 Capital Work in Progress

Capital work in progress is stated at cost and includes development and other expenses, including interest during construction period.



## **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **1.5 Borrowing Costs**

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised 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.

Borrowing costs consist 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 borrowing cost. The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of bonds is amortised over the tenure of the bonds. These form part of the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

### **1.6 Operating Leases**

#### **Where the Company is lessee**

Leases under which all the risks and benefit of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases'.

#### **Where the Company is lessor**

Leases under which the Company does not transfer substantially all the risks and benefit of ownership of the asset to the Lessee are classified as operating leases. Assets given on operating leases are included in fixed assets. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred afterwards, are recognised in the Statement of Profit and Loss as they are incurred. Lease income in respect of operating leases is recognized in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases'. Maintenance cost including depreciation is recognised as an expense in the Statement of Profit and Loss.

### **1.7 Investments**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments'. Current investments also include current maturities of long-term investments. All other investments are classified as non-current investments. Current investments are carried at lower of cost and market price determined category-wise. All non-current investments, including investments in Subsidiaries, are carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognise a decline, on an individual basis. The cost of Investments acquired on amalgamations is determined as per the terms of the scheme of amalgamation.

Cost is arrived at on weighted average method for the purpose of valuation of investment.

### **1.8 Stock for Trade**

Stock for Trade is carried at lower of cost and market price, determined category-wise.

### **1.9 Loan Assets**

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable.

Loan assets are carried at net investment amount including installments fallen due, amounts received, assets not paid for, etc. and include assets acquired in satisfaction of debt.

### **1.10 Provisioning / Write-off of assets**

The Company makes provision for Standard, Restructured and Non-Performing Assets as per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended from time to time. The Company also makes additional provision, to the extent considered necessary, based on the management's best estimate. Provision for other receivables is also made on a similar basis.

Loans & Advances which, as per the management are not likely to be recovered, are considered as bad debts and written off.

## SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 1.11 Foreign Currency Transactions and Translations

The reporting currency of the Company is the Indian Rupee (Rs.).

#### i) 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, as on the date of the transaction.

#### ii) Conversion

Year end foreign currency monetary items are reported using the year end 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. 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.

#### iii) 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 year or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expense in the year in which they arise. Exchange differences arising out of foreign currency borrowings are considered as an adjustment to interest cost and recognised in accordance to para 1.5 above.

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

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the respective contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense in the year in which it is cancelled or renewed.

### 1.12 Derivatives and Hedges

The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates / variable interest benchmark on underlying liability, enters into derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes. Derivative contracts which are covered under AS 11, are accounted for as per the aforesaid policy on Foreign Currency Transactions and Translations.

In accordance with the Guidance note on Accounting for Derivatives Contracts ('Guidance Note') issued by the Institute of Chartered Accountants of India, the Company has classified derivative contracts (not covered under AS 11) as hedging instruments and adopted cash flow hedge accounting model for such contracts.

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

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

## **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **1.13 Revenue Recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, it can be reliably measured and it is reasonable to expect ultimate collection.

- a) Income from Loans and Leases is recognised on accrual basis, except in the case of non-performing assets where it is recognised, upon realisation, as per the Prudential Norms / Directions of RBI, applicable to NBFCs.
- b) Interest income from loan assets is recognised 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.
- c) Income from operating lease is recognised on straight line basis over the lease term or other systematic basis which is more representative of the time pattern of the users benefit.
- d) Fees on processing of loans are recognised when a binding obligation for granting loan has been entered into.
- e) Income from Funds is recognised as and when it is distributed by the Fund.
- f) Delayed-payment interest / incremental interest pursuant to upward revision in benchmark interest rate is accrued, only to the extent of probable recovery, as per the best estimate of the management.
- g) Gains arising on securitisation / assignment of assets, if any, are recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI, while loss, if any is recognised upfront. These are considered as income from loans.
- h) Fees for advisory services is accounted based on the stage of completion of assignments, when there is reasonable certainty of its ultimate realisation / collection. Other fee based income is accounted for on accrual basis.
- i) Income from Dividend of shares of corporate bodies is accounted when the Company's right to receive the dividend is established.
- j) Interest income on fixed deposits / margin money is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- k) Profit or Loss on sale of non-current and current investments are recognised when a binding obligation has been entered into.
- l) All other income is accounted for on accrual basis.

### **1.14 Retirement and Other Employee Benefits**

- a) Retirement and employee benefits in the form of Provident Fund and Employee State Insurance are defined contribution plans and the Company's contributions, paid or payable during the reporting period, are charged to the Statement of Profit and Loss.
- b) Gratuity liability is a defined benefit plan and is provided for on the basis of actuarial valuation on projected unit credit method at the Balance Sheet date.
- c) 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 charged to the Statement of Profit and Loss and are not deferred.

### **1.15 Taxes on Income**

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.

**SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Deferred tax reflects the impact of timing differences between taxable income and accounting income for the current reporting year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. 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 recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

MAT credit is recognised 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 recognised 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 created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**1.16 Segment Reporting**

Based on the risks and returns associated with business operations and in terms of Accounting Standard-17 (Segment Reporting), the Company is predominantly engaged in a single reportable segment of 'Financial Services'.

**1.17 Provision, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an 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 best estimate 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. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

**1.18 Earnings Per Share (EPS)**

Basic EPS is 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 year.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**1.19 Assets under Management**

Contracts securitised, assigned or co-branded are derecognised from the books of accounts. Contingent liabilities thereof, if any, are disclosed separately in the notes to financial statements.

**1.20 Prior Period and Extra Ordinary Items**

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

## NOTES TO FINANCIAL STATEMENTS

### 2. SHARE CAPITAL

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
<b>Authorised</b>				
Equity Shares, Rs. 10/- par value per share	1000000000	1,00,000	1000000000	1,00,000
Preference Shares, Rs. 100/- par value per share	500000000	50,000	500000000	50,000
		<b>1,50,000</b>		<b>1,50,000</b>
<b>Issued and subscribed</b>				
Equity Shares, Rs. 10/- par value per share	503559160	50,356	503559160	50,356
<b>Fully Paid-up</b>				
Equity Shares, Rs. 10/- par value per share	503086333	50,309	503086333 <sup>1</sup>	50,309
<b>Forfeited Shares</b>	472827	15	472827	15
		<b>50,324</b>		<b>50,324</b>

<sup>1</sup> Includes 21,600 shares represented by 5,400 Global Depository Receipts (GDRs) issued vide Prospectus dated 18.04.2005.

#### 2.1 Reconciliation of the Number of Equity Shares outstanding

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

Equity Shares	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
At the beginning of the year	503086333	50,309	503086333	50,309
Add: Issued during the year	-	-	-	-
At the end of the year	503086333	50,309	503086333	50,309

#### 2.2 Rights, preferences and restrictions in respect of each class of shares

The Company's authorised capital consists of two classes of shares, referred to as Equity Shares and Preference Shares having par value of Rs. 10/- and Rs. 100/- each respectively. Each holder of equity shares is entitled to one vote per share. Preference Shareholder has a preferential right over equity shareholders, in respect of repayment of capital and payment of dividend. However, no such preference shares have been issued by the Company during the year ended 31st March, 2017 and 31st March, 2016.

The Company declares and pays dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

#### 2.3 Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares (during 5 years preceding 31st March, 2017)

Company has not issued any shares without payment being received in cash / by way of bonus shares since 2011-12.

#### 2.4 Details of Shareholders holding more than 5% of the equity shares each, are set out below:

Name of the shareholders	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Adisri Commercial Private Limited (Holding Company)	303675845	60.36	293201250	58.28
Srei Growth Trust*	Nil	Nil	48600000	9.66
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	41882982	8.33	42943661	8.54

\* Held in the name of Trustees

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## 3. RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>Capital Reserve</b>		
Opening balance	1,945	1,945
Closing balance	<b>1,945</b>	<b>1,945</b>
<b>Securities Premium Reserve</b>		
Opening balance	19,754	19,754
Closing balance	<b>19,754</b>	<b>19,754</b>
<b>Bond / Debenture Redemption Reserve (refer Note No. 3.1)</b>		
Opening balance	16,242	16,242
Add: Transfer from Surplus in the Statement of Profit and Loss	1,097	–
Less: Transfer to Surplus, on repayment of Bond / Debenture	–	–
Closing balance	<b>17,339</b>	<b>16,242</b>
<b>Special Reserve (Reserve Fund as per Section 45–IC of the Reserve Bank of India Act, 1934)</b>		
Opening balance	20,639	19,491
Add: Transfer from Surplus in the Statement of Profit and Loss	1,923	1,148
Closing balance	<b>22,562</b>	<b>20,639</b>
<b>Income Tax Special Reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)</b>		
Opening balance	886	504
Add: Transfer from Surplus in the Statement of Profit and Loss	12,198	382
Closing balance	<b>13,084</b>	<b>886</b>
<b>General Reserve</b>		
Opening balance	1,39,604	1,39,604
Closing balance	<b>1,39,604</b>	<b>1,39,604</b>
<b>Cash Flow Hedge Reserve</b>		
Opening balance	–	–
Add: Addition during the year	(190)	–
Less: Recycled to Statement of Profit and Loss	(1,397)	–
Closing balance	<b>1,207</b>	–
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	27,120	25,938
Add: Net profit for the year	9,607	5,740
Amount available for appropriation	<b>36,727</b>	<b>31,678</b>
<b>Appropriations:</b>		
Proposed Equity dividend [Rs. 0.50* (Previous year Rs. 0.50) per Equity Share]	–	2,516
Corporate dividend tax on proposed dividend	–	512
Adjustment of IRS & CCIRS MTM as on 31st March, 2016 with Opening Reserves	830	–
Transferred to Bond / Debenture Redemption Reserve (net)	1,097	–
Transferred to Special Reserve	1,923	1,148
Transferred to Income Tax Special Reserve	12,198	382
Closing balance	<b>20,679</b>	<b>27,120</b>
<b>Total Reserves and Surplus</b>	<b>2,36,174</b>	<b>2,26,190</b>

\*The Board has recommended a dividend of Rs. 0.50 per share on Equity Shares of the Company, subject to approval of the Members at the forthcoming Annual General Meeting.

## 3.1 Bond / Debenture Redemption Reserve

As per terms of Issue, Company creates Bond / Debenture Redemption Reserve (“DRR”) towards redemption of Long–Term Infrastructure Bonds and Secured Non–Convertible Debentures issued through Public Issue, as statutorily required.

The Company had, in the past years, also created DRR towards redemption of Unsecured Subordinated Bonds / Debentures / Debt (Tier 11 Capital) as per management discretion, by virtue of which during FY 2015–16, no amount was required to be transferred to DRR since, as at March 2016, the DRR was in excess of the statutory requirements.

During FY 2016–17, Company has created DRR to the extent of Rs. 1,097 Lacs towards redemption of Long–Term Infrastructure Bonds and Secured Non–Convertible Debentures issued through Public Issue, as statutorily required.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 4. LONG-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Non-Current Maturities	Current Maturities	Total	Non-Current Maturities	Current Maturities	Total
<b>A. Secured</b>						
<b>Bonds / Debentures</b>						
Long-Term Infrastructure Bonds (refer Note No. 4.1)	2,040	–	2,040	–	2,489	2,489
Non-Convertible Debentures (refer Note No. 4.2)	1,59,142	43,327	2,02,469	1,39,615	45,164	1,84,779
<b>Term Loans (refer Note No. 4.3)</b>						
From Banks						
– Rupee Loans	1,44,619	72,691	2,17,310	1,66,393	82,358	2,48,751
– Foreign Currency Loans	16,122	14,716	30,838	21,360	9,549	30,909
From Financial Institutions						
– Foreign Currency Loans	4,323	10,639	14,962	15,286	12,742	28,028
<b>(A)</b>	<b>3,26,246</b>	<b>1,41,373</b>	<b>4,67,619</b>	<b>3,42,654</b>	<b>1,52,302</b>	<b>4,94,956</b>
<b>B. Unsecured</b>						
<b>Bonds / Debentures</b>						
Subordinated bonds / debentures (Tier II Capital) (refer Note No. 4.4)	1,00,211	8,403	1,08,614	1,08,614	7,085	1,15,699
<b>Term Loans (refer Note No. 4.3)</b>						
From Banks						
– Rupee Loans						
Subordinated loans from banks (Tier II Capital)	10,000	–	10,000	–	–	–
– Foreign Currency Loans						
Other term loans from banks	19,454	–	19,454	11,925	–	11,925
From Financial Institutions						
– Foreign Currency Loans						
Other term loans from financial institution	8,653	455	9,108	9,943	–	9,943
<b>Deposits</b>						
Inter-Corporate Deposits	–	–	–	–	89	89
<b>(B)</b>	<b>1,38,318</b>	<b>8,858</b>	<b>1,47,176</b>	<b>1,30,482</b>	<b>7,174</b>	<b>1,37,656</b>
<b>Total (A+B)</b>	<b>4,64,564</b>	<b>1,50,231</b>	<b>6,14,795</b>	<b>4,73,136</b>	<b>1,59,476</b>	<b>6,32,612</b>

#### 4.1 Long-Term Infrastructure Bonds – Secured, Redeemable, Non-convertible Debentures

During the financial year 2011–12, the Company had raised fund through Public issue of Long-Term Infrastructure Bonds in the nature of Secured, Redeemable Non-Convertible Debentures, eligible for deduction under section 80 CCF of the Income-Tax Act, 1961. Fund raised has been utilised for the purposes of infrastructure lending as per terms in the year of the issue.

Maturity profile and rate of interest of these Bonds are as set out below:

(Rs. in Lacs)

Rate of Interest	Maturity Profile as at 31st March, 2017			Maturity Profile as at 31st March, 2016	
	2026–27	2021–22	Total	2016–17	Total
8.90%	–	1,067	1,067	1,291	1,291
9.15%	973	–	973	1,198	1,198
<b>Total</b>	<b>973</b>	<b>1,067</b>	<b>2,040</b>	<b>2,489</b>	<b>2,489</b>

Bonds with interest rate of 8.90% have an overall tenure of 10 years and those with 9.15%, 15 years. Buyback option was available for all bonds at the end of 5 years i.e. on 22.03.2017 which has lapsed during the year. Bonds are secured by exclusive charge on specific receivables of the Company & pari-passu mortgage / charge on immovable property.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## 4.2 Non-Convertible Debentures

As at 31st March, 2017

(Rs. in Lacs)

Rate of Interest	Maturity Profile*								Total
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	
8.50 <sup>1</sup>	-	-	-	-	-	-	660	-	660
8.54 <sup>4</sup>	-	-	-	-	-	-	895	-	895
8.88 <sup>13</sup>	-	-	-	-	-	1,916	-	-	1,916
9.08 <sup>4</sup>	-	-	-	-	-	-	-	4,802	4,802
9.12 <sup>13</sup>	-	-	-	4,032	-	-	-	-	4,032
9.25 <sup>13</sup>	-	-	-	-	-	10,682	-	-	10,682
9.25 <sup>4 &amp; 13</sup>	-	-	-	-	-	1,818	-	-	1,818
9.35 <sup>1</sup>	-	-	-	-	-	1,497	-	-	1,497
9.50 <sup>13</sup>	-	-	-	11,435	-	-	-	-	11,435
9.50 <sup>4 &amp; 13</sup>	-	-	-	2,079	-	-	-	-	2,079
9.60 <sup>1</sup>	-	-	-	4,469	-	-	-	-	4,469
9.75 <sup>1</sup>	-	-	-	-	-	6,165	-	-	6,165
9.75 <sup>4</sup>	-	-	-	-	-	1,288	-	-	1,288
9.84 <sup>3</sup>	-	-	-	-	-	-	-	46	46
9.92 <sup>3</sup>	-	-	-	-	-	-	-	10	10
10.00 <sup>11</sup>	-	-	-	-	-	-	1,863	-	1,863
10.00 <sup>1</sup>	-	-	-	8,648	-	-	6	-	8,654
10.00 <sup>4</sup>	-	-	-	2,468	-	-	-	-	2,468
10.05 <sup>1</sup>	1,900	-	-	-	-	-	-	-	1,900
10.25 <sup>1</sup>	-	-	-	-	-	6,300	-	-	6,300
10.25 <sup>11</sup>	-	-	-	-	2,905	-	-	-	2,905
10.25 <sup>4</sup>	-	-	-	-	-	150	-	-	150
10.30 <sup>3</sup>	-	-	-	-	-	-	-	1,121	1,121
10.41 <sup>5</sup>	-	-	-	-	-	-	-	52	52
10.50 <sup>1</sup>	-	-	-	-	-	-	472	26	498
10.50 <sup>11</sup>	-	-	-	-	-	-	3,794	-	3,794
10.70 <sup>1</sup>	-	-	-	-	-	-	-	209	209
10.72 <sup>1</sup>	-	-	-	-	-	1	-	-	1
10.75 <sup>1</sup>	-	-	-	-	177	-	-	-	177
10.75 <sup>11</sup>	-	-	-	-	4,679	-	-	-	4,679
10.77 <sup>4 &amp; 12</sup>	-	-	-	-	-	-	1,385	-	1,385
10.85 <sup>1</sup>	-	-	-	-	-	-	332	-	332
10.90 <sup>8</sup>	-	-	-	-	-	-	-	100	100
10.94 <sup>1</sup>	-	-	-	-	-	-	30	-	30
10.95 <sup>1</sup>	-	-	-	-	-	56	-	-	56
10.95 <sup>10</sup>	-	-	-	-	-	-	-	2,303	2,303
11.00 <sup>1</sup>	-	-	-	-	-	-	21,426	1,432	22,858
11.00 <sup>4</sup>	-	-	-	-	-	-	155	10	165
11.00 <sup>4 &amp; 12</sup>	-	-	-	-	1,073	-	-	-	1,073
11.10 <sup>1</sup>	-	450	-	-	-	-	-	-	450
11.16 <sup>1</sup>	-	-	-	-	-	-	1,497	-	1,497
11.16 <sup>9</sup>	-	-	-	-	-	-	1,732	-	1,732
11.17 <sup>10</sup>	-	-	-	-	-	2,862	-	-	2,862
11.24 <sup>4</sup>	-	-	-	-	-	809	-	-	809
11.25 <sup>1</sup>	-	-	-	-	-	4,211	-	317	4,528
11.25 <sup>6</sup>	-	-	-	-	-	-	-	1,500	1,500
11.30 <sup>1</sup>	-	-	-	-	-	-	-	12,770	12,770



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

As at 31st March, 2017

(Rs. in Lacs)

Rate of Interest	Maturity Profile*								Total
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	
11.30 <sup>2</sup>	-	-	-	-	-	-	-	2,000	2,000
11.35 <sup>1</sup>	-	-	2,000	-	-	1,500	-	1,500	5,000
11.40 <sup>1</sup>	1,000	-	130	-	-	-	-	610	1,740
11.40 <sup>2</sup>	-	-	70	-	-	-	-	-	70
11.40 <sup>9</sup>	-	-	-	-	-	757	-	1,620	2,377
11.45 <sup>1</sup>	-	-	-	-	-	200	-	-	200
11.48 <sup>1</sup>	-	-	-	-	-	-	-	170	170
11.50 <sup>1</sup>	-	-	110	-	-	4,015	4,633	-	8,758
11.50 <sup>10</sup>	-	-	-	-	-	-	-	3,470	3,470
11.50 <sup>2</sup>	-	-	-	-	-	-	-	2,500	2,500
11.51 <sup>4&amp;10</sup>	-	-	-	-	-	-	-	890	890
11.55 <sup>1</sup>	-	-	-	-	-	140	-	2,000	2,140
11.72 <sup>4</sup>	-	-	-	-	-	881	-	-	881
11.75 <sup>1</sup>	-	-	-	-	-	-	1,515	-	1,515
11.75 <sup>10</sup>	-	-	-	-	-	13,149	-	-	13,149
11.75 <sup>4&amp;10</sup>	-	-	-	-	-	1,165	-	-	1,165
11.75 <sup>9</sup>	-	-	-	-	-	-	1,115	-	1,115
11.90 <sup>1</sup>	-	-	-	4,000	-	-	-	-	4,000
12.00 <sup>4&amp;9</sup>	-	-	-	-	-	532	-	1,073	1,605
12.00 <sup>9</sup>	-	-	-	-	-	5,626	-	2,796	8,422
12.50 <sup>7</sup>	-	-	-	-	-	-	287	-	287
<b>Total</b>	<b>2,900</b>	<b>450</b>	<b>2,310</b>	<b>37,131</b>	<b>8,834</b>	<b>65,720</b>	<b>41,797</b>	<b>43,327</b>	<b>2,02,469</b>

\* Includes current maturities

<sup>1</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property.

<sup>2</sup> Secured against Mortgage of immovable property.

<sup>3</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. NCD's have an overall tenure of 7 years and having put/ call option at the end of 5 years i.e. on 05.11.2017

<sup>4</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest.

<sup>5</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05.11.2017.

<sup>6</sup> Secured against Mortgage of immovable property. NCD's have an overall tenure of 5 years and having put / call option at the end of 3 years i.e. on 08.06.2015.

<sup>7</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. As interest rate during the tenor of bond is different i.e. Year 1 : 12.50% Year 2 : 12% Year 3 : 11.50% Year 4 : 11.25% Year 5 : 11.25%, interest rate for 1st year considered for disclosure.

<sup>8</sup> Secured against Receivables / Assets of the Company.

<sup>9</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. In case investor fall under individual category and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by investors on the relevant record date of interest payment.

<sup>10</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. In case investor fall under individual category and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company and / or senior citizens on the date of allotment, shall be eligible for additional coupon

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by the investors on the relevant record date of interest payment.

- <sup>11</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. In case investor fall under individual category shall be eligible for additional coupon rate of 0.25% p.a. Further, investor who are individual and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company and / or senior citizens and / or employees of Company on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by the investors on the relevant record date of interest payment.
- <sup>12</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Investor who are individual and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company and / or senior citizens and / or employees of Company on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by the investors on the relevant record date of interest payment
- <sup>13</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Investor who are individual and who are holder of NCD(s) / Bond(s) previously issued by the Company and Srei Equipment Finance Limited, in past public issues and / or are equity shareholder(s) of the Company and / or are Senior Citizens and / or are Employees of Srei Group (the Company and all its subsidiaries, sub-subsidiaries, associates and group companies), on date of allotment, shall be eligible for additional coupon of 0.25% p.a. provided the proposed NCDs are held by the Investors on the relevant record date of interest payment.

Funds raised Rs. 62,854 Lacs through public issue of Secured, Redeemable Non-Convertible Debentures have been utilised for the purposes as per the terms of the issue.

All the above debentures are redeemable at par.

As at 31st March, 2016

(Rs. in Lacs)

Rate of Interest	Maturity Profile*									Total
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	
9.84 <sup>3</sup>	-	-	-	-	-	-	-	46	-	46
9.92 <sup>3</sup>	-	-	-	-	-	-	-	10	-	10
10.00 <sup>1</sup>	-	-	-	-	-	-	6	-	-	6
10.00 <sup>11</sup>	-	-	-	-	-	-	1,863	-	-	1,863
10.05 <sup>1</sup>	1,900	-	-	-	-	-	-	-	-	1,900
10.25 <sup>1</sup>	-	-	-	-	-	6,300	-	-	-	6,300
10.25 <sup>11</sup>	-	-	-	-	2,905	-	-	-	-	2,905
10.25 <sup>4</sup>	-	-	-	-	-	150	-	-	-	150
10.30 <sup>3</sup>	-	-	-	-	-	-	-	1,121	-	1,121
10.35 <sup>1</sup>	-	-	-	-	-	-	-	-	439	439
10.41 <sup>5</sup>	-	-	-	-	-	-	-	52	-	52
10.50 <sup>1</sup>	-	-	-	-	-	-	472	26	-	498
10.50 <sup>11</sup>	-	-	-	-	-	-	3,794	-	-	3,794
10.65 <sup>1</sup>	-	-	-	-	-	-	-	-	1,147	1,147
10.70 <sup>1</sup>	-	-	-	-	-	-	-	209	-	209
10.72 <sup>1</sup>	-	-	-	-	-	1	-	-	-	1
10.75 <sup>1</sup>	-	-	-	-	177	-	-	-	1,325	1,502
10.75 <sup>11</sup>	-	-	-	-	4,679	-	-	-	-	4,679
10.75 <sup>4</sup>	-	-	-	-	-	-	-	-	38	38
10.76 <sup>4</sup>	-	-	-	-	-	-	-	-	195	195
10.77 <sup>4 &amp; 12</sup>	-	-	-	-	-	-	1,385	-	-	1,385
10.80 <sup>1</sup>	-	-	-	-	-	-	-	-	6,668	6,668
10.85 <sup>1</sup>	-	-	-	-	-	-	332	-	-	332
10.90 <sup>1</sup>	-	-	-	-	-	-	-	-	34	34
10.90 <sup>2</sup>	-	-	-	-	-	-	-	100	-	100

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

As at 31st March, 2016

(Rs. in Lacs)

Rate of Interest	Maturity Profile*									Total
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	
10.94 <sup>1</sup>	-	-	-	-	-	-	30	-	-	30
10.95 <sup>1</sup>	-	-	-	-	-	56	-	-	-	56
10.95 <sup>10</sup>	-	-	-	-	-	-	-	2,303	-	2,303
11.00 <sup>1</sup>	-	-	-	-	-	-	21,426	1,432	-	22,858
11.00 <sup>4</sup>	-	-	-	-	-	-	155	10	-	165
11.00 <sup>4 &amp; 12</sup>	-	-	-	-	1,073	-	-	-	-	1,073
11.10 <sup>1</sup>	-	450	-	-	-	-	-	-	-	450
11.16 <sup>1</sup>	-	-	-	-	-	-	1,497	-	-	1,497
11.16 <sup>9</sup>	-	-	-	-	-	-	1,732	-	-	1,732
11.17 <sup>10</sup>	-	-	-	-	-	2,862	-	-	-	2,862
11.24 <sup>4</sup>	-	-	-	-	-	809	-	-	-	809
11.25 <sup>1</sup>	-	-	-	-	-	4,211	-	317	120	4,648
11.25 <sup>10</sup>	-	-	-	-	-	-	-	-	1,796	1,796
11.25 <sup>4 &amp; 10</sup>	-	-	-	-	-	-	-	-	585	585
11.25 <sup>6</sup>	-	-	-	-	-	-	-	1,500	-	1,500
11.30 <sup>1</sup>	-	-	-	-	-	-	-	12,770	-	12,770
11.30 <sup>2</sup>	-	-	-	-	-	-	-	2,000	-	2,000
11.35 <sup>1</sup>	-	-	2,000	-	-	1,500	-	1,500	-	5,000
11.40 <sup>1</sup>	1,000	-	130	-	-	-	-	610	-	1,740
11.40 <sup>2</sup>	-	-	70	-	-	-	-	-	-	70
11.40 <sup>9</sup>	-	-	-	-	-	757	-	1,620	-	2,377
11.45 <sup>1</sup>	-	-	-	-	-	200	-	-	-	200
11.48 <sup>1</sup>	-	-	-	-	-	-	-	170	-	170
11.50 <sup>1</sup>	-	-	110	-	-	4,015	4,633	-	1,666	10,424
11.50 <sup>10</sup>	-	-	-	-	-	-	-	3,470	-	3,470
11.50 <sup>2</sup>	-	-	-	-	-	-	-	2,500	-	2,500
11.50 <sup>9</sup>	-	-	-	-	-	-	-	-	674	674
11.51 <sup>4</sup>	-	-	-	-	-	-	-	-	737	737
11.51 <sup>4 &amp; 10</sup>	-	-	-	-	-	-	-	890	-	890
11.51 <sup>4 &amp; 9</sup>	-	-	-	-	-	-	-	-	440	440
11.55 <sup>1</sup>	-	-	-	-	-	140	-	2,000	-	2,140
11.72 <sup>4</sup>	-	-	-	-	-	881	-	-	-	881
11.75 <sup>1</sup>	-	-	-	-	-	-	1,515	-	29,300	30,815
11.75 <sup>10</sup>	-	-	-	-	-	13,149	-	-	-	13,149
11.75 <sup>4 &amp; 10</sup>	-	-	-	-	-	1,165	-	-	-	1,165
11.75 <sup>9</sup>	-	-	-	-	-	-	1,115	-	-	1,115
11.90 <sup>1</sup>	-	-	-	4,000	-	-	-	-	-	4,000
12.00 <sup>4 &amp; 9</sup>	-	-	-	-	-	533	-	1,072	-	1,605
12.00 <sup>9</sup>	-	-	-	-	-	5,626	-	2,796	-	8,422
12.50 <sup>7</sup>	-	-	-	-	-	-	287	-	-	287
<b>Total</b>	<b>2,900</b>	<b>450</b>	<b>2,310</b>	<b>4,000</b>	<b>8,834</b>	<b>42,355</b>	<b>40,242</b>	<b>38,524</b>	<b>45,164</b>	<b>1,84,779</b>

\* Includes current maturities

<sup>1</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property.

<sup>2</sup> Secured against Mortgage of immovable property.

<sup>3</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05.11.2017

**NOTES TO FINANCIAL STATEMENTS (CONTD.)**

- <sup>4</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest.
- <sup>5</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Due to cumulative Interest bonds wherein interest is payable on maturity, yield has been considered as rate of interest. NCD's have an overall tenure of 7 years and having put / call option at the end of 5 years i.e. on 05.11.2017.
- <sup>6</sup> Secured against Mortgage of immovable property. NCD's have an overall tenure of 5 years and having put / call option at the end of 3 years i.e. on 08.06.2015.
- <sup>7</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. As interest rate during the tenor of bond is different i.e. Year 1 : 12.50% Year 2 : 12% Year 3 : 11.50% Year 4 : 11.25% Year 5 : 11.25%, interest rate for 1st year considered for disclosure.
- <sup>8</sup> Secured against Receivables / Assets of the Company.
- <sup>9</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. In case investor fall under individual category and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and/ or are equity shareholder(s) of Company on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s)/Bond(s) are held by investors on the relevant record date of interest payment.
- <sup>10</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. In case investor fall under individual category and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company and / or senior citizens on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by the investors on the relevant record date of interest payment.
- <sup>11</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. In case investor fall under individual category shall be eligible for additional coupon rate of 0.25% p.a. Further, investor who are individual and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company and / or senior citizens and / or employees of Company on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by the investors on the relevant record date of interest payment.
- <sup>12</sup> Secured against Receivables / Assets of the Company and mortgage of immovable property. Investor who are individual and who are holder of NCD(s) / Bond(s) previously issued by the Company in past public issues and / or are equity shareholder(s) of Company and / or senior citizens and/or employees of Company on the date of allotment, shall be eligible for additional coupon rate of 0.25% p.a. provided the NCD(s) / Bond(s) are held by the investors on the relevant record date of interest payment.

Funds raised Rs. 16,354 Lacs through public issue of Secured, Redeemable Non-Convertible Debentures have been utilised for the purposes as per the terms of the issue.

All the above debentures are redeemable at par.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 4.3 Term Loans

#### Secured

As at 31st March, 2017

(Rs. in Lacs)

Particulars	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks – Rupee Loans	3,437	33,625	1,07,557	72,691	2,17,310	MCLR / Base Rate + 00bps to 200bps
From Banks – Foreign Currency Loans	5,179	3,452	7,491	14,716	30,838	Libor / Euribor + 295bps to 350bps
From Financial Institutions – Foreign Currency Loans <sup>1</sup>	–	–	4,323	10,639	14,962	Libor + 115bps to 410bps
<b>Total</b>	<b>8,616</b>	<b>37,077</b>	<b>1,19,371</b>	<b>98,046</b>	<b>2,63,110</b>	

As at 31st March, 2016

(Rs. in Lacs)

Particulars	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks – Rupee Loans (Floating)	13,104	41,926	1,11,363	80,958	2,47,351	Base Rate + 00bps to 250bps
From Banks – Rupee Loans (Fixed)	–	–	–	1,400	1,400	11.25%
From Banks – Foreign Currency Loans	–	2,262	19,098	9,549	30,909	Libor / Euribor + 330bps to 350bps
From Financial Institutions – Foreign Currency Loans <sup>1</sup>	–	–	15,286	12,742	28,028	Libor + 115bps to 410bps
<b>Total</b>	<b>13,104</b>	<b>44,188</b>	<b>1,45,747</b>	<b>1,04,649</b>	<b>3,07,688</b>	

\* Includes current maturities

The above Term Loans are secured by charge on specific assets covered by loan / lease agreements with customers and / or receivables arising therefrom.

<sup>1</sup> Includes loans of Rs. 2,425 Lacs (Previous year: Rs. 6,828 Lacs) guaranteed by Export Import Bank of the United States.

#### UNSECURED

As at 31st March, 2017

(Rs. in Lacs)

Particulars	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks – Foreign Currency Loans	19,454	–	–	–	19,454	Libor + 350bps
From Financial Institutions – Foreign Currency Loans	5,009	1,822	1,822	455	9,108	Euribor + 33bps
From Banks – Subordinated Rupee Loans	10,000	–	–	–	10,000	MCLR + 200bps
<b>Total</b>	<b>34,463</b>	<b>1,822</b>	<b>1,822</b>	<b>455</b>	<b>38,562</b>	

As at 31st March, 2016

(Rs. in Lacs)

Particulars	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks – Foreign Currency Loans	11,925	–	–	–	11,925	Libor + 350bps
From Financial Institutions – Foreign Currency Loans	6,463	1,989	1,491	–	9,943	Euribor + 33bps
<b>Total</b>	<b>18,388</b>	<b>1,989</b>	<b>1,491</b>	<b>–</b>	<b>21,868</b>	

\* Includes current maturities

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 4.4 Unsecured Subordinated bonds / debentures (Tier II Capital)

During the year, the Company raised subordinated debt qualifying for Tier II capital amounting to Rs. Nil (Previous year: Rs. Nil). The following table sets forth the details of the outstanding:

As at 31st March, 2017

(Rs. in Lacs)

Rate of Interest	Maturity Profile							Total
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	
10.20%	-	-	-	-	20,000	-	-	20,000
10.50%	-	-	-	5,000	-	-	-	5,000
10.60%	-	-	-	-	4,030	-	-	4,030
10.75%	5,840	-	-	1,660	-	-	-	7,500
11.10%	-	-	-	-	-	1,440	-	1,440
11.25%	-	3,400	-	-	-	-	-	3,400
11.40%	-	-	10,000	-	-	-	-	10,000
11.50%	-	2,336	-	-	-	6,130	7,403	15,869
11.70%	-	4,690	-	-	-	-	-	4,690
11.75%	-	-	-	-	-	-	1,000	1,000
11.80%	-	6,770	-	-	-	-	-	6,770
11.85%	-	7,000	-	-	-	-	-	7,000
11.90%	-	-	21,915	-	-	-	-	21,915
<b>Total</b>	<b>5,840</b>	<b>24,196</b>	<b>31,915</b>	<b>6,660</b>	<b>24,030</b>	<b>7,570</b>	<b>8,403</b>	<b>1,08,614</b>

All the above bonds are redeemable at par.

As at 31st March, 2016

(Rs. in Lacs)

Rate of Interest	Maturity Profile								Total
	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	
10.20%	-	-	-	-	20,000	-	-	-	20,000
10.50%	-	-	-	5,000	-	-	-	-	5,000
10.60%	-	-	-	-	4,030	-	-	-	4,030
10.75%	5,840	-	-	1,660	-	-	-	-	7,500
11.10%	-	-	-	-	-	1,440	-	-	1,440
11.25%	-	3,400	-	-	-	-	-	-	3,400
11.40%	-	-	10,000	-	-	-	-	-	10,000
11.50%	-	2,336	-	-	-	6,130	7,403	-	15,869
11.70%	-	4,690	-	-	-	-	-	-	4,690
11.75%	-	-	-	-	-	-	1,000	85	1,085
11.80%	-	6,770	-	-	-	-	-	-	6,770
11.85%	-	7,000	-	-	-	-	-	2,000	9,000
11.90%	-	-	21,915	-	-	-	-	-	21,915
12.00%	-	-	-	-	-	-	-	5,000	5,000
<b>Total</b>	<b>5,840</b>	<b>24,196</b>	<b>31,915</b>	<b>6,660</b>	<b>24,030</b>	<b>7,570</b>	<b>8,403</b>	<b>7,085</b>	<b>1,15,699</b>

All the above bonds are redeemable at par.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 5. DEFERRED TAX LIABILITIES (Net)

In terms of Accounting Standard 22, the net Deferred Tax Liability (DTL) reversed during the year is Rs. 241 Lacs (Previous year Rs. 839 Lacs). Consequently, the net DTL as at year-end stands at Rs. 10,102 Lacs (Previous Year Rs. 10,343 Lacs). The break-up of major components of net DTL is as follows:

(Rs. in Lacs)

Particulars	Liability / (Asset)	
	As at	As at
	31st March, 2017	31st March, 2016
Depreciation on Fixed Assets	11,324	11,633
Deferred Revenue Expenditure	1,845	2,170
Others	(3,067)	(3,460)
<b>Total</b>	<b>10,102</b>	<b>10,343</b>

### 6. OTHER LONG-TERM LIABILITIES

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
	Interest Accrued but not due on Borrowings	3,100
Sundry liabilities (Interest Capitalisation) Account (As per RBI guidelines)	4,695	3,283
Security Deposits & Retentions	117	247
<b>Total</b>	<b>7,912</b>	<b>5,885</b>

### 7. LONG-TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
	<b>Provision for Employee Benefits (Non-Current Portion) (refer Note No. 34)</b>	
Gratuity	233	245
Unavailed Leave	281	307
<b>(A)</b>	<b>514</b>	<b>552</b>
<b>Other Provisions</b>		
Contingent Provisions against Standard Assets (refer Note No. 7.2)	2,590	2,481
<b>(B)</b>	<b>2,590</b>	<b>2,481</b>
<b>Total (A+B)</b>	<b>3,104</b>	<b>3,033</b>

#### 7.1 Bad Debts and Advances written off (net) / Provisions, Contingencies & Diminutions

(Rs. in Lacs)

Particulars	2016-17	2015-16
Bad Debts and Advances written off (net)	50,979	278
Provision for Bad Debts and Advances (refer Note 7.2)	3,448	4,708
Contingent Provisions against Standard Assets (refer Note 7.2)	376	856
Provision for Diminution in Value of Stock for Trade and Investment (refer Note 7.3)	(47)	-
<b>Total</b>	<b>54,756</b>	<b>5,842</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 7.2 Nature of certain provisions and their movement

Provision for Bad Debts and Advances is made in the financial statements according to the Prudential Norms prescribed by RBI for NBFCs. The Company also makes additional provision based on the management's best estimate, to the extent considered necessary.

The Company creates a general provision at 0.35% of the standard assets outstanding on the balance sheet date, as per the RBI Prudential Norms.

The following table sets forth the movement of aforesaid Provisions:

(Rs. in Lacs)

Particulars	Provision for Bad Debts and Advances		Contingent Provisions against Standard Assets	
	As at	As at	As at	As at
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Opening balance	19,124	14,416	3,548	2,692
Provision made during the year	3,448	4,708	376	856
<b>Closing balance</b>	<b>22,572</b>	<b>19,124</b>	<b>3,924</b>	<b>3,548</b>

### 7.3 Provision for Diminution in Value of Stock for Trade and Investment

(Rs. in Lacs)

Particulars	2016-17	2015-16
Provision for Diminution in Value of Long-Term Trade Investment	(50)	-
Provision for Diminution in Value of Stock for Trade	3	-
<b>Total</b>	<b>(47)</b>	<b>-</b>

### 7.4 Loss on Sale of Stock for Trade and Investment (net)

(Rs. in Lacs)

Particulars	2016-17	2015-16
Loss on Sale of Stock for Trade (net)	-	1,085
Less:		
Provision for Diminution in Value of Stock for Trade	-	962
<b>Total</b>	<b>-</b>	<b>123</b>

### 7.5 Current Tax

(Rs. in Lacs)

Particulars	2016-17	2015-16
Provision for taxation for the year	8,305	3,241
Income Tax in respect of earlier years	(1,723)	-
<b>Total</b>	<b>6,582</b>	<b>3,241</b>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 8. SHORT-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>A. Secured</b>		
<b>Loans repayable on demand</b>		
Working Capital Facilities from Banks (Rupee Loan) (refer Note No. 8.1)	5,73,800	5,33,300
<b>Other Loans</b>		
Working Capital Facilities from Banks (Rupee Loan) (refer Note No. 8.1)	90,591	2,47,427
Buyer's credit from Banks – Foreign Currency Loans (refer Note No. 8.3)	490	–
<b>(A)</b>	<b>6,64,881</b>	<b>7,80,727</b>
<b>B. Unsecured</b>		
<b>Deposits</b>		
Inter Corporate Deposits		
– From Related Parties	1,060	1,057
– From Others	212	702
<b>Other Loans</b>		
Commercial Papers (refer Note No. 8.2)		
– From Others [net of prepaid discount for Rs. 951 Lacs (Previous year Rs. 1,046 Lacs)]	37,459	44,819
<b>(B)</b>	<b>38,731</b>	<b>46,578</b>
<b>Total (A+B)</b>	<b>7,03,612</b>	<b>8,27,305</b>

- 8.1** Working capital facilities from banks, including working capital demand loans earmarked against such facilities, are secured by hypothecation of underlying assets (short-term as well as long-term loan assets) covered by hypothecation loan 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.
- 8.2** Face value of Commercial Paper outstanding as at 31st March, 2017 is Rs. 38,410 Lacs (Previous year Rs. 45,865 Lacs). Face value of maximum outstanding at any time during the year was Rs. 1,22,940 Lacs (Previous year Rs. 4,12,775 Lacs). Face value of Commercial Paper repayable within one year is Rs. 38,410 Lacs (Previous year Rs. 45,865 Lacs).
- 8.3** The above foreign currency buyer's credit from banks are repayable by bullet payment and have tenure of upto 1 year. These loans are secured by import documents covering title to capital goods and extension of pari passu charge towards working capital facilities.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### TRADE PAYABLES

#### 9.1 Due to Micro and Small Enterprises

(Rs. in Lacs)

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

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

#### 9.2 Due to Others

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
For Services	232	524
Operating Lease	311	60
<b>Total</b>	<b>543</b>	<b>584</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 10. OTHER CURRENT LIABILITIES – OTHERS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Interest Accrued but not due on Borrowings	18,422	18,941
Interest Accrued and due on Borrowings	92	191
Interest Accrued but not due on Others	194	46
Unclaimed Dividend ( <i>refer Note No. 10.1</i> )	35	36
Unclaimed Matured Public Deposits and Interest Accrued thereon ( <i>refer Note No. 10.1 &amp; 10.2</i> )	3	16
Unpaid Matured Debentures and Interest Accrued thereon	442	–
Advance from Customers	23	171
Statutory Liabilities	206	281
Security Deposits & Retentions	2,979	2,819
Payable to Employees	253	241
Commission Payable to Directors	135	110
Liability for Operating Expenses	1,275	2,057
Premium payable on Forward contracts	46	47
Derivative Liability	74	–
Other Liabilities	–	48
<b>Total</b>	<b>24,179</b>	<b>25,004</b>

**10.1** To be credited to Investor Education and Protection Fund as and when due.

**10.2** In order to qualify for registration as an 'Infrastructure Finance Company', the Company decided not to accept or renew public deposits w.e.f. 20th April, 2010. The amount of public deposits outstanding as on 19th April, 2010 (including matured and unclaimed deposits) along with accrued and future interest thereof is kept in the form of a Fixed Deposit, under lien, with Axis Bank Limited, a scheduled commercial bank, for the purpose of making payment to the depositors. The outstanding balance of the Fixed Deposit as at 31st March, 2017 is Rs. 25 Lacs (Previous year Rs. 25 Lacs).

### 11. SHORT-TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>Provision for Employee Benefits (Current Portion)</b> ( <i>refer Note No. 34</i> )		
Unavailed leave	56	59
<b>(A)</b>	<b>56</b>	<b>59</b>
<b>Other Provisions</b>		
Proposed Equity dividend [Rs. 0.50* (Previous year Rs. 0.50) per Equity Share]	–	2,516
Provision for Corporate Dividend Tax	–	512
Contingent Provisions against Standard Assets ( <i>refer Note No. 7.2</i> )	1,334	1,067
<b>(B)</b>	<b>1,334</b>	<b>4,095</b>
<b>Total (A+B)</b>	<b>1,390</b>	<b>4,154</b>

\* The Board has recommended a dividend of Rs. 0.50 per share on Equity Shares of the Company, subject to approval of the Members at the forthcoming Annual General Meeting.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 12. FIXED ASSETS

(Rs. in Lacs)

Particulars	Gross Block / Original Cost				Depreciation / Amortisation and Impairment			Net Carrying Value		
	As at 1st April, 2016	Additions during the year	Adjustments during the year	Disposals during the year	As at 1st April, 2016	For the year ending 31st March, 2017	Disposals during the year ending 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016	
	(a)	(b)	(c)	(d)	(e=a+b+c-d)	(f)	(g)	(h)	(i=f+g-h)	(a-f)
<b>I. Tangible Assets:</b>										
<b>Assets for Own use</b>										
Buildings <sup>1</sup>	16,289	-	-	7	16,282	1,305	305	2	1,608	14,674
Leasehold Improvements	5,458	1,146	-	2	6,602	2,042	689	1	2,730	3,872
Furniture and Fixtures	3,553	976	-	1	4,528	929	435	-	1,364	2,624
Computers	235	22	-	34	223	184	24	34	174	49
Office Equipment	1,194	312	-	8	1,498	764	241	8	997	501
Plant & Machinery	110	29	-	-	139	31	9	-	40	99
Motor Vehicles	129	-	-	-	129	42	17	-	59	70
<b>Total (A)</b>	<b>26,968</b>	<b>2,485</b>	<b>-</b>	<b>52</b>	<b>29,401</b>	<b>5,297</b>	<b>1,720</b>	<b>45</b>	<b>6,972</b>	<b>22,429</b>
<b>Assets given on Operating Lease</b>										
Plant & Machinery <sup>2</sup>	52,710	2,790	-	1,185	54,315	10,751	3,166	588	13,329	40,986
Aircrafts	1,987	-	-	-	1,987	1,790	197	-	1,987	-
<b>Total (B)</b>	<b>54,697</b>	<b>2,790</b>	<b>-</b>	<b>1,185</b>	<b>56,302</b>	<b>12,541</b>	<b>3,363</b>	<b>588</b>	<b>15,316</b>	<b>40,986</b>
<b>Total (I)= (A+B)</b>	<b>81,665</b>	<b>5,275</b>	<b>-</b>	<b>1,237</b>	<b>85,703</b>	<b>17,838</b>	<b>5,083</b>	<b>633</b>	<b>22,288</b>	<b>63,415</b>
<b>II. Intangible Assets:</b>										
Computer Software	540	12	-	41	511	312	74	41	345	166
<b>Total (II)</b>	<b>540</b>	<b>12</b>	<b>-</b>	<b>41</b>	<b>511</b>	<b>312</b>	<b>74</b>	<b>41</b>	<b>345</b>	<b>166</b>
<b>Total Fixed Assets= (I+II)</b>	<b>82,205</b>	<b>5,287</b>	<b>-</b>	<b>1,278</b>	<b>86,214</b>	<b>18,150</b>	<b>5,157</b>	<b>674</b>	<b>22,633</b>	<b>63,581</b>
Previous year	78,139	5,181	2	1,117	82,205	13,676	5,156	682	18,150	64,055
<b>III. Capital work in Progress</b>										
										<b>1,052</b>
										<b>6,425</b>

<sup>1</sup> Building includes Rs. 9,967.98 Lacs (Previous year Rs. 9,967.98 Lacs) in respect of which conveyance is pending.

<sup>2</sup> Plant & Machinery includes assets worth Rs. 2,085 Lacs (Previous year Rs. 2,693 Lacs) which have been taken over by the Company from its existing customers, for which existing charge in favour of the lenders is yet to be released.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 13.1 NON-CURRENT INVESTMENTS

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>A. Trade Investments – at cost unless otherwise stated</b>					
<b>I. In Equity Instruments (Unquoted)</b>					
<b>(a) In Subsidiaries</b>					
Srei Capital Markets Limited	10	5050000	5050000	505.00	505.00
Srei Forex Limited (Net of provision for other than temporary diminution aggregating Rs. Nil (Previous year Rs. 50 Lacs)	10	–	500000	–	–
Srei Insurance Broking Private Limited	10	4900000	4900000	506.17	506.17
Srei Alternative Investment Managers Limited	10	250000	250000	25.00	25.00
Srei Infrastructure Advisors Limited	10	500000	500000	50.00	50.00
Controlla Electrotech Private Limited	10	35305	35305	707.87	707.87
Srei International Infrastructure Services GmbH, Germany #	**	–	**	–	3,389.96
Srei Mutual Fund Asset Management Private Limited	10	16000000	16000000	1,600.00	1,600.00
Srei Mutual Fund Trust Private Limited	10	150000	150000	15.00	15.00
Quippo Oil & Gas Infrastructure Limited	10	30000000	30000000	10,770.28	10,520.28
Quippo Energy Limited	10	1000000	1000000	20,189.70	20,189.70
Srei Asset Reconstruction Private Limited	10	100000	100000	10.00	10.00
Srei Equipment Finance Limited @	10	59660000	–	32,495.16	–
<b>Subtotal – (a)</b>				<b>66,874.18</b>	<b>37,518.98</b>
<b>(b) In Joint Venture</b>					
Srei Equipment Finance Limited @	10	–	29830000	–	17,473.00
<b>Subtotal – (b)</b>				<b>–</b>	<b>17,473.00</b>
<b>(c) In Associates</b>					
Sahaj e-Village Limited \$	10	10760000	10760000	1,076.06	1,076.06
Attivo Economic Zone (Mumbai) Private Limited	10	10000	10000	8,046.60	8,046.60
Srei International Infrastructure Services GmbH, Germany #	**	**	–	3,389.96	–
<b>Subtotal – (c)</b>				<b>12,512.62</b>	<b>9,122.66</b>
<b>(d) Others</b>					
TN (DK) Expressways Limited (Pledged with Bank)	10	13000	13000	1.30	1.30
Madurai Tuticorin Expressways Limited (Pledged with Bank)	10	19500	19500	1.95	1.95
Guruvayoor Infrastructure Private Limited	10	–	20010000	–	2,001.00
Mahakaleshwar Tollways Private Limited	10	–	5000	–	0.50
ATC Telecom Infrastructure Private Limited (Formerly Viom Networks Limited)	10	–	73344044	–	1,59,801.18
Nagpur Seoni Expressway Limited (Pledged with Bank), [Net of provision for other than temporary diminution aggregating Rs. 0.01 Lacs (Previous year Rs. 0.01 Lacs)]	10	100	100	–	–
India Power Corporation Limited	1	959310000	959310000	0.85	0.85
Maharashtra Border Check Post Network Limited [(Net of provision for other than temporary diminution aggregating Rs. 0.25 Lacs (Previous year Rs. 0.25 Lacs)]	10	2500	2500	–	–
Kurukshetra Expressway Private Limited	10	–	20504960	–	3,610.99
Shree Jagannath Expressways Private Limited	10	–	20695600	–	2,069.56
Orissa Steel Expressways Private Limited	10	–	11584933	–	1,158.49
Ghaziabad Aligarh Expressway Private Limited	10	–	5000	–	0.50
Potin Pangin Highway Private Limited	10	5000	5000	0.50	0.50

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Suratgarh Bikaner Toll Road Company Private Limited	10	17750	17750	1.78	1.78
Solapur Tollways Private Limited	10	–	4900	–	0.49
Royal Infracore Private Limited	10	100000	100000	10.00	10.00
Quippo Telecom Infrastructure Private Limited	10	–	77550000	–	–
Bharat Road Network Limited	10	16630000	–	34,091.50	–
<b>Subtotal– (d)</b>				<b>34,107.88</b>	<b>1,68,659.09</b>
<b>Total I (Subtotal a+b+c+d)</b>				<b>1,13,494.68</b>	<b>2,32,773.73</b>
<b>II. In Convertible Warrants (Unquoted)</b>					
Srei Mutual Fund Trust Private Limited	10	110000	50000	11.00	5.00
Solapur Tollways Private Limited	10	165920000	–	16,592.00	–
Swach Environment Private Limited	10	15000000	–	1,500.00	–
Ghaziabad Aligarh Expressway Private Limited	10	88081160	–	8,808.12	–
<b>Total II</b>				<b>26,911.12</b>	<b>5.00</b>
<b>III. In Preference Shares (Unquoted)</b>					
<b>(a) In Subsidiary</b>					
Quippo Energy Limited (Formerly Quippo Energy Private Limited) 0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019	100	2354	2354	–	–
Quippo Oil & Gas Infrastructure Limited 0.1% Redeemable Cumulative Optionally Convertible Preference Shares, 2025	10	14300000	14300000	5,005.00	5,005.00
Quippo Oil & Gas Infrastructure Limited 0.1% Redeemable Cumulative Optionally Convertible Preference Shares, 2026	10	6500000	–	2,470.00	–
<b>Subtotal– (a)</b>				<b>7,475.00</b>	<b>5,005.00</b>
<b>(b) In Others</b>					
Quippo Construction Equipment Limited 0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019	100	9962	9962	–	–
<b>Subtotal– (b)</b>				<b>–</b>	<b>–</b>
<b>Total III (Subtotal a+b)</b>				<b>7,475.00</b>	<b>5,005.00</b>
<b>IV. Interest in a Beneficiary Trust</b>					
Srei Growth Trust (represented by Trustees)	–	–	–	–	1,851.50
<b>Total IV</b>				<b>–</b>	<b>1,851.50</b>
<b>V. In Units of Trusts and Schemes of Venture Funds</b>					
Infrastructure Project Development Capital	100	1102754	1102754	1,102.75	1,102.75
Infra Construction Fund	100	1880333	1880333	1,880.33	1,880.33
India Growth Opportunities Fund	100	3526949	3526949	3,786.18	3,786.18
Infra Advantage Fund	100	218000	218000	218.00	218.00
Make In India Fund	100	1000000	–	1,000.00	–
<b>Total V</b>				<b>7,987.26</b>	<b>6,987.26</b>
<b>VI. In Optionally Convertible Participating Interest Debentures</b>					
Swach Environment Private Limited 12% Optionally Convertible Participating Interest Debentures, 2025	10	84000000	–	8,400.00	–
Guruvayoor Infrastructure Private Limited 12% Optionally Convertible Participating Interest Debentures, 2023	10	73102100	73102100	8,858.91	8,858.91
Mahakaleshwar Tollways Private Limited 12% Optionally Convertible Participating Interest Debentures, 2023	10	24198500	24198500	2,922.34	2,922.34
Mahakaleshwar Tollways Private Limited 12% Optionally Convertible Participating Interest Debentures, 2024	10	2460000	2460000	285.88	285.88

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Mahakaleshwar Tollways Private Limited 12% Optionally Convertible Participating Interest Debentures, 2031	10	2718100	–	271.81	–
Solapur Tollways Private Limited 12% Optionally Convertible Participating Interest Debentures, 2023	10	34000000	34000000	4,245.50	4,245.50
Solapur Tollways Private Limited 12% Optionally Convertible Participating Interest Debentures, 2024	10	31820000	31820000	3,487.16	3,487.16
Kurukshetra Expressway Private Limited 12% Optionally Convertible Participating Interest Debentures, 2023	10	–	5500000	–	613.75
<b>Total VI</b>				<b>28,471.60</b>	<b>20,413.54</b>
<b>VII. In Non Principal Protected Non Convertible Debentures</b>					
Assets Care & Reconstruction Enterprise Limited, 2023	100000	6000	6000	6,000.00	6,000.00
<b>Total VII</b>				<b>6,000.00</b>	<b>6,000.00</b>
<b>VIII. In Optionally Convertible Debentures</b>					
RW Media Private Limited, 2036	100000	2500	2500	2,500.00	2,500.00
Kurukshetra Expressway Private Limited, 2036	10	87959400	–	9,031.50	–
<b>Total VIII</b>				<b>11,531.50</b>	<b>2,500.00</b>
<b>IX. In Non Convertible Debentures</b>					
Kitply Industries Limited	10000	5440	–	56.97	–
Kitply Industries Limited, Series A	10000	100000	–	83.33	–
Kitply Industries Limited, Series B	10000	14500	–	12.08	–
Kitply Industries Limited, Series C	10000	5500	–	4.58	–
Kitply Industries Limited, Series E	10000	1452	–	15.21	–
Kitply Industries Limited, Zero Coupon Debentures, Series I	10000	7720	–	80.85	–
Kitply Industries Limited, Zero Coupon Debentures, Series II	10000	42680	–	446.98	–
<b>Total IX</b>				<b>700.00</b>	–
<b>Total A (Trade Investments) (I+II+III+IV+V+VI+VII+VIII+IX)</b>				<b>2,02,571.16</b>	<b>2,75,536.03</b>
<b>B. Other Investments – at cost unless otherwise stated</b>					
<b>X. In Equity Instruments (Quoted)</b>					
New Era Urban Amenities Limited [(Net of provision for other than temporary diminution aggregating Rs. 0.01 Lacs (Previous year Rs. 0.01 Lacs)]	10	100	100	–	–
Alpic Finance Limited [(Net of provision for other than temporary diminution aggregating Rs. 0.01 Lacs (Previous year Rs. 0.01 Lacs)]	10	100	100	–	–
Apple Finance Limited [(Net of provision for other than temporary diminution aggregating Rs. 0.02 Lacs (Previous year Rs. 0.02 Lacs)]	10	100	100	–	–
CRISIL Limited	1	2000	2000	0.10	0.10
Hotline Glass Limited [(Net of provision for other than temporary diminution aggregating Rs. 218.35 Lacs (Previous year Rs. 218.35 Lacs)]	10	8006030	8006030	–	–
Indian Metal & Ferro Alloys Limited	10	35580	119615	49.80	167.42
Kotak Mahindra Bank Limited	5	1000	1000	0.02	0.02
Tata Steel Limited	10	3500	3500	24.83	24.83
<b>Total X</b>				<b>74.75</b>	<b>192.37</b>
<b>XI. In Equity Instruments (Unquoted)</b>					
New India Co-operative Bank Limited	10	573	573	0.06	0.06
ABG Kolkata Container Terminal Private Limited	10	1200	1200	0.10	0.10
<b>Total XI</b>				<b>0.16</b>	<b>0.16</b>
<b>XII. In Government or Trust securities (Unquoted)</b>					
National Savings Certificate (Lodged with Sales Tax authorities)	15000			0.15	0.15
<b>Total XII</b>				<b>0.15</b>	<b>0.15</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>XIII. In Mutual Funds (Quoted)</b>					
Morgan Stanley Mutual Fund	10	2000	2000	0.20	0.20
Unit Trust of India	10	400	400	0.04	0.04
<b>Total XIII</b>				<b>0.24</b>	<b>0.24</b>
<b>Total B (Other Investments) (X+XI+XII+XIII)</b>				<b>75.30</b>	<b>192.92</b>
<b>Total Non-current Investments (A+B)</b>				<b>2,02,646.46</b>	<b>2,75,728.95</b>
<b>Aggregate amount of quoted non-current investments</b>				<b>74.99</b>	<b>192.61</b>
<b>Aggregate market value of quoted non-current investments</b>				<b>337.17</b>	<b>186.27</b>
<b>Aggregate amount of unquoted non-current investments</b>				<b>2,02,571.47</b>	<b>2,75,536.34</b>
<b>Aggregate provision for diminution in value of non-current investments</b>				<b>218.65</b>	<b>268.65</b>

\*\* There is no system of issuance of distinctive shares in the country of registration.

All the Investments mentioned above are fully paid-up.

# Srei International Infrastructure Services GmbH, Germany, ceased to be a Subsidiary and became an Associate of the Company w.e.f. 21st June, 2016.

@ Srei Equipment Finance Limited ceased to be a Joint Venture and became a subsidiary of the Company w.e.f. 17th June, 2016.

\$ The Company has an investment of Rs. 1,076.06 Lacs (Previous year Rs. 1,076.06 Lacs) in the shares of Sahaj e-Village Limited ("Sahaj"), an Associate of the Company in terms of Accounting Standard 23, "Accounting for Investments in Associates in Consolidated Financial Statements". Further, the Company has advanced loans amounting to Rs. 2,338 Lacs (Previous year Rs. 25,985 Lacs) to Sahaj.

Sahaj is a long-gestation rural distribution & e-governance initiative and due to the accumulated losses, its net worth has eroded as at 31st March, 2017. However, Sahaj has informed the Company that it has taken a number of steps as part of a revamped business plan viz. substantial cost rationalization, business expansion in new geographies and introduction of newer services etc., and its performance is expected to improve significantly over the coming years and that it shall continue to be a going concern in the foreseeable future.

Considering the long-term strategic nature of the investment and also in view of the revamped business plan of Sahaj as enumerated above, no provision is considered necessary by the Company at present, for any diminution in the value of investment and against loans advanced to Sahaj.

## 13.2 CURRENT INVESTMENTS

Particulars	Face value (Rs.)	Quantity		Rs. in Lacs	
		As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
<b>Other Investments (fully paid-up)</b>					
<b>I. In Units of Trusts and Schemes of Venture Fund</b>					
India Advantage Fund III	100	1132060	1255880	1,019.65	1,131.17
<b>Aggregate amount of unquoted current investments</b>				<b>1,019.65</b>	<b>1,131.17</b>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 14. LOAN ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Long-Term		Short-Term	Long-Term		
	Non-Current Maturities	Current Maturities		Non-Current Maturities	Current Maturities	Short-Term
<b>Considered Good, unless otherwise stated</b>						
<b>Secured:<sup>1</sup></b>						
Loans to Related parties	36,608	3,972	–	75,502	2,358	–
Loans to Others <sup>2</sup>	7,65,870	3,28,776	3,057	8,69,663	3,43,685	5,086
<b>(A)</b>	<b>8,02,478</b>	<b>3,32,748</b>	<b>3,057</b>	<b>9,45,165</b>	<b>3,46,043</b>	<b>5,086</b>
<b>Unsecured:</b>						
Loans to Related parties	242	–	–	264	–	–
Loans to Others	11,736	6,565	40,771	1,243	23	3,500
<b>(B)</b>	<b>11,978</b>	<b>6,565</b>	<b>40,771</b>	<b>1,507</b>	<b>23</b>	<b>3,500</b>
<b>C=(A+B)<sup>3</sup></b>	<b>8,14,456</b>	<b>3,39,313</b>	<b>43,828</b>	<b>9,46,672</b>	<b>3,46,066</b>	<b>8,586</b>
Less: Provision for Bad Debts / Advances (refer Note No. 7.1)	20,110	–	–	18,518	–	–
<b>(D)</b>	<b>20,110</b>	<b>–</b>	<b>–</b>	<b>18,518</b>	<b>–</b>	<b>–</b>
<b>E=(C–D)</b>	<b>7,94,346</b>	<b>3,39,313</b>	<b>43,828</b>	<b>9,28,154</b>	<b>3,46,066</b>	<b>8,586</b>

<sup>1</sup> Secured by underlying assets and in certain cases are additionally secured by immovable properties and / or pledge of equity shares of the borrowers by way of collateral security.

<sup>2</sup>

<sup>a</sup> Loans to Others includes assets aggregating Rs. 71,176 Lacs (Previous year Rs. 20,964 Lacs) acquired in satisfaction of debt and held for sale.

<sup>b</sup> The Company holds 6,60,37,735 nos. (24.01%) of equity shares of Deccan Chronicle Holdings Limited (DCHL), which were acquired in pursuance of recovery of its loans to DCHL. Since the financial statements of DCHL are not available for the period beginning 1st October, 2012 onwards and the trading of DCHL shares stands suspended on the Stock Exchanges, a reliable ascertainment of value of these shares cannot be made. Hence, the Company has not yet adjusted the outstanding loan amount with the value of such shares.

<sup>3</sup> Includes Non-Performing Assets of Rs. 55,880 Lacs (Previous year Rs. 80,425 Lacs).

# NOTES TO FINANCIAL STATEMENTS (CONTD.)

## 14.1 DISCLOSURE OF RESTRUCTURED ASSETS

(Rs. in Lacs)

Sl. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Others				
		Standard	Sub – Standard	Doubtful	Loss	Total	Standard	Sub – Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2016	2	-	-	-	2	3	1	2	-	6
	No. of borrowers	(-)	(-)	(-)	(-)	(-)	(4)	(1)	(1)	(-)	(6)
	Amount Outstanding	4,915	-	-	-	4,915	52,271	264	1,173	-	53,708
	Provision thereon	(-)	(-)	(-)	(-)	(-)	(24,869)	(999)	(174)	(-)	(26,042)
		241	-	-	-	241	1,741	26	252	-	2,019
		(-)	(-)	(-)	(-)	(-)	(1,233)	(100)	(35)	(-)	(1,368)
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	(2)	(-)	(-)	(-)	(2)	(2)	(-)	(-)	(-)	(2)
	Amount Outstanding	144	-	-	-	144	1,284	(18,124)	-	-	(16,840)
	Provision thereon	(4,915)	(-)	(-)	(-)	(4,915)	(45,353)	(-)	(-)	(-)	(45,353)
		3	-	-	-	3	45	(1,800)	100	-	(1,655)
		(241)	(-)	(-)	(-)	(241)	(1,395)	(-)	(17)	(-)	(1,412)
3	Upgradations to restructured standard category during the year	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-
	Provision thereon	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Restructured standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured advance at the beginning of the next FY.	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	(-)	(-)	(-)	(-)	(-)	(-2)	(-)	(-)	(-)	(-2)
	Provision thereon	(-)	(-)	(-)	(-)	(-)	(-17,702)	(-)	(-)	(-)	(-17,702)
		-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-875)	(-)	(-)	(-)	(-875)



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## 15. OTHER LONG-TERM ADVANCES

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>Unsecured, Considered Good</b>		
Advance		
Capital Advances	549	1,026
Advance to Vendors for Operating Expenses	136	122
Employee Advances	28	16
Security Deposits		
To Related parties	2,400	2,400
To Others	36,197	27,163
Prepaid Expenses	70	109
MAT Credit Entitlement	1,106	120
Balance with Revenue Authorities	59	-
Advance Tax [net of provision for tax Rs. 22,271 Lacs (Previous Year Rs. 15,815 Lacs)]	16,029	16,589
<b>Total</b>	<b>56,574</b>	<b>47,545</b>

## 16. OTHER NON-CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>Unsecured, Considered Good</b>		
Non-Current portion of other Bank Balances		
Fixed Deposit with bank having balance maturity of more than twelve months (Under Lien)*	446	446
Unamortised Ancillary Borrowing Costs	3,316	3,650
Interest Accrued but not due	742	1,203
Income Accrued but not due	285	314
Derivative Assets	427	-
Security Receipts (refer Annexure II Note No. 27)	38,250	-
Other Receivables	1,785	5,091
<b>Total</b>	<b>45,251</b>	<b>10,704</b>

\*Includes

- Bank Guarantees	446	446
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## 17. TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>Unsecured</b>		
<b>Considered Good</b>		
Outstanding for more than Six Months	1,353	1,548
Other Debts	1,341	1,671
	<b>2,694</b>	<b>3,219</b>
Less: Provision for Bad Debts	(138)	(140)
	<b>(A) 2,556</b>	<b>3,079</b>
<b>Considered Doubtful</b>		
Outstanding for more than Six Months	223	262
Other Debts	-	-
Less: Provision for Bad Debts	(223)	(262)
	<b>(B) -</b>	<b>-</b>
<b>Total (A+B)</b>	<b>2,556</b>	<b>3,079</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 18. CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Cash on Hand	2	3
Balances with Banks – in Current Account	7,908	4,916
Balances in Automated Teller Machines (ATMs) (In connection with White Lable ATM Business)	20	–
Cheques on Hand <sup>1</sup>	14,959	6,906
Fixed Deposits with banks having original maturity of three months or less [Including lien for Bank Guarantee Rs. 332 Lacs (Previous year Rs. Nil)]	4,823	–
Unclaimed Dividend Account	35	36
<b>(A)</b>	<b>27,747</b>	<b>11,861</b>
Other Bank Balances:		
Fixed Deposit with bank having balance maturity of twelve months or less*	28,533	43,094
Fixed Deposit with bank having balance maturity of more than twelve months (Under Lien)	446	446
Less: Non-current portion of other bank balances disclosed separately under 'Other Non-Current Assets' (refer Note No.16)	(446)	(446)
<b>(B)</b>	<b>28,533</b>	<b>43,094</b>
<b>Total (A+B)</b>	<b>56,280</b>	<b>54,955</b>

<sup>1</sup> Cheques on Hand have been since realised.

\* Includes

Under Lien:

– Letter of credit	27,869	36,717
– Bank Guarantees	639	752
– Unclaimed Public Deposit & Interest	25	25
Not under Lien	–	5,600

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## 19. OTHER SHORT-TERM ADVANCES

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>Unsecured, Considered Good</b>		
Advances		
Advance to Vendors for Operating Expenses	1,060	758
Employee Advances	82	41
Advance to Related parties	–	56
Security Deposits		
To Others	425	226
Balance with Revenue Authorities	20	–
Prepaid Expenses	156	207
Cenvat Input Credit	20	–
<b>Total</b>	<b>1,763</b>	<b>1,288</b>

## 20. OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Unamortised Ancillary Borrowing Costs	1,878	2,427
Interest Accrued but not due	20,025	18,675
Income Accrued but not due	183	115
Stock for Trade ( <i>refer Annexure I to Notes to Financial Statements</i> )	10,068	71
Receivable on Forward Exchange Contracts	1,929	9,733
Derivative Assets	1,791	–
Other Receivables	8,051	6,696
<b>Total</b>	<b>43,925</b>	<b>37,717</b>

## 21. REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	2016–17	2015–16
Income from Loan Assets	1,65,886	1,76,027
Income from Leases	5,254	4,855
Fee Based Income	1,389	3,372
Income from Non Compete Fees	20,555	–
Gain / Loss on Disposal of Assets Acquired in Satisfaction of Debt ( <i>refer Note 21.1</i> )	–	–
Income from Long-Term Trade Investments	–	330
Profit on Sale of Stock for Trade (net)	48	–
Profit on Sale of Long term Trade Investments (net)	31,835	107
Profit on Sale of Current Investments (net)	11	27
Income from Current Investments	419	–
Interest on Fixed Deposits and Other Receivables	3,800	4,392
<b>Total</b>	<b>2,29,197</b>	<b>1,89,110</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 21.1 GAIN / LOSS ON DISPOSAL OF ASSETS ACQUIRED IN SATISFACTION OF DEBT

(Rs. in Lacs)

Particulars	2016-17	2015-16
Book Value of Assets acquired in Satisfaction of Debt, disposed off during the year	1,17,824	20,239
Less: Received on Disposal		
Sale Consideration	1,04,719	20,239
Non Compete Fees	13,105	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 22. OTHER INCOME

(Rs. in Lacs)

Particulars	2016-17	2015-16
Dividend Income	-	25
Liabilities No Longer Required Written Back	3	3
Profit on Sale of Fixed Assets	11	59
Other Non-Operating Income	751	436
<b>Total</b>	<b>765</b>	<b>523</b>

### 23. FINANCE COSTS

(Rs. in Lacs)

Particulars	2016-17	2015-16
Interest Expense	1,33,924	1,41,743
Other Borrowing Costs	9,931	15,612
Applicable net (gain) / loss on foreign currency transactions and translations	(184)	1,196
<b>Total</b>	<b>1,43,671</b>	<b>1,58,551</b>

### 24. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

Particulars	2016-17	2015-16
Salaries, Allowances, Commission & Bonus	3,550	4,121
Contribution to Provident and Other Funds	206	259
Staff Welfare Expenses	175	180
<b>Total</b>	<b>3,931</b>	<b>4,560</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

## 25. ADMINISTRATIVE AND OTHER EXPENSES

(Rs. in Lacs)

Particulars	2016-17	2015-16
Communication Expenses	85	84
Legal & Professional Fees	2,317	2,201
Electricity Charges	255	226
Rent	847	871
Rates and Taxes	70	225
Commission, Brokerage and Service Charges	100	82
Payments to the Auditor (refer Note No. 25.1)	95	82
Repairs – Machinery	646	434
– Others	892	758
Travelling and Conveyance	1,149	1,093
Directors' Fees	55	57
Insurance	49	82
Printing and Stationery	105	89
Advertisement, Subscription and Donation	525	622
Corporate Social Responsibility Expenses	234	135
Miscellaneous Expenses	187	218
<b>Total</b>	<b>7,611</b>	<b>7,259</b>

## 25.1 Payments to the Auditor (including Service Tax):

(Rs. in Lacs)

Particulars	2016-17	2015-16
As Auditor – Statutory Audit & Limited Reviews	69	59
For Other Services (Certification etc.)	25	21
For Reimbursement of Expenses	1	2
<b>Total</b>	<b>95</b>	<b>82</b>

## 26. EARNINGS PER EQUITY SHARE

Particulars	2016-17	2015-16
(a) Profit after tax attributable to Equity Shareholders (Rs. in Lacs)	9,607	5,740
(b) Weighted average number of Equity Shares (Basic)	503086333	503086333
(c) Weighted average number of Potential Equity Shares	–	–
(d) Weighted average number of Equity Shares (Diluted)	503086333	503086333
(e) Nominal Value of Equity per share (Rs.)	10	10
(f) Basic Earnings per share [(a) / (b)] (Rs.)	<b>1.91</b>	<b>1.14</b>
(g) Diluted Earnings per share [(a) / (d)] (Rs.)	<b>1.91</b>	<b>1.14</b>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

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

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
<b>A. Contingent Liabilities</b>		
(a) Claims against the Company not acknowledged as debts:		
Income Tax	6,251	5,766
Service Tax	1,275	1,281
Central Sales Tax	801	567
Entry Tax	5	5
(b) Guarantees:		
Bank Guarantees <sup>1</sup>	5,083	8,051
Guarantees to Banks and Others against credit facilities extended by them to third parties	20,198	16,853
Guarantees for work contract performance	11,379	–
Guarantees to Banks and Others, in the form of Put Option against loan facilities	7,526	10,905
<b>Total</b>	<b>52,518</b>	<b>43,428</b>
<b>B. Commitments</b>		
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	1,045	711
On account of Letter of Credit	99,734	1,16,671
On account of Derivative Instruments ( <i>refer Note No. 32</i> )		

<sup>1</sup> Includes Rs. 56 Lacs (Previous year Rs. 56 Lacs) issued on Company's behalf by the Banker of Joint Venture Company (upto 16.06.2016) / Subsidiary Company.

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

(Rs. in Lacs)

Particulars	2016-17	2015-16
Operating Lease Assets	773	502
Own Use Assets	–	9
<b>Total</b>	<b>773</b>	<b>511</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 29. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Lacs)

Particulars	2016-17	2015-16
Finance Charges	7,049	9,594
Professional / Consultation Fees	18	118
On Other Matters	854	801
<b>Total</b>	<b>7,921</b>	<b>10,513</b>

### 30. EARNINGS IN FOREIGN CURRENCY

(Rs. in Lacs)

Particulars	2016-17	2015-16
Income from Loan Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 31. DIVIDEND REMITTED IN FOREIGN CURRENCIES

The company remits the equivalent of the dividend payable to equity shareholders and holders of GDRs. For GDR holders, the dividend is remitted in Indian rupees to the custodian bank.

Particulars	2016-17	2015-16
Number of Non-Resident Shareholders	9	8
Number of shares held (Equity shares of Rs. 10/- par value, per share)	27082756	1928802
Dividend Remitted (Rs. in Lacs)	135	10
Related Financial Year	2015-16	2014-15

32. The Company has entered into Options/Swaps/Forward contracts (being derivative instruments) which are not intended for trading or speculation, for the purpose of hedging currency and interest rate related risks. Options, Swaps and Forward contracts outstanding as at year end are as follows:

(Amount in Lacs)

Category	Currency	As at 31st March, 2017		As at 31st March, 2016	
		Number of Contracts	Amount in Foreign Currency	Number of Contracts	Amount in Foreign Currency
Options /Swaps	USD/INR	8	USD 590.74	7	USD 663.06
Options /Swaps	EUR/INR	3	EUR 371.90	2	EUR 251.90
Forwards	USD/INR	11	USD 62.00	11	USD 49.48
Forwards	EUR/INR	2	EUR 3.50	5	EUR 11.00
Forwards	EUR/USD	3	EUR 7.50	-	-
Interest Rate Swaps	USD/INR	9	USD 540.74	8	USD 693.06

Foreign currency exposures, which are not hedged by derivative instruments, amount to Rs. 7,299 Lacs (Previous year Rs. 14,609 Lacs).

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

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

### 32.2 Overall financial risk management objective and policies

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

### 32.3 Methodology used to arrive at the fair value of the derivative contracts

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

(Rs. in Lacs)

Particulars	Cross Currency Derivatives	Interest Rate Derivatives
The amount recognised in hedge reserve (equity) during the year	(1,416)	1,226
The amount recycled from the hedge reserve (equity) and reported in statement of profit and loss (net)	(1,397)	-
Realised gain / loss recognized in hedge reserve (equity)	-	-
Unrealised gain / loss recognized in hedge reserve (equity)	(19)	1,226

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 32.4 Hedge accounting relationship

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

### 32.5 Details of foreign exchange assets and liabilities (including contingent liabilities) with hedging detail is as below:

(Amount in Lacs)

I. Assets	As on 31st March, 2017				As on 31st March, 2016		
	Foreign Currency	Exchange Rate	Amount in Foreign Currency	Amount	Exchange Rate	Amount in Foreign Currency	Amount
Other Monetary assets	USD	64.85	0.06	4	66.25	0.06	4
	EURO	69.05	3.50	242	75.39	3.50	264
<b>Total Receivables (A)</b>	<b>USD</b>		<b>0.06</b>	<b>4</b>		<b>0.06</b>	<b>4</b>
	<b>EURO</b>		<b>3.50</b>	<b>242</b>		<b>3.50</b>	<b>264</b>
Hedges by derivative contracts (B)	USD		–			–	
	EURO		–			–	
Unhedged receivables (C=A–B)	EURO	69.05	3.50	242	75.39	3.50	264
	USD	64.85	0.06	4	66.25	0.06	4
II. Liabilities	As on 31st March, 2017				As on 31st March, 2016		
	Foreign Currency	Exchange Rate	Amount in Foreign Currency	Amount	Exchange Rate	Amount in Foreign Currency	Amount
Borrowings (ECB and Others)	USD	64.85	758.29	49,171	66.25	933.06	61,815
	EURO	69.05	371.90	25,681	75.39	251.90	18,990
<b>Total Payables (D)</b>			<b>1,130.19</b>	<b>74,852</b>		<b>1,184.96</b>	<b>80,805</b>
Hedges by derivative contracts (E)	USD		645.73			712.55	
	EURO		371.90			251.90	
Unhedged Payables (F=D–E)	USD	64.85	112.56	7,299	66.25	220.51	14,609
	EURO		–			–	
III. Contingent Liabilities and Commitments	As on 31st March, 2017				As on 31st March, 2016		
	Foreign Currency	Exchange Rate	Amount in Foreign Currency	Amount	Exchange Rate	Amount in Foreign Currency	Amount
Contingent Liabilities			–	–		–	–
Commitments			–	–		–	–
<b>Total (G)</b>			<b>–</b>	<b>–</b>		<b>–</b>	<b>–</b>
Hedges by derivative contracts (H)			–			–	
Unhedged Payable (I=G–H)			–	–		–	–
<b>Total unhedged FC Exposures (J=C+F+I)</b>	<b>USD</b>	<b>64.85</b>	<b>112.62</b>	<b>7,303</b>	<b>66.25</b>	<b>220.57</b>	<b>14,613</b>
	<b>EURO</b>	<b>69.05</b>	<b>3.50</b>	<b>242</b>	<b>75.39</b>	<b>3.50</b>	<b>264</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 33. LEASES

#### a. In the capacity of Lessee

- (i) The Company has certain cancellable operating lease arrangements for office premises and equipments, which range between 11 months to 15 years and are usually renewable by mutual consent, on mutually agreeable terms. Some of these lease agreements have rent escalation upto 5% p.a. or 10% p.a. on renewals. Lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to Rs. 828 Lacs (Previous year Rs. 831 Lacs).

Contingent rent recognised for agreements which stipulate rent payment based on usage is Rs. 11 Lacs (Previous year Rs. 32 Lacs).

- (ii) Further, the Company also has certain non-cancellable operating lease arrangements for office premises, which is of 21 years and is usually renewable by mutual consent on mutually agreeable terms. In respect of such arrangements, lease payments for the year aggregating to Rs. 8 Lacs (Previous year Rs. 8 Lacs) have been recognised in the Statement of Profit and Loss.

The future lease payments in respect of the above non-cancellable operating leases are as follows:

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Not later than 1 year	8	8
Later than 1 year but not later than 5 years	34	34
Later than 5 years	61	70
<b>Total</b>	<b>103</b>	<b>112</b>

- (iii) Sub lease payments received (or receivable) recognised in the Statement of Profit and Loss for the year is Rs. 2,981 Lacs (Previous year Rs. 2,856 Lacs). Future minimum sublease payments expected to be received under non-cancellable subleases is Rs. 587 Lacs (Previous year Rs. 449 Lacs).

#### b. In the capacity of Lessor

- (i) The Company has given assets on Operating lease (*refer Note No. 12*) for periods ranging between 5 to 15 years. Some of these lease agreements stipulate rental computation on the basis of earnings of the Lessee. Such contingent rent recognised during the year is Rs. 501 Lacs (Previous year Rs. 237 Lacs).

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

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Not later than 1 year	213	–
Later than 1 year but not later than 5 years	274	–
Later than 5 years	–	–
<b>Total</b>	<b>487</b>	<b>–</b>

- (ii) The Company also has cancellable operating lease arrangements for office premises, which range between 1 to 3 years and are usually renewable by mutual consent on mutually agreeable terms. Further, the Company has non-cancellable arrangement which is of 3 years and is renewable by mutual consent on mutually agreeable terms. In respect of non-cancellable arrangements, lease earning for the year aggregating to Rs. 1 Lac (Previous year Rs. Nil) have been recognised in the Statement of Profit and Loss.

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

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Not later than 1 year	1	–
Later than 1 year but not later than 5 years	1	–
Later than 5 years	–	–
<b>Total</b>	<b>2</b>	<b>–</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 34. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 15 – EMPLOYEE BENEFITS

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 recognised in the Statement of Profit and Loss are as follows:

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	Year ended		Year ended	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Current service cost	47	81	41	83
Interest cost	32	29	15	14
Expected return on plan assets	(15)	(15)	–	–
Past Service Cost	–	–	–	–
Net actuarial losses / (gains)	(51)	(52)	20	30
<b>Net benefit expense</b>	<b>13</b>	<b>43</b>	<b>76</b>	<b>127</b>
Actual return on plan assets	7.80%	8.50%	N.A.	N.A.

(b) Net Liability recognised in the Balance Sheet is as follows:

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
	Defined benefit obligation	412	428	337
Fair value of plan assets	(179)	(183)	–	–
<b>Net liability</b>	<b>233</b>	<b>245</b>	<b>337</b>	<b>365</b>
– Non-Current	233	245	281	307
– Current	–	–	56	58

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

(Rs. in Lacs)

Particulars	Gratuity		Leave	
	Year ended		Year ended	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Opening defined benefit obligation	428	385	365	344
Interest cost	32	29	15	14
Current service cost	47	81	41	83
Benefit paid	(44)	(15)	(104)	(106)
Actuarial losses / (gains)	(51)	(52)	20	30
<b>Closing defined benefit obligation</b>	<b>412</b>	<b>428</b>	<b>337</b>	<b>365</b>

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

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

(Rs. in Lacs)

Particulars	Gratuity	
	As at 31st March, 2017	As at 31st March, 2016
Opening fair value of plan assets	183	183
Expected return on plan assets*	15	15
Contribution by the Company	25	–
Benefits paid	(44)	(15)
Actuarial (losses) / gains	–	–
<b>Closing fair value of plan assets</b>	<b>179</b>	<b>183</b>

\* Determined based on government bond rate

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

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Discount rate (%)	7.15%	7.80%
Return on Plan Assets (Gratuity Scheme)	8.50%	8.50%
Mortality Rate	India Assured Lives Mortality (2006–08) (modified) Ult	India Assured Lives Mortality (2006–08) (modified) Ult

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

(Rs. in Lacs)

Particulars	Gratuity				
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Defined benefit obligation	412	428	385	273	284
Fair value of plan assets	179	183	183	162	135
Deficit	233	245	202	111	149
Experience adjustments on plan liabilities – gain / (loss)	85	52	22	56	39
Experience adjustments on plan assets – gain / (loss)	–	–	–	(1)	(2)
Actuarial gain / (loss) due to change on assumptions	(33)	–	(64)	39	(17)

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Particulars	Leave				
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2013
Defined benefit obligation	337	365	344	276	300
Fair value of plan assets	–	–	–	–	–
Deficit	337	365	344	276	300
Experience adjustments on plan liabilities – gain / (loss)	(6)	(31)	(55)	21	(33)
Experience adjustments on plan assets – gain / (loss)	–	–	–	–	–
Actuarial gain / (loss) due to change on assumptions	(14)	–	(30)	20	(10)

(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 amount provided for defined contribution plan is as follows:

(Rs. in Lacs)

Particulars	Year ended	Year ended
	31st March, 2017	31st March, 2016
Provident fund	193	214
Employee state insurance	1	–
<b>Total</b>	<b>194</b>	<b>214</b>



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### 35. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 18 – RELATED PARTY DISCLOSURES

#### Related Parties:

<b>Holding Company:</b>	<b>Country of Origin</b>
Adisri Commercial Private Limited	India
<b>Subsidiaries &amp; Step-down Subsidiaries:</b>	
Srei Capital Markets Limited	India
Srei Alternative Investment Managers Limited	India
Srei Infrastructure Advisors Limited	India
Controlla Electrotech Private Limited	India
Srei Mutual Fund Asset Management Private Limited	India
Srei Mutual Fund Trust Private Limited	India
Srei International Infrastructure Services GmbH, Germany (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	Germany
Srei Forex Limited (ceased to be Subsidiary w.e.f 17.05.2016)	India
Srei Insurance Broking Private Limited	India
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India
Cyberabad Trustee Company Private Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India
AO Srei Leasing, Russia (Formerly ZAO Srei Leasing, Russia) (ceased to be Step-down Subsidiary w.e.f. 21.06.2016)#	Russia
Srei Advisors Pte Limited, Singapore (ceased to be Step-down Subsidiary w.e.f. 21.06.2016)	Singapore
Quippo Oil & Gas Infrastructure Limited	India
Quippo Drilling International Private Ltd (Formerly Performance Drilling International Private Ltd.) (Subsidiary of Quippo Oil & Gas Infrastructure Limited)	India
Quippo Energy Limited (Formerly Quippo Energy Private Limited)	India
Srei Asset Reconstruction Private Limited	India
Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	India
<b>Joint Venture:</b>	
Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	India
<b>Associates:</b>	
Sahaj e-Village Limited	India
Attivo Economic Zone (Mumbai) Private Limited	India
Srei International Infrastructure Services GmbH, Germany (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	Germany
<b>Trusts:</b>	
Srei Mutual Fund Trust	India
Srei Growth Trust (The Trust having completed its Objective & dissolved w.e.f. 31.03.2017)	India

**NOTES TO FINANCIAL STATEMENTS (CONTD.)**

<b>Key Management Personnel (KMP):</b>	
<b>Name</b>	<b>Designation</b>
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Bijoy Kumar Daga (Upto 11.06.2016)	Chief Executive Officer, Infrastructure Project Finance
Mr. Bajrang Kumar Choudhary (Upto 31.10.2016)	Chief Executive Officer, Infrastructure Project Development
Mr. Kishore Kumar Lodha	Chief Financial Officer
Mr. Sameer Sawhney (From 05.11.2016)	Chief Executive Officer
Mr. Sandeep Lakhotia	Company Secretary
<b>Enterprise over which relative of a KMP has significant influence</b>	
Viom Networks Limited (significant influence ceased w.e.f. 21.04.2016)	

#The form of the company is changed from ZAO (Closed Joint Stock Company) to AO (Joint Stock Company) w.e.f. 19.04.2016. Accordingly, the Company has been named as AO Srei Leasing.

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

### Details of Related Party Transactions:

(Rs. in Lacs)

Name of related party & Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
<b>(A) Subsidiaries</b>					
Srei Alternative Investment Managers Limited	Refund of Loan Advanced	–	–	2,000	–
	Refund of Advance Received	–	–	2,000	–
Srei Capital Market Limited	Subscription to Commercial Paper Received [Face Value Rs. 205 Lacs (Previous year – Rs. Nil)]	198	198	–	–
	Finance Charges on Commercial Paper	0.29	–	–	–
Bengal Srei Infrastructure Development Limited	Loan Advanced	–	130	100	135
	Refund of Loan Advanced	5	–	118	–
	Interest Received on Loan	17	–	19	–
	Balance Receivable – Interest accrued but not due (Net of TDS)	–	0.05	–	0.05
Srei Forex Limited (ceased to be Subsidiary w.e.f 17.05.2016)	Advance Given	–	–	2	–
	Refund of Advance Given	–	–	2	–
Srei Mutual Fund Asset Management Private Limited	Deposits Received	1,087	1,060	2,378	1,057
	Deposits Refunded	1,084	–	2,522	–
	Interest Paid on Deposits	105	–	123	–
	Finance Charges on Commercial Paper	–	–	200	–
	Refund Received against Subscription to Share Warrant	–	–	4,500	–
	Commercial Paper Redeemed [Face Value Rs. Nil (Previous year – Rs. 4,675 Lacs)]	–	–	4,309	–
	Balance Payable – Interest accrued but not due (Net of TDS)	–	1	–	0.27
Srei Mutual Fund Trust Private Limited	Subscription to Share Warrant	6	–	5	–
Controlla Electrotech Private Limited	Rental Paid	8	–	8	–
	Property mortgaged as a collateral security against the allotment of Secured Redeemable Non – Convertible debentures of its Holding Company	–	6,070	–	6,070
	Balance Receivable – Deposit	–	2,400	–	2,400

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party & Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
Srei Insurance Broking Private Limited	Rental Received	6	–	3	–
	Loan Advanced	250	250	–	–
	Interest Received on Loan	20	–	–	–
	Advance Given	90	–	50	50
	Refund of Advance Given	140	–	–	–
	Balance Receivable – Interest accrued but not due (Net of TDS)	–	2	–	–
Quippo Energy Limited	Loan Advanced	2,009	3,577	1,900	1,900
	Refund of Loan Advanced	332	–	468	–
	Sale of Assets	603	458	706	502
	Purchase of Assets	452	62	–	–
	Rental Received	125	25	209	48
	Interest Received on Loan	298	–	101	–
	Balance Receivable–Interest accrued but not due (Net of TDS)	–	1	–	1
	Balance Receivable–Rental accrued but not due (Net of TDS)	–	57	–	18
	Guarantee in the form of Put Option to Bank against Loan facility – Opened	100	–	–	–
	Guarantee in the form of Put Option to Bank against Loan facility – Closed	–	–	4,000	–
	Commitment given against credit facility from Bank [Commitment Amount – Rs. 4,881 Lacs (Previous year – Rs. 4,881 Lacs), liability to the extent of outstanding facility and accrued interest – Rs. 242 Lacs (Previous year – Rs. 204 Lacs)]	–	242	–	204
	Outstanding Guarantee in the form of Put Option to Bank against loan facility [Guarantee Amount – Rs. 3,350 Lacs (Previous year – Rs. 3,250 Lacs) liability to the extent of facility utilised Rs. 1,458 Lacs (Previous year – Rs. 2,380 Lacs)]	–	1,458	–	2,380

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party & Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
Quippo Oil & Gas Infrastructure Limited	Loan advanced	2,453	–	9,449	7,756
	Refund of Loan Advanced (includes Rs. 2,470 Lacs adjusted against Preference Shares application money (Previous year – Rs. Nil)	10,209	–	8,367	–
	Rental Received	419	–	68	–
	Interest Received on Loan	905	–	827	–
	Subscription to Preference Shares	2,470	–	5,005	–
	Guarantee in the form of Put Option to Bank against Loan facility Closed	–	–	4,000	–
	Corporate Guarantee Issued	13,447	–	3,000	–
	Guarantee in the form of Put Option to Bank against Loan facility issued	–	–	4,000	–
	Balance Receivable – Interest accrued but not due (Net of TDS)	–	33	–	84
	Balance Receivable – Rental accrued but not due (Net of TDS)	–	95	–	67
	Corporate Guarantee [Guarantee Amount – Rs. 22,447 Lacs (Previous year – Rs. 9,000 Lacs), liability to the extent of outstanding loan, Bank Guarantee and Contract Performance – Rs. 16,617 Lacs (Previous year – Rs. 3,896 Lacs)]	–	16,617	–	3,896
	Guarantee in the form of Put option to bank against Loan facility [Put Option Amount – Rs. 7,000 Lacs (Previous year – Rs. 7,000 Lacs), liability to the extent of outstanding loan and accrued interest – Rs. 4,813 Lacs (Previous year – Rs. 6,438 Lacs)]	–	4,813	–	6,438
Srei International Infrastructure Services GmbH (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	Interest Received on Loan	3	–	16	30
	Loan Advanced	–	–	–	264
Goldensons Construction Private Limited (ceased to be subsidiary w.e.f. 30.06.2015)	Loan Advanced	–	–	5	–
	Interest Received on Loan	–	–	1	–

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party & Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	Rental Received	1,400	–	–	–
	Security Deposit Received	26	1,576	–	–
<b>(B) Joint Venture:</b>					
Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	Rental Received	444	–	1,734	–
	Fees Income for Services	–	–	15	–
	Security Deposit Received	–	–	22	1,551
<b>(C) Associates:</b>					
Sahaj e-Village Limited	Loan Advanced	5,582	2,338	5,048	25,985
	Refund of Loan Advanced	29,229	–	–	–
	Rental Received	194	12	224	90
	Purchase of Services (Excluding Service Tax)	–	154	32	154
	Interest Received on Loan	2,584	1,210	1,971	1,133
	Guarantee in the form of Put Option to Bank against Loan facility	–	–	2,500	–
	Guarantee in the form of Put Option to Bank against Loan facility – Closed	6,000	–	–	–
	Commitment given against Performance of Services – Issued	–	–	520	–
	Commitment given against Performance of Services – Closed	–	–	520	–
	Commitment given against credit facility from Bank – Issued	–	–	380	–
	Commitment given against credit facility from Bank – Closed	–	–	1,380	–
	Balance Receivable – Interest accrued but not due (Net of TDS)	–	39	–	81
	Security Deposit Received	–	2	–	2
	Sale of Investments	50	–	–	–
	Commitment given against credit facility from Bank [Commitment Amount – Rs. 380 Lacs (Previous year – Rs. 380 Lacs), liability to the extent of outstanding facility and accrued interest – Rs. 27 Lacs (Previous year – Rs. 135 Lacs)]	–	27	–	135
	Corporate Guarantee–Outstanding [Guarantee Amount – Rs. 9,544 Lacs (Previous year – Rs. 9,544 Lacs), liability under CG to the extent of outstanding loan and accrued interest – Rs. 1,172 Lacs (Previous year – Rs. 1,113 Lacs)]	–	1,172	–	1,113

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party & Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
Sahaj e-Village Limited	Outstanding Guarantee in the form of Put option to bank against Loan facility [Put Option Amount – Rs. 2,500 Lacs (Previous year – Rs. 8,500 Lacs), liability to the extent of outstanding loan and accrued interest – Rs. 1,256 Lacs (Previous year – Rs. 2,088 Lacs)]	–	1,256	–	2,088
Attivo Economic Zone (Mumbai) Private Limited	Loan Advanced	6,033	30,385	17,564	40,845
	Refund of Loan Advanced	16,493	–	3,013	–
	Interest Received on Loan	5,253	–	4,166	–
	Fees Income for Services	–	–	3	–
	Balance Receivable – Interest accrued but not due (Net of TDS)	–	248	–	275
Srei International Infrastructure Services GmbH (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	Interest Received on Loan	11	30	–	–
	Loan Advanced	–	242	–	–
<b>(D) Trusts:</b>					
Srei Growth Trust (The Trust having completed its Objective & dissolved w.e.f. 31st March, 2017)	Income Received	117	–	243	–
	Dividend Paid	117	–	243	–
	Income Received on disposal of Treasury stock	32,758	–	–	–
<b>(E) Key Management Personnel (KMP):</b>					
Mr. Hemant Kanoria	Remuneration	247	–	247	–
	Commission	60	60	60	60
	Dividend paid	2	–	2	–
Mr. Sandeep Lakhotia	Remuneration	71	–	79	–
	Dividend Paid	0.49	–	0.49	–
Mr. Bajrang Kumar Choudhary (Upto 31.10.2016)	Remuneration	86	–	123	–
	Dividend paid	0.39	–	0.39	–
Mr. Kishore Kumar Lodha	Remuneration	50	–	53	–
	Dividend paid	–	–	0.03	–
Mr. Bijoy Kumar Daga (Upto 11.06.2016)	Remuneration	109	–	214	–
	Dividend paid	–	–	1	–
Mr. Sameer Sawhney (w.e.f. 05.11.2016)	Remuneration	60	–	–	–
Mr. John Moses Harding (Ceased w.e.f. 01.02.2016 )	Remuneration	–	–	137	–

## NOTES TO FINANCIAL STATEMENTS (CONTD.)

Name of related party & Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
<b>(F) Transaction with Relative of KMP:</b>					
Mr. Sunil Kanoria (Brother of Mr. Hemant Kanoria)	Commission	10	10	5	5
	Sitting Fees	11	–	11	–
<b>(G) Enterprise over which relative of a KMP has significant influence:</b>					
Viom Networks Limited (significant influence ceased w.e.f. 21.04.2016)	Rent Received	3	–	866	47
	Security Deposit Received	–	–	6	670

## 36. DETAILS OF LOANS/ADVANCES TO SUBSIDIARY COMPANIES AND ASSOCIATES:

(Rs. in Lacs)

Name of the Company	Maximum Amount Outstanding during		Amount Outstanding as at 31st March, *	
	2016–17	2015–16	2017	2016
	Sahaj e-Village Limited	31,262	27,118	3,548
Bengal Srei Infrastructure Development Limited	135	160	130	135
Controlla Electrotech Private Limited	2,400	2,401	2,400	2,400
Srei Alternative Investment Managers Limited	–	2,053	–	–
Quippo Energy Limited	3,577	1,900	3,577	1,900
Quippo Oil & Gas Infrastructure Limited	8,156	9,799	–	7,756
Attivo Economic Zone (Mumbai) Private Limited	46,878	43,858	30,385	40,845
Srei Insurance Broking Private Limited	250	50	250	50
Srei International Infrastructure Services GmbH	294	294	272	294
Goldensons Construction Private Limited (ceased to be subsidiary w.e.f 30.06.2015)	–	36	–	–
Srei Forex Limited (ceased to be subsidiary w.e.f. 17.05.2016)	–	2	–	–

\*Refer Note No. 35

## 37. Disclosure in respect of Company's Joint Venture in India pursuant to Accounting Standard 27 'Financial Reporting of Interest in Joint Ventures' :

Name of the Venture	Country of Incorporation	Proportion of Ownership Interest
Srei Equipment Finance Limited	India	*

\* ceased to be 50 : 50 Joint Venture and has become Subsidiary w.e.f. 17.06.2016

The aggregate of the Company's share in the above venture is:

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current & Non-Current Liabilities	–	6,64,909
Current & Non-Current Assets	–	7,83,108
Contingent Liabilities	–	3,649
Capital Commitments (Net of Advances)	–	790

Particulars	2016–17*	2015–16
Income	27,497	1,30,756
Expenses (Including Depreciation & Taxation)	26,524	1,24,993

\* figures for the period 01.04.2016 to 16.06.2016



## NOTES TO FINANCIAL STATEMENTS (CONTD.)

38. Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

(in Rs.)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,14,500	29,922	2,44,422
(+) Permitted receipts*	–	12,81,718	12,81,718
(–) Permitted payments	–	11,73,391	11,73,391
(–) Amount deposited in Banks	2,14,500	–	2,14,500
Closing cash in hand as on 30.12.2016	–	1,38,249	1,38,249

\* Includes withdrawals made from banks.

39. Information as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 is furnished vide Annexure – II attached herewith.
40. Figures pertaining to the previous year have been rearranged / regrouped, wherever necessary, to make them comparable with those of current year.

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjhunwala**  
Partner  
Membership No. 056613

Place: Kolkata  
Date: 9th May, 2017

**For and on behalf of the Board of Directors**

**Hemant Kanoria**  
Chairman & Managing Director

**Shyamalendu Chatterjee**  
Director

**Sameer Sawhney**  
Chief Executive Officer

**Sandeep Lakhotia**  
Company Secretary

**Kishore Kumar Lodha**  
Chief Financial Officer

## ANNEXURE I TO NOTES TO FINANCIAL STATEMENTS

Stock for Trade as at 31st March, 2017

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(Rs.)	(Nos.)	(Rs. in Lacs)	
Bala Techno Industries Ltd.	10	5000	1	–
Hotline Glass Ltd.	10	110609	12	–
Kamala Tea Co. Ltd.	10	25000	11	11
Sanghi Polyster Ltd.	10	2000	0@	0#
IDBI Bank Ltd.	10	60000	105	46
Ortel Communications Ltd.	10	10000	16	11
L.D.Textile Industries Ltd.	10	42000	0*	0#
Shentracon Chemicals Ltd.	10	99400	0*	0#
India Lead Ltd.	10	418668	0*	0#
Mega Marketshare Resources Ltd.	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Ltd.	10	1210	0*	0#
Standard Chrome Ltd.	10	300	0*	0#
Kanel Oil & Export Ltd.	10	3100	0*	0#
Kesoram Textiles Ltd.	10	20	0*	0#
NEPC Agro Foods Ltd.	10	1333	0*	0#
<b>Total I (Equity Shares: Trade)</b>			<b>145</b>	<b>68</b>
Mutual Fund Units: Trade		Units	Cost	Value
		(Nos.)	(Rs. in Lacs)	
Indiabulls Short-term Fund		707747	10,000	10,000
<b>Total II (Mutual Funds: Trade)</b>			<b>10,000</b>	<b>10,000</b>
<b>Total I+II (Trade Investments)</b>			<b>10,145</b>	<b>10,068</b>
Less: Provision for diminution			77	
<b>Grand total</b>			<b>10,068</b>	

@ Book value Rs. 19,800;

\* Book value Rs. 1;

# Valued at Rs. 1

## ANNEXURE I TO NOTES TO FINANCIAL STATEMENTS (CONTD.)

### Stock for Trade as at 31st March, 2016

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(Rs.)	(Nos.)	(Rs. in Lacs)	
Bala Techno Industries Ltd	10	5000	1	–
Hotline Glass Ltd.	10	110609	12	–
Kamala Tea Co. Ltd.	10	25000	11	11
Sanghi Polyesters Ltd.	10	2000	0@	0#
IDBI Bank	10	60000	105	42
Ortel Communications Limited	10	10000	16	18
Quippo Telecom Infrastructure Private Ltd.	10	25929041	0*	0#
L.D.Textile Industries Ltd.	10	42000	0*	0#
Shentracon Chemicals Ltd.	10	99400	0*	0#
India Lead Ltd.	10	418668	0*	0#
Mega Marketshare Resources Ltd.	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Ltd.	10	1210	0*	0#
Standard Chrome Limited	10	300	0*	0#
Kanel Oil & Export Ltd.	10	3100	0*	0#
Kesoram Textiles Ltd.	10	20	0*	0#
NEPC Agro Foods Ltd.	10	1333	0*	0#
			<b>145</b>	<b>71</b>
Less: Provision for diminution			74	
<b>Total</b>			<b>71</b>	

@ Book value Rs. 19,800;

\* Book value Rs. 1;

# Valued at Rs. 1

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

## 1. Capital to Risk Assets Ratio (CRAR)

(Rs. in Lacs)

Sl. Particulars	As at	As at
	31st March, 2017	31st March, 2016
i) CRAR (%)	18.94	17.54
ii) CRAR – Tier I Capital (%)	13.81	12.51
iii) CRAR – Tier II Capital (%)	5.13	5.03
iv) Amount of subordinated debt raised as Tier-II capital *	–	–
v) Amount raised by issue of Perpetual Debt Instruments *	–	–

\* During the year figure

## 2. Exposure to Real Estate Sector

(Rs. in Lacs)

Category	As at	As at
	31st March, 2017	31st March, 2016
<b>a) Direct exposure</b>		
i) Residential Mortgages	–	–
ii) Commercial Real Estate	–	–
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures	–	–
iv) Infrastructure Real Estate (SEZ's, Industrial Parks, IT Parks, Hotels)	2,46,580	2,17,841
<b>b) Indirect exposure</b>	–	–

## 3. Asset Liability Management

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

(Rs. in Lacs)

Particulars	1 day to	Over 1	Over 2	Over 3	Over 6	Over 1 year	Over 3	Over 5	Total
	30/31 days (one month)	month to 2 months	months to 3 months	months to 6 months	months to 1 year	to 3 years	years to 5 years	years	
Deposits (Unclaimed)	3	–	–	–	–	–	–	–	3
Advances (refer Note-1 below)	71,296	46,100	50,056	86,249	1,13,912	3,23,164	2,89,828	2,57,735	12,38,340
Investments (including Current Investments & Stock for trade)[refer Note-2 below]	–	10,068	1,020	–	–	–	–	1,99,256	2,10,344
Borrowings	53,611	48,508	46,635	90,401	1,21,206	4,20,024	2,74,818	1,88,352	12,43,555
Foreign Currency Assets	–	–	–	–	–	–	242	3,390	3,632
Foreign Currency Liabilities	4,107	–	7,196	2,425	12,572	13,636	5,274	29,642	74,852

Notes:

- Advances represent the maturity pattern of loan assets and rentals on operating lease assets.
- The maturity pattern of Investments has been considered on the basis of Managements best estimates.
- The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in ratio of the maturity pattern of Advances.

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

(Rs. in Lacs)

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities Side:</b>		
<b>4. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures /Bonds:		
Secured	2,19,606	442*
Unsecured (Other than falling within the meaning of public deposit)	1,11,802	–
(b) Deferred Credits	–	–
(c) Term Loans	3,02,908	–
(d) Inter-corporate loans and borrowing	1,276	–
(e) Commercial Papers	37,459	–
(f) Other Loans:		
Working capital facility	6,67,413	92
Public Deposit	3	3

\* Income Tax authority has directed the Company not to transfer the maturity proceeds to the recipient.

(Rs. in Lacs)

Assets Side:	Amount Outstanding
<b>5. Break-up of Loans and Advances including bills receivables [other than those included in (6) below]:</b>	
(a) Secured	11,38,283
(b) Unsecured	2,06,827
<b>6. Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities</b>	
(a) Financial assets	–
(b) Assets and advance for Operating Lease	–
(c) Repossessed Assets	–
<b>7. Break up of Investments</b>	
Current Investments*	
1 Quoted:	
(i) Shares: Equity	57
(ii) Debentures and bonds	–
(iii) Units of mutual funds	–
(iv) Government Securities	–
(v) Others	–
2 Unquoted:	
(i) Shares: Equity	11
(ii) Debentures and bonds	–
(iii) Units of mutual funds	10,000
(iv) Government Securities	–
(v) Others (Investment in Funds & Trust)	1,020

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

Assets Side :		Amount Outstanding
Long-Term investments		
1	Quoted:	
	(i) Shares: Equity	75
	(ii) Debentures and bonds	–
	(iii) Units of mutual funds	0.24
	(iv) Government Securities	–
	(v) Others	–
2	Unquoted:	
	(i) Shares: (a) Equity	1,13,495
	(b) Preference	7,475
	(ii) Debentures, bonds / units	46,703
	(iii) Units of mutual funds	–
	(iv) Government Securities	0.15
	(v) Others (Investment in Funds, Trust & Share Warrant)	34,898

\* Including Stock for Trade

8. Borrower group-wise classification of assets financed as in (5) and (6) above:

(Rs. in Lacs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties			
(a) Subsidiaries	3,957	2,615	6,572
(b) Companies in the same group	–	–	–
(c) Other related parties	36,623	–	36,623
2 Other than related parties	10,77,620	2,04,185	12,81,805
<b>Total</b>	<b>11,18,200</b>	<b>2,06,800</b>	<b>13,25,000</b>

9. Investor group wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

(Rs. in Lacs)

Category	Market Value / Break up or fair value or NAV	Book Value (net of provisions)
	1 Related Parties	
(a) Subsidiaries	74,360	74,360
(b) Companies in the same group	–	–
(c) Other related parties	12,513	12,513
2 Other than related parties	1,27,123	1,26,861
<b>Total</b>	<b>2,13,996</b>	<b>2,13,734</b>

10. Other Information:

(Rs. in Lacs)

Particulars	Amount
i. Gross Non-Performing Assets	
(a) Related Parties	242
(b) Other than related Parties	55,638
ii. Net Non-Performing Assets	
(a) Related Parties	215
(b) Other than related Parties	36,585
iii. Assets acquired in satisfaction of debt (Outstanding)	71,176

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

### 11. Investments

(Rs. in Lacs)

Sl. Particulars	As at	As at
	31st March, 2017	31st March, 2016
1) Value of Investments		
i) Gross Value of Investments		
a) In India	2,00,495	2,73,739
b) Outside India,	3,390	3,390
ii) Provisions for Depreciation		
a) In India	219	269
b) Outside India,	–	–
iii) Net Value of Investments		
a) In India	2,00,276	2,73,470
b) Outside India,	3,390	3,390
2) Movement of provisions held towards depreciation on investments		
i) Opening Balance	269	490
ii) Add : Provisions made during the year	–	–
iii) Less : Write-off / write-back of excess provisions during the year	50	221
iv) Closing Balance	219	269

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

(Rs. in Lacs)

Sl. Particulars	As at	As at
	31st March, 2017	31st March, 2016
i) The notional principle of swap agreements	35,064	45,915
ii) Losses which would be incurred if counterparties failed to fulfill 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 @	297	(866)

@ The fair value is the estimated amount that the Company will receive or pay to terminate the swap agreements as on the balance sheet date.

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

(Rs. in Lacs)

Sl. Particulars	As at
	31st March, 2017
i) Notional Principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil
ii) Notional Principal amount of exchange traded IR derivatives outstanding as on 31st March, 2017 (instrument-wise)	Nil
iii) Notional Principal amount of exchange traded IR derivatives outstanding and not “highly effective” (instrument-wise)	Nil
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not “highly effective” (instrument-wise)	Nil

**ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)**

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

**14. 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.

Besides other market risks / core functions, Asset Liability Committee (ALCO) manages the Foreign Currency and Interest Rate Risks also. The company has put in place the policies for hedging / mitigating risks / strategies and processes for continuous monitoring of risks, which will enable the company to quantify risk, both on account of Foreign Currency and Interest Rate Risks. Apart from ALCO there is a Risk Committee of the Board which guides the company in these risks.

The Board has delegated authority to company officials in the Forex Treasury department for entering into Generic derivative products besides Forward Contracts, on behalf of the company, to hedge the Foreign Currency and Interest Rate Risk exposures.

The company has a Market Risk Policy which paves the way for risk reporting and risk monitoring systems. The marked-to-market values are obtained from the banks with whom the hedge deals are done.

The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates / variable interest benchmark on underlying liability, enters into derivative contracts. Derivate contracts which are covered under AS 11, are accounted for as per the aforesaid policy for Foreign Currency Transactions and Translations.

The Company does not enter into derivative contracts for speculation or trading purposes. In accordance with the Guidance Note on Accounting for Derivatives ('Guidance Note') issued by the Institute of Chartered Accountants of India, the Company has classified derivative contracts (not covered under AS 11) as a hedging instrument and adopted cash flow hedge accounting model. The hedging instrument is measured at fair value, but any gain or loss that is determined to be an effective hedge is recognised in cash flow hedge reserve and recycled to the statement of profit & loss to offset the gains and losses of the hedged items.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the respective contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense in the year in which it is cancelled or renewed.

**(ii) Quantitative Disclosures**

(Rs. in Lacs)

<b>Sl. Particulars</b>	<b>Currency Derivatives</b>	<b>Interest Rate Derivatives</b>
i) Derivatives (Notional Principal Amount)		
For hedging	67,554	35,064
ii) Marked to Market Positions [1]		
a) Asset (+)	3,978	413
b) Liability (-)	(1,677)	(115)
iii) Credit Exposure [2]	Nil	Nil
iv) Unhedged Exposures	7,299	29,572



## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

### 15 Exposure to Capital Market

(Rs. in Lacs)

Sl. Particulars	As at	As at
	31st March, 2017	31st March, 2016
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;	1,53,573	2,55,880
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;	–	444
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;	53,474	1,71,308
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)	9,007	8,118
<b>Total Exposure to Capital Market</b>	<b>2,16,054</b>	<b>4,35,750</b>

### 16. Provisions and Contingencies

(Rs. in Lacs)

Sl. Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at	As at
	31st March, 2017	31st March, 2016
i) Provisions for depreciation on Investment *	(47)	–
ii) Provision for Bad Debts / Advances	3,448	4,708
iii) Provision made towards Income tax	5,229	2,402
iv) Other Provision and Contingencies (with details)	–	–
v) Provision for Standard Assets	376	856

\* Including Stock for Trade

**ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)**

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

**17. Concentration of Advances**

	(Rs. in Lacs)
Total Advances to twenty largest borrowers	6,14,315
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	49.60%

**18. Concentration of Exposures**

	(Rs. in Lacs)
Total Exposure to twenty largest borrowers / customers	6,70,513
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	46.49%

**19. Concentration of NPAs**

	(Rs. in Lacs)
Total Exposure to top four NPA accounts	39,574

**20. Sector – wise NPAs**

Sl. Sector	Percentage of NPAs to Total Advances in that sector
1 Agriculture & allied activities	
2 MSME	
3 Corporate borrowers	
4 Services	*
5 Unsecured personal loans	
6 Auto loans	
7 Other personal loans	

\* The Company is engaged in the business of Infrastructure financing and registered as an Infrastructure Finance Company under the RBI regulations. Our portfolio has been bifurcated in Infrastructure sectors like Transport, Energy, Water Sanitation, Communication, Social & Commercial Infrastructure etc.

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

### 21. Movement of NPAs

(Rs. in Lacs)

Sl.	Particulars	As at	As at
		31st March, 2017	31st March, 2016
i)	Net NPAs to Net Advances (%)*	2.97%	4.76%
ii)	Movement of NPAs (Gross)		
	a) Opening Balance	80,426	77,813
	b) Additions during the year	43,988	6,341
	c) Reductions during the year	68,534	3,728
	d) Closing Balance	55,880	80,426
iii)	Movement of Net NPAs		
	a) Opening Balance	63,890	65,205
	b) Additions during the year	34,394	2,146
	c) Reductions during the year	61,484	3,461
	d) Closing Balance	36,800	63,890
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening Balance	16,536	12,608
	b) Provisions made during the year	9,594	4,195
	c) Write – off / write – back of excess provisions	7,050	267
	d) Closing Balance	19,080	16,536

\* Net NPA to Advances

### 22. Details of Non-performing Loan Assets purchased

(Rs. in Lacs)

Sl.	Particulars	As at	As at
		31st March, 2017	31st March, 2016
(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	–	–

### 23. Details of Non-performing Loan Assets sold

(Rs. in Lacs)

Sl.	Particulars	As at	As at
		31st March, 2017	31st March, 2016
i)	No. of accounts sold	–	–
ii)	Aggregate outstanding	–	–
iii)	Aggregate consideration received	–	–

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

## 24. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

(Rs. in Lacs)

Name of the Joint Venture / Subsidiary	Other Partner in the JV	Country	Total Assets as on 31st March, 2017
Srei International Infrastructure Services GmbH, Germany	i) Infrastructure Opportunities Singapore Pte. Ltd. (Holding 46.92%) ii) Various other Parties (Holding 3.95%)	Germany	12,127

## 25. Ratings

Sl. Particulars	CARE	Brickwork
i) Long Term Banking facilities	CARE A+	
ii) Short Term Banking Facilities	CARE A1+	
iii) Short Term Debt Instruments	CARE A1+	BWR A1+
iv) NCDs / Bonds	CARE A+	BWR AA+
v) Unsecured Subordinated / Tier-II Debentures/Bonds	CARE A	BWR AA+

## 26. Details of financial assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

(Rs. in Lacs)

Sl. Particulars	2016-17	2015-16
i) No. of accounts	3	–
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	45,000	–
iii) Aggregate consideration	45,000	–
iv) Additional consideration realized in respect of accounts transferred in earlier years	–	–
v) Aggregate gain / loss over net book value	–	–

## 27. Details of Security receipts held by Company is as below:

(Rs. in Lacs)

Particulars	Backed by NPAs sold by the Banks / FIs / NBFC's as underlying		Backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Book value of investments in security receipts	38,250	–	–	–	38,250	–

## ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (REFER NOTE 39) (CONTD.)

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

### 28. Disclosure on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(Rs. in Lacs)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA	Classified as Standard	Classified as NPA
	1	12,933	–	12,933	–	–

### 29. Customer Complaints

a) No. of complaints pending at the beginning of the year	Nil
b) No. of complaints received during the year	Nil
c) No. of complaints redressed during the year	Nil
d) No. of complaints pending at the end of the year	Nil

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of

### **Srei Infrastructure Finance Limited**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Srei Infrastructure Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates, jointly controlled entity (upto 16<sup>th</sup> June, 2016) and trust comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates, jointly controlled entity (upto 16<sup>th</sup> June, 2016) and trust 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. The respective Board of Directors of the companies included in the Group and its associates and jointly controlled entity (upto 16<sup>th</sup> June, 2016) and the trustees of the trust are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act / other relevant regulations applicable, for safeguarding the assets and for preventing and detecting frauds and other irregularities; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 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 auditor's 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 financial control relevant to the Holding Company's preparation 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 the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associates, jointly controlled entity (upto 16<sup>th</sup> June, 2016) and trust as at 31<sup>st</sup> March, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

#### **Other Matters**

- (a) We did not audit the financial statements / financial information of fifteen subsidiaries and the jointly controlled entity (upto 16<sup>th</sup> June, 2016), whose financial statements / financial information reflect total assets of Rs.17,48,181 Lacs as at 31<sup>st</sup> March, 2017, total revenues of Rs. 2,69,841 Lacs and net cash outflows amounting to Rs. 4,781 Lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs.5 Lacs for the year ended 31<sup>st</sup> March, 2017, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements / financial information have been audited / reported upon by other auditors whose reports have been furnished to us by the Management of the Holding Company and our

opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity (upto 16<sup>th</sup> June, 2016) and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entity (upto 16<sup>th</sup> June, 2016) and associates, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of one trust, whose financial statements reflect total assets of Rs. 1 Lac as at 31<sup>st</sup> March, 2017, total revenues of Rs. Nil and net cash inflows / outflows amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited, have been certified by the trustees of the trust and furnished to us by the Management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this trust and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid trust is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management of the Holding Company, these unaudited financial statements are not material to the consolidated financial statements.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors and the unaudited financial statements / financial information certified / reported upon by the trustees / auditors of the respective entities.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Company, the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India and according to the information and explanations given to us by the Management of the Holding Company in respect of unaudited entities, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and its associates and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and trust – Refer Note No.29 to the consolidated financial statements;
- (ii) There were no long-term contracts including derivative contracts, having any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled entity (upto 16<sup>th</sup> June, 2016) incorporated in India.
- (iv) The Holding Company, its subsidiary companies and associate companies incorporated in India have provided requisite disclosures in their financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures performed by us and based on the reports of other auditors, we report that the disclosures are in accordance with the books of account maintained by the Holding Company, its subsidiary companies and associate companies incorporated in India and as produced to us by the Management (Refer Note No. 36 to the consolidated financial statements).

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

**Anand Kumar Jhunjhunwala**

Partner

Membership No. 056613

Kolkata

9<sup>th</sup> May, 2017

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the Holding Company on the consolidated financial statements for the year ended 31<sup>st</sup> March, 2017]

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31<sup>st</sup> March, 2017, we have audited the internal financial controls over financial reporting of the Group and its associates, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating

effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Group and its associates, which are companies incorporated in India, have, in all material respects, an adequate



internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Holding Company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to fifteen

subsidiaries and two associates of the Holding Company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.103523W/W100048

Kolkata  
9<sup>th</sup> May, 2017

**Anand Kumar Jhunjunwala**  
Partner  
Membership No. 056613

**CONSOLIDATED BALANCE SHEET**

as at 31st March, 2017

(Rs. in Lacs)

	Note No.	As at 31st March, 2017	As at 31st March, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	50,324	50,324
Reserves and Surplus	3	4,41,550	3,12,177
		<b>4,91,874</b>	<b>3,62,501</b>
<b>Minority Interest</b>			
		<b>59</b>	<b>120</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	8,91,257	6,21,260
Deferred Tax Liabilities		33,876	18,926
Other Long-Term Liabilities	5	25,705	14,177
Long-Term Provisions	6	8,199	5,245
		<b>9,59,037</b>	<b>6,59,608</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	14,59,793	12,10,118
Trade Payables			
– Due to Micro and Small Enterprises	8.1	–	–
– Due to Others	8.2	1,03,194	40,371
Other Current Liabilities			
– Current Maturities of Long-Term Borrowings	4	2,69,366	2,35,890
– Others	9	52,411	40,089
Short-Term Provisions	10	3,453	5,067
		<b>18,88,217</b>	<b>15,31,535</b>
<b>TOTAL</b>		<b>33,39,187</b>	<b>25,53,764</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	11		
– Tangible Assets		2,97,467	1,34,985
– Intangible Assets		2,551	1,985
– Capital Work in Progress		859	6,227
Goodwill		28,396	30,774
Non-Current Investments	12.1	1,26,962	2,15,465
Deferred Tax Assets		1,855	1,921
Long-Term Loans and Advances			
– Financial Assets	13	8,50,646	3,91,290
– Loan Assets	14	7,91,042	9,18,316
– Other Long-Term Advances	15	75,434	50,028
Other Non-Current Assets	16	50,907	16,293
		<b>22,26,119</b>	<b>17,67,284</b>
<b>Current Assets</b>			
Current Investments	12.2	1,228	1,517
Inventories		2,203	1,696
Trade Receivables	17	11,960	10,465
Cash and Cash Equivalents	18	93,200	66,415
Short-Term Loans and Advances			
– Financial Assets	13	1,88,995	1,08,922
– Loan Assets	14	43,827	13,535
– Other Advances	19	8,578	12,259
Other Current Assets			
– Current Maturities of Long-Term Financial Assets	13	3,73,941	1,81,567
– Current Maturities of Long-Term Loan Assets	14	3,38,884	3,46,066
– Other Current Assets	20	50,252	44,038
		<b>11,13,068</b>	<b>7,86,480</b>
<b>TOTAL</b>		<b>33,39,187</b>	<b>25,53,764</b>
Significant Accounting Policies and Notes to Consolidated Financial Statements	1 to 37		

The Notes referred to above form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjhunwala**

Partner

Membership No. 056613

Place: Kolkata

Date: 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**

Chairman & Managing Director

**Shyamalendu Chatterjee**

Director

**Sameer Sawhney**

Chief Executive Officer

**Sandeep Lakhotia**

Company Secretary

**Kishore Kumar Lodha**

Chief Financial Officer

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2017

(Rs. in Lacs)

	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>INCOME</b>			
Revenue from Operations	21	4,64,933	3,23,332
Other Income	22	1,643	2,862
<b>Total Income</b>		<b>4,66,576</b>	<b>3,26,194</b>
<b>EXPENSES</b>			
Finance Costs	23	2,62,797	2,31,075
Employee Benefits Expense	24	20,156	14,486
Depreciation / Amortisation and Impairment Expense	11	38,013	21,529
Administrative and Other Expenses	25	33,955	21,262
<b>Total Expenses</b>		<b>3,54,921</b>	<b>2,88,352</b>
<b>Profit Before Bad Debts and Advances written off (net) / Provisions, Contingencies, Diminutions &amp; Tax</b>		<b>1,11,655</b>	<b>37,842</b>
Bad Debts and Advances written off (net) / Provisions, Contingencies & Diminutions	6.1	77,207	27,125
Loss on Sale of Stock for Trade and Investment (net)	6.3	–	123
<b>Profit Before Exceptional Items &amp; Tax</b>		<b>34,448</b>	<b>10,594</b>
Adjustment on disposal / cessation of Subsidiaries and Step-down Subsidiaries.	34	1,561	–
<b>Profit Before Tax</b>		<b>36,009</b>	<b>10,594</b>
Tax Expense			
– Current Tax	6.4	10,768	6,037
– Deferred Tax		6,680	(1,590)
– Mat Credit Entitlement (including in respect of earlier years)	6.5	(5,715)	(6)
<b>Total Tax Expense</b>		<b>11,733</b>	<b>4,441</b>
<b>Profit After Tax but before Share of Loss of Associate and Minority Interest</b>		<b>24,276</b>	<b>6,153</b>
Share of Loss / (Profit) of Associate		(5)	25
Minority Interest		(55)	(1,124)
<b>Profit After Tax after adjustment for Minority Interest</b>		<b>24,336</b>	<b>7,252</b>
<b>Earnings per Equity Share (Basic and Diluted) (in Rs.)</b> (Par Value Rs. 10/- per Equity Share)	26	4.84	1.44
Significant Accounting Policies and Notes to Consolidated Financial Statements	1 to 37		

The Notes referred to above form an integral part of the Consolidated Statement of Profit and Loss.  
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjunwala**

Partner

Membership No. 056613

Place: Kolkata

Date: 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**

Chairman & Managing Director

**Shyamalendu Chatterjee**

Director

**Sameer Sawhney**

Chief Executive Officer

**Sandeep Lakhotia**

Company Secretary

**Kishore Kumar Lodha**

Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st March, 2017

(Rs. in Lacs)

	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit Before Tax</b>	<b>36,009</b>	<b>10,594</b>
Adjustment for:		
Depreciation / Amortisation and Impairment Expense	38,013	21,529
Bad Debts and Advances written off (net)	72,913	21,297
Provision for Bad Debts and Advances	3,515	4,630
Contingent Provision against Standard Assets	826	1,198
Adjustment on disposal / cessation of Subsidiaries and Step-down Subsidiaries	(1,561)	-
Loss on Sale of Fixed Assets	20	24
Profit on Sale of Fixed Assets	(370)	(717)
Profit on Sale of Long-Term Trade Investments (net)	(31,835)	(107)
Loss / (Profit) on Sale of Current Investments (net)	(11)	(27)
Loss / (Profit) on Sale of Stock for Trade (net)	(48)	123
Income from Current Investments	(419)	-
Liabilities No Longer Required written back	(130)	(3)
Dividend Income	(96)	(82)
Foreign Exchange Fluctuation Reserve	-	(186)
Provision for Diminution in value of Stock for Trade and Investment	(47)	-
<b>Operating Profit before Working Capital Changes</b>	<b>1,16,779</b>	<b>58,273</b>
<b>Changes in Working Capital</b>		
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(23,336)	(6,564)
(Increase) / Decrease in Financial & Loan Assets	(22,794)	(86,632)
(Increase) / Decrease in Current Investments / Stock for Trade	(9,918)	1,413
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity of more than three months)	4,449	(22,724)
(Decrease) / Increase in Trade Payables / Others	24,501	22,197
<b>Cash Generated from Operations</b>	<b>89,681</b>	<b>(34,037)</b>
Direct Taxes paid	(12,893)	(9,518)
<b>Net Cash (Used in) / Generated from Operating Activities</b>	<b>76,788</b>	<b>(43,555)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,30,057)	(19,292)
Proceeds from Sale of Fixed Assets	2,532	10,393
(Increase) / Decrease in Non Current Investments (net)	1,23,576	7,583
Income from Current Investments	419	-
Dividend Received	96	82
<b>Net Cash (Used) / Generated in Investing Activities</b>	<b>(3,434)</b>	<b>(1,234)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase / (Decrease) in Debentures (net)	67,732	(2,835)
Increase / (Decrease) in Working Capital facilities (net)	(1,81,816)	70,858
Increase / (Decrease) in Other Loans (net)	68,911	(33,343)
Dividend Paid	(2,517)	(2,516)
Corporate Dividend Tax Paid	(512)	(512)
<b>Net Cash (Used) / Generated in Financing Activities</b>	<b>(48,202)</b>	<b>31,652</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>25,152</b>	<b>(13,137)</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>16,764</b>	<b>29,901</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>41,916</b>	<b>16,764</b>

**Explanations:**

- The above Consolidated Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 'Cash Flow Statements'.
- Previous year's figures have been rearranged/regrouped wherever necessary to conform to the current year's classification.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjhunwala**

Partner

Membership No. 056613

Place: Kolkata

Date: 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**

Chairman &amp; Managing Director

**Shyamalendu Chatterjee**

Director

**Sameer Sawhney**

Chief Executive Officer

**Sandeep Lakhota**

Company Secretary

**Kishore Kumar Lodha**

Chief Financial Officer

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Significant Accounting Policies

### 1.1 Basis of Preparation

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India, under the historical cost convention, on accrual basis. As per Rule 7 of The Companies (Accounts) Rules, 2014, the standards of accounting as specified under the Companies Act, 1956 shall be deemed to be the accounting standards until accounting standards are specified by the Central Government under Section 133 of the Companies Act, 2013. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006], the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to an 'Infrastructure Finance Company – Non Deposit Taking' Non-Banking Finance Company ('NBFC'). The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

#### Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III of the Companies Act, 2013.

For the Company, there is generally no clearly identifiable normal operating cycle and hence the normal operating cycle for the Company is assumed to have a duration of 12 months.

### 1.2 Use of estimates

The preparation of consolidated financial statements requires the management to make estimates and assumptions which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and the estimates are recognized in the periods in which the results are known / materialized. Any revision to the accounting estimates is recognized prospectively in the current and future accounting years.

### 1.3 Principles of Consolidation

Srei Infrastructure Finance Limited (the Holding Company) and its Subsidiaries (including their subsidiaries), Associates, Trusts and Joint Venture are collectively referred to as 'the Group'. The consolidated financial statements of the Group have been prepared in accordance with Accounting Standard 21 (AS – 21) "Consolidated Financial Statements", Accounting Standard 23 (AS – 23) "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS – 27) "Financial Reporting of Interests in Joint Ventures". The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Holding Company and its subsidiary companies have been combined on line by line basis by adding together the book value of like items of Assets, Liabilities, Income and Expenses after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- b) In case of investments in subsidiaries, where the shareholding is less than 100%, minority interest in the net assets of consolidated subsidiaries consist of:
  - i) The amount of equity attributable to minorities at the date on which Investment in the subsidiary is made.
  - ii) The minorities' share of movements in equity since the date the holding subsidiary relationship came into existence.
- c) Foreign subsidiaries representing non integral foreign operations are translated for the purpose of consolidation, as follows (in accordance with AS – 11):
  - i) The assets and liabilities, both monetary and non-monetary, are translated at closing rate.

## SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- ii) Income and expense items are translated at average rate for the period.
- iii) All resulting exchange differences are accumulated in foreign currency translation reserve until disposal of the net investment.
- d) Uniform accounting policies for like transactions and other events in similar circumstances have been adopted and presented, to the extent possible, in the same manner as the Holding Company's separate financial statements.
- e) The excess of cost of the Holding Company of its investment in the subsidiary over the Holding Company's portion of equity of the subsidiary as at the date of investment is recognised in the consolidated financial statements as Goodwill. It is tested for impairment on a periodic basis and written-off if found impaired.
- f) The excess of Holding Company's portion of equity of the Subsidiary, over cost as at the date of investment, is treated as Capital Reserve.
- g) Investment in associate is accounted using the equity method and disclosed separately in the Consolidated Balance Sheet.
- h) Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures".

### 1.4 Fixed Assets, Depreciation / Amortisation and Impairment

#### i) Fixed Assets

Tangible fixed assets are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets, which take substantial period of time to get ready for their intended use, are also capitalised to the extent they relate to the period till such assets are ready to put to use.

Intangible Assets comprising of computer software and licenses expected to provide future enduring economic benefits are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Cost comprises of purchase price and directly attributable expenditure on making the asset ready for its intended use. Any technology support cost or annual maintenance cost for such software is charged to the Statement of Profit and Loss.

#### ii) Depreciation / Amortisation

Depreciation on tangible assets other than Leasehold Improvements, is provided over the estimated useful life of assets, in accordance with Schedule II to the Companies Act, 2013.

The Company has adopted the useful life as specified in Schedule II to the Companies Act, 2013, except for certain assets for which the useful life has been estimated based on Independent technical advice.

The assets for which useful life are adopted as specified in Schedule II to the Companies Act, 2013 are as follows :

Asset Description (as per Note No. 11)		Estimated useful Life as per Schedule II
<b>I</b>	<b>Assets for Own Use</b>	
i)	Buildings	60 years
ii)	Furniture and Fixtures	10 years
iii)	Motor Vehicles	8 years
iv)	Computers	3, 6 years
v)	Office Equipment	5 years
vi)	Plant & Machinery	15 years
<b>II</b>	<b>Assets given on Operating Lease</b>	
i)	Plant & Machinery	15, 30 years
ii)	Windmill	22 years

## SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The useful life of tangible asset which is different from the useful life as specified by Schedule II is as given below :

	Asset Description (as per Note No. 11)	Estimated useful Life duly supported by technical advice	Estimated useful Life as per Schedule II
<b>I</b>	<b>Assets for Own Use</b>		
i)	Computer Equipment	5 years	3, 6 years
ii)	Motor Vehicles	7 years	8 years
iii)	Plant and Machinery		
	(a)	8, 10 years	15 years
	(b)	25 years	30 years
<b>II</b>	<b>Assets given on Operating Lease</b>		
i)	Computer Equipment	5 years	3, 6 years
ii)	Earth Moving Equipment	7 years	9 years
iii)	Motor Vehicles	7 years	8 years
iv)	Plant and Machinery	8, 15 years	15, 30 years
v)	Windmill	20 years	22 years
vi)	Aircrafts	18 years	20 years

In case of entities which are incorporated outside India and have prepared their Financial Statement in accordance with International Financial Reporting Standards (IFRS), generally followed in the country of their incorporation, depreciation is provided over estimated useful life of fixed assets on straight-line basis.

Depreciation / Amortisation on assets purchased / sold during the reporting period is recognised on pro-rata basis.

In case of capital spare parts which are purchased specifically for assets deployed at customer's site for contract performance are amortised over the period of service contract or the estimated useful life of capital spare parts, whichever is lower.

Lease-hold assets including improvements are amortised over the period of the lease or the estimated useful life of the asset, whichever is lower.

Amortisation of intangible assets is provided on straight line basis which reflect the management's estimate of useful life of such assets:

	Asset Description	Useful Life as followed by the management
<b>I</b>	<b>Assets for Own Use</b>	
i)	Intangible Assets	2 – 6 years

### iii) Impairment

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 recognised wherever the carrying amount of an asset exceeds its recoverable amount.

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

A previously recognised 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 by charging usual depreciation, if there was no impairment.

### 1.5 Capital Work in Progress / Advance for Operating Lease

Capital work in progress / advance for operating lease is stated at cost and includes development and other expenses, including interest during construction period.

### 1.6 Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalised 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.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

Borrowing costs consist 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 borrowing cost. The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. Premium payable on redemption of bonds is amortised over the tenure of the bonds. These form part of the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

### **1.7 Operating Leases**

#### **Where the company is lessee**

Leases under which all the risks and benefit of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight – line method over the lease term in accordance with Accounting Standard 19 on ‘Leases’.

#### **Where the company is lessor**

Leases under which the company does not transfer substantially all the risks and benefit of ownership of the asset are classified as operating leases. Assets given on operating leases are included in fixed assets. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred afterwards, are recognised in the Statement of Profit and Loss as they are incurred. Lease income in respect of operating leases is recognised in the statement of Profit and Loss on a straight – line method over the lease term in accordance with Accounting Standard 19 on ‘Leases’. Maintenance cost including depreciation are recognised as an expense in the Statement of Profit and Loss.

### **1.8 Investments**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on ‘Accounting for Investments’. Current investments also include current maturities of long–term investments. All other investments are classified as non–current investments. Current investments are carried at lower of cost and market price determined category–wise. All non–current investments including investments in Subsidiary Companies, are carried at cost. However, provision for diminution in value, other than temporary in nature, is made to recognise a decline, on an individual basis. The cost of Investments acquired on amalgamations is determined as per the terms of the scheme of amalgamation.

Cost is arrived at on weighted average method for the purpose of valuation of investment.

### **1.9 Stock for Trade**

Stock for trade is carried at lower of cost and market price, determined category–wise.

### **1.10 Financial Assets**

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

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

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.

### **1.11 Loan Assets**

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable.

Loan assets are carried at net investment amount including installments fallen due, amounts received, assets not paid for, etc. and include assets acquired in satisfaction of debt.



## **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **1.12 Provisioning / Write-off of assets**

The Company makes provision for Standard, Restructured and Non-Performing Assets as per the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended from time to time. The Company also makes additional provision, to the extent considered necessary, based on the management's best estimate. Provision for other receivables is also made on similar basis.

Loan & Advances which, as per the management are not likely to be recovered, are considered as bad debts and written off.

### **1.13 Foreign Currency Transactions, Translations and Derivative Contracts**

The reporting currency of the Company is the Indian Rupee (Rs.).

#### **i) 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, as on the date of the transaction.

#### **ii) Conversion**

Year end foreign currency monetary items are reported using the year end 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. 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.

#### **iii) 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 year or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expense in the year in which they arise. Exchange differences arising out of foreign currency borrowings are considered as an adjustment to interest cost and recognised in accordance to para 1.6 above.

#### **iv) Forward Exchange Contracts (not intended for trading or speculation purpose)**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the respective contracts. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense in the year in which it is cancelled or renewed.

#### **v) Derivatives and Hedges**

The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates / variable interest benchmark on underlying liability, enters into derivative contracts. The company does not enter into derivative contracts for speculation or trading purposes. Derivative contracts which are covered under AS 11, are accounted for as per the aforesaid policy for Foreign Currency Transactions and Translations.

In accordance with the Guidance Note on Accounting for Derivatives Contracts ('Guidance Note') issued by the Institute of Chartered Accountants of India, the Company has classified derivative contracts (not covered under AS 11) as hedging instruments and adopted cash flow hedge accounting model for such contracts.

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

## SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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

### 1.14 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company, it can be reliably measured and it is reasonable to expect ultimate collection.

- a) Income from Financial assets, Loans and Leases are recognised in the Statement of Profit and Loss on accrual basis, except in the case of non-performing assets where it is recognised, upon realisation, as per the Prudential Norms / Directions of RBI, applicable to NBFCs.
- b) Interest income from financial and loan assets is recognised 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.
- c) Income from operating lease is recognised on straight line basis over the lease term or other systematic basis which is more representative of the time pattern of the users benefit.
- d) Processing fees are recognised when a binding obligation for granting loan has been entered into.
- e) Income from Funds is recognised as and when it is distributed by the Fund.
- f) Delayed payment interest / incremental in interest pursuant to upward revision in benchmark interest rate is accrued, due to uncertainty of realisation, only to the extent of probable recovery, as per the best estimate of the management.
- g) Gains arising on securitisation / assignment of assets, if any, are recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI, while loss, if any is recognised upfront. These are considered as income from financial / loan assets.
- h) Income from Equipment Rental is recognised on the basis of rendering of services to customers on a proportionate time basis, in accordance with the respective Contracts / Agreements.
- i) Fees for advisory services is accounted based on the stage of completion of assignments, when there is reasonable certainty of its ultimate realisation/ collection. Other fee based income is accounted for on accrual basis.
- j) Income from Dividend of shares of corporate bodies is accounted when the Company's right to receive the dividend is established.
- k) 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.
- l) Profit or Loss on sale of non-current and current investments are recognised when a binding obligation has been entered into.
- m) Claims lodged with the insurance companies are accounted for on accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.
- n) All other income is accounted for on accrual basis.

## **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

### **1.15 Retirement and Other Employee Benefits**

- a) Retirement and employee benefits in the form of Provident Fund and Employee State Insurance are defined contribution plans and the Company's contributions, paid or payable during the reporting period, are charged to the Statement of Profit and Loss.
- b) Gratuity liability is a defined benefit plan and is provided for on the basis of actuarial valuation on projected unit credit method at the Balance Sheet date.
- c) 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 charged to the Statement of Profit and Loss and are not deferred.

### **1.16 Taxes on Income**

Tax expense comprises of current tax [(net of Minimum Alternate Tax (MAT) credit entitlement)] and deferred tax.

Current tax is the amount of tax payable on the taxable income for the period determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income for the current period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. 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 recognised 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 realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

MAT credit is recognised 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 period in which the MAT credit becomes eligible to be recognised 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 created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### **1.17 Segment Reporting**

Based on the risks and returns associated with business operations and in terms of Accounting Standard-17 (Segment Reporting), the Group is predominantly engaged in 'Financial Services' and 'Infrastructure Equipment Services' as primary reportable segments.

### **1.18 Provision, Contingent Liabilities and Contingent Assets**

A provision is recognised 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 best estimate 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. Contingent Liabilities are not recognised but are disclosed in the notes to financial statements. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

**SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****1.19 Earnings Per Share (EPS)**

Basic EPS is 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 year.

For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**1.20 Assets under Management**

Contracts securitised, assigned or co-branded are derecognised from the books of accounts. Contingent liabilities thereof, if any, are disclosed separately in the notes to consolidated financial statements.

**1.21 Prior Period and Extra Ordinary Items**

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

**1.22 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Cost of inventory is determined using the 'weighted average' basis and includes all costs incurred in bringing the goods to their present location and condition.

The Company provides for obsolete, slow-moving and damaged inventory based on management estimates of the usability of such inventory.

**1.23 Miscellaneous Expenditure**

The expenses incurred on issue of Equity Shares, Long-Term Bonds and Debentures are amortised as follows:–

- i) Expenses on issue of Equity Shares are amortised over a period of ten years.
- ii) Expenses on issue of Bonds and Debentures are amortised over the tenure of the respective Bonds and Debentures.

Preliminary expenses are written off in the year of incurrence.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2. SHARE CAPITAL

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
<b>Authorised</b>				
Equity Shares, Rs. 10/- par value per share	1000000000	1,00,000	1000000000	1,00,000
Preference Shares, Rs. 100/- par value per share	50000000	50,000	50000000	50,000
		<b>1,50,000</b>		<b>1,50,000</b>
<b>Issued and subscribed</b>				
Equity Shares, Rs. 10/- par value per share	503559160	50,356	503559160	50,356
<b>Fully Paid-up</b>				
Equity Shares, Rs. 10/- par value per share	503086333	50,309	503086333 <sup>1</sup>	50,309
<b>Forfeited Shares</b>	472827	15	472827	15
		<b>50,324</b>		<b>50,324</b>

<sup>1</sup> Includes 21,600 shares represented by 5,400 Global Depository Receipts (GDRs) issued vide Prospectus dated 18.04.2005.

#### 2.1 Reconciliation of the Number of Equity Shares outstanding

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

Equity Shares	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Rs. in Lacs	No. of Shares	Rs. in Lacs
At the beginning of the year	503086333	50,309	503086333	50,309
Add: Issued during the year	-	-	-	-
At the end of the year	503086333	50,309	503086333	50,309

#### 2.2 Rights, preferences and restrictions in respect of each class of shares

The Company's authorised capital consists of two classes of shares, referred to as Equity Shares and Preference Shares having par value of Rs. 10/- and Rs. 100/- each respectively. Each holder of equity shares is entitled to one vote per share. Preference Shareholders has a preferential right over equity shareholders, in respect of repayment of capital and payment of dividend. However, no such preference shares have been issued by the Company during the year ended 31st March, 2017 and 31st March, 2016.

The Company declares and pays dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

#### 2.3 Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares (during 5 years preceding 31st March, 2017)

Company has not issued any shares without payment being received in cash / by way of bonus shares since 2011-12.

#### 2.4 Details of Shareholders holding more than 5% of the equity shares each, are set out below:

Name of the shareholders	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Adisri Commercial Private Limited (Holding Company)	303675845	60.36	293201250	58.28
Srei Growth Trust*	Nil	Nil	48600000	9.66
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	41882982	8.33	42943661	8.54

\* Held in the name of Trustees

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

## 3. RESERVES AND SURPLUS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Capital Reserve</b>		
Opening balance	1,979	1,979
Add: Capital Reserve on Consolidation	1,02,750	–
Add: Addition / (deduction) during the year	–	–
Closing balance	<b>1,04,729</b>	<b>1,979</b>
<b>Securities Premium Reserve</b>		
Opening balance	62,578	62,578
Add: Addition / (deduction) during the year	(137)	–
Closing balance	<b>62,441</b>	<b>62,578</b>
<b>Bond / Debt Redemption Reserve</b>		
Opening balance	45,542	44,115
Add: Transfer from Surplus in the Consolidated Statement of Profit and Loss	4,998	1,427
Less: Adjustment with Capital Reserve on account of Consolidation	302	–
Less: Transfer to Surplus, on repayment of Bond / Debt	3,900	–
Closing balance	<b>46,338</b>	<b>45,542</b>
<b>Special Reserve (Reserve Fund as per Section 45–IC of the Reserve Bank of India Act, 1934)</b>		
Opening balance	33,305	31,003
Add: Transfer from Surplus in the Consolidated Statement of Profit and Loss	4,900	2,302
Less: Adjustment with Capital Reserve on account of Consolidation	197	–
Closing balance	<b>38,008</b>	<b>33,305</b>
<b>Income Tax Special Reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)</b>		
Opening balance	5,084	2,491
Add: Transfer from Surplus in the Consolidated Statement of Profit and Loss	14,360	2,593
Less: Adjustment with Capital Reserve on account of Consolidation	344	–
Closing balance	<b>19,100</b>	<b>5,084</b>
<b>General Reserve</b>		
Opening balance	1,36,804	1,36,804
Add: Addition / (deduction) during the year	(3)	–
Closing balance	<b>1,36,801</b>	<b>1,36,804</b>
<b>Cash Flow Hedge Reserve</b>		
Opening balance	–	–
Add: Addition during the year	1,358	–
Less: Recycled to Statement of Profit and Loss	(1,397)	–
Closing balance	<b>2,755</b>	–
<b>Foreign Currency Translation Reserve</b>		
Opening balance	(1,764)	(1,578)
Add: Addition / (deduction) during the year	1,629	(186)
Closing balance	<b>(135)</b>	<b>(1,764)</b>
<b>Surplus in the Consolidated Statement of Profit and Loss</b>		
Opening balance	28,649	30,747
Add: Net profit for the year	24,336	7,252
Amount available for appropriation	<b>52,985</b>	<b>37,999</b>
<b>Appropriations:</b>		
Proposed Equity dividend	–	2,516
Corporate dividend tax on proposed dividend	–	512
Transferred to Bond / Debt Redemption Reserve (net)	1,098	1,427
Transferred to Special Reserve	4,900	2,302
Transferred to Income Tax Special Reserve	14,360	2,593
Adjustment of IRS & CCIRS MTM as on 31st March, 2016 with Opening Reserves	1,114	–
Closing balance	<b>31,513</b>	<b>28,649</b>
<b>Total Reserves and Surplus</b>	<b>4,41,550</b>	<b>3,12,177</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 4. LONG-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Non-Current Maturities	Current Maturities	Total	Non-Current Maturities	Current Maturities	Total
<b>A. Secured</b>						
<b>Bonds / Debentures</b>						
Long-Term Infrastructure Bonds	2,040	–	2,040	–	2,489	2,489
Non-Convertible Debentures	2,53,317	46,123	2,99,440	1,62,101	51,913	2,14,014
<b>Term Loans</b>						
From Banks						
– Rupee Loans	2,12,180	1,03,276	3,15,456	1,93,183	1,13,344	3,06,527
– Foreign Currency Loans	30,604	37,128	67,732	40,494	34,323	74,817
From Other Financial Institutions						
– Rupee Loans	73,100	24,330	97,430	6,590	6,030	12,620
– Foreign Currency Loans	39,683	10,639	50,322	15,286	12,742	28,028
	<b>(A)</b>	<b>6,10,924</b>	<b>2,21,496</b>	<b>4,17,654</b>	<b>2,20,841</b>	<b>6,38,495</b>
<b>B. Unsecured</b>						
<b>Bonds / Debentures</b>						
Non-Convertible Debentures	200	–	200	–	–	–
Subordinated Perpetual debentures (Tier I Capital)	3,750	–	3,750	1,875	–	1,875
Subordinated bonds / debentures (Tier II Capital)	2,15,201	25,903	2,41,104	1,59,684	10,835	1,70,519
Foreign currency non-convertible bonds / debentures	–	–	–	2,087	–	2,087
0.1% Non-Convertible Cumulative Redeemable Preference Shares	14	–	14	14	–	14
<b>Term Loans</b>						
From Banks						
– Rupee Loans						
Subordinated loans from banks (Tier II Capital)	16,667	18,333	35,000	12,500	2,500	15,000
Other term loans from banks	3,188	1,625	4,813	4,813	1,625	6,438
– Foreign Currency Loans						
Other term loans from banks	32,660	1,554	34,214	11,925	–	11,925
From Other Parties						
– Foreign Currency Loans						
Other term loans from financial institution	8,653	455	9,108	9,943	–	9,943
<b>Deposits</b>						
Inter Corporate Deposits from Others	–	–	–	765	89	854
	<b>(B)</b>	<b>2,80,333</b>	<b>47,870</b>	<b>2,03,606</b>	<b>15,049</b>	<b>2,18,655</b>
<b>Total (A+B)</b>		<b>8,91,257</b>	<b>2,69,366</b>	<b>6,21,260</b>	<b>2,35,890</b>	<b>8,57,150</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

## 5. OTHER LONG-TERM LIABILITIES

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Acceptances	2,659	1,170
Interest Accrued but not due on Borrowings	4,102	2,644
Sundry liabilities (Interest Capitalisation) Account (As per RBI guidelines)	4,695	3,283
Security Deposits & Retentions	14,234	7,050
Other Liabilities	15	30
<b>Total</b>	<b>25,705</b>	<b>14,177</b>

## 6. LONG-TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Provision for Employee Benefits (Non-Current Portion)</b>		
Gratuity	1,207	707
Unavailed leave	1,397	867
	<b>(A)</b>	<b>1,574</b>
<b>Other Provisions</b>		
Contingent Provisions against Standard Assets	5,595	3,671
	<b>(B)</b>	<b>3,671</b>
<b>Total (A+B)</b>	<b>8,199</b>	<b>5,245</b>

## 6.1 Bad Debts and Advances written off (net) / Provisions, Contingencies and Diminutions

(Rs. in Lacs)

Particulars	2016-17	2015-16
Bad Debts and Advances written off (net)	72,913	21,297
Provision for Bad Debts and Advances	3,515	4,630
Contingent Provisions against Standard Assets	826	1,198
Provision for Diminution in Value of Stock for Trade and Investment (refer Note 6.2)	(47)	-
<b>Total</b>	<b>77,207</b>	<b>27,125</b>

## 6.2 Provision for Diminution in Value of Stock for Trade and Investment

(Rs. in Lacs)

Particulars	2016-17	2015-16
Provision for Diminution in Value of Long-Term Trade Investment	(50)	-
Provision for Diminution in Value of Stock for Trade	3	-
<b>Total</b>	<b>(47)</b>	<b>-</b>

## 6.3 Loss on Sale of Stock for Trade and Investment (net)

(Rs. in Lacs)

Particulars	2016-17	2015-16
Loss on Sale of Stock for Trade (net)	-	1,085
Less:		
Provision for Diminution in Value of Stock for Trade	-	962
<b>Total</b>	<b>-</b>	<b>123</b>

## 6.4 Current Tax

(Rs. in Lacs)

Particulars	2016-17	2015-16
Provision for taxation for the year	12,493	6,037
Income Tax in respect of earlier years	(1,725)	-
<b>Total</b>	<b>10,768</b>	<b>6,037</b>

## 6.5 Mat Credit Entitlement (including in respect of earlier years)

Mat Credit Entitlement includes Rs. 1,112 Lacs (Previous year Rs. Nil) in respect of earlier years.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 7. SHORT-TERM BORROWINGS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>A. Secured</b>		
<b>Bonds / Debentures</b>		
Non-Convertible Debentures	1,000	3,250
<b>Term loans</b>		
From Banks		
– Rupee Loans	–	6,250
<b>Loans Repayable on Demand</b>		
Working Capital Facilities from banks		
– Rupee Loans	9,58,300	8,78,300
– Foreign Currency Loans	10,663	1,247
Cash Credit		
– Rupee Loans	4,023	2,296
<b>Other Loans</b>		
Working Capital Facilities from banks	3,83,541	2,65,657
Buyer's Credit from Banks – Foreign Currency Loans	16,206	7,597
	<b>(A)</b>	<b>13,73,733</b>
		<b>11,64,597</b>
<b>B. Unsecured</b>		
<b>Deposits</b>		
Inter Corporate Deposits from Others	212	702
<b>Other Loans</b>		
Commercial Papers from Others (net of prepaid discount)	85,848	44,819
	<b>(B)</b>	<b>86,060</b>
		<b>45,521</b>
<b>Total (A+B)</b>	<b>14,59,793</b>	<b>12,10,118</b>

### TRADE PAYABLES

#### 8.1 Due to Micro and Small Enterprises

(Rs. in Lacs)

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

## 8.2 Due to Others

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
For Services	4,091	3,691
Acceptances	38,249	16,022
Operating Lease	60,854	20,658
<b>Total</b>	<b>1,03,194</b>	<b>40,371</b>

## 9. OTHER CURRENT LIABILITIES – OTHERS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Interest Accrued but not due on Borrowings	32,785	28,671
Interest Accrued and due on Borrowings	92	191
Interest Accrued but not due on Others	194	46
Unclaimed Dividend ( <i>refer Note No. 9.1</i> )	35	36
Unclaimed Matured Public Deposits and Interest Accrued thereon ( <i>refer Note No. 9.1</i> )	3	16
Unpaid Matured Debentures Interest Accrued thereon	442	–
For Capital Goods	–	4
Advance from Customers	1,270	658
Statutory Liabilities	858	1,501
Security Deposits & Retentions	9,407	4,584
Payable to Employees	1,947	852
Premium payable on Forward Contract	2,324	417
Commission Payable to Directors	433	168
Liability for Operating Expenses	2,463	2,897
Derivative Liability	74	–
Other Liabilities	84	48
<b>Total</b>	<b>52,411</b>	<b>40,089</b>

9.1 To be credited to Investor Education and Protection Fund as and when due.

## 10. SHORT-TERM PROVISIONS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Provision for Employee Benefits (Current Portion)</b>		
Unavailed leave	268	162
Gratuity	1	1
<b>(A)</b>	<b>269</b>	<b>163</b>
<b>Other Provisions</b>		
Proposed Equity Dividend	–	2,516
Provision for Corporate Dividend Tax	–	512
Contingent Provisions against Standard Assets	3,184	1,876
<b>(B)</b>	<b>3,184</b>	<b>4,904</b>
<b>Total (A+B)</b>	<b>3,453</b>	<b>5,067</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 1.1. FIXED ASSETS

Particulars	Gross Block / Original Cost					Depreciation / Amortisation and Impairment					Net Carrying Value			
	(a)	(b)	(c)	(d)	(e)	(f=a+b-c+d-e)	(g)	(h)	(i)	(j)	(k)	(l)	(m=g+h+i-j+k-l)	(a-g)
<b>I. Tangible assets:</b>														
<b>Assets for Own use</b>														
Land- Freehold	11	-	-	2	-	13	-	-	-	-	-	-	-	13
Buildings	18,513	-	7	46	-	18,552	1,590	343	-	2	7	-	1,938	16,614
Leasehold Improvements	5,658	1,146	2	-	-	6,802	2,225	696	-	1	-	-	2,920	3,882
Furniture and Fixtures	5,158	1,014	30	1,191	3	7,330	1,995	665	-	15	825	3	3,467	3,863
Motor Vehicles	570	-	-	153	289	434	345	71	-	-	51	271	196	238
Machinery	20,367	23,582	901	-	-	43,048	11,174	1,525	-	(1,251)	-	-	13,950	29,098
Equipment	2,534	-	70	-	-	2,464	1,252	244	-	27	-	-	1,469	995
Computer	381	32	34	-	5	374	313	33	-	34	-	5	307	67
Office Equipment	2,502	390	74	1,147	-	3,965	1,523	619	-	73	634	-	2,703	1,262
<b>Total (A)</b>	<b>55,694</b>	<b>26,164</b>	<b>1,118</b>	<b>2,539</b>	<b>297</b>	<b>82,982</b>	<b>20,417</b>	<b>4,196</b>	<b>-</b>	<b>(1,099)</b>	<b>1,517</b>	<b>279</b>	<b>26,950</b>	<b>56,032</b>
<b>Assets given on Operating Lease</b>														
Aircrafts	2,390	-	-	403	-	2,793	1,983	234	-	-	198	-	2,415	378
Earthmoving Equipments	25,764	36,468	977	25,764	-	87,019	10,188	7,838	247	667	10,875	-	28,481	58,538
Motor Vehicles	36,909	20,556	5,107	36,910	-	89,268	20,270	8,435	68	4,454	21,113	-	45,432	43,836
Plant & Machinery	81,637	44,627	1,561	41,490	-	1,66,193	23,600	9,659	245	2,803	15,786	-	46,487	1,19,706
Computers	18,042	4,783	5,961	18,041	-	34,905	11,187	4,530	65	5,288	11,866	-	22,360	12,545
Furniture and Fixtures	3,867	3,113	92	3,867	-	10,755	1,673	693	279	63	1,741	-	4,323	2,194
<b>Total (B)</b>	<b>1,68,609</b>	<b>1,09,547</b>	<b>13,698</b>	<b>1,26,475</b>	<b>-</b>	<b>3,90,933</b>	<b>68,901</b>	<b>31,389</b>	<b>904</b>	<b>13,275</b>	<b>61,579</b>	<b>-</b>	<b>1,49,498</b>	<b>2,41,435</b>
<b>Total (I) = (A+B)</b>	<b>2,24,303</b>	<b>1,35,711</b>	<b>14,816</b>	<b>1,29,014</b>	<b>297</b>	<b>4,73,915</b>	<b>89,318</b>	<b>35,585</b>	<b>904</b>	<b>12,176</b>	<b>63,096</b>	<b>279</b>	<b>1,76,448</b>	<b>2,97,467</b>
<b>II. Intangible assets:</b>														
<b>Assets for Own use</b>														
Computer Softwares	3,117	395	41	2,378	39	5,810	1,813	1,017	-	41	1,415	37	4,167	1,643
Tenancy Rights	4	-	-	4	-	8	4	-	-	-	4	-	8	-
<b>Total (C)</b>	<b>3,121</b>	<b>395</b>	<b>41</b>	<b>2,382</b>	<b>39</b>	<b>5,818</b>	<b>1,817</b>	<b>1,017</b>	<b>-</b>	<b>41</b>	<b>1,419</b>	<b>37</b>	<b>4,175</b>	<b>1,643</b>
<b>Assets given on Operating Lease</b>														
Softwares	1,820	110	281	1,820	-	3,469	1,139	443	64	281	1,196	-	2,561	908
<b>Total (D)</b>	<b>1,820</b>	<b>110</b>	<b>281</b>	<b>1,820</b>	<b>-</b>	<b>3,469</b>	<b>1,139</b>	<b>443</b>	<b>64</b>	<b>281</b>	<b>1,196</b>	<b>-</b>	<b>2,561</b>	<b>908</b>
<b>Total (II) = (C+D)</b>	<b>4,941</b>	<b>505</b>	<b>322</b>	<b>4,202</b>	<b>39</b>	<b>9,287</b>	<b>2,956</b>	<b>1,460</b>	<b>64</b>	<b>322</b>	<b>2,615</b>	<b>37</b>	<b>6,736</b>	<b>2,551</b>
<b>Total Fixed Assets = (I + II)</b>	<b>2,29,244</b>	<b>1,36,216</b>	<b>15,138</b>	<b>1,33,216</b>	<b>336</b>	<b>4,83,202</b>	<b>92,274</b>	<b>37,045</b>	<b>968</b>	<b>12,498</b>	<b>65,711</b>	<b>316</b>	<b>1,83,184</b>	<b>3,00,018</b>
Previous year	2,26,659	18,714	16,129	-	-	2,29,244	77,174	20,789	740	6,429	-	-	92,274	1,36,970
<b>III. Capital work in Progress</b>														
														<b>859</b>
														<b>6,227</b>

(Rs. in Lacs)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

## 12.1 NON-CURRENT INVESTMENTS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
In Associates [includes goodwill Rs. 3,923 Lacs (Previous year Rs. 3,923 Lacs)]	9,625	8,047
In Other Securities	1,17,337	2,07,418
<b>Total</b>	<b>1,26,962</b>	<b>2,15,465</b>

## 12.2 CURRENT INVESTMENTS

(Rs. in Lacs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
In Other Securities	1,228	1,517
<b>Total</b>	<b>1,228</b>	<b>1,517</b>

## 13. FINANCIAL ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non- Current Maturities	Current Maturities		Non- Current Maturities	Current Maturities	
Secured, Considered Good <sup>1</sup>	8,89,747	3,73,941	1,88,995	4,19,941	1,81,567	1,08,922
Less: Bad debts for the year / Provision for Non Performing Assets	(39,101)	-	-	(28,651)	-	-
<b>Total</b>	<b>8,50,646</b>	<b>3,73,941</b>	<b>1,88,995</b>	<b>3,91,290</b>	<b>1,81,567</b>	<b>1,08,922</b>

<sup>1</sup>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 borrowers, against financial assets are based on the valuation of underlying assets, where applicable, carried out by an external valuer.

## 14. LOAN ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2017			As at 31st March, 2016		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non- Current Maturities	Current Maturities		Non- Current Maturities	Current Maturities	
<b>Considered Good, unless otherwise stated</b>						
<b>Secured<sup>1</sup></b>						
Loans to Others <sup>2</sup>	7,66,094	3,28,776	3,057	8,69,854	3,43,686	9,086
Loans to Related parties	33,080	3,543	-	65,710	2,357	-
<b>(A)</b>	<b>7,99,174</b>	<b>3,32,319</b>	<b>3,057</b>	<b>9,35,564</b>	<b>3,46,043</b>	<b>9,086</b>
<b>Unsecured</b>						
Loans to Others	11,736	6,565	40,770	1,243	23	4,449
Loans to Related parties	242	-	-	-	-	-
<b>(B)</b>	<b>11,978</b>	<b>6,565</b>	<b>40,770</b>	<b>1,243</b>	<b>23</b>	<b>4,449</b>
Less: Provision for Bad Debts / Advances	(20,110)	-	-	(18,491)	-	-
<b>(C)</b>	<b>(20,110)</b>	<b>-</b>	<b>-</b>	<b>(18,491)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>7,91,042</b>	<b>3,38,884</b>	<b>43,827</b>	<b>9,18,316</b>	<b>3,46,066</b>	<b>13,535</b>

<sup>1</sup>Secured by underlying assets and in certain cases are additionally secured by immovable properties and / or pledge of equity shares of the borrowers by way of collateral security.

<sup>2</sup>The Company holds 6,60,37,735 nos. (24.01%) of equity shares of Deccan Chronicle Holdings Limited (DCHL), which were acquired in pursuance of recovery of its loans to DCHL. Since the financial statements of DCHL are not available for the period beginning 1st October, 2012 onwards and the trading of DCHL shares stands suspended on Stock Exchanges, a reliable ascertainment of value of these shares cannot be made. Hence, the Company has not yet adjusted the outstanding loan amount with the value of such shares.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 15. OTHER LONG TERM ADVANCES

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Unsecured, Considered Good</b>		
Advances		
Capital Advances	10,402	3,044
Advance to Vendors for Operating Expenses	136	122
Employee Advance	270	43
Advance against investments	1,223	23
Prepaid Expenses	2,458	1,534
Balance with Revenue Authorities	18,443	17,611
Security Deposits – to Others	36,538	27,270
MAT Credit Entitlement	5,962	378
Other Advances	2	3
<b>Total</b>	<b>75,434</b>	<b>50,028</b>

### 16. OTHER NON-CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Unsecured, Considered Good</b>		
Non-Current portion of other Bank Balances		
Fixed Deposit Account with balance maturity of more than twelve months:		
– Not Under Lien	5	2
– Under Lien	4,308	1,927
Balance with Bank – Debt Service Reserve Account	187	187
Unamortised Ancillary Borrowing Costs	4,125	3,650
Interest Accrued but not due	742	1,203
Income Accrued but not due	285	314
Receivable on Forward Exchange Contracts	793	3,918
Derivative Assets	427	–
Security Receipts	38,250	–
Other Receivables	1,785	5,092
<b>Total</b>	<b>50,907</b>	<b>16,293</b>

### 17. TRADE RECEIVABLES

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Unsecured</b>		
Considered Good		
Outstanding for more than Six Months	3,213	5,986
Other Debts	8,885	4,619
	<b>12,098</b>	<b>10,605</b>
Less: Bad Debts / Provision for Bad Debts	(138)	(140)
	<b>(A) 11,960</b>	<b>10,465</b>
Considered Doubtful		
Outstanding for more than Six Months	238	472
Other Debts	28	–
Less: Bad Debts / Provision for Bad Debts	(266)	(472)
	<b>(B) –</b>	<b>–</b>
<b>Total (A+B)</b>	<b>11,960</b>	<b>10,465</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

## 18. CASH AND CASH EQUIVALENTS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Cash on Hand	745	480
Balances with Banks – in Current Account	14,580	6,437
Balances in Automated Teller Machines (ATMs) (in connection with White Label ATM business)	20	–
Cheques on Hand	14,959	6,906
Fixed Deposits with Banks having original maturity of three months or less	11,577	2,905
Unclaimed Dividend Account	35	36
	<b>(A)</b>	<b>16,764</b>
Other Bank Balances :		
Fixed Deposits with banks having balance maturity of twelve months or less:		
– Not Under Lien	4,708	5,807
– Under Lien	46,576	43,844
Fixed Deposits with bank having balance maturity of more than twelve months	4,313	1,929
Less: Non-current portion of other bank balances disclosed separately under 'Other Non-Current Assets' (refer Note No. 16)	(4,313)	(1,929)
	<b>(B)</b>	<b>49,651</b>
<b>Total (A+B)</b>	<b>93,200</b>	<b>66,415</b>

## 19. OTHER SHORT-TERM ADVANCES

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Unsecured, Considered good</b>		
Advances		
Advance to Vendors for Operating Expenses	2,166	1,252
Employee Advance	429	193
Advance to Related parties	–	6
Security Deposits – to Others	758	1,094
Prepaid Expenses	1,343	980
Balance with Revenue Authorities	2,115	691
Other Advances	1,767	8,043
<b>Total</b>	<b>8,578</b>	<b>12,259</b>

## 20. OTHER CURRENT ASSETS

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Unamortised Ancillary Borrowing Costs	2,405	2,427
Interest Accrued but not due	20,078	18,969
Income Accrued but not due	30	29
Stock for Trade	10,068	71
Receivable on Forward Exchange Contracts	3,413	15,603
Derivative Assets	3,854	–
Other Receivables	10,404	6,938
Miscellaneous Expenditure to the extent not written off or adjusted	–	1
<b>Total</b>	<b>50,252</b>	<b>44,038</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 21. REVENUE FROM OPERATIONS

(Rs. in Lacs)

Particulars	2016-17	2015-16
Income from Loans / Financial Assets	3,45,979	2,86,209
Income from Leases	41,189	22,969
Fee Based Income	3,323	5,025
Income from Equipment Rental	16,469	3,416
Income from Non Compete Fees	20,555	-
Gain / Loss on Disposal of Assets Acquired in Satisfaction of Debt – Loan Assets (refer Note 21.1)	-	-
Income from Long-Term Trade Investments	-	363
Interest from Long-Term Trade Investments	20	34
Interest on Fixed Deposits and Other Receivables	5,085	5,182
Income from Current Investment	419	-
Profit on Sale of Stock for Trade (net)	48	-
Profit on Sale of Long-Term Trade Investments (net)	31,835	107
Profit on Sale of Current Investments (net)	11	27
<b>Total</b>	<b>4,64,933</b>	<b>3,23,332</b>

### 21.1 GAIN / LOSS ON DISPOSAL OF ASSETS ACQUIRED IN SATISFACTION OF DEBT – LOAN ASSETS

(Rs. in Lacs)

Particulars	2016-17	2015-16
Book Value of Assets acquired in Satisfaction of Debt, disposed off during the year	1,17,824	20,239
Less: Received on Disposal		
Sale Consideration	1,04,719	20,239
Non Compete Fees	13,105	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 22. OTHER INCOME

(Rs. in Lacs)

Particulars	2016-2017	2015-2016
Liabilities No Longer Required Written Back	130	3
Dividend Income	96	82
Profit on Sale of Fixed Assets	370	717
Other Non-Operating Income	1,047	2,060
<b>Total</b>	<b>1,643</b>	<b>2,862</b>

### 23. FINANCE COSTS

(Rs. in Lacs)

Particulars	2016-17	2015-16
Interest Expense & Finance Charges	2,37,226	2,04,463
Other Borrowing Costs	26,044	24,917
Applicable net (gain) / loss on foreign currency transactions and translations	(473)	1,695
<b>Total</b>	<b>2,62,797</b>	<b>2,31,075</b>

### 24. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lacs)

Particulars	2016-17	2015-16
Salaries, Allowances, Commission & Bonus	18,624	13,355
Contribution to Provident and Other Funds	891	678
Staff Welfare Expenses	641	453
<b>Total</b>	<b>20,156</b>	<b>14,486</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 25. ADMINISTRATIVE AND OTHER EXPENSES

(Rs. in Lacs)

Particulars	2016-17	2015-16
Communication Expenses	508	341
Outsourced Manpower Expenses	137	53
Site & Site Mobilisation Expenses	3,308	1,757
Legal & Professional Fees	7,668	5,606
Power & Fuel	2,810	560
Rent	1,888	1,458
Equipment Hire & Leasing	755	186
Rates and Taxes	174	337
Brokerage and Service Charges	2,241	1,091
Payments to the Auditor	264	210
Repairs – Machinery	3,989	1,569
– Others	2,500	1,643
Travelling and Conveyance	3,952	2,803
Directors' Fees	94	82
Insurance	514	481
Printing and Stationery	303	205
Advertisement, Subscription and Donation	982	764
Corporate Social Responsibility Expenses	438	240
Loss on Sale of Fixed Assets	20	24
Miscellaneous Expenses	1,410	1,852
<b>Total</b>	<b>33,955</b>	<b>21,262</b>

### 26. EARNINGS PER EQUITY SHARE

Particulars	2016-17	2015-16
(a) Profit after tax attributable to Equity Shareholders (Rs. in Lacs)	24,336	7,252
(b) Weighted average number of Equity Shares (Basic)	503086333	503086333
(c) Weighted average number of Potential Equity Shares	–	–
(d) Weighted average number of Equity Shares (Diluted)	503086333	503086333
(e) Nominal Value of Equity per share (Rs.)	10	10
(f) Basic Earnings per share [(a) / (b)] (Rs.)	<b>4.84</b>	<b>1.44</b>
(g) Diluted Earnings per share [(a) / (d)] (Rs.)	<b>4.84</b>	<b>1.44</b>

27. In accordance with Accounting Standard 21 “Consolidated Financial Statements”, the Consolidated Financial Statements of the Group include the financial statements of the Holding Company and all its subsidiaries and sub-subsidiaries which are more than 50% owned and controlled. Enterprises over which the Company exercises significant influence are considered for preparation of the Consolidated Financial Statements as per Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” and Interests in Joint Ventures (JV) have been accounted by using the proportionate consolidation method as per Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures”. Investments that are acquired and held exclusively with a view to subsequent disposal in the near future are not considered for consolidation.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

28. The details of subsidiaries (including their subsidiaries), associates, trusts and joint venture are as follows:-

Name of the Company	Country of incorporation	% Holding	
		As at 31st March, 2017	As at 31st March, 2016
<b>Subsidiaries:</b>			
Srei Capital Markets Limited	India	100	100
Srei Alternative Investment Managers Limited	India	100	100
Srei Infrastructure Advisors Limited	India	100	100
Controlla Electrotech Private Limited	India	100	100
Srei Mutual Fund Asset Management Private Limited	India	100	100
Srei Mutual Fund Trust Private Limited	India	100	100
Srei International Infrastructure Services GmbH, Germany (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	Germany	–	92.54
Srei Forex Limited (ceased to be Subsidiary w.e.f 17.05.2016)	India	–	100
Srei Insurance Broking Private Limited	India	100	100
Quippo Oil & Gas Infrastructure Limited	India	100	100
Quippo Energy Limited (Formerly Quippo Energy Private Limited)	India	100	100
Goldensons Construction Private Limited (ceased to be Subsidiary w.e.f 30.06.2015)	India	–	–
Srei Asset Reconstruction Private Limited	India	100	100
Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	India	100	–
<b>Step-down Subsidiaries:</b>			
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India	51	51
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India	51	51
Cyberabad Trustee Company Private Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India	51	51
AO Srei Leasing, Russia (Formerly ZAO Srei Leasing, Russia) (ceased to be Step-down Subsidiary w.e.f. 21.06.2016)#	Russia	–	64.20
Srei Advisors Pte Limited (ceased to be Step-down Subsidiary w.e.f. 21.06.2016)	Singapore	–	100
Quippo Drilling International Private Ltd (Formerly Performance Drilling International Private Ltd ) (Subsidiary of Quippo Oil & Gas Infrastructure Limited)	India	100	100
<b>Joint Venture:</b>			
Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	India	–	50
<b>Associates:</b>			
Sahaj e-Village Limited	India	49.47	49.47
Attivo Economic Zone (Mumbai) Private Limited	India	48.78	48.78
Srei International Infrastructure Services GmbH, Germany (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	Germany	49.13	–
<b>Trusts:</b>			
Srei Growth Trust (The Trust having completed its Objective & dissolved w.e.f. 31.03.2017)			India
Srei Mutual Fund Trust			India

#The form of the company is changed from ZAO (Closed Joint Stock Company) to AO (Joint Stock Company) w.e.f. 19.04.2016. Accordingly, the Company has been named as AO Srei Leasing.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

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

(Rs. in Lacs)

Particulars	As at	
	31st March, 2017	31st March, 2016
<b>A. Contingent Liabilities</b>		
(a) Claims against the Company not acknowledged as debts:		
Direct Tax demands	11,654	8,484
Indirect Tax demands	11,951	5,742
(b) Guarantees:		
Bank Guarantees	19,341	13,464
Guarantees to Banks and Others against credit facilities extended by them to third parties	14,717	8,985
Guarantees to Banks and others, in the form of Put Option against loan facilities	1,256	2,088
(c) Others		
Towards work contract performance	290	554
<b>Total</b>	<b>59,209</b>	<b>39,317</b>
<b>B. Commitments</b>		
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	40,559	3,158
On account of Letter of Credit	99,734	1,16,671
On account of Derivative Instruments (refer Note 29.1)		
Other Commitments	51	90

29.1 The Company has entered into Options / Swaps / Forward contracts (being derivative instruments) which are not intended for trading or speculation, for the purpose of hedging currency and interest rate related risks. Options, Swaps and Forward contracts outstanding as at year end are as follows:

(Amount in Lacs)

Category	Currency	As at	
		31st March, 2017	31st March, 2016
Options / Swaps	EUR/INR	EUR 586	EUR 252
Options / Swaps	SGD/USD	SGD 42	SGD 63
Options / Swaps	USD/INR	USD 1,705	USD 1,252
Forwards	EUR/INR	EUR 275	EUR 48
Forwards	USD/INR	USD 505	USD 147
Forwards	GBP/INR	GBP 2	–
Forwards	EUR/USD	EUR 8	–
Interest Rate Swaps	EUR	–	EUR 3
Interest Rate Swaps	USD	USD 779	USD 1,054

30. Management accounts of Srei International Infrastructure Services GmbH (Srei IIS) upto 31st March, 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS), generally followed in the country of their incorporation. Differences in accounting policies as between IFRS and Indian GAAP are not material, in the context of consolidation of Srei IIS in these consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

31.1 The Reporting Company's proportionate share in the assets, liabilities, income and expenses of its Joint Venture Company included in these consolidated financial statements are given below:

(Rs. in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	–	2,983
Reserves and Surplus	–	1,15,216
	–	<b>1,18,199</b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	–	1,38,942
Deferred Tax Liabilities	–	8,583
Other Long-Term Liabilities	–	8,128
Long-Term Provisions	–	1,986
	–	<b>1,57,639</b>
<b>Current Liabilities</b>		
Short-Term Borrowings	–	3,81,575
Trade Payables	–	38,406
Other Current Liabilities		
– Current Maturities of Long-Term Borrowings	–	72,169
– Others	–	13,648
Short-Term Provisions	–	1,472
	–	<b>5,07,270</b>
<b>TOTAL</b>	–	<b>7,83,108</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
– Tangible Assets	–	69,161
– Intangible Assets	–	1,738
Non-Current Investments	–	109
Long-Term Loans and Advances		
– Financial Assets	–	3,91,290
– Other Long-Term Advances	–	1,160
Other Non-Current Assets	–	6,721
	–	<b>4,70,179</b>
<b>Current Assets</b>		
Current Investments	–	286
Trade Receivables	–	3,492
Cash and Bank Balances	–	10,392
Short-Term Loans and Advances		
– Financial Assets	–	1,08,922
– Other Advances	–	1,521
Other Current Assets		
– Current Maturities of Long-Term Financial Assets	–	1,81,567
– Other Current Assets	–	6,749
	–	<b>3,12,929</b>
<b>TOTAL</b>	–	<b>7,83,108</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Particulars	2016-17*	2015-16
<b>STATEMENT OF PROFIT AND LOSS</b>		
<b>INCOME</b>		
Revenue from Operations	27,496	1,30,695
Other Income	1	61
<b>Total Income</b>	<b>27,497</b>	<b>1,30,756</b>
<b>EXPENDITURE</b>		
Finance Costs	14,913	70,886
Employee Benefits Expense	1,536	7,299
Depreciation / Amortization and Impairment Expense	3,394	16,130
Administrative and Other Expenses	1,800	8,610
<b>Total Expenses</b>	<b>21,643</b>	<b>1,02,925</b>
<b>Profit Before Bad Debts ans Advances written off (net) / Provisions, Contingencies, Diminutions &amp; Tax</b>	<b>5,854</b>	<b>27,831</b>
Bad debts and advances written off (net) / Provisions, Contingencies & Diminutions	4,500	19,809
<b>Profit Before Tax</b>	<b>1,354</b>	<b>8,022</b>
Tax Expenses	381	2,259
<b>Profit After Tax</b>	<b>973</b>	<b>5,763</b>
<b>Proportionate Share in Reserves of Joint Venture:</b>		
Capital Reserves	–	16
Securities Premium Account	–	51,990
Debt Redemption Reserve	–	29,300
Special Reserve as per Reserve Bank of India Directions	–	12,665
Income Tax Special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961)	–	4,198
Surplus in the Statement of Profit and Loss	–	17,048
<b>TOTAL</b>	<b>–</b>	<b>1,15,217</b>
Contingent Liabilities	–	3,649
Capital Commitments (Net of Advances)	–	790

\* Figures for the period 01.04.2016 to 16.06.2016, since Srei Equipment Finance Limited ceased to be 50:50 Joint Venture and has become Subsidiary w.e.f. 17.06.2016

**31.2** During the year, Srei Equipment Finance Limited (SEFL) has ceased to be a 50:50 Joint Venture and has become Subsidiary w.e.f. 17.06.2016. In the consolidated financial statement, SEFL is consolidated till 16.06.2016 under Accounting Standard 27 “Financial Reporting of Interests in Joint Ventures” and thereafter under Accounting Standard 21 “Consolidated Financial Statements”. This has resulted in Capital Reserve amounting to Rs. 1,02,750 Lacs . The Assets, Liabilities, Income and Expenditure considered for SEFL, being 100% subsidiary, is as below:

(Rs. in Lacs)

Particulars	As at 31st March, 2017
Total Liabilites	17,23,020
Total Assets	17,23,020
Contingent Liabilities	21,142
Capital Commitments (net of advances)	35,934

(Rs. in Lacs)

Particulars	2016-17*
Income	1,94,547
Expenditure (including Depreciation and Taxation)	1,81,610

\* figures for the period 17.06.2016 to 31.03.2017

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 32. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 18 – RELATED PARTY DISCLOSURES

List of Related Parties:

**Holding Company:**

Adisri Commercial Private Limited

**Joint Venture:**

Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)

**Key Management Personnel (KMP):**

Name	Designation
Mr. Hemant Kanoria	Chairman & Managing Director
Mr. Bijoy Kumar Daga (Upto 11.06.2016)	Chief Executive Officer, Infrastructure Project Finance
Mr. Bajrang Kumar Choudhary (Upto 31.10.2016)	Chief Executive Officer, Infrastructure Project Development
Mr. Kishore Kumar Lodha	Chief Financial Officer
Mr. Sameer Sawhney (From 05.11.2016)	Chief Executive Officer
Mr. Sandeep Lakhota	Company Secretary

**Enterprise over which relative of a KMP has significant influence**

Viom Networks Limited (Significant influence ceased w.e.f 21.04.2016)

**Summary of transactions with Related Parties:**

(Rs. in Lacs)

Name of related party	2016-17*		2015-16	
	Value of Transaction/ Outstanding	Amount Considered in Consolidation	Value of Transaction/ Outstanding	Amount Considered in Consolidation
<b>(A) Joint Venture:</b>				
<b>Srei Equipment Finance Limited</b>				
<b>Transactions during the year:</b>				
Rent Received	444	222	1,734	867
Fees Income for Services	–	–	15	7
Security Deposit Received	–	–	22	11
<b>Outstanding as at year end:</b>				
Balance Payable–Security Deposit	–	–	1,551	775

\* figures for the period 01.04.2016 to 16.06.2016

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

(Rs. in Lacs)

Name of related party and Nature of relationship	Nature of Transactions	Year ended 31st March, 2017		Year ended 31st March, 2016	
		For the Year	Balance as at 31st March, 2017	For the Year	Balance as at 31st March, 2016
<b>(B) Key Management Personnel (KMP):</b>					
Mr. Hemant Kanoria	Remuneration	247	–	247	–
	Commission	60	60	60	60
	Dividend paid	2	–	2	–
Mr. Sandeep Lakhoria	Remuneration	71	–	79	–
	Dividend Paid	0.49	–	0.49	–
Mr. Bajrang Kumar Choudhary (Upto 31.10.2016)	Remuneration	86	–	123	–
	Dividend paid	0.39	–	0.39	–
Mr. Kishore Kumar Lodha	Remuneration	50	–	53	–
	Dividend paid	–	–	0.03	–
Mr. Bijoy Kumar Daga (Upto 11.06.2016)	Remuneration	109	–	214	–
	Dividend paid	–	–	1	–
Mr. Sameer Sawhney (w.e.f. 05.11.2016)	Remuneration	60	–	–	–
Mr. John Moses Harding (upto 31.01.2016 )	Remuneration	–	–	137	–
<b>(C) Transaction with Relative of KMP:</b>					
Mr. Sunil Kanoria (Brother of Mr. Hemant Kanoria)	Commission	10	10	5	5
	Sitting Fees	11	–	11	–
<b>(D) Enterprise over which relative of a KMP has significant influence:</b>					
Viom Networks Limited (significant influence ceased w.e.f 21.04.2016)	Rent Received	3	–	866	47
	Security Deposit Received	–	–	6	670

## 33. SEGMENT REPORTING

Segment wise details (information provided in respect of revenue items for the year ended 31st March, 2017 and in respect of assets/ liabilities as at 31st March, 2017 – denoted as “CY” below, previous year denoted as “PY”) as required by AS – 17 “Segment Reporting” are as under:–

(Rs. in Lacs)

Particulars	Financial Services		Infrastructure Equipment Services		Others		Total	
	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	4,52,539	3,22,280	16,924	5,055	117	91	4,69,580	3,27,426
Segment Result before Interest & Finance Charges	2,94,620	2,42,894	4,261	(1,221)	(75)	(4)	2,98,806	2,41,669
Interest & Finance Charges	2,61,849	2,30,165	948	910	–	–	2,62,797	2,31,075
Tax Expenses							11,733	4,441
Net Profit After Tax							24,276	6,153
Segment Assets	32,82,083	24,99,421	26,522	31,327	2,172	2,379	33,10,777	25,33,127
Segment Liabilities	28,00,437	21,54,710	12,779	14,329	127	114	28,13,343	21,69,153
Capital Expenditures	1,35,146	18,354	1,070	360	–	–	1,36,216	18,714
Depreciation / Impairment	37,397	21,044	571	440	45	45	38,013	21,529
Other non-cash Expenditure	–	–	–	1	–	–	–	1

34. Adjustment on disposal / cessation of Subsidiaries and Step-down subsidiaries is Rs. 1,561 Lacs (Previous Year Rs. Nil). It has been accounted for as per Accounting Standard 21, “Consolidated Financial Statements”.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### 35. ADDITIONAL INFORMATION AS PER SCHEDULE III OF THE COMPANIES ACT, 2013

(Rs. in Lacs)

Sl. No.	Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss (Profit after tax)	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>					
1	Srei Infrastructure Finance Limited	42.79%	2,10,514	27.42%	6,673
<b>Subsidiaries</b>					
<b>Indian:</b>					
1	Srei Capital Markets Limited	0.05%	230	0.05%	13
2	Srei Equipment Finance Limited (ceased to be Joint venture and has become Subsidiary w.e.f. 17.06.2016)	50.91%	2,50,463	54.77%	13,328
3	Srei Alternative Investment Managers Limited	0.30%	1,482	0.40%	97
4	Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Alternative Investment Managers Limited)	0.02%	75	-0.02%	(6)
5	Cyberabad Trustee Company Pvt. Limited (Subsidiary of Srei Alternative Investment Managers Limited)	0.00%	6	0.00%	-
6	Srei Infrastructure Advisors Limited	0.00%	(4)	0.08%	19
7	Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	0.03%	168	0.15%	37
8	Controlla Electrotech Private Limited	0.41%	2,007	-0.18%	(45)
9	Srei Mutual Fund Asset Management Private Limited	0.01%	35	-0.52%	(127)
10	Srei Mutual Fund Trust Private Limited	0.00%	4	-0.02%	(6)
11	Srei Forex Limited (ceased to be Subsidiary w.e.f. 17.05.2016)	0.00%	-	0.00%	-
12	Srei Insurance Broking Private Limited	0.10%	507	-0.16%	(40)
13	Quippo Oil & Gas Infrastructure Limited	1.38%	6,767	11.54%	2,809
14	Quippo Drilling International Private Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited)	0.00%	-	0.00%	-
15	Quippo Energy Limited (Formerly Quippo Energy Private Limited)	2.03%	9,985	1.74%	424
16	Srei Mutual Fund Trust	0.00%	-	0.00%	-
17	Srei Growth Trust	0.00%	-	0.00%	(1)
18	Srei Asset Reconstruction Private Limited	0.00%	10	0.00%	-
<b>Subsidiaries</b>					
<b>Foreign:</b>					
1	Srei International Infrastructure Services GmbH, Germany (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	0.00%	-	-0.12%	(29)
2	AO Srei Leasing, Russia (Formerly ZAO Srei Leasing, Russia) (ceased to be Step-down Subsidiary w.e.f. 21.06.2016)	0.00%	-	-5.77%	(1,403)
3	Srei Advisors Pte Limited (ceased to be Step-down Subsidiary w.e.f. 21.06.2016)	0.00%	-	0.00%	(1)
<b>Gain on disposal / cessation of Subsidiaries and step-down Subsidiaries</b>		0.00%	-	6.41%	1,561
<b>Minority Interests in all subsidiaries</b>		0.01%	59	-0.23%	(55)
<b>Associates (investment as per equity method)</b>					
<b>Indian:</b>					
1	Sahaj e-Village Limited	0.00%	-	0.00%	-
2	Attivo Economic Zone (Mumbai) Private Limited	1.64%	8,046	0.00%	(1)
<b>Associates (investment as per equity method)</b>					
<b>Foreign:</b>					
1	Srei International Infrastructure Services GmbH, Germany (ceased to be Subsidiary and has become Associate w.e.f. 21.06.2016)	0.32%	1,579	0.02%	6
<b>Joint Ventures (as per proportionate consolidation / investment as per the equity method)</b>					
<b>Indian:</b>					
1	Srei Equipment Finance Limited (ceased to be Joint Venture and has become Subsidiary w.e.f. 17.06.2016)	0.00%	-	4.00%	973
<b>TOTAL</b>		<b>100.00%</b>	<b>4,91,933</b>	<b>100.00%</b>	<b>24,336</b>

Note: Figures are after elimination of related party transactions between entities considered for consolidation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

36. Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016 by the Holding Company, its subsidiary companies and associate companies:

(in Rs.)

Particulars	SBNs	Other Denomination Note	Total
Closing cash in hand as on 08.11.2016	4,82,05,000	1,81,96,240	6,64,01,240
(+) Permitted receipts	*41,000	**7,16,85,003	7,17,26,003
(+) Other receipts – (Amount directly deposited by the customers in banks)	25,65,36,000	6,29,63,198	31,94,99,198
(-) Permitted payments	–	46,25,467	46,25,467
(-) Amount deposited in Banks	4,82,46,000	6,89,91,354	11,72,37,354
(-) Amount deposited in Banks directly by the customers	25,65,36,000	6,29,63,198	31,94,99,198
Closing cash in hand as on 30.12.2016	–	1,62,64,422	1,62,64,422

\* Rs. 41,000 was received back from employees against advances given earlier.

\*\*Includes withdrawals from banks.

37. Figures pertaining to the previous year have been rearranged / regrouped, wherever necessary, to make them comparable with those of current year.

### Signatories to Note 1 to 37

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048

**Anand Kumar Jhunjunwala**  
Partner  
Membership No. 056613

Place: Kolkata  
Date: 9th May, 2017

For and on behalf of the Board of Directors

**Hemant Kanoria**  
Chairman & Managing Director

**Shyamalendu Chatterjee**  
Director

**Sameer Sawhney**  
Chief Executive Officer

**Sandeep Lakhota**  
Company Secretary

**Kishore Kumar Lodha**  
Chief Financial Officer



FORM AOC-1

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES/ JOINT VENTURES UNDER SECTION 129(3) READ WITH RULE 5 OF THE COMPANIES (ACCOUNTS) RULES, 2014**

Part "A" : Subsidiaries

(Rs. in Lacs)

Names of Companies	(Rs. in Lacs)									
	1	2	3	4	5	6	7	8	9	10
Sl. No.	Srei Capital Markets Ltd.	Srei Alternative Investment Managers Ltd.	Bengal Srei Infrastructure Development Ltd.	Controlla Electrotech Pvt. Ltd.	Srei Infrastructure Advisors Ltd.	Srei Mutual Fund Asset Management Pvt. Ltd.	Srei Mutual Fund Trust Pvt. Ltd.	Srei Insurance Broking Pvt. Ltd.	Hyderabad Information Technology Venture Enterprises Ltd.	Cyberabad Trustee Company Pvt. Ltd.
The date since when the subsidiary was acquired	26.12.1998	25.12.1997	25.09.2008	06.06.2008	19.06.2001	27.11.2009	27.11.2009	31.03.2012	29.08.2007	29.08.2007
Reporting year	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Reporting Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Exchange rate on last day of reporting year (In INR)										
Share Capital	505.00	25.00	5.00	3.53	50.00	1,600.00	15.00	490.00	25.00	5.00
Reserves & Surplus	123.81	1,336.86	35.70	(396.69)	(34.73)	(504.32)	(23.02)	(235.60)	49.56	1.14
Total Assets	667.18	2,097.46	173.86	2,010.94	15.85	1,124.36	3.62	687.04	74.98	6.26
Total Liabilities	667.18	2,097.46	173.86	2,010.94	15.85	1,124.36	3.62	687.04	74.98	6.26
Investments	199.62	1,251.37	-	-	3.25	-	-	-	-	-
Turnover	258.86	949.27	101.25	13.92	1.22	132.43	0.01	651.13	5.17	0.50
Profit/(Loss) before Tax	19.12	100.86	56.49	(33.20)	0.27	3.41	(6.22)	(89.15)	(5.55)	0.19
Provision for Taxation	5.92	31.98	17.61	3.93	0.11	(2.07)	-	(23.00)	-	0.06
Profit/(Loss) after Tax	13.20	68.88	38.88	(37.13)	0.16	5.48	(6.22)	(66.15)	(5.55)	0.13
Proposed Dividend	-	-	100%	-	-	-	-	-	-	-
<b>Extent of shareholding (effective) – in percentage</b>	<b>100%</b>	<b>100%</b>	<b>51%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>51%</b>	<b>51%</b>

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES/ JOINT VENTURES UNDER SECTION 129(3) READ WITH RULE 5 OF THE COMPANIES (ACCOUNTS) RULES, 2014**

Part "A" : Subsidiaries

(Rs. in Lacs)

Names of Companies	11	12	13	14	15
Sl. No.	Srei Equipment Finance Limited <sup>3</sup>	Quippo Oil & Gas Infrastructure Limited	Quippo Energy Limited	Srei Asset Reconstruction Private Limited	Quippo Drilling International Private Limited
The date since when the subsidiary was acquired	17.06.2016	04.03.2011	04.03.2011	31.03.2015	23.01.2015
Reporting year	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Reporting Currency	INR	INR	INR	INR	INR
Exchange rate on last day of reporting year (In INR)					
Share Capital	5,966.00	5,080.00	113.97	10.00	1.00
Reserves & Surplus	2,46,074.00	(3,413.55)	(505.03)	(0.17)	-
Total Assets	17,23,020.00	11,850.93	6,436.71	10.14	1.83
Total Liabilities	17,23,020.00	11,850.93	6,436.71	10.14	1.83
Investments	215.00	1.00	-	-	-
Turnover	2,49,533.00	14,417.59	3,775.67	0.73	-
Profit/(Loss) before Tax	21,642.00	324.85	9.05	0.11	-
Provision for Taxation	6,758.00	71.70	8.00	0.05	-
Profit/(Loss) after Tax	14,884.00	253.15	1.05	0.06	-
Proposed Dividend	-	-	-	-	-
<b>% of shareholding (effective)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Notes:**

**1. Names of subsidiaries which are yet to commence operations:**

Quippo Drilling International Private Limited (Formerly Performance Drilling International Private Limited).

**2. Names of subsidiaries which have been liquidated or sold during the current reporting period:**

Srei Forex Limited – Sold

3. Srei Equipment Finance Limited, which was a Joint Venture of the Company has become wholly-owned subsidiary w.e.f. 17.06.2016.

FORM AOC-1

**STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES**

Part "B": Associates and Joint Ventures

(Rs. in Lacs)

Name of Associates or Joint Ventures	Sahaj e-Village Limited	Attivo Economic Zone (Mumbai) Private Limited	Srei International Infrastructure Services GmbH <sup>4</sup>
Relationship	Associate	Associate	Associate
1. Latest Balance Sheet date	March 31, 2017	March 31, 2017	March 31, 2017
2. Date on which the Associate or Joint Venture was associated or acquired	13.08.2012	30.12.2014	21.06.2016
3. Shares of Associate or Joint Ventures held by the company on the year end			
No.	1,07,60,000	10,000	NA <sup>3</sup>
Amount of Investment in Associates or Joint Venture	1,076.06	8,046.60	3,389.96
Extent of Holding (in percentage)	49.47%	48.78%	49.13%
4. Description of how there is significant influence	Shareholding of 49.47% of Total Share Capital	Shareholding of 48.78% of Total Share Capital	Shareholding of 49.13% of Total Share Capital
5. Reason why the associate/joint venture is not consolidated	NA	NA	NA
6. Networth attributable to Shareholding as per latest Balance Sheet	(9,175.66)	4,122.14	3,412.26
7. Profit/(Loss) for the year			
i. Considered in Consolidation	-	(0.71)	5.70
ii. Not Considered in Consolidation	(1,475.21)	-	-

1. Names of associates or joint ventures which are yet to commence operations : None
2. Names of associates or joint ventures which have been liquidated or sold during the year : None
3. There is no system of issuance of distinctive shares in the country of registration.
4. (i) Srei International Infrastructure Service GmbH, Germany (SIIS) – SIIS ceased to be subsidiary of the Company and has become an associate w.e.f. 21.06.2016.  
(ii) AO SREI Leasing (Formerly ZAO SREI Leasing) – Upon SIIS becoming an associate of the Company, AO SREI Leasing, have also ceased to be the step down subsidiaries of the Company w.e.f. 21.06. 2016.  
(iii) Srei Advisors Pte Limited – Upon SIIS becoming an associate of the Company, Srei Advisors Pte Limited, have also ceased to be the step– down subsidiaries of the Company w.e.f. 21.06.2016  
(iv) Figures are based on un–audited financial statement.

For and on behalf of the Board of Directors

**Hemant Kanoria**  
Chairman & Managing Director

**Shyamalendu Chatterjee**  
Director

Place: Kolkata  
Date: 9th May, 2017

**Sameer Sawhney**  
Chief Executive Officer

**Sandeep Lakhota**  
Company Secretary

**Kishore Kumar Lodha**  
Chief Financial Officer







## Cautionary Statement

This report contains forward-looking statement, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.



**Srei Infrastructure Finance Limited**

CIN : L29219WB1985PLC055352

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

[srei.com](http://srei.com)





## SREI INFRASTRUCTURE FINANCE LIMITED

CIN: L29219WB1985PLC055352

Registered Office : 'Vishwakarma'

86C, Topsia Road (South), Kolkata - 700 046

Tel No. 033 – 6160 7734, Fax No. 033 – 2285 7542 / 8501

Website : www.srei.com, Email : investor.relations@srei.com

# Notice

**NOTICE** is hereby given that the Thirty - Second Annual General Meeting (AGM) of the Members of Srei Infrastructure Finance Limited will be held on **Saturday, July 22, 2017 at 10.30 a.m. at the Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046** to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt -
  - a) The Standalone Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Directors and Auditors thereon.
  - b) The Consolidated Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Auditors thereon.
2. To declare dividend on the Equity Shares of the Company.
3. To elect a Director in place of Mr. Sunil Kanoria (holding DIN 00421564) who retires by rotation and being eligible, seeks re-appointment.
4. To ratify the appointment of Statutory Auditors of the Company, and to fix their remuneration and to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), recommendation of the Audit Committee and pursuant to the resolution passed by the Members at the Thirtieth Annual General Meeting (AGM) held on August 01, 2015, the appointment of Haribhakti & Co. LLP, Chartered Accountants having

Registration No. 103523W / W100048 allotted by The Institute of Chartered Accountants of India (ICAI), as Statutory Auditors of the Company (for 5 (five) years till the conclusion of the Thirty - Fifth Annual General Meeting (AGM) of the Company) be and is hereby ratified and that the Board of Directors of the Company be and is hereby authorized to fix the remuneration payable to them, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

### SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment, statutory modification(s) or re-enactment thereof for the time being in force) read with the relevant rules, regulations, guidelines, amendments, if any, prescribed by the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and/or any other regulatory authority, the relevant provisions of the Articles of Association of the Company, the consent, authority and approval of the Members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’) of the Company, to issue on private placement basis, in one or more tranches, Redeemable Non-Convertible Debentures (NCDs) (including secured debentures, unsecured debentures, bonds, subordinated debt securities, covered bonds or other debt securities) for cash, such that the aggregate amount of such non-convertible Debt Securities during the period of 1 (one)

year from the date of passing of the Special Resolution by the Members shall not exceed Rs. 10,000 Crores (Rupees Ten Thousand Crores only) and on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said securities be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised and empowered to arrange/determine or settle the terms and conditions of the issue of such NCDs within the aggregate limit above, including the nature and type of investors;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its sole discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to delegate to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or the Managing Director or any Director(s) or any Key Managerial Personnel (KMPs) or any other Officer(s) of the Company.”

## NOTES:

**1. PROXIES: A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE 'MEETING') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to the provisions of Section 105 of the Companies Act, 2013 and Rules framed thereunder, a person can act as Proxy on behalf of Members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10 (ten) per cent of the total share capital of the Company carrying voting rights. However, a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other Member. The Instrument appointing the Proxy, in order to be valid and effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty-eight) hours before the commencement of the meeting. No Proxy Form shall be considered as valid on its receipt after 10.30 a.m. on July 20, 2017. Proxies submitted on behalf of companies, societies etc. must be supported by an appropriate resolution/authority, as applicable. Every Member entitled to vote at the Meeting can inspect the proxies lodged with the Company, at any time during the business hours of the Company, during the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the Meeting and ending on the conclusion of the Meeting. However, a prior notice of not less than 3 (three) days in

writing of the intention to inspect the proxies lodged shall be required to be provided to the Company.

In case of joint holders attending the meeting, only such joint holder whose name appears first in the Register of Members will be entitled to vote.

2. **Statement pursuant to Section 102:** The Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of special business to be transacted at the Meeting is annexed hereto and forms part of the Notice.
3. **Communication:** Electronic copy of the Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of Electronic Voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company's Registrar and Share Transfer Agents/ Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email IDs, physical copies of the Notice of the AGM of the Company inter alia indicating the process and manner of Electronic Voting along with Attendance Slip and Proxy Form is being sent through permitted mode.
4. **Registrar & Share Transfer Agents and Depository Participant:** Members holding Shares in physical mode are requested to intimate changes in their address to Karvy Computershare Private Limited, Registrar and Share

Transfer Agents (RTA) of the Company located at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032. Members holding Shares in electronic mode are requested to send the intimation for change of address to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.

5. **Nomination Facility:** Members holding shares in the physical form and desirous of making/changing Nomination in respect of their shareholdings in the Company, as permitted under Section 72 of the Companies Act, 2013 and Rules made thereunder, are requested to submit the prescribed Form No. SH-13 and SH-14, as applicable for this purpose to the Company's Registrar and Share Transfer Agents (RTA), Karvy Computershare Private Limited, who will provide the form on request. In respect of shares held in electronic/demat form, the Members may please contact their respective depository participant.
6. **Book Closure:** Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 14, 2017 to Friday, July 21, 2017 (both days inclusive) for the purpose of electronic credit/despatch of dividend.
7. **Dividend:** Subject to the provisions of Section 123 of the Companies Act, 2013, Dividend on Equity Shares for the financial year ended March 31, 2017 as recommended by the Board, if sanctioned at the Meeting, will be electronically credited/despatched between Tuesday, August 01, 2017 to Wednesday, August 09, 2017 -
  - a) to those Members, holding Equity Shares in physical form, whose names appear on the Company's Register of Members, at the close of business hours on Friday, July 21, 2017 after giving effect to all valid transfers in physical form lodged on or before Thursday, July 13, 2017 with the Company and/or its Registrar and Share Transfer Agents; and
  - b) in respect of Shares held in electronic form, to all beneficial owners as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Members who are holding Shares in electronic form may note that bank particulars registered with their respective

Depository Participants will be used by the Company for electronic credit/despatch of dividend. The Company or its Registrar and Share Transfer Agents (RTA) cannot act on any request received directly from the Members holding Shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised by the Members concerned to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.

8. **Unclaimed Dividend:** Dividends for the financial year ended March 31, 2010, which remain unpaid or unclaimed for a period of 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Central Government. Members who have not encashed the dividend warrant(s), so far for the financial year ended March 31, 2010, or any subsequent financial years are requested to make their claim to the Company at its Registered Office. It may please be noted that once the unclaimed dividend is transferred to the said Fund, as above, no claims shall lie against the Company. However, claim can be made from the Fund in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017. Further, pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of unpaid and unclaimed amounts lying with the Company as on August 06, 2016 (date of the last Annual General Meeting) have been uploaded on the website of the Company [www.srei.com](http://www.srei.com) and also on the website of the Ministry of Corporate Affairs (MCA).
9. **Transfer of Unclaimed Shares:** The Company has sent Reminder letters on 16th November, 2016 and 30th April, 2017 to the shareholders relating to transfer of underlying shares, in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more, to the Investor Education and Protection Fund (IEPF) in terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

A Newspaper Notice was also published by the Company in Business Standard and Aajkaal on 17th November, 2016 and 1st May, 2017 containing requisite details as required under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Further, the details of unclaimed shares proposed to be transferred to IEPF have been uploaded on the website of the Company [www.srei.com](http://www.srei.com).

10. **Go Green Initiative:** The Company is sending periodic communications including Notices for General Meetings, Financial Statements etc. through email to Members whose email IDs are registered with the Company. While going through the Register of Members, it is noticed that there are Members who have not registered their email IDs with the Company. Consequently, the Company is unable to send communications to them electronically. In compliance with provisions of Rule 18 of the Companies (Management and Administration) Rules, 2014 and applicable provisions of the Companies Act, 2013, Members holding Shares in physical form are requested to register their email IDs with the Company's Registrar and Share Transfer Agents (RTA) i.e. Karvy Computershare Private Limited and Members holding Shares in electronic/demat mode are requested to register their email IDs with their respective Depository Participants (DPs). Members whose email IDs have undergone any change or whose IDs require any correction, may kindly update the same with the RTA or the DPs, as stated above.

Copies of the Annual Report will not be distributed at the Meeting. Members are requested to carry their copies of the Annual Report to the Meeting.

11. **Dematerialisation of Shareholding:** Members are requested to dematerialise their shareholding to avoid inconvenience. Members whose shares are in electronic mode are requested to inform change of address and updates of bank account(s) to their respective Depository Participants. Members are encouraged to use the National Automated Clearing Services (NACH) for receiving dividends. Members desirous of availing NACH facility for payment of dividend may download the required NACH mandate form from the website of the Company [www.srei.com](http://www.srei.com).
12. **Consolidation of Multiple Folios:** Members who hold Shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to write to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, enclosing their Share Certificates to enable the Company to consolidate their holdings into a single folio.
13. **New Certificates:** Members who have not yet surrendered their old Share Certificate(s) for exchange with new

Certificate(s) bearing hologram, logo and barcoding are requested to surrender the same to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited.

14. **Mandatory PAN Submission:** The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in electronic form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in physical form can submit their PAN details to the Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited.
15. **Inspection by Members:** All Statutory Registers and other relevant documents referred to in the Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, shall be available for inspection by the Members at the Registered Office and copies thereof shall also be available for inspection at the Corporate Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting and also at the Meeting.

The Register of Directors and Key Managerial Personnel (KMPs) and their shareholding maintained under Section 170 of Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting.

Members desirous of obtaining any relevant information with regard to the accounts of the Company at the Meeting are requested to send their requests to the Company at least 7 (seven) days before the date of the Meeting, so as to enable the Company to keep the information ready.

16. **Subsidiary Accounts:** In accordance with the provisions of Section 136 of the Companies Act, 2013, the Company will provide a copy of separate audited financial statements in respect of each of its subsidiary, to any shareholder of the Company on making requisition to the Company Secretary at the registered office of the Company or email at [investor.relations@srei.com](mailto:investor.relations@srei.com).

A Statement containing the salient features of the financial statement of subsidiaries forms part of the Annual Report of the Company. The audited financial statements will

also be available for inspection at the Registered Office of the Company and the concerned subsidiary companies during business hours on all working days, except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting. Further, the documents shall also be available on the website of the Company [www.srei.com](http://www.srei.com).

#### 17. Voting through electronic means (Electronic Voting)

I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of

your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Srei Infrastructure Finance Limited'.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email [goenkamohan@gmail.com](mailto:goenkamohan@gmail.com) with a copy marked

to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Srei Infrastructure Finance Limited 32nd AGM".

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again at the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

Other Instructions:

- a) In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. S. V. Raju, Deputy General Manager (Unit: Srei Infrastructure Finance Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- c) The remote e-voting period commences on Tuesday, July 18, 2017 (9.00 a.m. IST) and ends on Friday, July 21, 2017 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, July 15, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- d) The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. Saturday, July 15, 2017.
- e) In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., Saturday, July 15, 2017, he/she may obtain the User ID and Password in the manner as mentioned below:
  - i. If the mobile number of the Member is registered against Folio No./ DP ID Client ID, the Member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL:  
MYEPWD <SPACE> 1402345612345678  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the Member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

**18. Web Check-in / Attendance Registration:** Members

are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web Check-in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

Procedure of Web Check-in is as under:

- a. Log on to <https://karisma.karvy.com> and click on "Web Check-in for General Meetings (AGM/EGM/CCM)".
  - b. Select the name of the Company: Srei Infrastructure Finance Limited.
  - c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
  - d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
  - e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
  - f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
  - g. After registration, a copy will be returned to the Member.
  - h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., Tuesday, July 18, 2017 (9.00 a.m. IST) and ends on Friday, July 21, 2017 (5.00 p.m. IST).
  - i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.
19. **Scrutinizer:** The Company has appointed Mr. Mohan Ram Goenka, Practising Company Secretary, Kolkata (FCS No. 4515, CP No. 2551) as Scrutinizer for conducting the electronic voting process (both remote e-voting and voting at the AGM through Insta Poll) in a fair and transparent manner.
20. **Declaration of Results:** The Scrutinizer shall immediately

after the conclusion of voting at the Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least 2 (two) witnesses who are not in the employment of the Company and within a period not exceeding 3 (three) days from the conclusion of the meeting make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorized by the Chairman for counter signature.

The Results shall be declared either by the Chairman or by any Director authorized by the Chairman and the resolution will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).

Further, in accordance with Regulation 44(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall submit to the Stock Exchange, details of the Voting results in the prescribed format within 48 (forty-eight) hours of conclusion of the Annual General Meeting (AGM). The results shall also be uploaded on the NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance & Listing Centre and the Electronic Platform of CSE.

Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website [www.srei.com](http://www.srei.com) and on the website of Karvy <https://evoting.karvy.com> and communicated to The Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited, where the Equity Shares of the Company are listed for placing the same on their website. The results shall also be placed on the notice board of the Company at its Registered Office as well as Corporate Office.

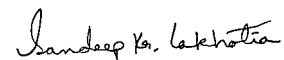
21. **Distribution of Gifts:** In conformity with regulatory requirements, the Company will NOT be distributing any gift, gift coupons or cash in lieu of gifts at the AGM or in connection therewith.
22. **Route Map:** A Route Map showing directions to reach to the venue of the 32nd AGM of the Company is given at the end of this Notice as per the requirement of the Secretarial Standard - 2 on "General Meeting" issued by The Institute of Company Secretaries of India (ICSI). The prominent landmark near the Venue is Milan Mela Ground.
23. **Information of Directors pursuant to Securities and Exchange Board of India (Listing Obligations and**

**Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 on General Meeting:** At the ensuing Meeting of the Company, Mr. Sunil Kanoria (DIN: 00421564), Vice Chairman, retires by rotation pursuant to the provisions of Section 152 of the Companies Act, 2013 (“Act”) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and being eligible, seeks re-appointment.

Pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 1.2.5 of Secretarial Standard – 2 on General Meeting, the particulars of the aforesaid Director seeking appointment/ re-appointment at the AGM are given below:

Name of Director	Mr. Sunil Kanoria (DIN: 00421564)
Date of Birth	04.05.1965 (52 Years)
Date of Appointment	05.07.1989 (Vice Chairman w.e.f. 20.09.2008)
Expertise in specific functional areas	He is a Chartered Accountant with more than 29 years of experience in the financial services industry. He is the immediate past President of The Associated Chambers of Commerce & Industry of India (ASSOCHAM), nominated Council Member of The Institute of Chartered Accountants of India and the former Governing body Member of the Construction Industry Development Council (CIDC).
Qualification	FCA
List of outside Directorships held (excluding Directorships in foreign companies)	<ul style="list-style-type: none"> <li>▪ Srei Equipment Finance Limited</li> <li>▪ India Power Corporation Limited</li> <li>▪ Avadh Sugar &amp; Energy Limited</li> </ul>
Chairman/Member of the Committees of Board of Directors of the Company	Member – Audit Committee Member – Stakeholders Relationship Committee Member – Nomination and Remuneration Committee Chairman – Asset Liability Management Committee Member – Credit Committee Member – Investment Committee Member – Committee of Directors Member – Risk Committee Member – Corporate Social Responsibility Committee
Chairman/Member of the Committees of Board of Directors of other Indian Public Limited Companies in which he is a Director –	
a) Audit Committee	2 (Chairman - 1) India Power Corporation Limited, and Srei Equipment Finance Limited (Chairman)
b) Stakeholders' Relationship Committee	1 (Chairman - NIL) Srei Equipment Finance Limited
Shareholding in the Company	18,02,714 Equity shares
Relationship with other Directors, Managers and KMPs	Mr. Hemant Kanoria (Brother)
No. of Board Meetings attended during Financial Year 2016-17 [out of 4 (Four) held]	4 (Four)
Terms and conditions of Appointment or Re-appointment	Liable to retirement by rotation
Details of Remuneration sought to be paid and the Remuneration last drawn	The details of Remuneration paid to Mr. Kanoria during Financial Year 2016-17 have been disclosed in the Corporate Governance Report of the Company.  Mr. Kanoria shall be entitled to sitting fees for attending meetings of the Board and Committees thereof and annual commission on net profits as may be approved by the Nomination and Remuneration Committee and / or the Board of Directors of the Company, from time to time.

By Order of the Board of Directors  
For **Srei Infrastructure Finance Limited**



**Sandeep Lakhota**  
Company Secretary  
FCS 7671

Dated : May 09, 2017  
Place : Kolkata



**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 5**

In order to augment resources, the Company has been issuing various non-convertible debt securities on private placement basis from time to time, within the limits approved by the Members of the Company and they constitute a significant source of borrowings for the Company. These debt securities are integral to the management of long term funds to be used for existing business of the Company and are considered essential for providing leverage to the Company.

In terms of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make a private placement of its non-convertible debt securities subject to prior approval of the Members by way of a Special Resolution. The Rules further provides that the said Special Resolution shall be

passed only once in a year in respect of all offers/invitations on private placement basis for the non- convertible debt securities proposed to be issued during the year.

Accordingly, it is proposed to offer or invite subscriptions for non-convertible debt securities on private placement basis, in one or more tranches, during the period of 1 (one) year from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company.

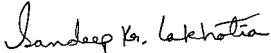
The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives are, in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

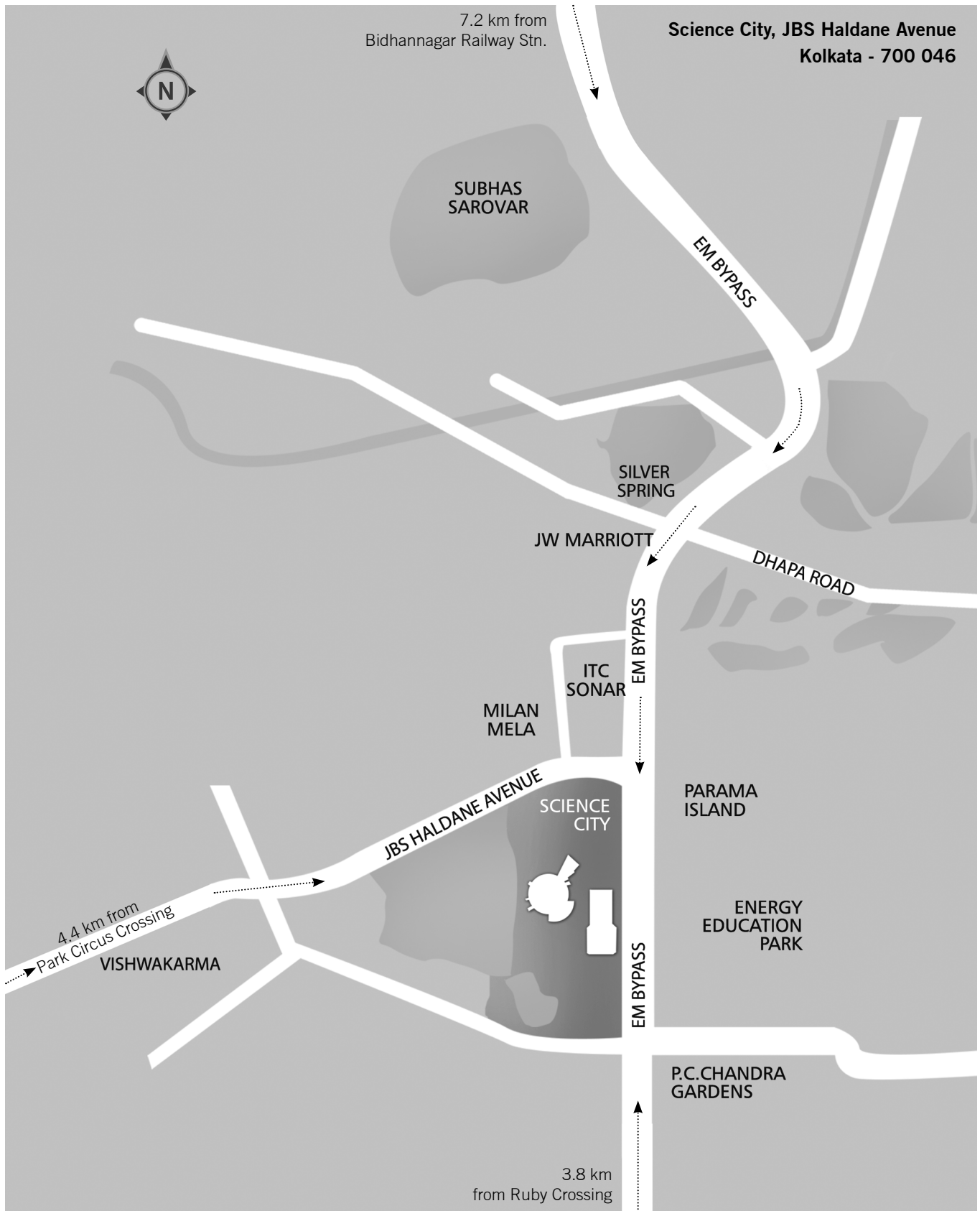
Dated : May 09, 2017

Place : Kolkata

By Order of the Board of Directors  
For **Srei Infrastructure Finance Limited**

  
**Sandeep Lakhota**  
**Company Secretary**  
**FCS 7671**

## Route map to the venue of the 32nd AGM





**SREI INFRASTRUCTURE FINANCE LIMITED**

CIN : L29219WB1985PLC055352

Registered Office : 'Vishwakarma'

86C, Topsia Road (South), Kolkata - 700 046

Tel No. 033 - 6160 7734, Fax No. 033 - 2285 7542/8501

Website : www.srei.com, Email : investor.relations@srei.com

**ATTENDANCE SLIP**

(to be handed over at the Registration Counter)

Regd. Folio No. / DP ID* / Client ID*:	Sl. No.
Name :	
Address :	
Joint Holder :	

\*Applicable for shares held in electronic form

I/We hereby record my/our presence at the **Thirty-Second Annual General Meeting** of the Company on Saturday, July 22, 2017 at 10.30 a.m. at the Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046.

Full name of Member/Proxy \_\_\_\_\_  
(IN BLOCK LETTERS)

\_\_\_\_\_  
**Signature of the Member/Proxy**

**Note:**

- Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
- Special assistance is available to differently abled Members upon request in advance.

**ELECTRONIC VOTING PARTICULARS**

<b>EVEN (Electronic Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD</b>

The remote e-voting facility will be available during the following period:

Commencement of remote e-voting	End of remote e-voting
From 9.00 a.m. (IST) on July 18, 2017	Upto 5.00 p.m. (IST) on July 21, 2017

The cut-off date for the purpose of remote e-voting & voting at the AGM is Saturday, July 15, 2017.



## SREI INFRASTRUCTURE FINANCE LIMITED

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### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	L29219WB1985PLC055352		
Name of the Company :	Srei Infrastructure Finance Limited		
Registered Office :	'Vishwakarma', 86C, Topsia Road (South), Kolkata – 700 046		
Name of the Member(s) :			
Registered address :			
E-mail Id :			
Folio No. / Client Id :		DP ID :	

I / We, being the Member(s) of ..... shares of the above named Company, hereby appoint

1.	Name		
	Address		
	E-mail Id	Signature	
	or failing him		
2.	Name		
	Address		
	E-mail Id	Signature	
	or failing him		
3.	Name		
	Address		
	E-mail Id	Signature	

as my / our proxy to attend and vote for me/us and on my/our behalf at the **Thirty-Second Annual General Meeting** of the Company, to be held on Saturday, July 22, 2017 at 10.30 a.m. at the Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046, West Bengal and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional) (See Note No. 4)	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of - a. The Standalone Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Directors and Auditors thereon. b. The Consolidated Financial Statement of the Company for the financial year ended March 31, 2017, and the report of the Auditors thereon.		
2.	Declaration of Dividend for the financial year ended March 31, 2017.		
3.	Appointment of a Director in place of Mr. Sunil Kanoria (holding DIN 00421564) who retires by rotation and being eligible, seeks re-appointment.		
4.	Ratification of appointment of Statutory Auditors of the Company, and to fix their remuneration.		
<b>Special Business</b>			
5.	Issuance of Non - Convertible Debt Securities (NCDs) upto Rs. 10,000 Crores on private placement basis.		

Signed this ..... day of ..... 2017.

Signature of Shareholder: \_\_\_\_\_

Signature of 1st Proxy holder: \_\_\_\_\_

Signature of 2nd Proxy holder: \_\_\_\_\_

Signature of 3rd Proxy holder: \_\_\_\_\_

Affix Revenue Stamp
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**Note:**

1. This form of Proxy in order to be effective should be duly completed, stamped and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. If appointed for more than 50 (fifty) Members, the Proxy shall choose any 50 (fifty) Members and confirm the same to the Company before the commencement of specified period for inspection. In case, the Proxy fails to do so, the Company shall consider only the first 50 (fifty) proxies received as valid.
3. Any alteration or correction made to this Proxy form must be initialled by the signatory/signatories.
4. If you wish to vote for a Resolution, place a tick in the corresponding box under the column marked **"For"**. If you wish to vote against a Resolution, place a tick in the corresponding box under the column marked **"Against"**. If no direction is given, your Proxy may vote or abstain as he/she thinks fit.