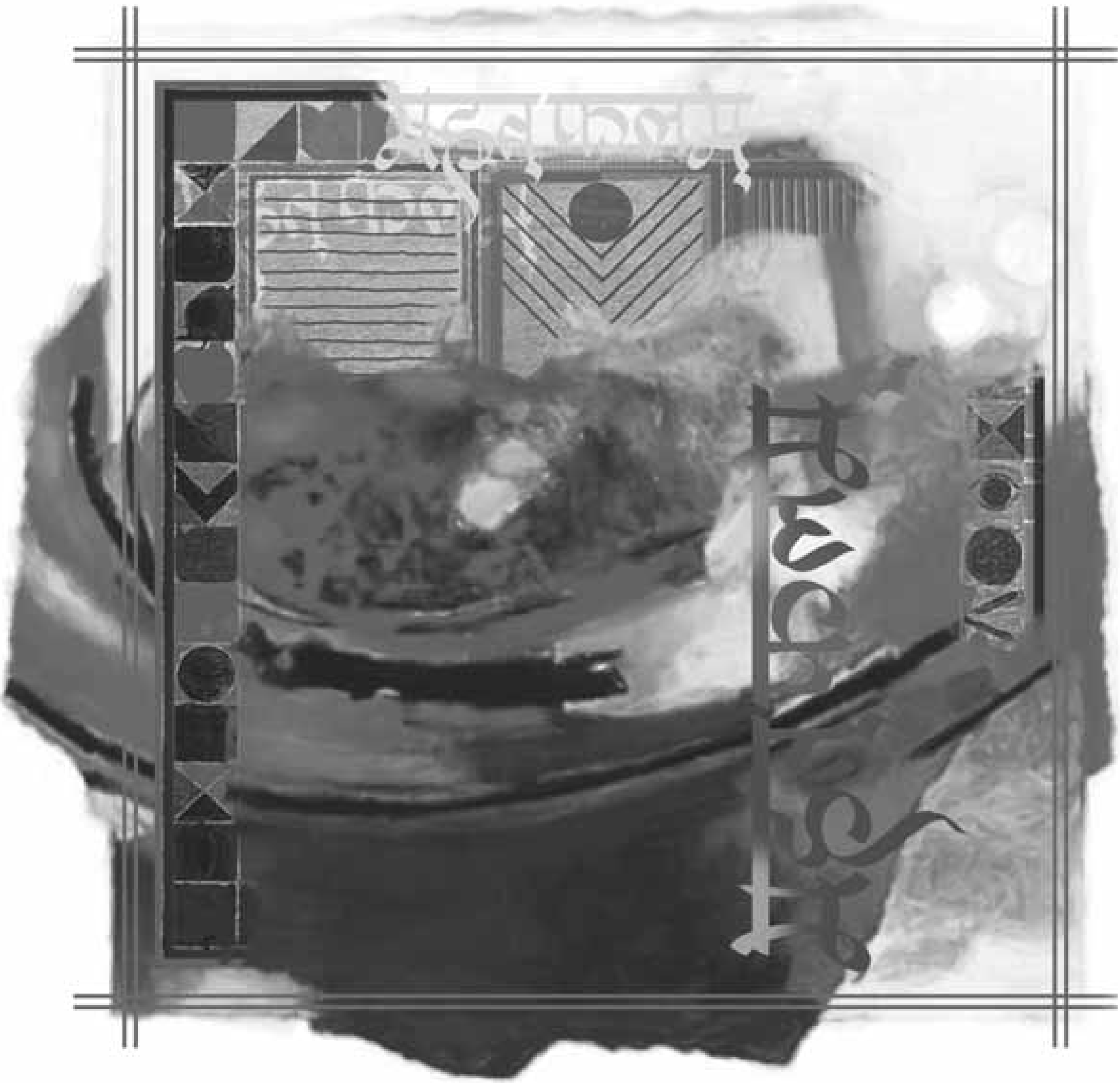
We make tomorrow happen

Principles • People • Performance



Srei Infrastructure Finance Limited

Annual Report 2012-13

Board of Directors

Mr. Salil K. Gupta
Chief Mentor

Mr. Hemant Kanoria
Chairman & Managing Director

Mr. Sunil Kanoria
Vice Chairman

Mr. Saud Ibne Siddique
Mr. S. Rajagopal
Mr. Shyamalendu Chatterjee
Dr. Satish C. Jha
Mr. Sujitendra Krishna Deb
Dr. Martin Czurda
Dr. Punita Kumar Sinha

Chief Financial Officer

Mr. Anil Agrawal

Company Secretary

Mr. Sandeep Lakhotia

Auditors

Messrs Haribhakti & Co.
Chartered Accountants

Principal Banker

Axis Bank Limited

Audit Committee

Mr. Salil K. Gupta -
Chairman

Mr. Sunil Kanoria
Mr. S. Rajagopal
Mr. Sujitendra Krishna Deb
Mr. Shyamalendu Chatterjee
Mr. Sandeep Lakhotia
Secretary

Committee of Directors

Mr. Hemant Kanoria
Chairman

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

Share Transfer and Investors' Relations Committee

Mr. Salil K. Gupta
Chairman

Mr. Hemant Kanoria
Mr. Sunil Kanoria
Mr. Sandeep Lakhotia
Secretary

Asset Liability Management Committee

Mr. Sunil Kanoria
Chairman

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

Credit Committee

Mr. Hemant Kanoria
Chairman

Mr. Sunil Kanoria
Mr. Sujitendra Krishna Deb
Mr. S. B. Tiwari
Secretary

Investment Committee

Mr. Hemant Kanoria
Chairman

Mr. Sunil Kanoria
Dr. Punita Kumar Sinha
Mr. Anjan Mitra
Secretary

Risk Committee

Mr. Shyamalendu Chatterjee
Chairman

Mr. Sunil Kanoria
Mr. Sujitendra Krishna Deb
Mr. S. B. Tiwari
Secretary

Nomination Committee

Mr. Salil K. Gupta
Chairman

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

Compensation Committee

Mr. Salil K. Gupta
Chairman

Mr. Sunil Kanoria
Mr. Shyamalendu Chatterjee
Mr. Sujitendra Krishna Deb
Mr. Sandeep Lakhotia
Secretary

Registered Office

'Vishwakarma'
86C, Topsia Road (South)
Kolkata – 700 046
Telephone : 91-33-6160 7734
Facsimile : 91-33-2285 7542/8501
E-mail : corporate@srei.com
Website : www.srei.com

Listing

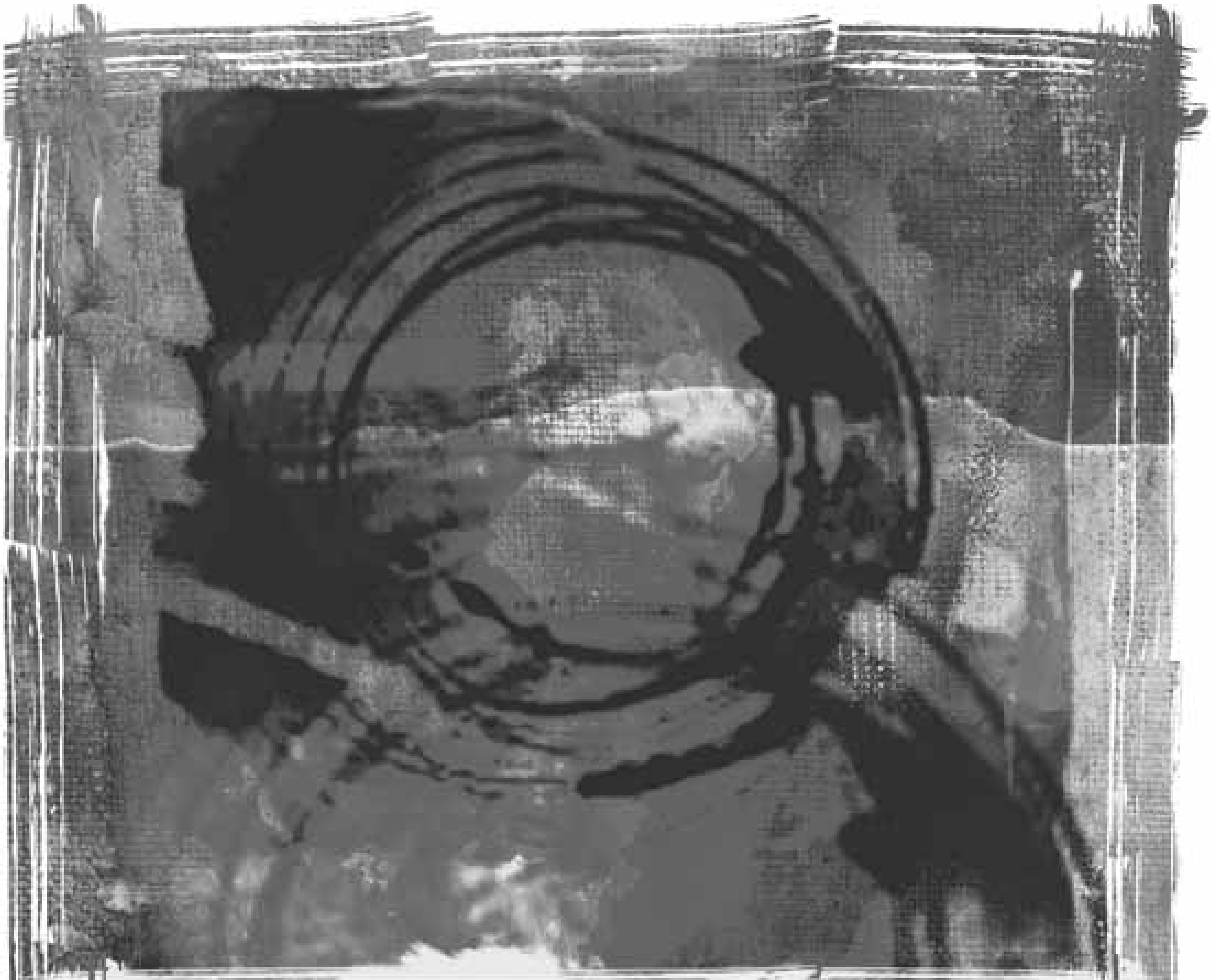
The Calcutta Stock Exchange Limited
BSE Limited
National Stock Exchange of India Limited
London Stock Exchange - Global Depository Receipts

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Contents

1 billion = 100 crore, 1 million = 10 lakh
All figures attributed to Srei are figures of Srei Consolidated unless otherwise stated.



At Srei, we have always believed that the values we hold inevitably influence the value we create.

Values like ethical business practices. Long-term strategy over short-term opportunism. Principles before profits. People before business. Performance before growth.

The result has been our ability to retain our independent identity in a sector marked by mergers, acquisitions and absorption. Sustained growth in a sector marked by high changeover. Enhanced competitiveness across industry cycles. And the capacity to grow assets and competencies while gaining respect in a sustainable way.

CORPORATE PILLARS

Vision: To be the most inspiring global holistic infrastructure institution.

Mission: To be an Indian multinational company providing innovative integrated infrastructure solutions.

CORPORATE IDENTITY

Legacy: Srei (established in 1989 as an infrastructure-focused NBFC) is headed by Mr. Hemant Kanoria (Chairman and Managing Director) and Mr. Sunil Kanoria (Vice Chairman) and supported by experienced professionals. The Company has been funded by renowned global institutions like FMO, FINFUND, KFW, Austrian Development Bank, DEG and BIO, among others.

Presence: Headquartered in Kolkata (India), Srei has 99** branch offices across India and two international offices (Russia and Germany). Its securities are listed on the Bombay Stock Exchange, National Stock Exchange, Calcutta Stock Exchange and London Stock Exchange (becoming one of the first Indian NBFCs to list GDRs on this exchange)

** Does not include offices of associates

Revenues	Disbursements	Net NPA	AUM	Capital-to-Risk Assets Ratio*
₹3,110 crore	₹15,667 crore	2.30%	₹33,330 crore	21.68%
In 2012-13	In 2012-13	As on March 31, 2013	As on March 31, 2013	As on March 31, 2013

*Standalone

CORE VALUES

Customer partnership: At Srei, customer satisfaction is the benchmark for success. Srei delights its customers through a comprehensive range of personalised, fast, reliable, convenient, quality-driven and yet cost-effective financial services.

Integrity: Business integrity is a way of life at Srei; it stands by integrity in all its dealings and ensures strict adherence to the highest standards of business ethics.

Passion for excellence: Srei's passion for excellence is instrumental in its positioning as India's most innovative infrastructure solutions provider.

Respect for people: Srei acknowledges that its people are its most valuable assets and accordingly provides them with the best possible work environment and treats them like family. The Company rewards excellence and initiative.

Stakeholder value enhancement: Srei is committed to earning the trust and confidence of all its stakeholders. Its growth focus, ability to constantly enlarge its product basket while controlling risk and reducing cost of services has resulted in enhanced value for all stakeholders.

Professional entrepreneurship: Srei's in-depth knowledge of the infrastructure financing business in India, coupled with its spirit of entrepreneurship, helps it overcome obstacles and complexities with professional expertise.

INFRASTRUCTURE BUSINESS

Fund-based	Fee-based	Strategic investments
Equipment financing	Project advisory	Transportation
Project financing	Project development	Telecom infrastructure
Equipment leasing (Russia)	Insurance broking	Power
	Investment banking	Rural IT infrastructure
	Alternative investment funds	Rentals (Construction, Oil & Gas, Energy)
		SEZ and industrial parks
		Environment (Water management / Waste management)

Chairman and Managing Director's message

Hemant Kanoria, *Chairman and Managing Director, Srei Infrastructure Finance Limited*

Dear Shareholders,

Your Company will turn twenty-five, next year, which is a quarter century, seems a very long time which has flown away so soon. Many of you may recollect the Initial Public Offering of your Company in 1992-93 which was for a nominal amount of ₹2.24 crore when our asset base was just about ₹5 crore. Now your Company's consolidated net worth stands at over ₹3,000 crore and the consolidated total assets under management is at ₹33,330 crore. Some of you have been part of this journey all through, some joined later. I take this opportunity to thank you all for the support you have provided and the faith you have reposed in us.

The global economic scenario continues to remain uncertain. Growth in India has slowed down too. After a 6.2 per cent GDP growth in 2011-12, growth has further moderated to 5 per cent in 2012-13. With the first year of the Twelfth Five Year Plan (2012-17) experiencing such low growth, until and unless quick steps are taken, the nation may miss the Twelfth Plan targets.

However, the good news is that inflation seems to be coming under control. Therefore, the Reserve Bank of India (RBI) has been reducing the repo rates in a structured way, which will hopefully pave the path for increasing investments in the infrastructure sector as the sector is highly sensitive to interest rates.

Optimists that we are, in spite of almost miniscule action by the Government, we are sanguine that India will be able to maintain its growth of above 5 per cent. Some positive measures aimed at improving the domestic scenario were announced during the latter half of 2012-13. I expect that momentum to continue. Many initiatives are in 'work-in-progress' stage presently. Besides announcing several Bills and getting some of them approved in the Parliament, it is imperative that the Government looks at creating an enabling environment. The tax laws, capital market regulations and other regulatory guidelines have become so complicated and draconian that both the domestic and overseas investors / businessmen have become scared to invest in India. It is not at all healthy. It is unfortunate to see that our country which was the darling of investors some years back, has now become a country of scams. It is time for both the Government and the Industry to have a consultative process to re-establish the fabric of trust; sooner done the better.

We have reached a stage where unlocking the domestic growth potential is urgent. If the government can demonstrate to the world that it is serious about creating an enabling environment, I am sure there will be no dearth of funds. Global markets are flushed with liquidity after the extensive quantitative easing carried out in the developed economies. This liquidity is available for investment opportunities. To channelise investments into our country and especially into the infrastructure sector, the Government needs to take quick and welcoming steps. It will also reduce the pressure on the Indian rupee thereby reducing inflation. Our country can still continue to be one of the most attractive investment destinations, if and only if we do the right things.

The year has been quite stressful for the infrastructure sector in general in India. Power and Roads have had their own set of problems.

Stepping up coal production has become the key issue for meeting power generation targets. The announcement in the Union Budget to allow joint ventures between Coal India Ltd. (CIL) and private parties to augment coal production is timely. Once the ball starts rolling, this will open up significant business opportunity for your Company customers. Meanwhile, Government has assured coal supply of up to 80 per cent (65 per cent from domestic production and 15 per cent through imports) for power generation plants which enter into fuel supply agreements with CIL. Government has also allowed power plants importing coal to pass on the hike to consumers. This is a pragmatic step as there is no point letting a power plant operate at a sub-optimal plant

load factor (PLF) after spending so much on setting it up.

In the road sector, traffic forecasts for many of the ongoing projects have gone awry after the economic slowdown, toll collections have been below expectations making many a project unviable. Projects have often got stuck due to lack of clearances. However, the Cabinet Committee on Investment (CCI) has agreed to delink forest and environment clearance. Thus, a road project can now start work once it gets environment approval. Earlier, the forest clearance was mandatory before start of the work on roads stretches falling in forest and non-forest areas. This is a positive development. We expect some progress will take place on the land acquisition issue. The Government has announced that a regulator for the road sector will be set up. In addition, developers are allowed to sell their stake in road projects to new investors. All these steps augur well for the road sector. With the government aiming to award 3,000 km of road projects in the first half of this fiscal, your Company is eager to tap this opportunity.

This year's Rail Budget has emphasized on public-private-partnership (PPP) to be the preferred mode in a number of operations hitherto in the exclusive domain of railways. This also opens up another window of opportunity for your Company.

> Optimists that we are, in spite of almost miniscule action by the Government, we are sanguine that India will be able to maintain its growth of above 5 per cent.

Despite the slowdown during the year under review, your Company's consolidated disbursement was ₹15,667 crore and income grew by almost 27 per cent from ₹2,446 crore in 2011-12 to ₹3,110 crore in 2012-13. The net profits more than doubled from ₹112 crore in 2011-12 to ₹263 crore in 2012-13.

Your Company has continued growing its portfolio and expanded to asset financing in areas of Information Technology (IT), healthcare, logistics, rural infrastructure equipment, and others. The management of your Company is keenly tracking the opportunities unfolding in the rural sector and is upbeat that these segments will generate good business in near future.

Government is encouraging setting up of Infrastructure Debt Funds (IDFs) whose role would be to buying out banks' stake post project completion and thus free up banks' capital so that it can be used for financing new projects. IDFs are to benefit from steady source of income namely tariffs for power, toll for roads, etc. and this would help IDFs attract long-term investors like pension funds, insurance funds, etc. Your Company has also set up a IDF and presently is in the process to build up the corpus by tying up with diverse investor groups.

The Finance Minister has announced that RBI would be issuing new bank licenses by March 2014. I take this opportunity to inform you that your Company fulfils most of the criteria that RBI has set for the new entrants. We have applied for a bank license as that would help us in servicing our clients better, expand our product portfolio and provide us easier access to funds.

As regards strengthening your Company, it has been a continuous endeavour on our part to improve the systems and processes. Investing in technology and training is a necessity to increase our efficiency and to ensure long-term growth.

Whatever we have achieved so far can be largely attributed to our robust business model which has stood the test of time. We have been able to expand our business portfolio by bringing in new facets of operations into the mould essentially by leveraging the flexibility and scalability of this business model.

We set off on a journey believing that private sector will play an increasing role in building the country's infrastructure. We have been proved right and over the last quarter century the canvas for private participation has only kept on expanding. The slowdown is only temporary. Our experience tells that we need to be patient at times. Infrastructure is the panacea to most of our growth problems and opportunities will be always there. Your Company is well placed to make the most of it. Even in a slowdown, your Company, with its expanding portfolio of services, has put up a reasonably good performance.

It has been an exciting journey together so far. But the journey has just started. We look forward to your continued support and guidance in our future endeavours.

We intend to make our twenty-fifth year very special, but let that be a surprise.

Thank you.

Hemant Kanoria

HEMANT KANORIA
Chairman & Managing Director

"Our values helped us sail through difficult times and made us stronger in the process"

Vice Chairman Mr. Sunil Kanoria analyses the performance of the Company during year under review

Q How would you review the Company's performance in 2012-13?

A. We expected the financial year 2012-13 to be better than the preceding one, but it turned out to be even more challenging for a number of reasons. One, the infrastructure sector reported a slow growth. Government decision making got stuck at various levels. As a result, all the investments made by various players in assets, projects and funding structures, performed sub-optimally during the year under review. India already suffers from an infrastructure deficit. The slowdown only aggravated the scenario. I would go to the point of saying that a slowdown in infrastructure investments was principally responsible for the national GDP growth slowdown to 5 per cent, which was the slowest growth reported in the last decade. In fact, the supply-side constraints in terms of lacking infrastructure have been responsible for high inflation for a long time.

High interest rates and other issues related to land acquisition and environment clearances contributed to the slowdown of the infrastructure sector. Consider this, the NHAI awarded road projects aggregating only 787 km during 2012-13, a level which was last witnessed only in 2008-09, a year when the global economic crisis broke out.

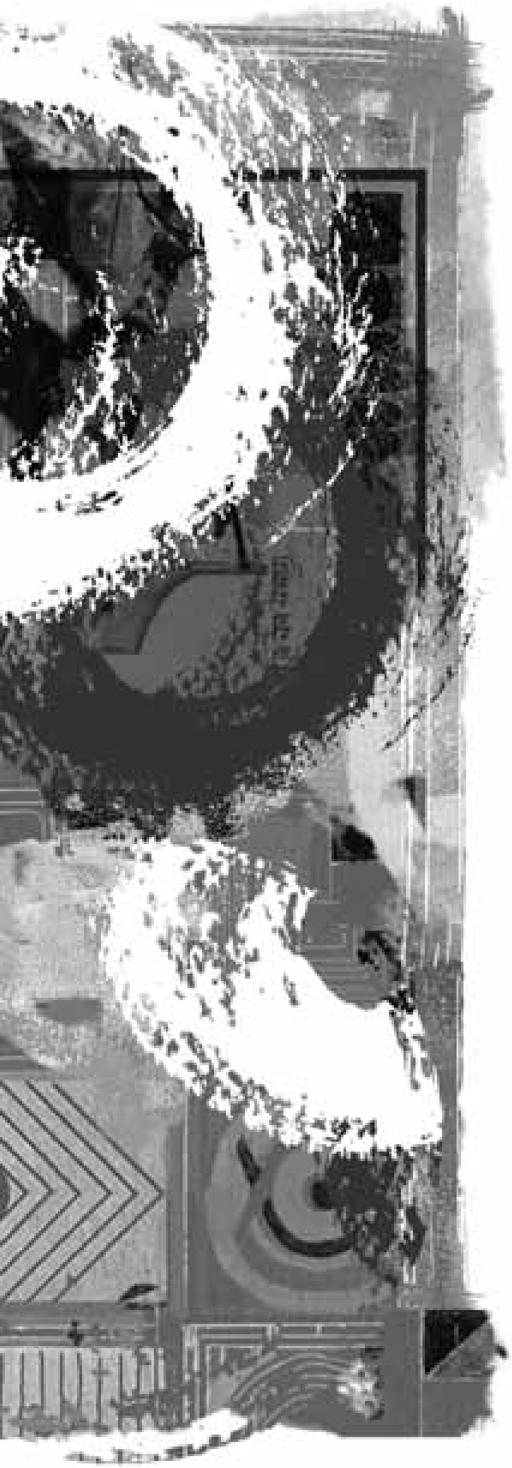
We had a mixed year where some of our businesses did reasonably well while some faced challenges. As the year under review progressed, we became more aware of the challenging scenario and accordingly we fine-tuned our strategy. We decided to focus on enhancing our internal efficiency parameters like cost management, operations and collections. These helped us in ensuring that the Company's bottomline is least affected. We also focused on enhancing people productivity.

Equipment financing business: The equipment financing business (Srei BNP Paribas) recorded an impressive 31 per cent growth in revenue over 2011-12 and a 37 per cent growth in PAT over the same period. This was largely due to the Company's focus on innovative solutions and focused approach on recovery. Keeping in mind the business environment, we felt it would be beneficial for us to move a step ahead and partner with our customers to find out solutions for them. We found projects for their idle equipment, helped them in exiting their assets with better price than normally available in the market and advised them on the purchase of right equipment. Besides, we channelised most of our energy towards recovery and we have been able to achieve 99 per cent collection efficiency – much better than the industry average.

We continued to induct new people in the organization and dedicated them towards recovery. We are also working towards enhancing our exposure in the asset classes like IT, healthcare and rural infrastructure assets among others, which contributed 7 per cent of the revenue in 2012-13 and we expect it to increase to 20 per cent in the next 2-3 years.

Project financing business: The project financing business, in particular, had a very tough year. The sector was adversely affected due to the tighter interest rates in the economy along with major delay in policy making by the government. Keeping in mind this scenario, we decided to go slow and take measures to protect profitability. We decided to closely monitor the debt portfolio, work closely with our customers, address the challenges and protect the balance sheet.

> Srei's success is largely derived from the values we have instilled in the business. These values led us to create a strong and transparent business process which, in turn, helped us to sail through one of the most tumultuous times in the history of business globally.



Strategic investment: Keeping in mind the prevailing economic scenario, we did not divest from any of our strategic investment except Quippo Prakash. In October 2012, Srei Infrastructure's subsidiary, Quippo Oil and Gas Infrastructure Limited, sold its investment in the derrick lay barge "Quippo Prakash" to SapuraKencana of Malaysia. The investment in the barge was made in 2008, at a time when the downturn in the offshore markets allowed Quippo Oil and Gas Infrastructure to negotiate favorable terms from shipyards. Outfitted in Singapore and commissioned in 2010, the state-of-the-art offshore construction support barge, upon delivery, was placed on term charter with a major offshore contractor in South East Asia, generating positive returns and cash-flows immediately. As the market condition in this sector became buoyant, the Company exited the investment.

Besides, the telecom infrastructure provider Viom Networks made an impressive business in the year under review while the sector was in trouble. Due to the spectrum cancellation, number of operators withdrew services, but Viom Networks has been successful in adding tenants as all the national players enhanced their presence. Besides, Viom Networks has been able to cut down on cost of operation to a large extent by rightsizing the manpower, reducing debt and improving cash management. We are optimistic about the company as it is one of the best telecom tower infrastructure providers in the country and any new entrant will benefit by tying up with Viom Networks. Besides, with the advent of 4G services, Viom Networks will be in an advantageous position.

The power business also is in good shape.

Sahaj's business and robustness of the IT platform have been endorsed by a renowned consultant through a detailed study carried out by them.

We have finalised an investment in the water infrastructure sector through a joint venture (JV) with Veolia, a leading global player in the sector.

We are strengthening all the businesses and will look for divestment once we get the right opportunity.

Q What are the innovative solutions brought in by your equipment financing business?

A. We are a knowledge-driven NBFC which is always keen to explore new business opportunities. During the testing times, our continuous research focus helped us to get into new and untapped business avenues.

Non-infrastructure equipment: We have forayed into the non-infrastructure business few years back with IT and healthcare equipment financing. These sectors are largely insulated from the downturn and our exposure to each client is also not more than ₹63 crore.

Besides, we have started financing rural infrastructure assets. In this segment, financing of tractors is most prevalent, but there are several other lucrative products like milk van, milk processing units, among others.

Partnership: We continued our focus on partnering with the global original equipment manufacturers (OEMs) as a preferred financier in India. We made a tie-up with Atlas Copco during the year under review.

Srei's success is largely derived from the values we have instilled in the business. These values led us to create a strong and transparent business process which, in turn, helped us to sail through one of the most tumultuous times in the history of business globally.

Q How have these values helped you in creating an effective organization?

A. Our values have stood the test of time. Not only have we built a strong business model with these values as the foundation, but over the years using our experience we have strengthened this model. Parameters like sound governance, risk mitigation and transparency are now integral to our way of doing business. The "ET Bengal Award for Corporate Governance 2012-13" is only an endorsement of the solidity of our way of doing business.

Q How do you see the infrastructure shaping up in the coming years?

A. We have lost another year of infrastructure development due to various policy delays. Infrastructure development is a key factor for a sustained economic growth in the country. The immediate outlook still remains slow as large number of projects are yet to be announced and the cost of funds in the country still remains high. However, we remain optimistic that the situation is likely to improve in the coming year as the government has envisaged an investment of USD 1 trillion in the Twelfth Five Year Plan for infrastructure and this will drive the sector in the country.

Q How do you plan to encounter the challenges?

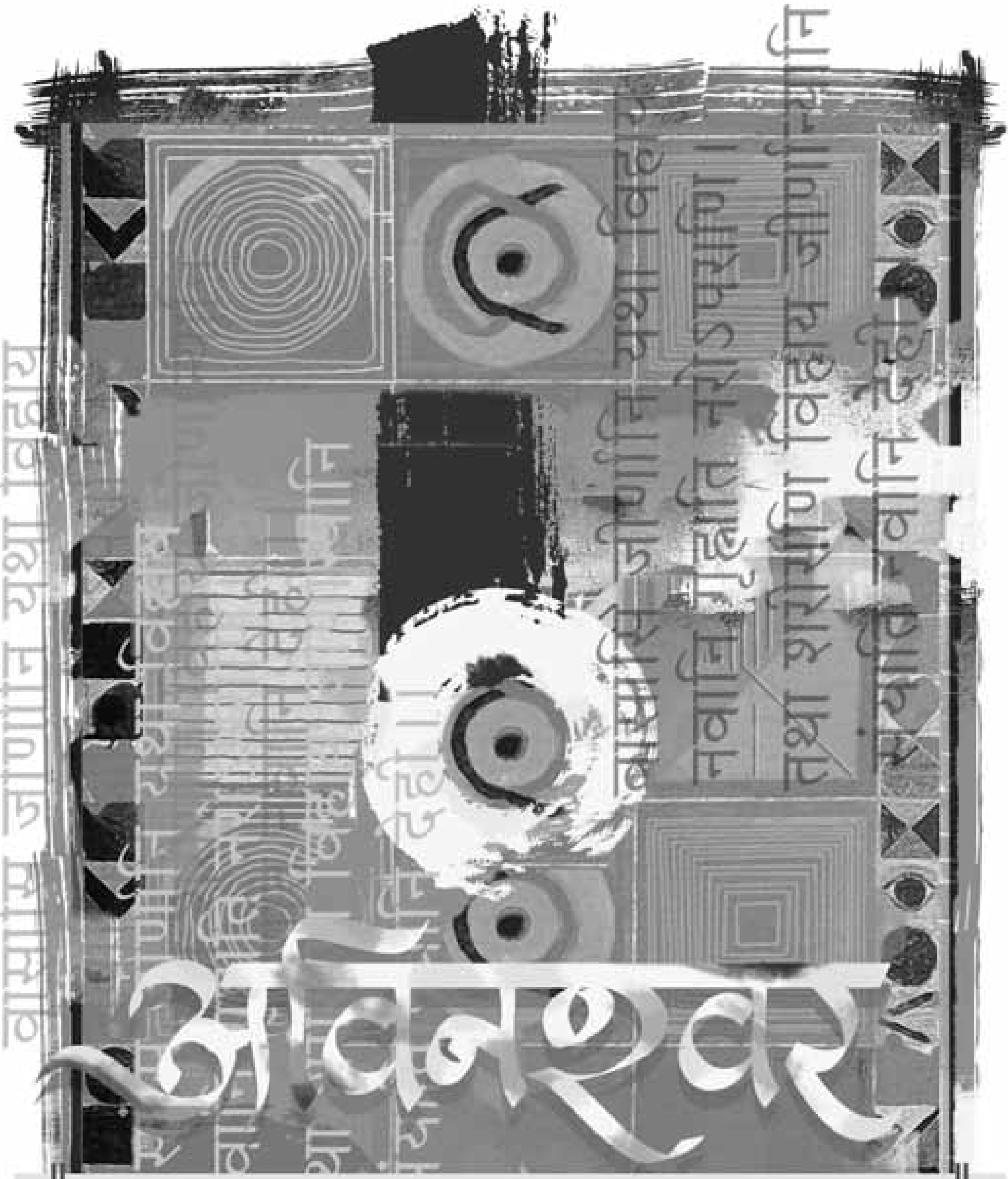
A. We plan to take the following initiatives –

- New products and services: Expand our portfolio in equipment to other sectors too.
- Internal control: Work relentlessly on enhancing internal efficiency, productivity and streamlining our processes to reduce cost-to-income ratio. We are also further strengthening our credit appraisal methods and risk management initiatives.
- Project finance: We are strategically growing our project financing business, but cautiously. Detailed evaluation of various risks is being carried out without freezing our business.
- Cross-selling: We continue to maximize revenue through cross-selling of our products taking advantage of our presence across the entire value-chain.
- Liquidity: We will continue to arrange alternative borrowings through foreign banks and financial institutions as the interest rate in the country is still very high.

Q What is your message to the shareholders?

A. We have enjoyed the continuous support of our shareholders and going forward we look towards their guidance. We plan to add value through controlling our non-performing assets (NPAs), reducing cost-to-income ratio and protecting net interest margins (NIMs) through innovative business solutions and by focusing on recoveries to protect the balance sheet from stretching.

Infrastructure incentive
It is estimated that an increase in infrastructure investment to 1 per cent of the GDP would create additional 3.4 million direct and indirect jobs in India. *(McKinsey)*



Vasansi jinarnni yatha vihaas navaani grihannati narorparaani
Tatha sharirani vihaas jeerna anyaani sanyaati navaani dehi

- Source: Bhagvad Gita, Shloka 2.22.

In order to be successful and sustainable, organisations need to continuously engage themselves in discarding old ideas (mindset) and embrace new ones. This is the fundamental building block of innovation and creating competitive advantage.

SUSTAINABILITY

Character, it is said, is what you are in the dark.

The challenging business environment of 2012-13, global slowdown and a marked fall in infrastructure spending at home served as a relevant background of the Company's competitive capability.

Just when most industry observers suggested that ducking under the wave would be a safe response in the circumstances, Srei embarked on strengthening its operating efficiencies instead.

Integrated-business model: Srei strengthened its extension from infrastructure equipment financing to infrastructure project financing and fee-based revenues (infrastructure advisory services, insurance broking, investment banking, venture capital and fund management), which helped the Company spread its risk and enhance cross-sale revenues. The Company made strategic investments in companies engaged in telecom tower rentals, power projects, transportation projects and rural IT infrastructure, among others, widening its revenue streams.

From financier to solutions provider: Srei leveraged its rich 24-year experience to handhold individual customers in reducing asset idling, exiting challenging projects, helping buy back equipment and providing bridge loans to enhance cash flows. In turn, this helped customers address their repayment commitments and Srei to stay liquid through the slowdown.

Regular project evaluation: Keeping an eye on the evolving business environment, Srei reviews its portfolio investments from time to time with the objective to exit some and book profits and retain its presence in others with the prospect of encashing a larger gain later.

Selective business: Srei strengthened its credit risk evaluation and exit alternatives before bidding for the identified 212 projects. The Company's enhanced selectivity resulted in its selective financial bidding for only 20 projects in two years, resulting in finally winning two projects, a decision vindicated by the fact that all projects won have commenced implementation.

Training: To make optimum use of the slowdown in business, Srei concentrated on strengthening internally and invested in employee training and development with the objective to service customers more effectively and enhance prospects of cross-sale.

Process development: Srei strengthened its processes, credit appraisal and risk management, protecting its asset quality.

IT investment: Srei invested in a software (Ambit) to automate systems, enhance process transparency and redefine delegation of authority.

Revenue growth*	Disbursement growth*	PAT growth*
38%	24%	34%
Five year CAGR leading 2012-13	Five year CAGR leading 2012-13	Five year CAGR leading 2012-13

*Consolidated

Aatmapratyaykoshasya vasudhaiv vasundhara.
- Mahabharata, Ved Vyas

For one who has self confidence, the entire earth is a mine of wealth.

BELIEVING ONESELF

When a winner is cornered, goes a saying, she improves the corner.

During the slowdown, marked by weakening balance sheets, most lending companies preferred to shrink the size of their businesses and wait for the storm to blow over.

Srei leveraged its rich experience in India's infrastructure sector to extend into synergic business spaces and strengthen its operating model instead.

Holistic: Srei widened its presence across the entire infrastructure value chain-advisory services, project financing, project development, equipment financing (outright purchase, operating lease, rental or exchange lease), equipment leasing, rural IT infrastructure, asset sale/auction, capital markets, insurance and venture capital. This unique holistic presence enabled the Company to leverage its brand effectively, widen revenues and strengthen sustainability.

Infrastructure project financing: Srei commenced project financing in 1996 and gradually extended its presence across sub-segments (roads, power, ports, railways, aviation, mining, telecom and gas, among others). The result was that the project finance division possessed a portfolio of ₹10,060 crore as on March 31, 2013, reporting a CAGR of 74 per cent in the five years leading to 2012-13. The key offerings comprised project financing loan, asset hypothecation loan, operating lease, debt syndication and non-fund-based facilities, among others. What makes Srei's intervention effective is that it goes beyond funding; the Company leveraged its extensive sectoral and project life-cycle

experience to advise entrepreneurs and companies on diverse project options, financial structure, project management and business planning, among others with the objective to mitigate risks and enhance sustainability.

Infrastructure equipment financing: Srei is the industry leader in infrastructure equipment financing with a client base in excess of 30,000. In 2008, the Company collaborated with BNP Paribas to strengthen its core business and address financing needs in sunrise areas (IT, healthcare and rural infrastructure). The Company is presently increasing the financing of pre-owned vehicles, a space marked by superior yields.

Fee-based business: Srei leveraged its rich experience to provide fee-based infrastructure services - project advisory, project development, investment banking, venture capital and fund management and insurance broking, among others – with a superior control over the project life-cycle.

Strategic investments: Investments are in infrastructure companies (telecom towers, transportation, water, power, equipment banks and rural IT infrastructure). These companies comprised the largest independent passive telecom infrastructure provider, one of the largest rural IT solution providers, one of India's largest equipment banks, one of India's oldest power utility companies, various road build-operate-transfer (BOT) special purpose vehicles (SPVs), a Mumbai-based engineering special economic zone (SEZ), a Bengal-based auto industrial park and a water project in Delhi.

Innovation: Srei pioneered the concept of shared telecom infrastructure, integrated oil rig rentals, energy rentals, equipment rentals and pre-owned equipment sales, among others. The Company also rolled out innovative schemes like the Asset Power Card (card with pre-approved loans) and Paison ki Nilami where interest rates were determined through an auction.

New business segments in equipment finance

4

In the last five years

Growth in Consolidated AUM

34%

Five year CAGR leading to 2012-13

Customer growth

13%

Five year CAGR leading to 2012-13

Road projects

5,412 lane km

As on March 31, 2013

Power projects

107 MW

As on March 31, 2013

Telecom towers

40,427

As on March 31, 2013

Chalatyeken paaden
tishtatyeken budhimaan
- Hitopadesha

The wise man extends his other foot only when the first is firmly entrenched.

RISK MITIGATION

Risk and reward, goes a saying, are two sides of the same coin.

During the challenging slowdown, risk management became critical to survival, making it imperative for companies to carefully appraise the business spaces being entered, the nature of customers being addressed and the quantum of business being processed, among others.

Srei responded to the challenges of the day through a dedicated risk management team which drew on the Company's rich multi-terrain experience and BNP Paribas' established culture of best practices.

Shift in asset portfolio: Srei selected to shift its revenue weightage to non-infrastructure equipment financing (IT, healthcare and rural infrastructure equipment) with the objective to increase this component as a percentage of overall revenues from 7 per cent to 20 per cent in two to three years.

Pre-owned equipment: Srei is engaged in enhancing its presence in the pre-owned equipment segment. The Company is arranging to buy back loan-free equipment, refurbish them and sell them (with warranty) to smaller customers. This win-win initiative has enhanced equipment affordability for small customers on the one hand and strengthened the Company's yields on the other to higher-than-its-prevailing-business average.

Rural infrastructure: From tractor financing in India's rural sector, Srei has expanded to segments like milk van financing, irrigation equipment and milk processing equipment, among others.

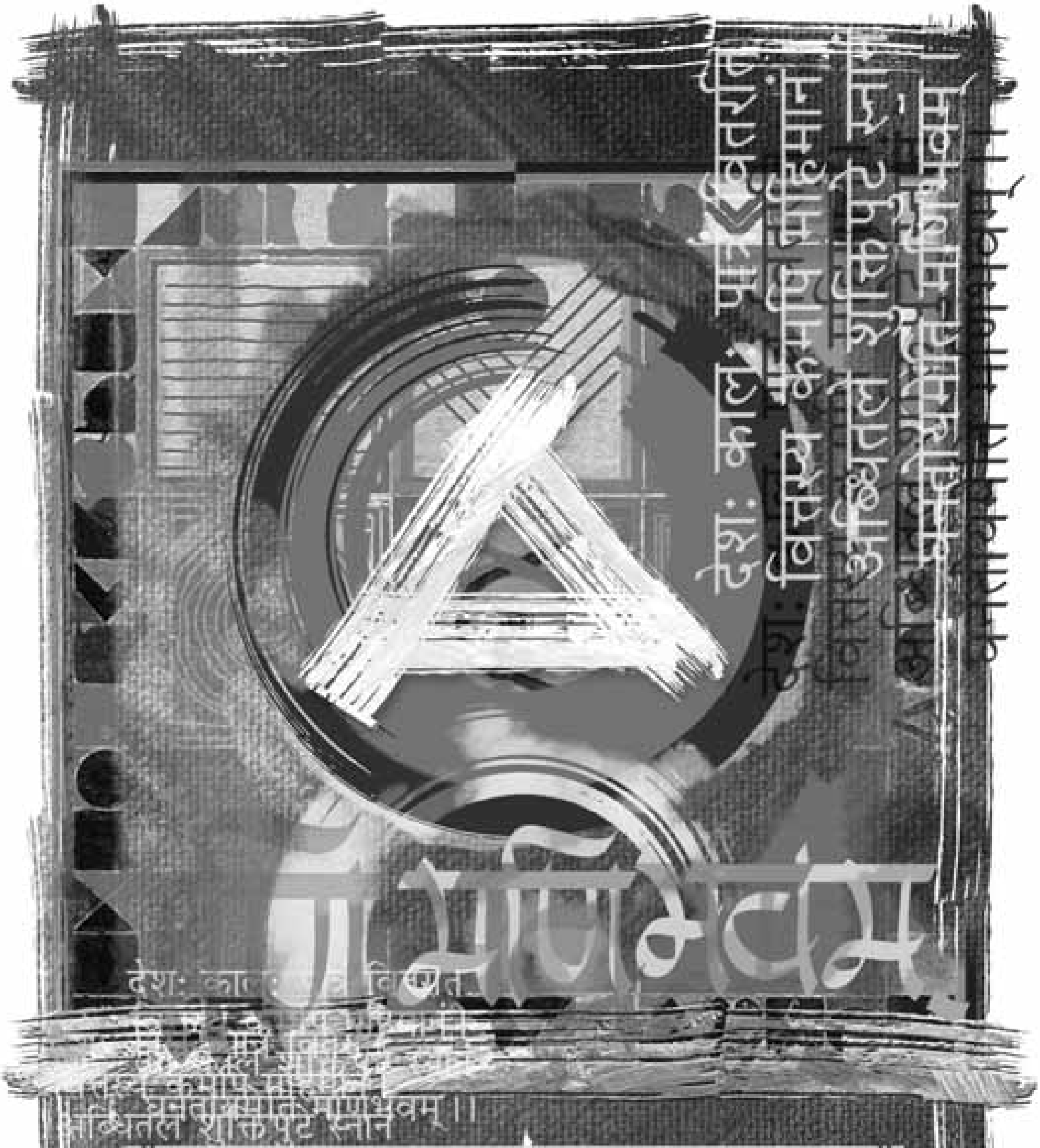
Servicing customers: Srei helped reduce customer risk through advice in project selection, bridge loans and projects exit with the objective to reinforce mutual cash flows and recovery.

Collateral: Srei enhanced its collateral cover against loans, reducing risk.

Asset-liability mismatch: Srei focused on the sourcing of low cost long-term funds at a time when high interest rates made long-term funding scarce. The Company reinforced its traditional funding mix (term loans from banks, debentures and external commercial borrowings) with renewable credit lines from banks. Going ahead, the Company aims to mobilise more long-term debentures and external commercial borrowings (ECBs) to strengthen its liquidity and asset-liability profile.

Net NPA	Gross Interest Margin	CAR*
2.30%	2.40%	21.68%
As on March 31, 2013	As on March 31, 2013	As on March 31, 2013

*Standalone



Abdhitale shuktipute snatan Ghantoymeti manibhavam

- Subhasitasudhanidhi

Assistance to a deserving person at an appropriate time and place yields meaningful results. A drop of water that falls into an oyster shell at an opportune moment turns into a pearl.

PARTNERSHIP

Growing together, goes the saying, is progress.

In a world marked by increasing specialisation, there is a growing need to enter into alliances and partnerships as a way of sustainable growth.

Srei selected to partner global equipment manufacturers entering India and also partnered customers to deliver innovative solutions.

Partnering OEMs: Srei's multi-terrain, multi-location, multi-business experience and market leadership in the Indian infrastructure equipment financing space made it a preferred partner for global original equipment manufacturers (OEM) entering India. Srei's partnership with these large and respected brands provides Srei with assured business and opportunities for cross-sale. The Company is a preferred Indian financier for all Volvo infrastructure equipment; the Company signed a preferred financier deal with Atlas Copco. The Company retained all its 31 vendor partnerships (in 2012-13).

360º partnership: Srei positioned itself as a 'partner in need' for customers. Srei provided customers with solutions to address the business slowdown: a study of the business model, exit routes for projects, bridge loans and equipment sale to vendors in return for superior returns.

Advisor: Srei advises customers on the right equipment purchase and asset deployment options, translating into higher uptime, lower business cost and superior viability.

OEM partnerships

43

As on March 31, 2013

OEM retention

100%

As on March 31, 2013

Repeat customer

51%

Average in the last five years

Consolidated AUM

₹33,330 crore

As on March 31, 2013

Ayam nijah paro veti ganana laghuchetsam
Udaar charitanam tu vasudhaiv kutumbkam.
- Hitopadesha

Only mean minded people think that this is mine, this is his. For the generous, the whole world is like family, no one is an outsider.

ENHANCING VALUE

The wider the service, goes a philosophy, the greater the good.

The ongoing slowdown has highlighted the point that companies with business models created to only serve a limited stakeholders have inevitably been superseded in the market place by companies addressing the entire stakeholder family.

Srei's presence across the infrastructure value-chain has enabled it to maximise value for all stakeholders and, in the process, enhanced value for itself in a sustainable way.

For bankers*: Srei's financing needs are addressed through 23 public sector banks, 5 private sector banks and 7 international institutions. The Company's derisked business model makes it possible to repay loans on time. This has been institutionalized over the years; the Company embarked on the measurement of capital adequacy even before the RBI's mandatory NBFC stipulation; besides, the Company enjoyed a capital adequacy ratio of 21.68 per cent (as on March 31, 2013), higher than the RBI requirement of 15 per cent.

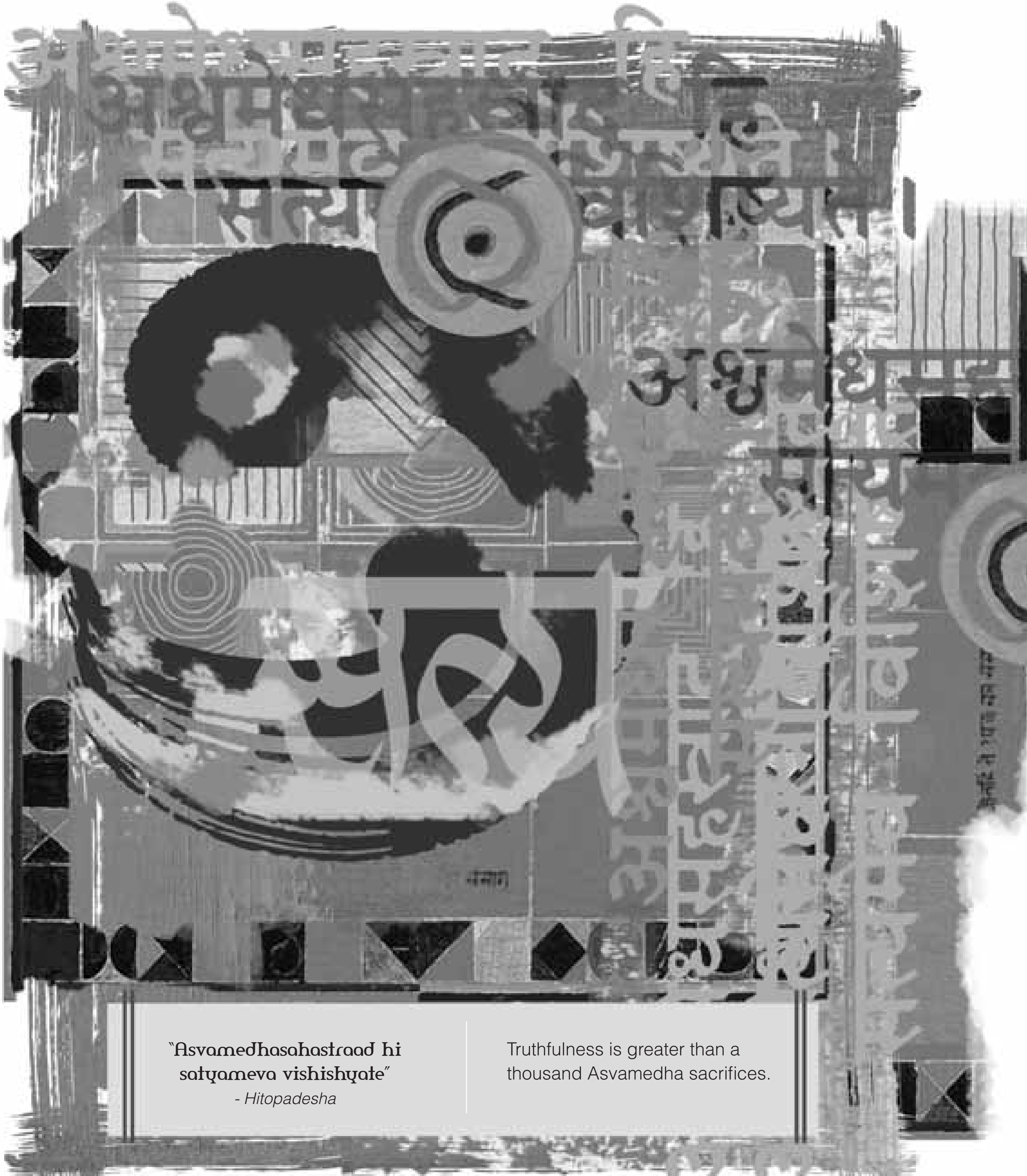
For shareholders: Srei's derisked business model ensures long-term sustainable gains for its shareholders. The Company paid out a cumulative ₹132 crore as dividend (include proposed dividend for 2012-13 and dividend distribution tax) in the five years leading to 2012-13. Besides, the Company's market capitalisaton was ₹1,346 crore as on March 31, 2013 while our book value changed from ₹98 per share in 2008-09 to ₹60 per share in 2012-13. This reduction in book value is on account of shares issued to the shareholders as bonus and on QIEL merger.

For exchequer: The Company contributed ₹284 crore to the exchequer during the year under review alone.

For customers: Srei grew the number of customers from 12,096 in 2007-08 to an estimated 24,404 at the close of 2012-13. Srei's timely assistance made it possible to catalyse the sub-economies in the areas of its presence for its first time customers. The average ticket size of equipment financing loans made to retail customers was ₹25 lakh in 2012-13, indicating affordability.

For itself: The Company outperformed India's equipment financing segment by closing the year with approx 30 per cent industry-leading market share. The Company's brand made it possible to attract more customers, creating a virtuous cycle.

*Standalone



"Asvamedhasahastraad hi
satyameva vishishyate"
- Hitopadesha

Truthfulness is greater than a thousand Asvamedha sacrifices.

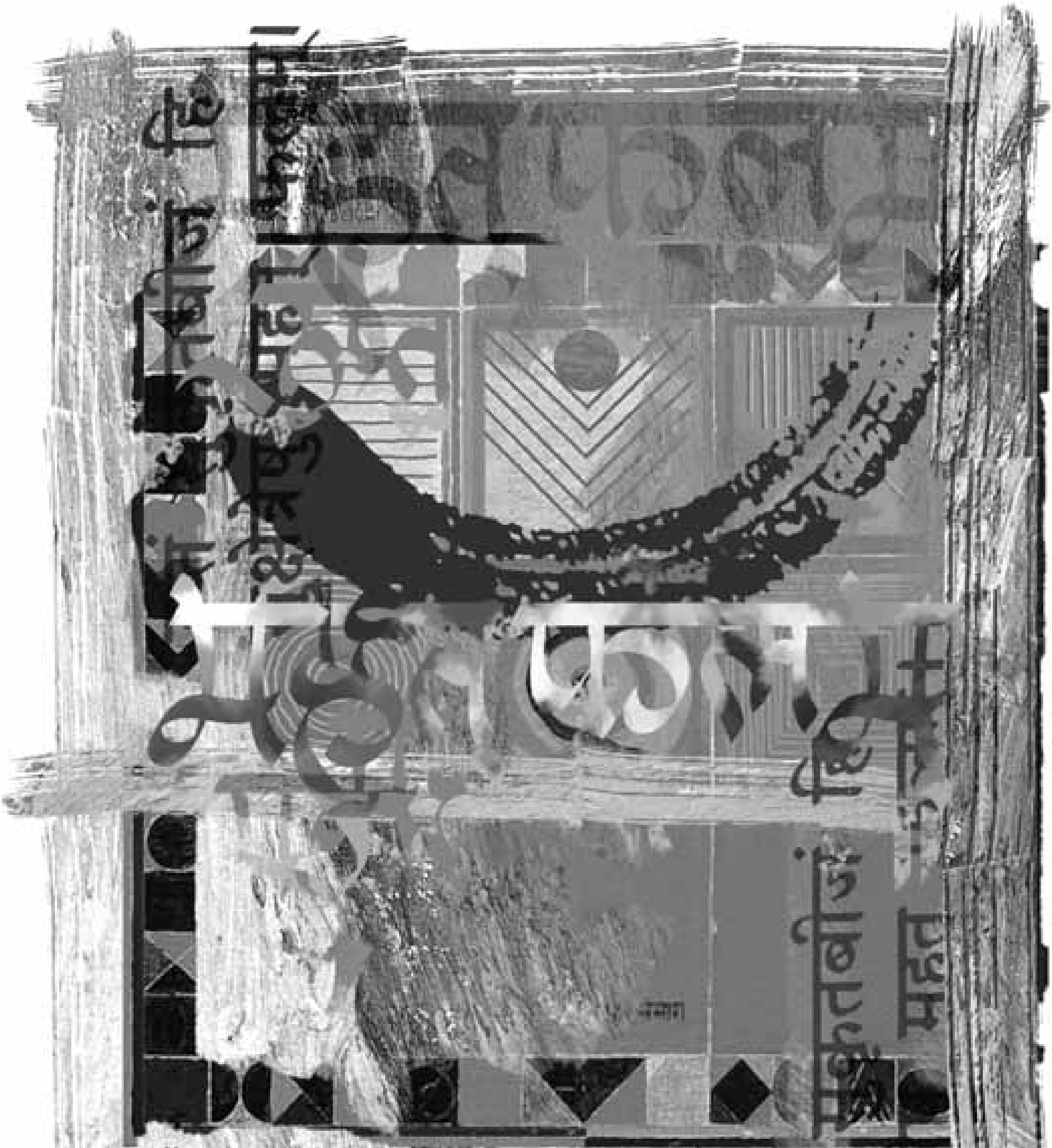
TRANSPARENCY

Where one comes from, goes a saying, is a safe index of where it is headed.

This challenging slowdown has made it imperative for companies to leverage their track record and competencies to create the engines of prospective growth as soon as markets revive.

Srei is optimistic of accelerating growth on account of the deep strengths of its business model.

- Srei entered infrastructure financing in 1989, growing its presence through an increasingly competitive post-liberalisation environment through its consistent industry focus and a widening value-chain. The result: the Company's consolidated AUM increased from ₹1,457 crore to ₹33,330 crore from 2002-03 to 2012-13.
- Srei was classified as an Infrastructure Finance Company (IFC) in 2011 by the Reserve Bank of India (RBI).
- Srei extended its presence to non-infrastructure equipment financing and intends to increase the funding from 7 per cent of all disbursements to 20 per cent over the next two to three years.
- Srei is progressively diversifying its liabilities by borrowing through cost-competitive non-convertible debentures. The Company expects to borrow low-cost and long-term loans from foreign commercial banks. The Company's securitisation stood at ₹2,828 crore in 2012-13 as against ₹4,592 crore in 2011-12.



Uptam sukritbijang hi sukshetreshu mahat falam.
- *Katha Saritsagar, Somdev*

If the seed of good work is sown at the right place (proper work is done at the appropriate time), it bears a bountiful harvest.

THINKING LONG-TERM

What you are, goes a saying, is what you do; what you do, in turn, transforms the world.

In a world marked by increasing volatility, there is a premium on a sound governance process that makes responses and strategies predictably reassuring.

Over the years, Srei created a strong governance foundation that positioned it as a stable financial institution.

Transparency: Srei prides on its information transparency. The Company updates the Stock Exchanges on corporate developments as well as on its own website. It provides time to visiting analysts, sharing information and insights well within the guidelines stipulated by Securities & Exchange Board of India (SEBI). Srei's dedicated investor communication team addresses investor needs through multiple modes. The Company resolves investor grievances within four days from complaint receipt (as against a SEBI provision of 30 days).

Committees: Srei has created several committees – each headed by a Board member - to assess responsiveness and preparedness to diverse situations, which is then communicated to the Board.

Board of Directors: Srei's strategic direction is navigated by ten Board directors, seven of whom are independent, reflecting the Company's governance commitment.

Whistleblower policy: Srei incorporated a Whistleblower Policy wherein employees can alert the senior management anonymously on a suspected wrongdoing.

Audits: Srei conducts several process audits; its voluntary secretarial audit ensures sound governance; it implements third party audits through lenders.

Disclosures: Srei has high disclosure standards, periodically releasing its borrowing profile, systematic reporting system for loan defaults and compliance with all regulatory requirements.

Pending investor complaints

0

As on March 31, 2013

Number of foreign lenders*

7

As on March 31, 2013

Number of domestic lenders*

28

As on March 31, 2013

Number of alliances with foreign OEMs

3

As on March 31, 2013

*Standalone

Srei was bestowed with the award for the Best Entity in the area of Corporate Governance category at the inaugural ET Bengal Corporate Awards, 2013.

Social accountability… beyond profit seeking

Our businesses have exhibited a sense of collective consciousness mediated towards the overarching concept of corporate social responsibility, a reflection of which was visible across the Group activities undertaken during the FY13. Our efforts have been discharged through various initiatives organised by the Srei group of companies and also through its philanthropic wing, 'Srei Foundation'. The socioeconomic upliftment initiatives have been structured around three major areas comprising of education and skills development, healthcare and wellness through spiritual development. While the initiatives have been carried out across all the aforementioned fronts however the impetus has been on imparting education.

Education and skills development

Srei Group extended their voluntary support towards 'The Deep Welfare' initiative which is paer of thef Computer Literacy Programme (a Government of India initiative) for tribal children of Jharkhand by handing over nine computers in good working condition. This programme has been conducted across the districts of Jamshedpur to broaden the horizon of computer literacy and unleash the potential of these children to the fullest.

Srei Group also emphasised upon the significance of education and skills development by supporting a student-driven body in Kolkata for a similar kind of endeavour. The funds were utilised for the education of the underprivileged children.

With an emphasis on the underserved population the Foundation has helped meritorious students by funding their education in schools, colleges, medical and scientific research institutions. The Srei Scholarship Fund has been created for the Sanskrit learning programme which was initiated in collaboration with the Boston University. An exemplary demonstration of inclusive growth got reflected via an initiative wherein the Foundation adopted 15 'One Teacher' schools across 15 districts in Gaya. The Foundation will provide informal education to children from the tribal community living in remote areas and promote other progressive activities across the villages as a whole.

Health front

Srei Foundation promotes general health and well-being through various initiatives concerned with family support programmes as well as collaboration with institutions. One such activity was a blood donation camp held in association with a renowned hospital for helping children suffering from Thalassemia. This received a wholehearted participation and overwhelming response from our employees.

At the Group level, employees actively participated during the festive season of Diwali to bring smile to the faces of the unprivileged by way of extending support to the Joy of Giving initiative along with a reputed NGO - Goonj across all our major offices pan-India. Contribution boxes were placed in our offices across the Group to collect the new/old, used/unused items (Clothes, utensils, toys, footwears, and electronic items, among others) which were channelised to the people inhabiting the rural and disaster-prone areas across India.

Human beings are mortal but we can turn the 'end of a life' to a new beginning for other lives. In partnership with a reputed NGO, we created awareness campaign among our employees on organ donation and its impact.

Wellness through spiritual development

To highlight our rich spiritual heritage the Foundation organises the annual flagship event 'World Confluence of Humanity, Power and Spirituality'. This unique event has been bringing together spiritual leaders of diverse faiths for four consecutive years to inspire the masses towards self-reflection through spirituality.

Sustainability through environmental conservation

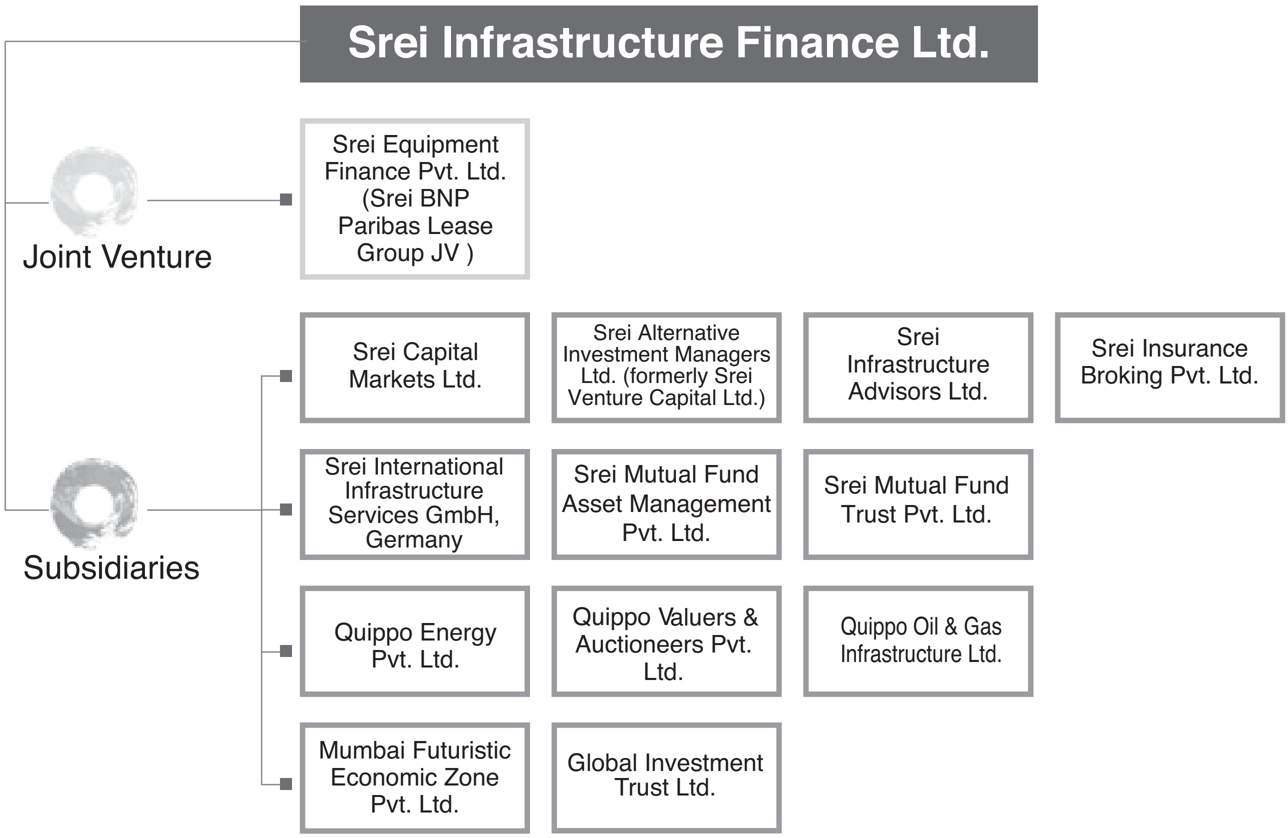
Srei's environmental and social (E&S) policy has reinforced its commitment to environmental cognisance with continuous adherence to the Environmental and Social Management System (ESMS), which has been made more effective by devising sector specific techniques of appraisal. This policy forbids us to invest in projects with an adverse environmental impact. As an early practitioner of this policy we are fulfilling our twin objectives of setting a benchmark by adopting industry-best practices and encouraging the culture of Sustainable Finance Practice among the key infrastructure players in the country.

We have inculcated a sense of responsibility among our employees by practicing ways to reduce the wasteful consumption of electricity. Distribution of paper carriers and seeds was practiced in the telecom offices. A similar initiative, Project Akshar which involved installing drop-boxes to collect discarded papers and converting them to extremely affordable, eco-friendly notebooks for children, was implemented at the Delhi office of Srei,.

Quippo Construction Equipment Ltd. took up the cause of restoring Bikramgarh jheel, used as a waste disposal ground (in South Kolkata); by lending a backhoe loader. Going a step further, the QCEL team embarked upon the community service,initiative-'Clean Our City' in and around the Independence Day celebrations in vicinity of the Head office with the aid of a backhoe loader. To support the unemployed youth who have a driving license, a month-long training programme was undertaken on operation and maintenance of construction equipment at Hyderabad. National Safety Week was observed at Quippo pan-India in the fourth quarter of the year, creating safety awareness amongst drivers and pedestrians.

Srei continues to explore and encourage such initiatives as mentioned above along with proactively engaged employees, customers and communities – a social accountability going beyond mere profit seeking.

Group structure



The above shows only the larger ones and all others are covered in the Annual Report elsewhere.

Infrastructure report

Overview

Investments to the tune of ₹55 trillion (USD 1 trillion) are needed during the 12th Five Year Plan (2012-17) to scale up and upgrade India's infrastructure. Even as investment in infrastructure as a percentage of GDP increased over the years, an infrastructure deficit continued.

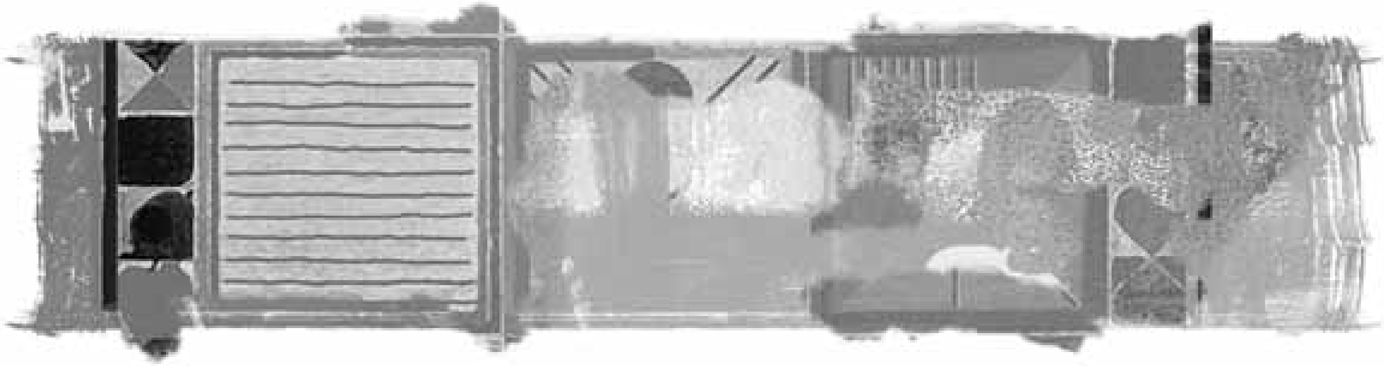
It is noteworthy that the private investment in infrastructure grew faster than public investment. Nearly 47 per cent of the envisaged investment in infrastructure during the Twelfth Five Year Plan was expected to come from the private sector. However, fresh investments were affected by a slowdown in the economy, tardy policy-making, and slower clearances pertaining to land and environment.

Initiatives announced in Union Budget, 2013-14

- Infrastructure Debt Funds (IDFs) were proposed to mobilise resources and provide long-term low-cost debt for infrastructure projects.
- India Infrastructure Finance Corporation Ltd. (IIFCL), in partnership with the Asian Development Bank (ADB), would offer credit enhancement to infrastructure companies intending wish to access the bond market to tap long-term funds.
- Floating of tax-free infrastructure bonds of ₹500 billion in FY14.
- Mobilising a corpus of ₹200 billion towards the Rural Infrastructure Development Fund (RIDF).
- Making ₹50 billion available to National Bank for Agriculture and Rural Development (NABARD) to finance the construction of warehouses, godowns, silos and cold storage units designed to store agricultural produce. This window will also finance, through State Governments, the construction of godowns by *panchayats* to store farm produce.
- 15 per cent investment allowance, in addition to normal depreciation benefits, will benefit capital goods and equipment used in the various infrastructure sectors.

▶▶ Last few years' infrastructure investments

	FY08	FY09	FY10	FY11	FY12
GDP (₹ trillion)	47.17	50.04	55.64	57.93	63.14
GDP growth (%)	9.0	6.7	8.6	9.3	6.2
Public investment in infrastructure (₹ trillion)	1.99	2.38	2.63	2.91	3.20
Private investment in infrastructure (₹ trillion)	1.04	1.21	1.39	1.69	2.08
Total investment in infrastructure (₹ trillion)	3.03	3.59	4.02	4.60	5.28
Public investment in infrastructure as percentage of GDP (%)	4.23	4.76	4.90	5.02	5.07
Private investment in infrastructure as percentage of GDP (%)	2.21	2.42	2.61	2.92	3.30
Total investment in infrastructure as percentage of GDP (%)	6.44	7.18	7.51	7.94	8.37



Roads

With a total route length of 4.69 million km, India has the second largest road network in the world. Of this, national highways account for 79,116 km, state highways for 155,716 km, and major district roads, rural and urban roads collectively account for 4.45 million km. India's road density is also among the highest in the world with 1.42 km of roads per sq.km. of area. Around 85 per cent of passenger traffic and 60 per cent of freight traffic is carried by the roads.

Moreover, India's road freight increased at a compounded annual growth rate (CAGR) of 9.08 per cent and vehicular population (all types) increased at a CAGR 10.76 per cent, but road length increased at a CAGR of only 4.01 per cent.

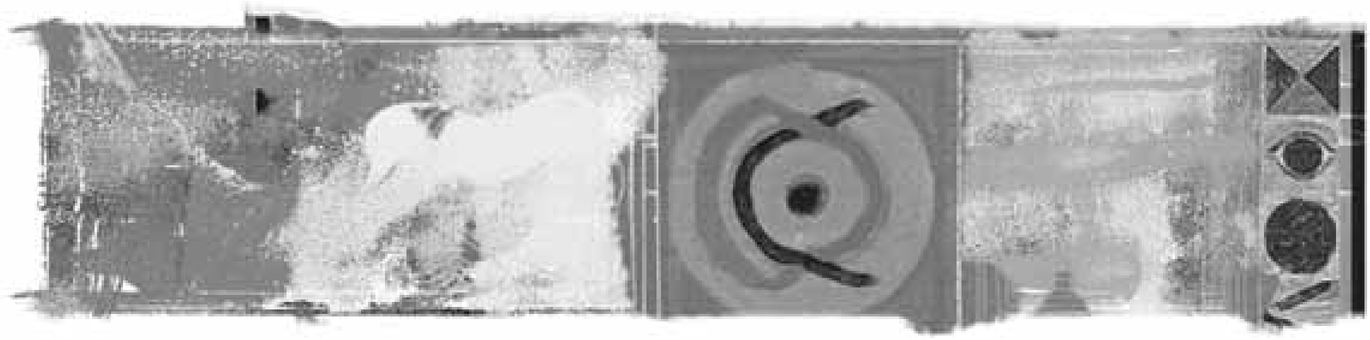
Budget, 2013-14

- A road regulatory authority would be constituted.
- Road projects totaling route length of 3,000 km to be awarded in the first six months of FY14.
- Roads will be built to connect north-eastern states with Myanmar with the assistance of World Bank and ADB.
- ₹217 billion was allocated towards Pradhan Mantri Gram Sadak Yojana (PMGSY). A part of the funds would be used for PMGSY-II aimed at benefitting states like Andhra Pradesh, Haryana, Karnataka, Maharashtra, Punjab and Rajasthan.

Government policy and initiatives

- 100 per cent foreign direct investment (FDI) under the automatic route in all road development projects including support services to land transport like operating highway bridges, toll roads, and vehicular tunnels, services incidental to land transport like cargo handling, construction and maintenance of roads and bridges.
- Full income tax exemption for a period of 10 years including highway widening projects.
- A model concession agreement in place.
- Investment of ₹9.1 trillion envisaged for the Twelfth Five Year Plan, investments primarily under public-private partnership (PPP) model – both BOT (build-operate-transfer) and annuity.
- IIFCL to provide viability gap funding up to 40 per cent of project cost (entire amount to be made available during construction phase).

(Source: IBEF, Union Budget 2013-14, Planning Commission, www.infrastructure.gov.in)



Railways

With a route network of about 64,600 km across 7,146 stations, Indian Railways has the fourth largest rail network in the world. Over 23 million passengers travel by trains and around 2.67 million tonne (MT) of freight is transported by trains daily.

Indian Railways generated earnings of around ₹1250 billion during FY13. Freight was the main revenue earner for the railways, accounting for 72.3 per cent of the total. Indian Railways set a targeted freight market share of 50 per cent by 2030 from 30 per cent in 2010. With growing industrialisation, freight traffic is expected to grow at a CAGR of 5.9 per cent during FY11-16 to touch 1,235.2 MT by FY16.

Budget, 2013-14

■ Presented a wider scope for PPP in rail projects, beyond providing maintenance and other such support services.

■ ₹10 billion each allocated for railway land development authority and railway station development authority.

■ Identified 104 stations for upgradation in places with a population more than one million and of religious significance.

■ New coach manufacturing and maintenance facilities to be set up in various places including Rae Bareli, Bhilwara, Sonepat, Kalahandi, Kolar, Palakkad and Pratapgarh.

■ 17 bridges to be repaired.

■ ₹90 billion investments expected for connectivity purpose (including ₹38 billion for port connectivity and ₹8 billion for connectivity to iron ore mines).

■ Electrification of 1,200 km of route length to be completed in FY14.

■ An independent rail tariff authority was formalised.

Government policy and initiatives

■ A Dedicated Freight Corridor (DFC) project was conceptualied to construct 3,300 km of rail-route exclusively for freight traffic on select stretches with high traffic density.

■ A wagon investment scheme was launched with the aim to promote PPP in railways by offering freight rebates to private parties and supplying a guaranteed number of rakes for 7-15 years for different types of wagons.

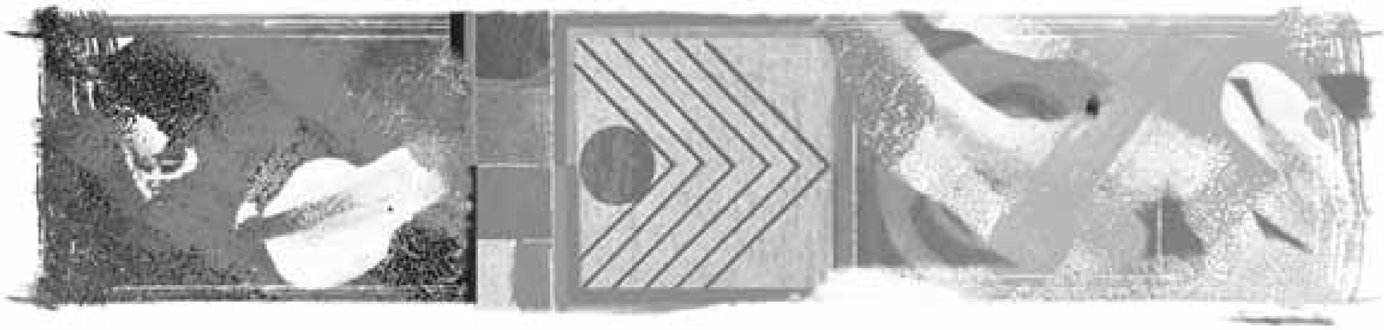
■ Investment of ₹6.4 trillion was envisaged for the Twelfth Five Year Plan (including mass rapid transport systems in metro cities).

■ Setting up of wagon factories in PPP mode.

■ Private sector participation was encouraged in rail connectivity projects to augment transportation capacity.

■ The private sector encouraged to improve rail connectivity to coal and iron mines; as an incentive, the developer was allowed to charge a surcharge on freight for 10-25 years.

(Source: IBEF, Rail Budget 2013-14, Planning Commission)



Ports

The Indian coastline, stretching for 7,517 km, is dotted with 13 major ports and about 200 non-major ports. Ports are key drivers of India's international trade and handle over 90 per cent of the country's total trade in terms of volume and about 70 per cent in terms of value. Currently, the 13 major ports in India handle 63 per cent of the seaborne traffic, while non-major ports handle the rest.

Port traffic at major and non-major ports in India is set to rise at a CAGR of 22 per cent and 5.5 per cent respectively over FY12-14. The total cargo traffic in India stood at 930.2 MT during FY12 and is expected to touch 1,225 MT by FY14. The major ports are operating at a capacity utilisation of more than 90 per cent with some experiencing even more than 100 per cent capacity utilisation, resulting in congestion, high berth occupancy and vessel turn-around time. For efficient port operations, 70 per cent capacity utilisation is considered to be optimum. To make that possible, major and non-major ports have formulated plans for the development of new terminals, upgradation of existing berths and modernisation of operations by inducting state-of-the-art cargo handling equipment.

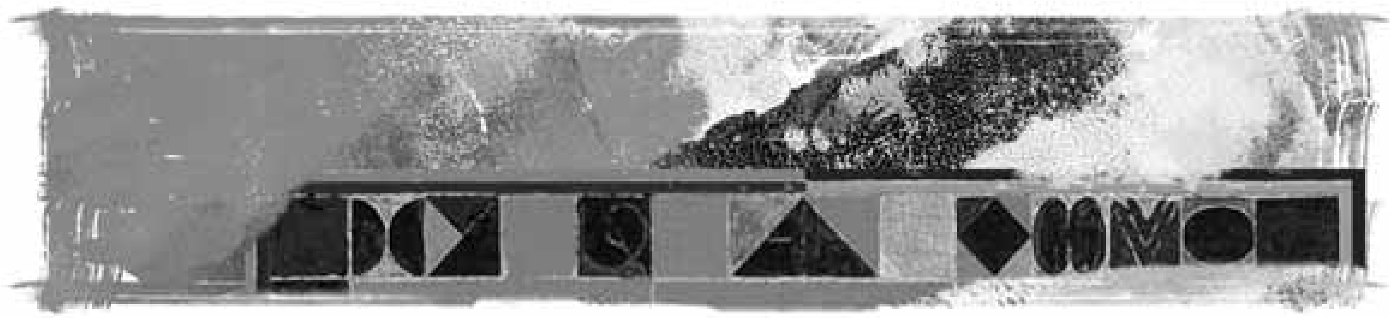
Budget, 2013-14

- Two new major ports are to be built in Sagar (West Bengal) and Andhra Pradesh entailing a capacity addition of 104 MT with an investment of about ₹160 billion.
- A new outer harbour will be developed in Thoothukkudi, Tamil Nadu, through the PPP route for an estimated ₹75 billion. When completed, this will add 42 MT of capacity.

Government policy and initiatives

- 100 per cent FDI permitted for port projects (all areas of operation) under the automatic route.
- Full income tax exemption for a period of 10 years.
- Model concession agreements were standardised and simplified.
- Standardisation of bidding documents to ensure uniformity and transparency in awarding projects.
- Tariff Authority for Major Ports (TAMP) regulates the ceiling for tariffs charged at major ports.
- Autonomy given to non-major ports to set their own tariffs led to healthy traffic growth and attracts greater private sector investment.
- Private sector allowed to undertake construction of cargo-handling berths and dry docks, container terminals, warehouses and ship-repair facilities on a BOT basis.
- Investment of ₹2 trillion envisaged for the Twelfth Five Year Plan (including inland waterways transport).
- To meet the rapidly rising demand, the Indian Shipping Ministry envisaged a National Maritime Agenda 2010-20 which aims to increase the total port capacity to 3,300 MT by FY20 from the current 1,200 MT.

(Source: IBEF, Union Budget 2013-14, Planning Commission, Ministry of Shipping)



Airports

India has 126 airports - 16 international, 84 domestic and 26 civil enclaves in defence airfields. India's air travel penetration of 0.04 flights per capita per annum is far behind developed countries like the US and Australia (more than two flights per capita per annum), and China and Brazil (0.3 flights per capita per annum).

India is witnessing a boom in passenger traffic. Passenger traffic recorded a 13 per cent growth in FY12 at 162 million passengers – 121 million domestic and 41 million international. The Indian airport system is poised to handle 336 million domestic and 85 million international passengers by 2020, making India the world's third largest aviation market. By 2020, commercial fleet size is expected to reach 1,000 from 400 today.

International passenger traffic posted a CAGR of 10.5 per cent over FY06-12. Domestic passenger traffic expanded at a CAGR of 15.7 per cent over FY06-12. Moreover, the total freight traffic registered a CAGR of 8.3 per cent over FY06-12; it stood at 2.26 MT in FY12. The increasing growth in the sector is accentuating a demand for maintenance, repair and overhaul (MRO) facilities. By 2020, the MRO industry is likely to touch around ₹75 billion.

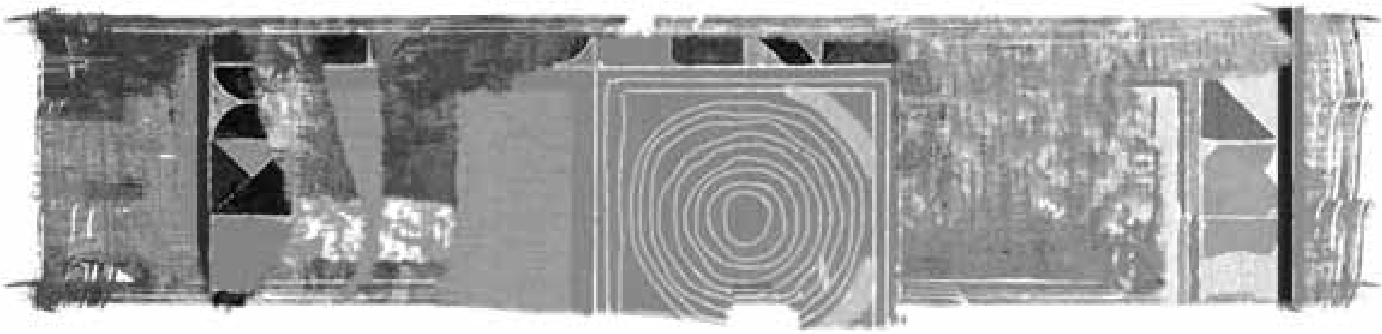
Budget, 2013-14

- The period for consumption / installation of parts and testing equipment for the MRO industry was extended to one year from three months. In addition, exemption from basic customs duty for parts and testing equipment for MRO of aircraft was extended.
- ₹50 billion is to be infused as equity in state-owned Air India.

Government Policy and Initiatives

- 100 per cent FDI permissible for existing airports, approval of Foreign Investment Promotion Bureau (FIPB) needed for FDI beyond 74 per cent.
- 100 per cent FDI permissible for greenfield airports under the automatic route.
- Full income tax exemption for a period of 10 years.
- 49 per cent FDI permissible under the automatic route in domestic airlines.
- Investment of ₹877 billion envisaged for the Twelfth Five Year Plan.
- Of the 35 non-metro airports which Airports Authority of India (AAI) has been modernising, 28 projects were completed; another 27 have been identified for upgradation.
- 14 greenfield airports have an in-principle approval.

(Source: IBEF, Union Budget 2013-14, Planning Commission, Airports Authority of India, Association of Private Airport Operators)



Power

With an installed capacity of 212 GW, India is the fifth largest power producer and consumer. India's power generation capacity consists of thermal (67 per cent), hydro (19 per cent), renewable (12 per cent) and nuclear (2 per cent) sources. Over FY09-12, installed capacity has grown at a CAGR of 10.5 per cent.

The generation equipment segment of India garnered revenues of around ₹400 billion in FY12. The market expanded at a CAGR of 28.4 per cent over FY08-12. Boilers comprised the major segment, accounting for 67.9 per cent of the total revenues in FY12, turbines accounted for 21.3 per cent and generators accounted for the remaining 10.8 per cent.

Power transmission in India, which is currently carried out largely in the 220 kilovolt (KV) and 400 KV range, is expected to move up to a higher range of 765 KV and high-voltage direct current.

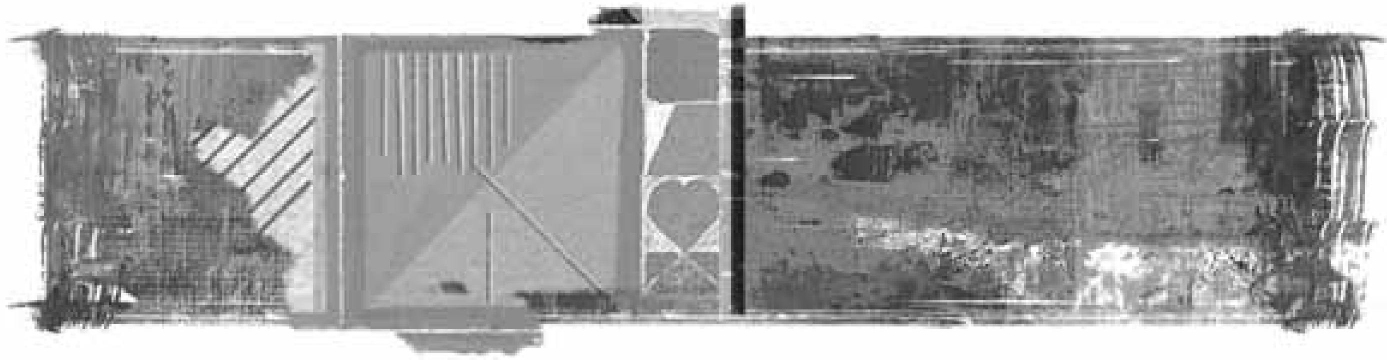
Budget, 2013-14

- Customs duty on import of coal and natural gas removed.
- Limit of tax-free bonds for power sector increased to ₹100 billion.
- Tax holiday under Sec. 80-IA extended for one year.
- Power companies allowed to take recourse to external commercial borrowing (ECB) to part-finance their rupee debt.
- A scheme for the financial restructuring of distribution companies approved by the government to restore the health of the power sector.

Government policies and initiatives

- 100 per cent FDI under the automatic route allowed for power (except nuclear) in generation, transmission and distribution including renewable energy sector.
- Full income tax exemption for a period of 10 years.
- Fuel supply agreement with Coal India Ltd. (CIL) will ensure the availability of coal for power companies over the long-term.
- Restructured Accelerated Power Development and Reform Programme (R-APDRP) was launched to reduce aggregate technical and commercial (ATC) losses up to 15 per cent by upgradation of transmission and distribution network.
- Investment of ₹18.2 trillion envisaged for the Twelfth Five Year Plan (including renewable energy) with a targeted capacity addition of 88 GW.
- Low-cost financing to be made available from Indian Renewable Energy Development Agency (IREDA).
- The Indian Energy Exchange (IEX) was launched for renewable energy certificate (REC) trading.

(Source: IBEF, Union Budget 2013-14, Planning Commission, Central Electricity Authority)



Telecom

During 2012, India emerged as the world's second largest telecommunication market. With a subscriber base of 895 million, India's tele-density stood at 73.3 per cent. With the growing trend of internet access through mobile phones, India emerged as the third largest internet market. The Mobile Value-Added Services (MVAS) industry is poised to grow exponentially. Out roll of new value-added 3G and 4G services will determine the next phase of telecom growth in urban India.

The bigger spurt in telecom growth is expected from villages and smaller towns where tele-density is at 37.8 per cent. Telecom services in rural markets are projected to grow at 40 per cent annually.

With the increasing number of wireless subscribers in India, telecom infrastructure is expected to grow at a CAGR of 20 per cent during FY08-15. Sharing of passive infrastructure reduces operational costs and encourages new players to enter the business and roll out services instantly. Tower sharing business is expected to play a crucial role in increasing rural penetration. By 2015, the number of telecom towers in India is expected to reach 571,000.

Budget, 2013-14

■ Introduction of a new incentive in the form of additional depreciation for telecom equipment / handset manufacturing companies, where investment in new plant and machinery exceeds ₹1 billion.

■ Fund support to IREDA will enable the telecom industry to gradually shift a portion of its energy utilisation from fossil fuels to renewable sources of energy.

■ Excise duty on cell phones increased.

Government policy and initiatives

■ 100 per cent FDI allowed under the automatic route in telecom equipment financing.

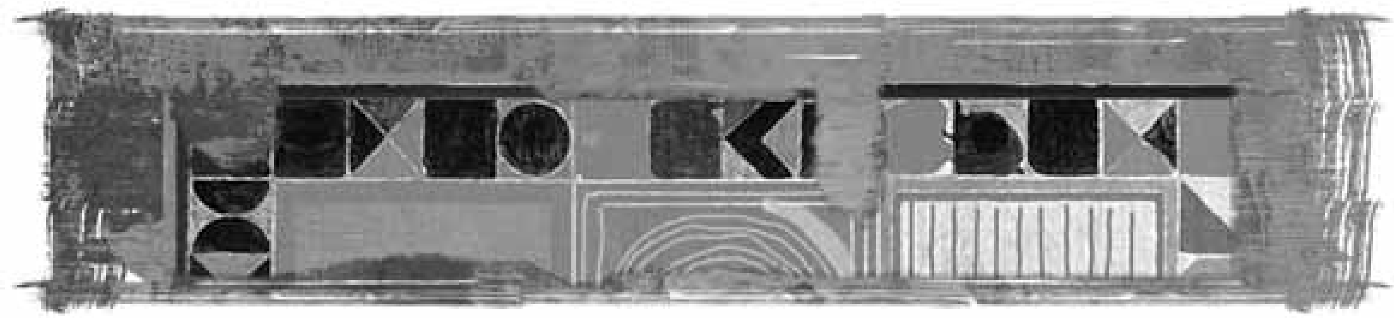
■ FDI ceiling of 74 per cent for telecom services (automatic up to 49 per cent, FIPB approval needed beyond 49 per cent).

■ Investment of ₹9.4 trillion envisaged for the Twelfth Five Year Plan.

■ The green telecom concept aims at reducing the carbon footprint of the telecom industry through reduced energy consumption.

■ Prescribed limit on spectrum stands increased from 6.2MHz to 2x8 MHz (paired spectrum) for GSM technology in all areas other than Delhi and Mumbai where it will be 2x10MHz (paired spectrum).

(Source: IBEF, Union Budget 2013-14, Planning Commission, Telecom Regulatory Authority of India)



Mining

India's mining sector contributed around 2.26 per cent to GDP in FY12. In India, 80 per cent of mining is in coal while the rest is in various metals and raw materials (gold, copper, iron, lead, bauxite, zinc and uranium). Of the 89 minerals produced in India, four are fuel minerals, 11 metallic, 52 non-metallic and 22 minor minerals. India is the largest producer of mica blocks and mica splittings, ranks third in the production of coal and lignite, barytes and chromite; fourth in iron ore, sixth in bauxite and manganese ore, tenth in aluminium and eleventh in crude steel. Iron-ore, copper-ore, chromite and zinc concentrates, gold, manganese ore, bauxite, lead concentrates, and silver account for the entire metallic production.

To meet the mining sector's needs, there is a growing demand for equipment of higher sophistication. Modern technology for locating deep-seated deposits in complex geological terrains and off-shore zones and state-of-the-art drilling techniques with sophisticated rigs (such as rig control systems) for three-dimensional sub-surface delineation of ore bodies will determine the future of the mining industry.

Keeping in mind the environmental impact of mining and problems concerning land acquisition, development of infrastructure facility around the mineral belts and developing the overall region is becoming integral to the mining industry.

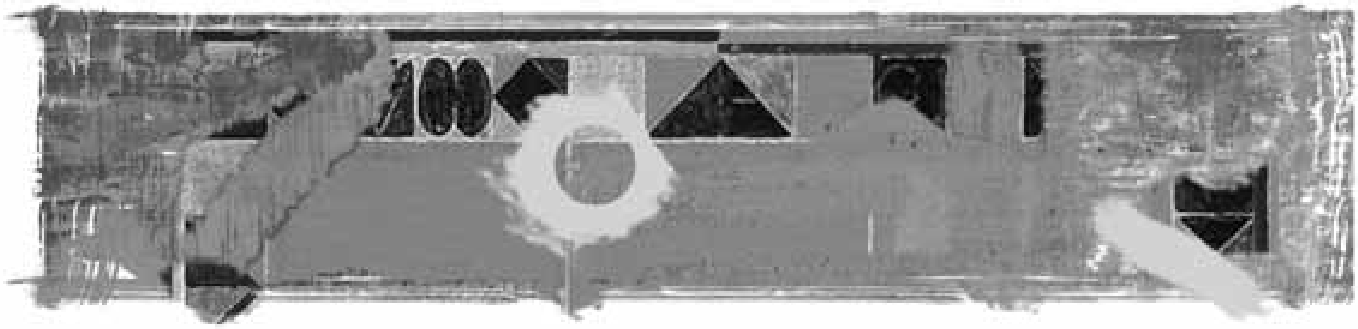
Budget, 2013-14

- Proposal for PPP policy framework with CIL as one of the partners in order to increase production of coal for easing supply for power and other consumers.
- Duties on Steam Coal and Bituminous Coal equalized. As both are used in power plants, they are to attract 2 per cent custom duty and 2 per cent counter-veiling duty (CVD) on imported coal.
- Increased focus on coal import, coal blending and price pooling of coal in short to medium terms reflecting an inclination towards price pooling for coal import.
- Duty on pre-forms precious and semi-precious stones was reduced from 10 to 2 per cent.

Government policy and initiatives

- 100 per cent FDI allowed under automatic route for mining of coal and lignite for captive consumption in iron, steel and cement production.
- Automatic approval for 100 per cent FDI is applicable to all non-fuel and non-atomic minerals, including diamonds and precious stones, as well as in processing of metals and metallurgy.
- Competitive bidding process for allocating coal blocks for captive mining to ensure greater transparency and increased participation in production from these blocks.
- In captive coal mining, companies are permitted to set up coal washeries and for specified end uses, including the setting up of power plants, fertilizers and steel units.

(Source: IBEF, Union Budget 2013-14)



Oil & Gas

India is world's fifth-largest energy consumer. The country has 5.7 billion barrels of proven oil reserves with an average oil production of 1 million barrels per day (MBPD). India has 1,100 billion cubic meters (BCM) of gas reserves, which produce 46.1 BCM of gas annually (2011).

Oil accounts for around 30 per cent of India's total energy consumption. Around 75 per cent of the total domestic oil consumption is met through imports. The dependence on petroleum and petroleum products continues to be high.

Oil consumption is estimated to rise from 3.1 MPBD in FY08 to 4 MPBD by FY16, a CAGR of 3.2 per cent, whereas gas demand is expected to rise from 70.3 BCM in FY11 to 112.7 BCM in FY16, a CAGR of 9.9 per cent.

The country's total installed oil refining capacity is presently estimated at 218.4 MTPA (million metric tonne per annum) and likely to go up to 239.6 MTPA by FY14.

Estimated Coal Bed Methane (CBM) reserves in India stand at 92 trillion cubic feet (TCF) out of which 8.92 TCF has been established. Current production of CBM is at 0.28 million metric standard cubic metre per day (MMSCMD).

Budget, 2013-14

- Moving to a revenue-sharing regime from the earlier profit-sharing one for oil and gas exploration.
- Natural gas pricing policy to be reviewed.
- New Exploration Licensing Policy (NELP) blocks that were awarded but stalled will be cleared.
- A policy to encourage exploration and production of shale gas will be announced.
- Exemption from excise duty provided to sulphur recovered as a by product in refining of crude oil and which is used in manufacture of bentonite sulphur.
- Excise duty and additional customs duty exempted on manufacture and import of dredgers.

Government policy and initiatives

- 100 per cent FDI allowed in exploration of crude oil and natural gas under automatic route.
- 49 per cent FDI is allowed in refining.
- 100 per cent FDI allowed in pipelines for petroleum products, natural gas and LNG.
- 68 blocks of oil & gas are likely to be offered under NELP - X (25 deep water, 20 shallow water and 23 on-land blocks).

(Source: IBEF, Union Budget 2013-14, Economic Survey 2012-13)

Analysis of our financial statements

1. Review of the Profit and Loss Account

Highlights, 2012-13

Total income increased 27 per cent from ₹2,446 crore in 2011-12 to ₹3,110 crore in 2012-13.

Assets under management increased from ₹30,764 crore in 2011-12 to ₹33,330 crore in 2012-13, registering a growth of 8 per cent.

Disbursement during 2012-13 is ₹15,667 crore. Disbursement recorded by equipment financing business was ₹10,799 crore whereas that for project finance was ₹4,717 crore in 2012-13.

Profit before tax increased 53 per cent from ₹237 crore in 2011-12 to ₹363 crore in 2012-13. Profit for 2012-13 includes ₹104 crore on sale / de-subsidisation of subsidiaries and step-down subsidiaries.

Profit after tax and minority interest increased 135 per cent from ₹112 crore in 2011-12 to ₹263 crore in 2012-13.

Earnings per share increased 135 per cent from ₹2.22 in 2011-12 to ₹5.23 in 2012-13.

Gross interest spread was 2.40 per cent in 2012-13 as against 3.15 per cent in 2011-12.

Revenue

Group revenues grew from ₹2,446 crore in 2011-12 to ₹3,110 crore in 2012-13. Group revenues accrued from three verticals - fund-based businesses, fee-based businesses and investments.

Income from the fund-based businesses increased 34 per cent from ₹1,957 crore in 2011-12 to ₹2,618 crore in 2012-13. This was attributed by an increase in interest bearing asset (includes securitised assets) of equipment finance business by 11 per cent and that of project finance by 14 per cent.

Company's fee-based businesses increased 44 per cent from ₹91 crore in 2011-12 to ₹130 crore in 2012-13. Total contribution of fee based income in total income is about 4 per cent.

Income from investments increased from ₹15 crore in 2011-12 to ₹80 crore in 2012-13. This income largely accrued from monetisation of existing investment. Income from investments would vary from year to year as these would depend on the timing of the sale of such investments.

Equipment rental income contributed ₹222 crore to the total income in 2012-13 as against ₹295 crore in 2011-12.

Group's non-core income increased to ₹44 crore in 2012-13 from ₹27 crore in 2011-12.

Operational expenses

Group's total operating cost (before interest and depreciation) was ₹409 crore in 2012-13 (₹395 crore in 2011-12). The increase was mainly due to increased scale of operations.

Employee costs: Employee cost in 2012-13 is ₹161 crore compared to ₹171 crore in 2011-12. This decrease in employee cost is mainly due to decrease in number of employees from 2593 in 2011-12 to 1984 in 2012-13 due to cessation of two subsidiaries, one step-down subsidiary and one joint venture of a subsidiary. However the effect of this decrease was largely reduced on account of general increase in employee wages during the year.

Administrative costs: Expenses increased from ₹224 crore in 2011-12 to ₹247 crore in 2012-13 owing to increase in overheads costs like power & fuel, repair & maintenance, professional fees, rent, etc. Most of these cost increases were driven by larger scale of operations and general inflation.

Interest liability

Finance charges increased 37 per cent from ₹1,565 crore in 2011-12 to ₹2,139 crore in 2012-13. This increase was

Total income	Profit before tax	Disbursement	Asset under management
38.24%	36.36%	24.03%	33.90%
5-year CAGR	5-year CAGR	5-year CAGR	5-year CAGR

due to increase in borrowings and scale of operations.

Taxation

Group total tax expense reduced by 10 per cent from ₹114 crore in 2011-12 to ₹103 crore in 2012-13. Group's current tax liability increased from ₹90 crore in 2011-12 to ₹103 crore in 2012-13. In 2011-12 there was provision for income tax in respect of earlier years of ₹24 crore. The average tax expense rate was about 28 per cent in 2012-13 as against 48 per cent in 2011-12.

2. Analysis of the Balance Sheet Highlights, 2012-13

Capital to Risk Asset Ratio was 21.68 per cent as on March 31, 2013 against 20.17 per cent as on March 31, 2012.

Book value per share increased from ₹54 as on March 31, 2012 to ₹60 as on March 31, 2013.

Net Worth increased 10 per cent from ₹2,738 crore as on March 31, 2012 to ₹3,009 crore as on March 31, 2013.

Debt-equity ratio was 6.08 as on March 31, 2013 against 5.81 as on March 31, 2012.

Capital employed

Capital employed increased 14 per cent from ₹18,654 crore as on March 31, 2012 to ₹21,291 crore as on March 31, 2013 owing to the increase in the level of activity in various business verticals.

Equity: Share capital comprised 503086333 equity shares with a face value of ₹10 totaling ₹503 crore. There was no increase in equity capital as compared to the previous year. As on March 31, 2013 Promoters' holding constituted 48.77 per cent and foreign institutional investor constituted 12.96 per cent.

Reserves: Group reserves grew 8 per cent from ₹2,675 crore as on March 31, 2012 to ₹2,894 crore as on March 31, 2013.

External funds: Secured debt increased 18 per cent from ₹13,717 crore as on March 31, 2012 to ₹16,239 crore as on March 31, 2013. Secured loans comprised debentures, term loans and working capital loans. The growth in secured debt was largely due to increase in Non-convertible debenture (34 per cent) and working capital demand loans (98 per cent). Of the outstanding secured debt, 86.97 per cent was rupee denominated debt and 13.03 per cent was foreign currency borrowing.

During the year, the group increased its subordinated debentures / bonds / loans exposure by 41.30 per cent, strengthening its capital adequacy.

Buyers credit exposure during the year increased to ₹206 crore from ₹187 crore in the previous financial year.

Other Current & Non-Current Liabilities: Other current & non-current liabilities decreased 18 per cent from ₹720 crore to ₹593 crore. This was mainly due to 49 per cent decrease in trade payables from ₹438 crore to ₹224 crore and increase in other long term and current liabilities from ₹282 crore to ₹369 crore.

* Consolidated

▶▶ Sources of funds

	2012-13		2011-12		
	Amount (₹ Crore)	Percentage of Total	Amount (₹ Crore)	Percentage of Total	Y-O-Y Growth (%)
Share Capital	503	2.22	503	2.49	0
Reserves and Surplus	2,894	12.77	2,675	13.24	8
Minority Interest	27	0.12	91	0.45	(70)
Long-Term Borrowings	6,754	29.81	5,728	28.35	18
Short-Term Borrowings	9,475	41.81	8,212	40.65	15
Current Maturities of Long-Term Borrowings	2,053	9.06	1,976	9.78	4
Deferred Tax Liabilities (Net)	174	0.77	141	0.70	23
Other Long-Term Liabilities	83	0.37	71	0.35	17
Trade Payables	224	0.99	438	2.17	(49)
Others Current Liabilities	286	1.26	211	1.04	36
Long-Term Provisions	136	0.60	104	0.51	31
Short-Term Provisions	50	0.22	54	0.27	(7)
Total	22,659	100	20,204	100	12

Current & Non-Current Provisions:

Provisions increased by 18 per cent to ₹186 crore in 2012-13 from ₹158 crore in 2011-12 mainly due to increase in provision for NPA.

Total provision on standard and non standard assets increased from ₹114 crore to ₹144 crore. Gross NPA on a consolidated basis increased to 2.77 per cent from 1.58 per cent, whereas net NPA increased from 1.18 per cent to 2.30 per cent.

Net Block: Group's net block (including CWIP) was ₹1,492 crore as on March 31, 2013 against ₹2,075 crore as on March 31, 2012. The decrease in net block was mainly due to decrease in assets due to cessation of two subsidiaries, one step down subsidiary and one joint venture of a subsidiary.

Financial Assets:

This comprises of principal outstanding for equipment finance loans given to customers. This amount reflects the growth in the equipment finance business and outstanding finance loan book grew by 35 per cent to ₹6,861 crore (representing 50 per cent of Srei's share in the business).

Loans Asset: This largely comprises of outstanding project finance loan book, which grew from ₹8,528 crore to ₹9,703 crore, an increase of 14 per cent. This reflects the growth in the project finance business.

Trade Receivables: Trade receivables decreased 46 per cent to ₹189 crore as on March 31, 2013. The debtors largely decreased due to cessation of two subsidiaries, one step-down subsidiary and one joint venture of a subsidiary. Current outstanding debtors mainly comprises of outstanding fee income and debtors of Quippo Companies.

Cash and Bank Balance: Cash and bank balances decreased 14 per cent to ₹580 crore in 2012-13 as against ₹671 crore in 2011-12.

Other Current and Non-Current Asset and Advances: Other current and non-current asset and advances increased 5 per cent from ₹903 crore to ₹950 crore.

Current and Non-Current Investments

Current and non-current investments have increased from ₹2,123 crore in 2011-12 to ₹2,479 crore in 2012-13 an increase of 17 per cent. This increase is largely due to increase in current investment from ₹22 crore to ₹365 crore.

▶▶ Application of funds

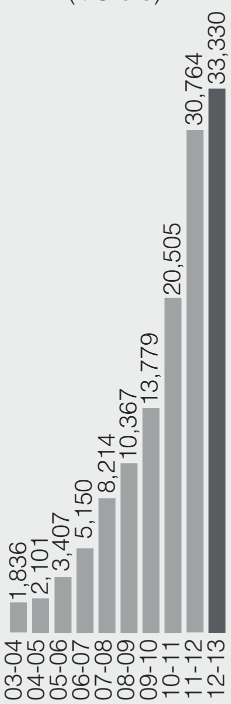
	2012-13		2011-12		
	Amount (₹ Crore)	Percentage of Total	Amount (₹ Crore)	Percentage of Total	Y-O-Y Growth (%)
Fixed Assets	1,492	6.58	2,075	10.27	(28)
Goodwill	387	1.71	440	2.18	(12)
Deferred Tax Assets (Net)	13	0.06	32	0.16	(59)
Non-Current Investments	2,114	9.33	2,101	10.40	1
Long-Term Financial Assets	4,205	18.56	3,079	15.24	37
Short-Term Financial Assets	517	2.28	405	2.00	28
Current Maturities of Long-Term Financial Assets	2,139	9.44	1,588	7.86	35
Long-Term Loan Assets	5,899	26.03	2,235	11.06	164
Short-Term Loan Assets	727	3.21	445	2.20	63
Current Maturities of Long-Term Loan Assets	3,077	13.58	5,848	28.96	(47)
Trade Receivables	189	0.83	347	1.72	(46)
Inventories	5	0.02	13	0.06	(62)
Current Investments	365	1.61	22	0.11	1559
Cash and Bank Balances	580	2.56	671	3.32	(14)
Other Long-Term Advances	160	0.71	180	0.89	(11)
Other Short-Term Advances	199	0.88	207	1.02	(4)
Other Non-Current Assets	370	1.63	204	1.01	81
Other Current Assets	221	0.98	312	1.54	(29)
Total	22,659	100	20,204	100	12

Board of Directors

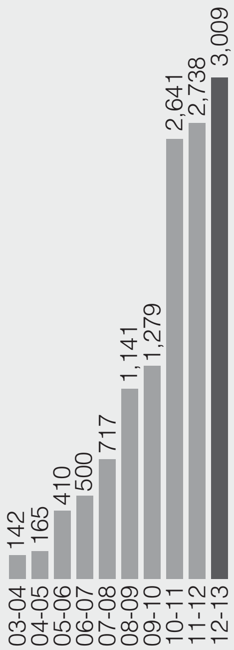
Standing (left to right): Sunil Kanoria, Hemant Kanoria, Martin Czurda, Sujitendra Krishna Deb, Saud Siddique
Sitting (left to right): Punita Kumar Sinha, Satish C. Jha, Salil K. Gupta, S. Rajagopal, S. Chatterjee

Principles lead to profits

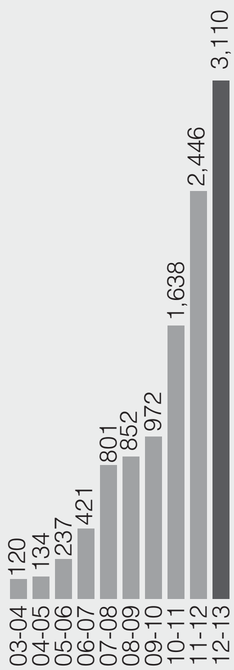
AUM#
(₹ Crore)



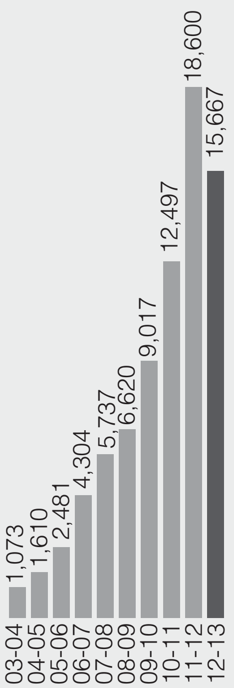
Net Worth
(₹ Crore)



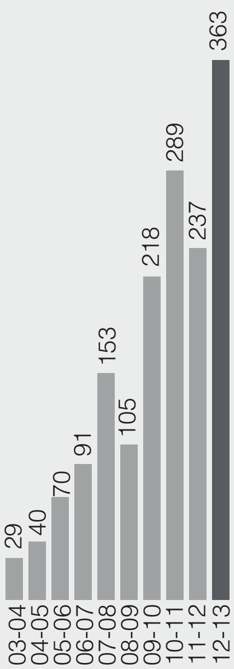
Total Income
(₹ Crore)



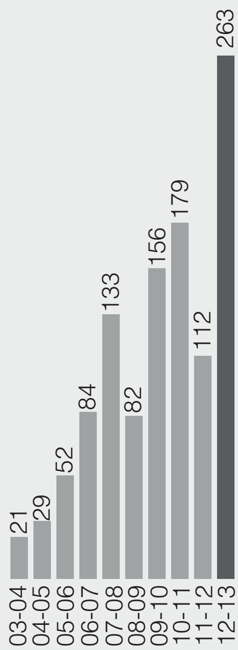
Disbursement#
(₹ Crore)



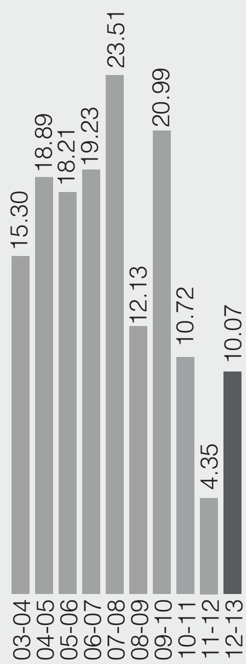
PBT
(₹ Crore)



PAT
(₹ Crore)

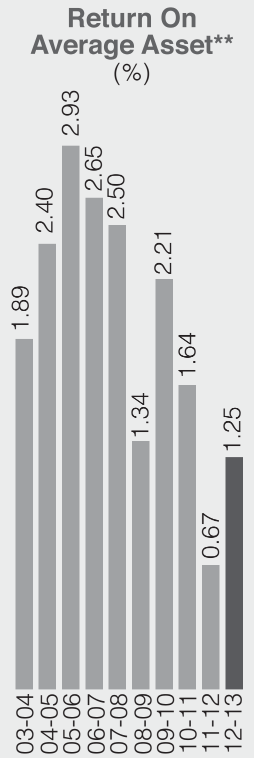


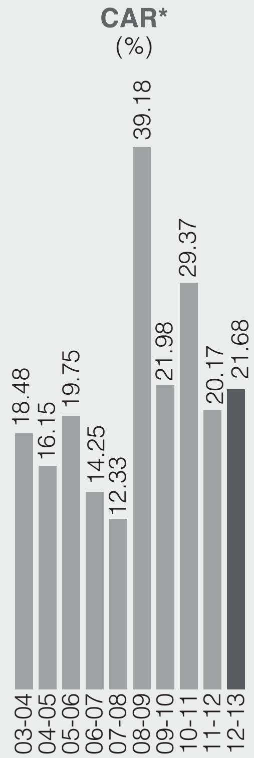
Return On Average Net Worth@**
(%)

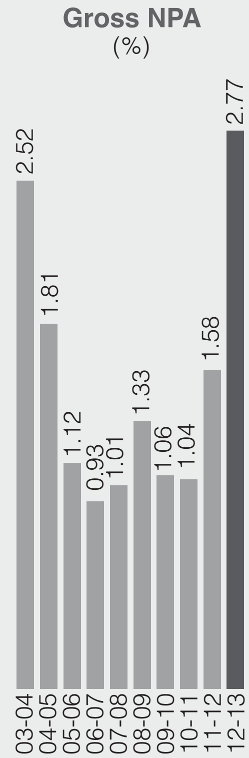


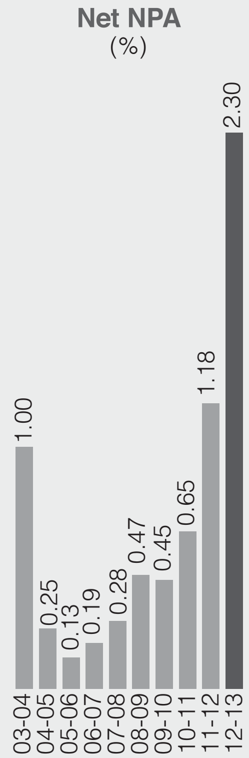
** Based on Profit after Minority Interest
@ Based on Standalone Networth

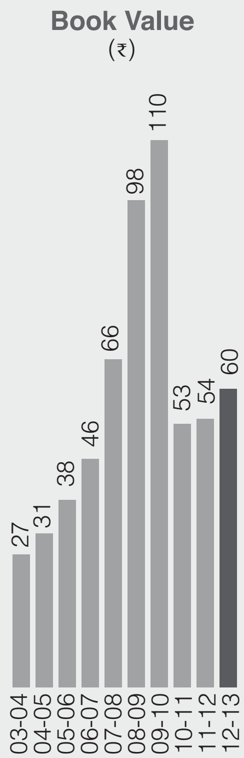
For Disbursement and AUM 100 per cent of Srei BNP Paribas (50:50 JV between Srei & BNP Paribas) has been considered.

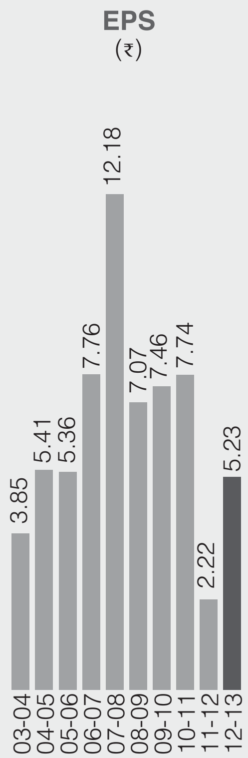


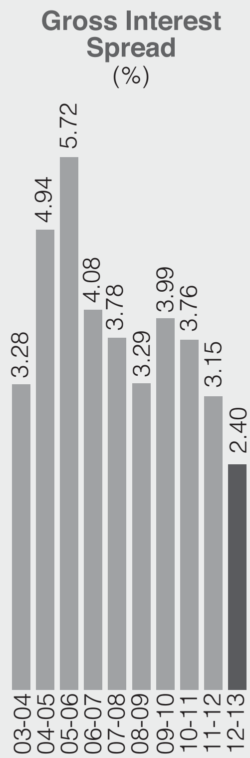


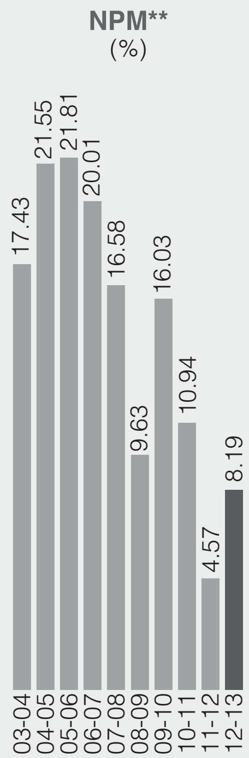












* Based on Standalone numbers

** Based on Profit after Minority Interest

Risk Management

Risk is an inherent and integral part of any business which needs to be managed optimally to achieve two key objectives viz. enhancement of shareholders' value and optimum allocation of capital. The Company's risk management strategy is based on identification and assessment, measurement, monitoring and controlling of risk, efficiently and effectively to yield sustained economic value. The policies & procedures established for this purpose are continuously benchmarked with the industry best practices. Key risks include credit, market (comprising of liquidity risk, interest rate risk, foreign exchange risk) and operational risk. These risks are best managed through a framework of policies and principles approved by the Board of Directors. A well-established, effective and independent internal control mechanism exists for supplementing the risk management systems to build risk consciousness and infuse discipline into decision-making to ensure that the Company operates within its risk appetite.

In compliance with the norms laid down by the RBI, the Company the computed capital requirement for managing credit, market and operational risks as on March 31, 2013. The Capital to Risk-weighted Assets Ratio (CRAR) of the Company worked out to 21.68% and based on Tier-I capital it was 14.28%, above the minimum regulatory requirements of 15% and 10% respectively.

Your Company has adopted a Standardised Approach for mitigating credit risks and is in the process of further upgrading and strengthening its credit risk management system through an internal rating-based approach. For market risks, your Company adopted a standardised method to compute capital and implemented Value-At-Risk (VaR)-based system for capital computation.

1 Governance Structure

The Board of Directors determines the overall risk appetite and philosophy for the Company. Risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk and operational risk. This is supplemented by periodic validation and monitoring through the sub-committee set up by the Board. To enhance focus on various risks, a sub-committee of the Board headed by an Independent Director has been formed as the Risk Committee of the Board (RCB) that has been assigned the overall responsibility for developing a framework to ensure prudent risk management. Under the guidance of RCB, risk management department has been managing enterprise risks on a regular and dynamic basis. Your Company ensures that various risks are properly identified and assessed while conducting its business activities. After identifying the risks, suitable methods of mitigation are explored; thereafter decisions are taken on the basis of Company's risk appetite and risk-return matrix. Your Company uses a comprehensive range of quantitative and qualitative tools for assessing, managing and monitoring risks. Some of these tools are common to a number of risk categories, while others are tailored to handle the particular features of specific risk categories. The RCB reviews the development in the key industrial sectors and the specific risks they entail with a focus on large borrower accounts. The appropriateness of all risk assessment methodology is continuously reviewed in the light of dynamic risk environment.

2 Credit risk

Your Company recognises the significance of credit risk in lending business and structured and standardised credit approval processes through proactive policies which are regularly reviewed and updated to take into account developments in the business and economic environments. A team of qualified and experienced personnel scrutinises proposals at various stages and analyses all relevant information which are gathered from formal and informal channels during the assessment process to arrive at a proper decision.

The internal risk rating method remains the foundation of the credit assessment process while the sanctioning process is directly linked to the internal rating and the amount of exposure. Sector-specific caps are laid down in the policy to avoid concentration risk. Your Company continuously monitors portfolio concentrations in terns of segments, borrower groups, industry segments and geographies, whichever being applicable. As a proactive measure, these caps are periodically reviewed based on the changes in the macro-economic environment, regulatory environment and overall industry dynamics.

Sustainability risk is an integral part of your Company's credit risk management framework. Besides economic benefits, the environmental and social benefits of the project are also assessed as these are critical aspects for sustainability of the project as well as the Company. All projects are categorised on the basis of sensitivity to the environmental and social issues attached with the project. Sustainability risk of the project / Company is not only analysed at the time of initial approval of the loan, but it is also periodically monitored during the life-cycle of the loan.

During the year, the internal rating processes were fine-tuned for achieving faster turnaround time and credit delivery. Industry-best practices are employed through appropriate credit delivery processes and portfolio monitoring. Portfolio-level delinquency matrices are tracked at frequent intervals with focus on the detection of early warning stress signals. Considering both risks and opportunities, key sectors are analysed in detail to suggest strategies for the business.

3 Market risk

Market risk is the risk of incurring losses in an 'on-and-off balance sheet' scenario arising out of the ongoing treasury conditions As an integral part of the overall risk management system, your Company addresses different forms of market risks, viz., liquidity risk, interest rate risk and foreign exchange risk. Your Company has adopted a comprehensive approach towards the management of market risks to ensure the smooth running of its operations. The market risk management framework aims to maximise the risk adjusted rate of return of the portfolio by keeping close track of macro-economic developments including changes and its impact on movement in interest rates, foreign exchange rates and liquidity position in the market. With a view to limit your Company's exposure to liquidity and interest rate risks, risk limits are specified with the approval of the Board. The Asset-Liability Management Committee (ALCO) periodically reviews benchmark rates; the Company's borrowing mix and liquidity, funding and currency risk, and monitors the actual risk positions. Based on these requirements, steps are taken to maintain a safe distance from these risks in accordance with the specified levels. The ALM position of your Company is being periodically reported to the ALCO, the RCB and also to the RBI.

i) Interest rate risk is generally managed through the maintenance of a floating rate mechanism which is achieved by balancing the lending rate of interest with the Srei Benchmark Rate and which is reviewed periodically with any changes in the Company's cost of funds.

ii) Liquidity risk is two-dimensional i.e. the risk of being unable to fund the portfolio of assets at appropriate maturities and rates (liability dimension) and the risk of being unable to liquidate assets in a timely manner at a reasonable price (asset dimension). The ALCO laid down a broad framework for liquidity risk management to ensure that your Company is in a position to meet its daily liquidity obligations and withstand liquidity stresses, if any. The liquidity profile of your Company is analysed on a static as well as a dynamic basis by using the gap analysis technique, which is further supplemented by monitoring the key liquidity ratios and conducting liquidity stress tests. A diversified base of lenders and an efficacious product mix combined with prudent lending practices also ensures that adequate funding is available to your Company at all times.

Foreign Exchange risk management becomes necessary as your Company borrows in foreign currencies. Therefore in order to optimise the cost of funds and diversify the funding mix. Effective hedging strategies are put in place with a keen eye on the Company's risk appetite; and limits pertaining to an open position are devised. Your Company uses statistical measures like Value at Risk (VaR) method, stress tests, back tests and scenario analyses and continuously monitoring of the market movements to effectively manage the exchange rate risk.

4 Operation risk

Operational risk is defined as the risk of loss resulting from any inadequacy or inefficiency in terms of internal processes, people and systems or from external events. Your Company has adopted strict measures towards formulating an effective operational risk management strategy which involves identification, assessment, review, control and reporting of key operational risks.

Some of the key principles followed by your Company so as to effectively manage operational risks include segregation of functions. This entails establishing clear reporting guidelines, defining processes, operating manuals, transactional verification and authorisation; undertaking periodic staff training drills, and maintaining a strong management team with a vast experience in diverse fields. Further, measurement and reporting is also achieved through the various management information systems intertwined with each operational process which are generated and monitored regularly.

Your Company has a well-designed Business Continuity Plan (BCP) which ensures continuity of business in the unlikely event of business disruption termination. The effectiveness of the BCP in the event of a business interruption or termination is gauged by proper testing mechanisms. In order to provide continued and uninterrupted service even during natural disasters, a Disaster Recovery (DR) Site is in place. Your Company has robust information technology systems operational which are aligned with globally accepted ISO2701:2005 norms with features like DR, security features covering firewalls, encryption technologies, spam-guards, which provide protection against disruption and modification of information. To further enhance the Standard Operating Procedures and various technological functions, your Company is has been investing so as to keep its technological systems constantly updated across the various domain functions.

In addition, to manage operational risk prudently, a 'Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy' is in place, which helps to prevent the Company from being used intentionally or unintentionally harmed by individuals for criminal purposes such as money laundering.

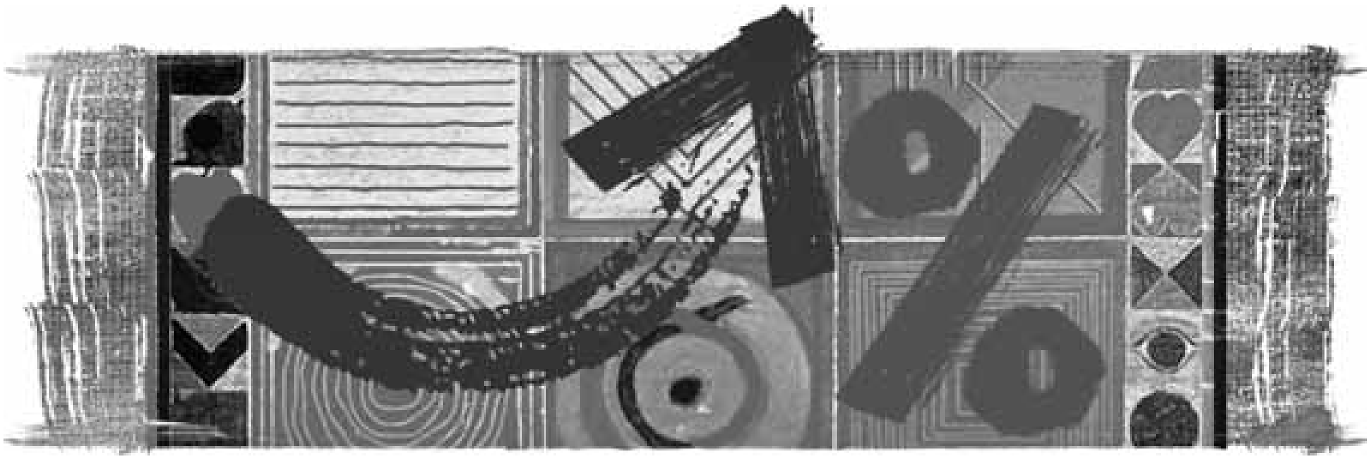
The risk management framework of your Company lays an emphasis on analysing and understanding the underlying risks before undertaking any transactions and changing the established processes or implementing new systems. This enables a proper assessment of all risks and ensures that the transactions and processes conform to the Company's risk appetite and regulatory requirements. This is achieved via the presence of a robust governance structure, which includes multi-tiered approval levels for all transactions and processes. This mechanism is aided by a regular reviewing of the portfolio and control mechanisms, undertaking self assessment programmes and monitoring of key risk indicators.

Directors' Profile

Salil K. Gupta Chief Mentor, Independent Director	He has more than 55 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.
Hemant Kanoria Chairman & Managing Director	He has over 33 years of experience in industry, trade and financial services. He has held the position of Chairman of FICCI National Committee on Infrastructure and is presently Council Member of Indo-German Chamber of Commerce. He has been on the Board of Governors of Indian Institute of Management (IIM) - Kolkata, was a Member of Regional Direct Taxes Advisory Committee, Government of India and had served as President of Calcutta Chamber of Commerce.
Sunil Kanoria Vice Chairman, Non-Executive Director	He is a Chartered Accountant with more than 25 years of experience in the financial services industry. He is presently the Senior Vice President of The Associated Chambers of Commerce & Industry of India (ASSOCHAM), Member of the Central Direct Taxes Advisory Committee and the Governing body member of the Construction Industry Development Council (CIDC).
Saud Ibne Siddique Non-Executive Director	He has over 29 years of global infrastructure financing experience. He has worked with the International Finance Corporation (IFC), the private sector arm of the World Bank, for more than 16 years, based out of Washington DC. During 2004-2007, he was based out of Hong Kong, and was the head of business development for infrastructure projects in the East Asia and Pacific region for IFC. He has also served as the CEO and Board Member of a publicly listed water infrastructure fund in Singapore.
S. Rajagopal Independent Director	He is the former Chairman & Managing Director of Bank of India and Indian Bank and has more than 40 years of experience in the banking industry.

Directors' Profile

S. Chatterjee Independent Director	He has over 45 years of experience in Commercial and Investment Banking. He was the Executive Director of Axis Bank Limited, Mumbai. He has extensive exposure in the areas of International Banking having worked in SBI, London for 3 years and in Washington D. C. for 5 years. He has expertise in the areas of Corporate Finance, International Business, Retail Banking, Project Financing and Balance Sheet Management, among others.
Satish C. Jha Independent Director	He is a Former Director and Chief Economist of Asian Development Bank, Manila and President of Bihar Economic Association. He was also a Member of the Economic Advisory Council to the Prime Minister and Chairman, Special Task Force on Bihar.
Sujitendra Krishna Deb Independent Director	He is a Chartered Accountant with over 42 years of experience in the Assurance and Business Advisory services of a Big Four Firm in India, where he was a partner for a little over two decades; experience in Due Diligence Review, Valuation and Internal Audits, among others.
Martin Czurda Independent Director	Martin has over 23 years of international banking experience in leading banks of Europe. A seasoned manager with strong vision and proven ability to achieve sustainable results in challenging international environment, Martin is a 'Hybrid Banker' uniting broad knowledge and experience regarding commercial and investment banking products and services. He has been the Chairman of Amsterdam Trade Bank and before that Division Head, Global Markets, Raiffeisen Zentral Bank. He is a Doctorate from University of Economics, Vienna.
Punita Kumar Sinha Independent Director	Punita, a Doctorate from the Wharton School, University of Pennsylvania, has over 22 years of experience in asset management in international and emerging markets. She served as a Senior Managing Director of The Blackstone Group LP and Chief Investment Officer (CIO) of Blackstone Asia Advisors L.L.C. She was also the CIO and Senior Portfolio Manager of the NYSE listed India Fund Inc. and Asia Tigers Fund Inc.



Directors' Report

Dear Shareholders

Your Directors are pleased to present the Twenty-Eighth Annual Report together with the Audited Accounts of your Company for the financial year ended March 31, 2013. The summarised consolidated and standalone financial performance of your Company is as follows:

FINANCIAL RESULTS

(₹ in Lakh)

	Consolidated		Standalone	
	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
Total Revenue	3,10,992	2,44,633	1,66,647	1,18,069
Total Expenses (including depreciation etc.)	2,74,175	2,12,504	1,50,032	1,05,017
Profit before bad debts, provisions & tax	36,817	32,129	16,615	13,052
Bad Debts & Provisions etc.	10,949	8,452	3,074	2,173
Profit Before Tax	**25,868**	**23,677**	**13,541**	**10,879**
Exceptional Items	(10,410)	-	-	-
Current Tax	7,274	5,466	2,620	1,760
Mat Credit entitlement	(71)	(189)	(71)	(49)
Deferred Tax	3,072	3,674	1,496	1,198
Income Tax in respect of earlier years	(4)	2,411	-	2,174
Profit After Tax Before Minority Interests	**26,007**	**12,315**	**9,496**	**5,796**
Share of loss of Associate	100	-	-	-
Minority Interests	(411)	1,134	-	-
Net Profit	**26,318**	**11,181**	**9,496**	**5,796**
Minority Interests of Pre Acquisition Profit/(Loss)	-	(39)	-	-
Profit After Tax after adjustment of Minority Interests	**26,318**	**11,142**	**9,496**	**5,796**
Surplus brought forward from Previous Year	28,925	30,339	22,486	23,791
Profit Available For Appropriation	**55,243**	**41,481**	**31,982**	**29,587**
Paid up Equity Share Capital	50,324	50,324	50,324	50,324
Amount transferred to Reserves	11,319	9,965	3,084	4,193
Reserves and Surplus	2,89,380	2,67,543	2,14,430	2,07,877

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, provision and tax) is ₹16,615 Lakhs as against ₹13,052 Lakhs in the last year.
- Profit before taxation is ₹13,541 Lakhs as against ₹10,879 Lakhs in the last year.
- Net profit after taxation is ₹9,496 Lakhs as against ₹5,796 Lakhs in the last year.
- The total assets under management of the Srei Group is ₹33,32,964 Lakhs as against ₹30,76,435 Lakhs in the last year.

The Consolidated Financial Statements have been prepared by your Company in accordance with the requirements of the accounting standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. The audited Consolidated Financial Statements together with Auditors Report thereon forms part of the Annual Report.

The Capital Adequacy Ratio (CAR) of your Company stood at 21.68 per cent as on March 31, 2013, 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 CAR was 14.28 per cent.

Your Company has complied with all the norms prescribed by the Reserve Bank of India (RBI) including the Fair practices, Anti Money Laundering & Know Your Customer (KYC) guidelines and also all the mandatory accounting standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. It has adopted a sound and forward looking accounting policy of providing for non performing assets in terms of the management's best estimates as well as the guidelines laid down by the Foreign Financial Institutions, which are more stringent than the guidelines of the RBI.

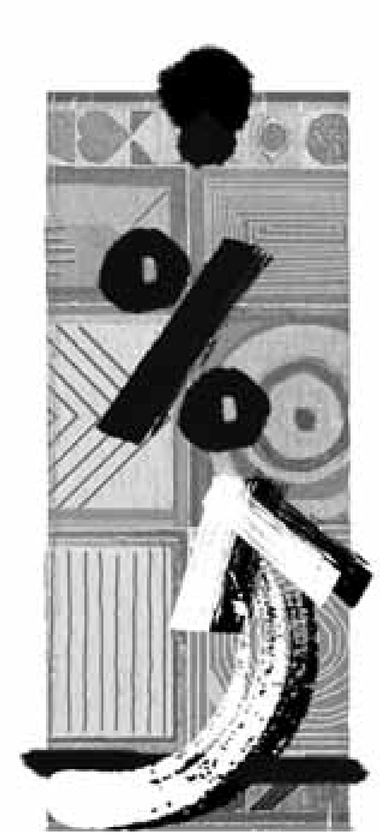
PUBLIC DEPOSITS

In April 2010, your Company decided to convert itself into a non-deposit taking NBFC in order to qualify for registration as an 'Infrastructure Finance Company'. Your Company had decided that it would not 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 Axis Bank Limited, a scheduled commercial bank for the purpose of making payment to the depositors as and when they raise the claim. The amount payable to the depositors as on March 31, 2013 is ₹30,44,394/-.

During the year under review, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

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

The Reserve Bank of India 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) under Section 4A of the Companies Act, 1956 by the Ministry of Corporate Affairs (MCA), Government of India.

MUTUAL FUND ACTIVITY

In terms of Regulation 9 of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, an Infrastructure Debt Fund set up by your Company in the name of 'Srei Mutual Fund (IDF)' was granted the Certificate of Registration by the Securities and Exchange Board of India on November 15, 2012. Infrastructure Debt Fund via mutual fund route opens up long term funding options for the infrastructure sector in India which offers a good long term opportunity for debt investors.

Furthermore, in terms of Regulation 21(2) of the said Regulations, approval was also granted to Srei Mutual Fund Asset Management Private Limited, a subsidiary of your Company, to act as the Asset Management Company for Srei Mutual Fund (IDF).

PROMOTERS' GROUP SHAREHOLDING

The Promoters' Group of your Company has increased their net shareholding in your Company during the year by 1.70 per cent from 47.07 per cent to 48.77 per cent, through the creeping acquisition route allowed as per SEBI (Substantial 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, 2013, 16.47 per cent (out of 48.77 per cent) of shareholding held by the Promoters' Group of your Company is under pledge.

PUBLIC ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

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

Date of Issue	Total Issue Size (including green shoe)	Maturity Period	Allotment Date	Amount (₹ in Crores)
20.09.2012	150 Crores	7 years	05.11.2012	76.79
04.04.2013	150 Crores	3 years/5 years/6 years 6 months	06.05.2013	133.70

Debenture Trust Agreement(s) in favour of Axis Trustee Services Limited for the aforesaid issues were executed. These Debentures are listed on the Debt Segment of the BSE Limited. The entire proceeds have been utilised for the purpose of various financing activities, repayment of existing loans and other business operations including capital expenditure and 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. The various communication efforts of your Company surrounding the Debentures played a meaningful role in enhancing your Company's brand image amongst relevant constituencies.

UNSECURED SUBORDINATED BONDS

In the year 2000, your Company had issued on rights basis 5266075 Unsecured Subordinated Bonds of ₹100/- each aggregating to ₹52,66,07,500/- vide Letter of Offer dated June 16, 2000. Each Bond has an overall tenure of 12 years, reckoned from the date of allotment viz. August 25, 2000 and the face value of the Bonds along with an overall premium of 20 per cent of the original face value was to be redeemed in seven installments, commencing from the completion of sixth year from the date of allotment.

Your Company has accordingly redeemed on August 25, 2012, being seventh & the final redemption date, ₹10/- towards principal amount and ₹2/- towards premium amount, total aggregating to ₹12/- per Unsecured Subordinated Bond. Accordingly, the face value of the aforesaid Bonds stand reduced to NIL per Bond as a result of full and final redemption of the said Bonds on completion of the tenure of 12 years. Thus, the said Bonds have been fully extinguished post August 25, 2012.

ISSUE OF REDEEMABLE NON-CONVERTIBLE PREFERENCE SHARES AND INCREASE IN AUTHORISED SHARE CAPITAL

With a view to augment long term resources, improve debt-equity ratio and to strengthen the capital base, your Company proposes to raise an amount aggregating upto ₹500 Crores by way of issue of Redeemable Non-Convertible Preference Shares in one or more tranches, subject to the Shareholders' approval and other requisite approvals.

Further, the Board of Directors of your Company have decided to increase the existing Authorised Share Capital of your Company from ₹810 Crores to ₹1500 Crores (Equity Capital being increased from ₹710 Crores to ₹1,000 Crores and Preference Capital being increased from ₹100 Crores to ₹500 Crores), subject to the Shareholders' approval.

SETTING UP OF WHITE LABEL ATMs

During the year under review, approval of the Members of the Company was sought by way of Postal Ballot conducted pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 in respect of amendment to the "Other Objects" Clause of the Memorandum of Association of the Company and commencement of operation of new business as mentioned in the "Other Objects" Clause of the Memorandum of Association of the Company pertaining to White Label ATM Networks.

Your Company, being one of the top 500 companies as per market capitalisation, entered into an agreement with National Securities Depository Limited on October 29, 2012 to implement the e-voting process effectively so as to enable the Members to cast their votes through electronic mode. By providing the Members an option to cast their vote electronically, it was observed that the Member participation increased substantially and that Members holding shares aggregating to 84.02 per cent of the total paid up capital of the Company casted their votes. Such an initiative also gave the Members the freedom to cast their vote till the closing date, from a place of their convenience.

Your Company appointed Dr. K. R. Chandratre, Practising Company Secretary, as the Scrutiniser for conducting the Postal Ballot exercise in a fair and transparent manner. The Special Resolutions as set out in the Postal Ballot Notice dated November 09, 2012 were approved by the Members with a requisite majority of 99.99 per cent of the votes polled. The result of the Postal Ballot was declared on December 21, 2012, and the same was displayed at the Registered Office as well as the website of your Company, www.srei.com. Thereafter, the results were disseminated to the various Regulators and published in newspapers.

Your Company has received an in-principle authorisation from the Reserve Bank of India (RBI) for setting up of White Label ATMs.

DIVIDEND

Your Company has had a consistent dividend policy that balances the dual objectives of appropriately rewarding shareholders 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 2012-13 to the Equity shareholders of your Company. The dividend shall be subject to tax on dividend to be paid by your Company but will be tax-free in the hands of the shareholders. The dividend together with the dividend distribution tax will entail a cash outflow of ₹2943 Lakhs (previous year ₹2923 Lakhs).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC REVIEW

a. Global Outlook

The World Bank predicts a 2.4 per cent global GDP growth in 2013 and expects it to improve to 3.1 per cent in 2014. The projections by International Monetary Fund (IMF) are slightly more optimistic. IMF's GDP growth projections for 2013 and 2014 stand at 3.25 per cent and 4 per cent respectively.

Amongst the developed nations, the US economy is on a path of gradual recovery from the 2008 crisis. Employment is picking up, although very slowly. Federal Reserve has decided not to increase interest rate before unemployment rate falls below 6.5 per cent. The benchmark short-term rate has been kept at a record low of near zero per cent since December 2008. To keep long-term borrowing costs down, Federal Reserve is presently buying bonds worth USD 85 billion on a monthly basis. IMF projects USA to grow at 1.9 per cent in 2013 and 3 per cent in 2014.

Euro Zone would still need some time before it bounces back to normalcy. European Central Bank (ECB) has reduced its benchmark rate to 0.5 per cent, a record low, and also announced that it would buy unlimited quantities of government bonds in order to lower borrowing cost of countries which are struggling to manage their debts. Earlier ECB gave banks more than USD 1.3 trillion in low-interest loans lasting up to 3 years. It has also been announced that ECB is considering further steps to provide support to the Euro Zone. IMF projects Euro Zone to contract by 0.3 per cent in 2013 before registering growth of 1.1 per cent in 2014.

The Euro Zone being a major export market for the UK, the problems in the former have had a major impact on the latter. UK economy contracted by 0.3 per cent in the last quarter of 2012. IMF projects GDP of UK to grow by 0.7 per cent in 2013 and by 1.5 per cent in 2014. Bank of England has kept its benchmark rate at a record low of 0.5 per cent since 2009. It has also announced plans to purchase more government bonds from financial institutions so that banks can lend to businesses and households.

Bank of Japan recently announced that it would inject about USD 1.3 trillion into the economy before end of 2014 through purchase of government bonds. The intent is to end the long stagnation in Japan for nearly two decades and shift the economy from a phase of prolonged deflation to an inflationary situation of at least 2 per cent. IMF projects Japan to grow at 1.6 per cent in 2013 and 1.4 per cent in 2014.

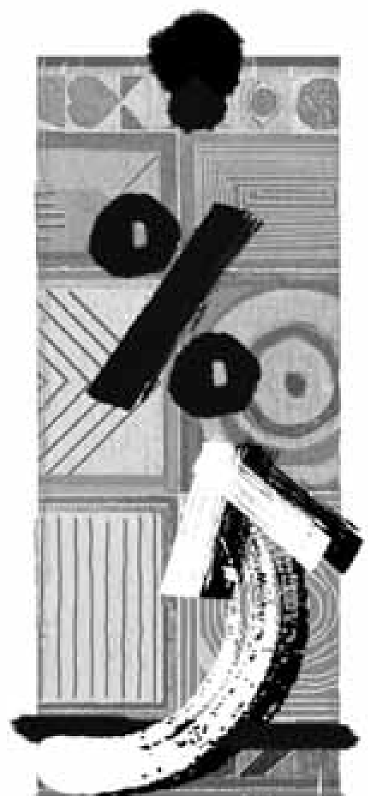
The emerging and developing economies (EDEs) continue to outperform the developed ones, but their growth pattern has been mixed. Some like China are picking up pace, while several have slowed down. However, the massive quantitative easing (QE) undertaken in the developed nations is bound to expose the EDEs to the threat of asset bubbles and inflation. In addition, the QE induced depreciation of currencies of the developed nations will dent the competitiveness of EDE currencies thereby making these economies more vulnerable. EDEs are likely to experience sharp fluctuations in currencies and capital flows. Experts are not ruling out an impending currency war which can badly hurt global economic recovery.

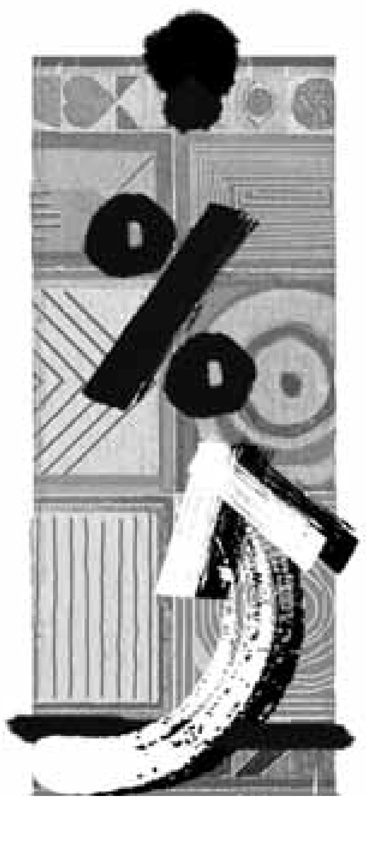
Certain geo-political tensions have been building up. In a situation of abundant global liquidity, any flare-up of geo-political tension can lead to disruption in supply of commodities resulting in sharp rise in prices. This can have a cascading impact across industries. Inflation management would become extremely challenging, especially for EDEs where demand is still buoyant.

b. Indian Scenario

India's GDP growth averaged just about 5 per cent in the first three quarters of FY12 after registering 6.2 per cent in FY12. Q3FY13 registered the weakest GDP growth (4.5 per cent) in last 15 quarters. GDP growth of 5.7 per cent for FY14 has been projected by the RBI.

Wholesale Price Index (WPI) inflation, averaging 7.4 per cent during April-February FY13, continues to remain way above the comfort level of Reserve Bank of India (RBI). Consumer Price Inflation (CPI) has been in double digits. Despite high inflation, RBI has resorted to monetary easing in FY13 to push growth. RBI has reduced policy rates (repo and reverse repo) by 100 basis points, cash reserve ratio (CRR) by 75 basis points and statutory liquidity ratio (SLR) by 100 basis points during FY13. But these steps have failed to stimulate fresh investments. Index of Industrial Production (IIP) averaged only 1 per cent growth during April-January FY13. While intermediate goods registered 1.7 per cent growth during this phase, capital goods contracted sharply by 9.3 per cent. The slowdown has got mirrored in





the loan growth of Indian banking. At around 14.5 per cent rate of loan growth, FY13 has been one of the bad years for Indian banking. NPAs and debt restructuring now account for almost 12 per cent of all bank loans.

India's infrastructure deficit and the resultant supply bottlenecks have contributed to the lingering inflation, especially food inflation. Thus, the ideal way to counter this slowdown is through a fiscal push, especially in infrastructure spending. However, the twin deficits namely fiscal deficit and current account deficit (CAD) have severely constrained government's ability to provide a stimulus. Government is confident that fiscal deficit would be contained at 5.2 per cent of GDP in FY13 and it would be brought down to 4.8 per cent by FY14. However, RBI admits that CAD at 5.4 per cent of GDP for the first three quarters of FY13 is not sustainable, and needs to be reduced. Although CAD gets financed by capital flows, mainly in the form of portfolio investment and debt, the vulnerability of the external sector to abrupt shifts in sentiment remains a concern area. The rupee will continue to remain under pressure going forward.

NBFIs IN INDIA

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

Several developments during the year have also affected NBFCs directly and indirectly.

RBI has harmonized its definition of 'Infrastructure Lending for the purpose of financing of infrastructure by the banks and financial institutions' with the Master List that was issued by Government of India in March 2012 that classified infrastructure sectors into 5 sectors and 29 sub-sectors. NBFCs, especially NBFC-IFCs, would need to abide by this revised definition.

RBI amended guidelines to enhance the external commercial borrowing (ECB) limit for NBFC-IFCs under automatic route from the erstwhile 50 per cent of their net owned funds to 75 per cent of their net owned funds, including outstanding ECBs. NBFC-IFCs availing ECBs in excess of 75 per cent of their net owned funds would need RBI approval. In addition, the hedging requirement for currency risk was also reduced from 100 per cent of their exposure to 75 per cent of their exposure.

RBI extended the guidelines on securitization and standard assets (loans) to NBFCs stipulating that originating NBFCs can securitize a loan only after it had been held by them for a minimum period in their books in order to align the interest of the originator with that of the investor(s). RBI has also stipulated that a minimum retention requirement would be applicable to ensure that the originating NBFCs continue to have a stake in the performance of the securitized assets. Originating NBFCs should also be bound to disclose to investors the weighted average holding period of the securitized assets.

100 per cent foreign direct investment (FDI) is now allowed under automatic route in 'Financial Lease' and not in 'Operating Lease'. NBFC-AFCs stand to gain partially from this development.

NBFCs having and maintaining a minimum net worth of ₹1 billion and incorporated under the Companies Act, 1956 are allowed to set up White Label ATMs (WTAs) aimed at promoting financial inclusion in the hinterlands.

Securities & Exchange Board of India (SEBI) amended guidelines for Infrastructure Debt Funds (IDFs) that are being set up as Mutual Funds (IDF-MFs) so that Foreign Institutional Investors (FIIs) can be inducted as strategic investors in such funds. Your Company, which has floated an IDF-MF to tap India's infrastructure opportunities, stands to benefit from this.

Infrastructure Debt Funds (IDFs) that are being set up as NBFCs (IDF-NBFCs) are permitted to assign a risk weight of 50 per cent on bonds covering Public Private Partnership (PPP) projects and post-COD (post commercial operational date) projects which have completed at least one year of satisfactory commercial operation.

RBI released the guidelines for new banking licenses and mentioned that existing NBFCs, on meeting of conditions, may be allowed to promote new bank or convert themselves into banks. Your Company, which is in a position to fulfill the eligibility criteria, is qualified enough to contend for a banking license.

BUSINESS OUTLOOK AND FUTURE PLANS

The present macroeconomic scenario is not very promising as already mentioned before. However, a review of the recent developments on the infrastructure front provides reasons to your Company to be optimistic about the business outlook for FY14 in the infrastructure sector.

India's Twelfth Five Year Plan (2012-17) envisaged investments worth USD 1 trillion for infrastructure, which works out to be a requirement of ₹11.26 trillion annually. Union Budget 2013-14 has earmarked a total outlay of ₹1.54 trillion for infrastructure.

Union Budget 2013-14 has announced several initiatives that are expected to set in motion infrastructure activities:

- Cabinet Committee on Investment has been set up to fast-track large infrastructure projects.
- IDFs to be encouraged.
- India Infrastructure Finance Company Ltd. (IIFCL) to offer credit enhancement to companies which wish to tap the bond market.
- Select institutions will be allowed to issue tax-free bonds to mobilize ₹500 billion in FY14.
- Domestic coal production is to be stepped up by forming PPPs with Coal India Ltd.
- Benefits under Sec. 80-IA of Income Tax Act have been extended to power generation companies till FY15.
- Power transmission system from Srinagar to Leh to be constructed.
- A policy to encourage exploration and production of shale gas will be announced.
- Low interest bearing funds from National Clean Energy Fund (NCEF) to be extended Indian Renewable Energy Development Agency (IREDA) to on-lend to

viable renewable energy projects.

- A regulator to be formed for the road sector.
- 3,000 km of new road projects are to be awarded during first half of FY14.
- Two new ports (in West Bengal and Andhra Pradesh) and one outer harbour (in Tamil Nadu) are to be built.
- A grid combining ports, inland waterways and roadways, etc. is being planned.
- Three industrial corridors namely Delhi-Mumbai, Chennai-Bangaluru and Bangaluru-Mumbai will be built leading to holistic development of the regions in and around those corridors.

Enhanced corpus for Mahatma Gandhi National Rural Employment Guarantee programme (MGNREGA), Pradhan Mantri Gram Sadak Yojana (PMGSY), Rural Infrastructure Development Fund (RIDF), Indira Awas Yojana, etc. augur well for building rural infrastructure. In addition, ₹50 billion has been allocated for National Bank for Agricultural and Rural Development (NABARD) so that refinancing can be extended to projects pertaining to warehousing, cold storage, etc. These will go a long way in addressing the supply bottlenecks that have been fuelling food inflation. National Housing Fund has been provided additional funds to promote rural housing through refinancing and has also been instructed to set up an urban housing fund. Further, additional tax incentives for the first time home buyer taking a home loan of up to ₹2.5 million is expected to provide a fillip to house construction, especially in the non-metro cities.

Apart from these, the 15 per cent investment allowance (in addition to existing depreciation benefits) for investment in plant and machinery worth ₹1 billion or more is expected to encourage capacity addition. This is likely to benefit the infrastructure equipment sector too.

The policy rates are likely to be reduced by another 50-100 basis points and the CRR by at least 50 basis points during FY14. Government is taking steps to ease the flow of FDI and FII into India. Government is also very serious about activating the moribund corporate bond market. All these would aid infrastructure financing.

During the second half of FY13, government initiated a number of steps towards creating a conducive investment climate. However, to provide a fillip to infrastructure creation, government needs speedy reforms in key areas like land acquisition, forest and environmental clearances, coal linkage, etc. Clarity in policy and regulations is the need of the hour, more so when 47-50 per cent of the infrastructure investment is expected from the private sector.

To sum up, the management of your Company remains confident about India's prospect as an investment destination in the long run. The macroeconomic conditions in FY14 are likely to remain challenging. However, the developments in the domestic economy will largely depend on government's appetite for reforms. If certain key reforms can be pushed through quickly, India will be in a position to take advantage of the global developments and might end up attracting a part of the QE induced abundant global liquidity. Interest rates in developed nations are at historic lows. For example, in USA's QE3, the Federal Reserve is deliberately targeting long-maturity bonds to keep long-term rates low. Thus, the time is ripe for India to raise long-term loans from abroad and channelize into infrastructure. Many Indian companies have started mobilizing resources from abroad at low rates. In the first four months of 2013, India Inc. has already mobilized USD 7.5 billion from abroad. Your Company is keenly monitoring these developments and exploring how to take advantage of the opportunities that are unfolding.

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

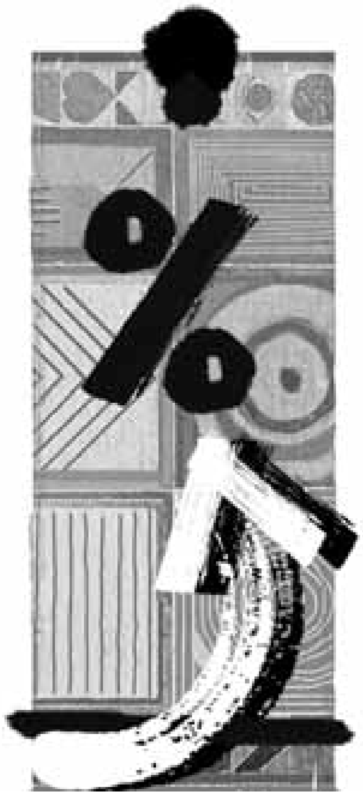
India has been on a robust growth momentum since the onset of the last decade, and is now positioned among the largest economies of the world, ranking ninth in terms of GDP and third in terms of purchasing power parity. The growth of infrastructure is a critical pre-requisite for the sustainable development of a country, thus the ongoing economic reforms along with increased investment allocation attach high priority to these sectors.

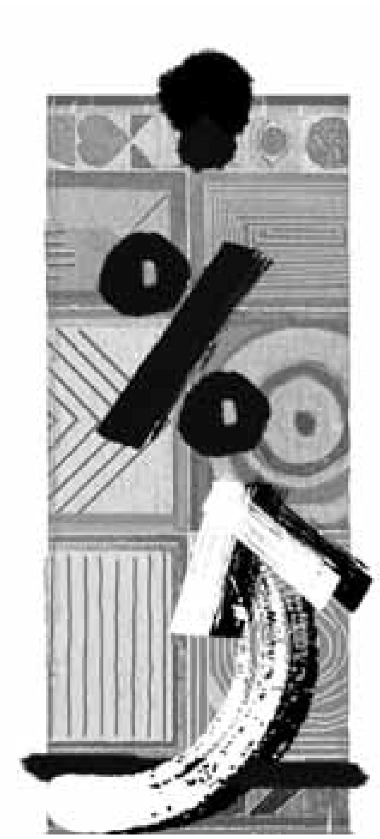
In recent years, various initiatives by the Government have led to an average growth of 5.8 per cent in infrastructure during the Eleventh Five Year Plan (2007-12), as well as significant development in physical infrastructure such as Electricity, Railways, Roads, Ports, Airports, Irrigation and Urban and Rural Water Supply and Sanitation. However, India lags behind its counterparts of the BRIC countries, such as Brazil and China, in the quality and efficiency of infrastructure services provided. In order to expedite development process and sustain this surging growth, the Government has introduced structural reforms to encourage private participation and competition in infrastructure services. An investment to the tune of USD 1 trillion has been envisaged for infrastructure development as per the Twelfth Five Year Plan (2012-17). With this, India is opening a new chapter in infrastructure development which promises to open more avenues for innovative planning, projects, policies and partnerships.

The infrastructure sector is not only the backbone of an economy, but also plays a vital role in shaping the Country's social and cultural fabric. It contributes significantly towards the growth of the overall gross domestic product (GDP), while creating opportunities for employment and investment.

Changes in the world economy indicate a global shift in economic strength towards emerging markets, a trend that is favourable to India. The advanced economies share of global GDP is projected to decrease from 65 per cent to 51 per cent, while the emerging economies share is projected to increase from 35 per cent to about 49 per cent. India is well poised to become one of the leaders among these emerging economies, with the potential to become the third largest GDP in the world in two decades. Infrastructure investment is critical for capitalizing the potential & sustaining rapid growth in the coming decades.

Given the scale of investment required





over the coming years, a substantial proportion of the investment will have to be met through private financing or Public Private Participation (PPP). Private sector share in the infrastructure spending is expected to increase from an estimated 36 per cent in the Eleventh Five Year Plan to 50 per cent in the Twelfth Five Year Plan. Your Company believes that given its history, capabilities and financial strength, it is well placed to benefit from these opportunities. As your Company is classified as an Infrastructure Finance Company (IFC) by the Reserve Bank of India (RBI) and Public Financial Institution (PFI) under the provisions of the Companies Act, 1956, it helps to diversify its borrowings, access long-term funds to a greater extent, and a flexibility to increase its exposure to borrowers and groups.

Given the thrust on infrastructure creation and recognizing the growth potential in the sector, your Company has remained focused on infrastructure financing for the last two decades, and has established itself as a holistic infrastructure institution, providing a range of innovative financial solutions including equipment / asset finance, project finance, operating leases, debt syndication, etc. Over the years, your Company has financed various small and medium sized projects that have contributed to the symbiotic growth of both the project developers and your Company. Leveraging upon its acute and in-depth knowledge of the infrastructure sector combined with its expertise in financial structuring and the continued support of various bilateral/multilateral agencies, your Company was able to expand infrastructure project finance business and has emerged as a strong niche player. While there are many financial institutions/banks to fund infrastructure development in the Country, IFCs like your Company has been active in financing the small and medium sector projects, thus facilitating a more inclusive growth.

Despite favourable macroeconomic fundamentals, the execution and policy issues pose serious challenges to investments in the infrastructure space. The policy paralysis and lack of transparency in regulatory mechanisms in the recent past have adversely affected investor sentiment resulting in a slowdown in project execution across the various verticals of infrastructure. Even though the above environment is changing, it will take considerable efforts from the Government to boost the overall sector keeping various macroeconomic conditions in mind. Considering these factors, during the year under review, your Company focused on strengthening its portfolio and slowed down disbursements compared to earlier years but maintained a steady growth. Its aggregate portfolio size recorded a growth by over 10 per cent to ₹10,100 Crores in the financial year 2012-13. The key infrastructure investments in various sectors included Conventional Power, Renewable Energy, Roads, Ports, SEZ & Industrial Parks, Telecommunications, Oil & Gas, Urban Infrastructure, etc. Through its structured risk mitigation techniques, its innovative financing structures, security packages, your Company was able to contribute towards developing infrastructure services in the Country with better efficiency.

Power:

Power sector in India has witnessed a major transformation over the last two decades. India is the world's fifth largest producer of electricity with an installed generation capacity of approximately 223,344 Mega Watts (MW) in March, 2013 which is 200 per cent more than its installed capacity of 69,065 MW in March, 1992.

Such a remarkable growth in the sector is largely attributed to the reforms in the early 90's such as the formulation of Electricity Act, 2003 coupled with increased private sector participation. However, in spite of such a massive addition in generation capacity over the last few years, India has managed to reach merely 21.5 per cent of China's and 18.5 per cent of USA's installed capacity.

The power sector is the main stay of the Indian sustainable economic growth. The importance of power sector will continue to increase as the Indian economy prepares for 8-9 per cent growth. The Twelfth Five Year Plan envisages and addition of 77,000 MW power generation capacity of which 40 per cent is to be allocated to the private sector. The installed inter-regional power transfer capacity was approximately 27,950 MW at the end of FY 2011-12. Globally, every dollar invested in generation requires an equal amount of investment in transmission and distribution (T&D). With massive investment growth in generation, a parallel investment in a strong transmission and distribution network is inevitable.

Key challenges for Indian power sector are uncertainty on fuel supply security, rising imported coal prices losses and weak financial position of power distribution companies (Discoms). But the recent steps being taken by the Government indicate a genuine effort to address these issues.

Power is a capital intensive industry with long gestation periods, and the shortage of fuel can be a major challenge in the long term. Most of the power plants in India use coal or natural gas as fuel, both of which are fast depleting reserves. To cope up with the shortage of fuel, Government of India plans to allot 40 billion tonnes of coal reserves through a bidding process and deregulate the power sector to promote investments. Further, the Government will explore the possibility of importing natural gas.

In order to combat the issue of rising global coal prices, the Government has waived the basic customs duty on coal imports and has reduced the countervailing duty (CVD) on coal from 5 per cent to 1 per cent. In addition, the Government has directed Coal India Limited (CIL) to sign agreements with power plants that are in long term power purchasing agreements (PPA) with power distribution companies (Discoms) to reduce the cost of raw materials. To reduce the dependency in imported coal, a framework has been proposed in the Budget 2013 for a Public Private Partnership (PPP) with CIL to tap adequately domestic coal reserves.

The mounting financial losses of Distribution companies have been a key issue plaguing the sector. With the objective of improving the commercial viability for the Discoms by way of converting its 50 per cent short-term liabilities to long-term bonds guaranteed by State Government & restructuring of balance debts, Government of India has notified the Financial Restructuring Scheme in October, 2012. As per directive of Appellate Tribunal for Electricity (ATE), all State Electricity Regulatory Commissions (SERCs) have to carry out tariff revision annually in spite of non-submission of Aggregate

Revenue Requirement (ARR), which will further improve the financial health of Discoms.

Capitalising on this vast opportunity, your Company has allocated about 34 per cent of its total allocation to this sector. With an interest in thermal power, wind power, solar power, hydro-electric power and power from cogeneration & waste heat recovery systems, during the year, your Company has executed several transactions with power generation companies with financial participation in over 1500 MW of thermal power plants, over 100 MW of wind farms and over 100 MW of hydro power plant, 50 MW solar power among others. During the year, your Company also financed power transmission and distribution projects.

Railways and Logistics:

The Indian Railways' contribution to national integration has been unparalleled. It has played a unique role in meeting the transportation needs of the common man, while simultaneously serving as a critical infrastructure facilitator for the carriage of goods. Indian Railways are one of the largest railways network in the world carrying 22 million passengers every day and carrying 970 million tonnes of freight a year.

Like other sub-sectors of infrastructure, there is a need to improve the railway infrastructure in order to foster economic growth of the Country. The private sector's contribution to railways has increased considerably over the years from 0.6 per cent in the Tenth Five Year Plan to 4.1 per cent in the Eleventh Five Year Plan. The Indian Railways has allowed private sector entities to operate container trains. The Indian Railways has put into place 'Vision 2020' which envisages private investments in the railways at ₹15 trillion spreading across augmentation of capacity and modernization over the next ten years. The Twelfth Five Year Plan envisages an investment of ₹6.19 trillion as compared to ₹1.92 trillion in the Eleventh Five Year Plan which will result in the emergence of opportunities in the railway segment. Your Company has examined investment opportunities in financing rolling stocks (including liquid cargo container movement), setting up of Inland Container Depots (ICDs), warehouses & cold storages and development of railway sidings. The proposed Wagon Leasing Scheme announced by the Indian Railways is expected to throw open vast business opportunities for your Company

Aviation and Airports:

Airport standards across India, with a few recent exceptions, need considerable up-gradation to come up to global benchmarks. The Eleventh Five Year Plan saw extensive modernization of the airport infrastructure through a combination of public & private investment. Chennai and Kolkata airports are being modernised by the public sector along with 35 non-metro airports. The two major metro airports viz. Delhi & Mumbai have been successfully modernized in the PPP model. In addition, Hyderabad, Bangalore and Cochin airports offer good examples of the success of the PPP model.

India is expected to be the fastest growing civil aviation market in the world. Considering the growth in the Indian economy and the need to develop aviation infrastructure, investments to the tune of ₹1.5 trillion are required in airport development over the next fifteen years. In addition, 'Vision 2020' issued in 2007, envisages the requirement of 1,000 aircrafts upto 2020. It also aims at modernisation of all the airports with multiple airports at large metropolitan cities. To meet these goals, the Planning Commission has allocated ₹0.67 trillion for the aviation sector in the Twelfth Five Year Plan as compared to ₹0.44 trillion in the Eleventh Five Year Plan. Your Company has participated in financing many transactions in the aviation sector in the past and will continue to closely follow developments and opportunities in this sector.

Ports and Port Equipment:

India's 13 major ports and around

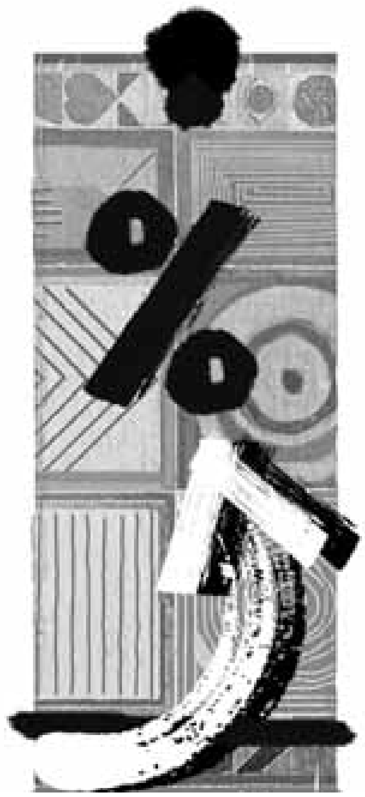
200 minor ports are located along its long coastline of over 7500 kms. The capacity of our ports to deal effectively with growing international trade volumes has increased in the Eleventh Five Year Plan partially on account of private investment in the so-called minor ports, as well as container terminals, dry-bulk and liquid handling facilities in the major ports. As a result, both berthing time and turn-around times have fallen. It is imperative that the pace of expansion of the port sector will increase in the Twelfth Five Year Plan. It is estimated that investments in the port sector during the Twelfth Five Year Plan would be approximately ₹2 trillion, an increase of over 180 per cent from the previous plan period. During the year, your Company has expanded exposure to this sector by financial participation in a mix of major ports, minor ports and captive ports. The port sector now comprises about 10 per cent of the portfolio.

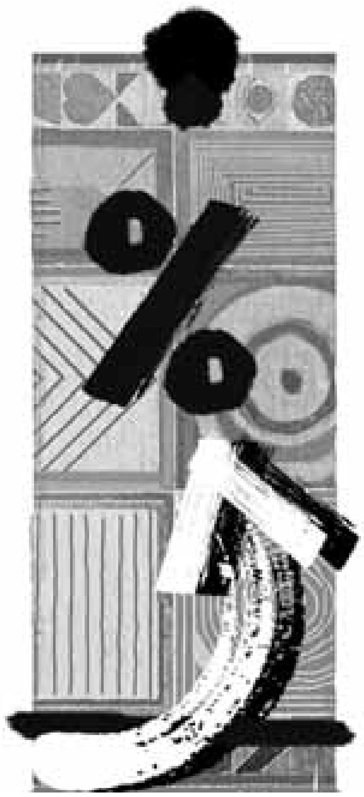
Telecommunications:

The Indian telecom industry has expanded tremendously in size and reach, with the total number of landline and mobile subscribers crossing 940 million. However, tele-density in India is still lower compared to many developing countries and there is still plenty of scope to increase tele-¬density, particularly in rural areas, improve broadband facilities and increase 3G & other value added services. Currently, the sector faces several challenges and is mired in controversy on the allotment and cancellation of 2G licenses. In spite of the challenges, leveraging on its acute understanding of this industry and its long standing relationships with vendors, during the year, your Company has structured financing packages that include investment in telecom towers, and rural connectivity. Against planned investment of ₹4 trillion in the Eleventh Five Year Plan, the Twelfth Five Year Plan envisaged an investment of ₹6.5 trillion, 80 per cent of which is expected to be financed by the private sector.

Roads:

A good road network is a critical infrastructure requirement for rapid growth for a country. India has the second largest road network in the world totaling over 4.69 million km but only 15 per cent of it constitutes major roads viz. national highways/ expressway (1.7 per cent), state highways (3.3 per cent), major district roads (10 per cent) which carries around 80 per cent of the road traffic. The roads in India need massive investments to increase & improve network coverage, quality of roads, rural penetration to connect villages to cities, etc. The Twelfth Five Year Plan envisages an investment of ₹5.5 trillion in this sector, which is around 75 per cent higher than ₹3.14 trillion planned under the Eleventh Five Year Plan. During the year, your Company has selectively participated in





financing road projects aggregating over 1500 km allotted by National Highway Authority of India (NHAI) and State Authorities.

INFRASTRUCTURE EQUIPMENT FINANCE - SREI EQUIPMENT FINANCE PRIVATE LIMITED (SREI BNP PARIBAS)

Srei BNP Paribas, a joint venture between your Company and BNP Paribas Lease Group, is registered with RBI as a non-deposit taking NBFC (Category - Asset Finance) and is in the business of equipment financing with a wide spectrum of asset finance business which includes Technology and Solutions, Healthcare, Captive financing solutions for leading manufacturers like Volvo and Atlas Capco. Infrastructure is the sector, which contributes to a majority, and client profile includes the best names in the country today.

Srei BNP Paribas has retained its position as one of the leading equipment financier in India in the year under review with a disbursement of asset cost of over ₹13,000 Crores.

The infrastructure equipment market has a de growth of around 12 per cent. With unit sales of 72,244 in 2012, the Indian earth moving and construction equipment industry was valued at approximately ₹20,000 Crores (USD 3.7bn) and it contributed 7.9 per cent on the GDP.

The year 2012-13 had a challenging time for the industry, as it encountered project implementation, consolidation, cash flow mismatch challenges at large throughout all players. It also faced various government policy challenges at large in the roads, land acquisition and mining sectors.

In the year under review, the total disbursements in terms of asset cost of Srei BNP Paribas had a de growth of approx. 12 per cent in line with the industry but the profits grew by nearly 33 per cent from ₹305 Crores to ₹403 Crores during the year due to increased margins, fee income and effective collections.

The last year incubated businesses like logistics, pre-owned equipment and farm equipment are strengthened this year and will show better results in terms of diversifying the portfolio going forward. During the year, the branch distribution network was strengthened to create a reach and proximity with the client and exploit the cross selling activities.

The view for the year ahead is to diversify the risk and stabilize, but retain the market leadership in the infra equipment space. Srei BNP Paribas will have a cautious approach and watch policy decisions with strong focus on relationship with customers and assist them in their business as partners.

The relationship between both the shareholders, Srei Infrastructure Finance Limited and BNP Paribas Lease Group, continues to be at the best terms and best practices and cross selling opportunities are being exploited. In order to improve the Capital Adequacy Ratio and infuse fresh Capital for growth, both the shareholders during the year subscribed to 3220000 Equity shares respectively of Srei BNP Paribas, in two equal tranches, at a price of ₹310/- per Equity share aggregating to ₹199.64 Crores.

INTERNATIONAL BUSINESS OPERATIONS

The first overseas subsidiary company of your Company was set up in Germany in the year 2003 in the name of IIS International Infrastructure Services GmbH (IIS) as a limited liability company, now known as Srei International Infrastructure Services GmbH (SIIS). The objective for setting up SIIS was to provide infrastructure advisory and equipment renting company in Europe and other foreign countries. Through SIIS, your Company has made investments in leasing and advisory business in Russia, Singapore and UAE.

Your Company commenced operations in Russia in year 2006 through its step down subsidiary, ZAO Srei Leasing (ZSL). Your Company holds 64 per cent share capital in ZSL through IIS with the balance 36 per cent being held by International financial institutions like EBRD, DEG and FMO. ZSL is in active operation since last seven years and survived severe financial crisis in Russia during 2008-09. In 2011, the Russian economy has demonstrated recovery trends backed by high oil prices. The leasing market grew by almost 50 per cent to USD 50 billion approx. Capitalizing on this trend, ZSL has recorded over 100 per cent growth in its business in 2011 continuing the trend of profitability since its inception in 2006. In 2012, the pace of growth in the Russian Economy showed signs of yet another slow down with the construction output falling to 2.4 per cent after two consecutive years of 5 per cent growth. The effect of the slowdown was felt by the leasing industry across Russia with the Leasing industry recording a growth of just 1.5 per cent in 2012. Inspite of the challenging environment ZSL recorded a 26 per cent growth in portfolio and 9 per cent growth in total assets under management.

ZSL has invested in relationship development with major vendors and financial institutions which have helped it achieve growth in disbursements and access to affordable funds. ZSL remained focused in liquid infrastructure assets which has enabled it to maintain portfolio quality. Till now ZSL was looking to finance Strategic and SME clients. But with the economy showing signs of a slow down, ZSL is now concentrating on Retail clients as well to diversify its risk and maintain a balanced portfolio.

ZSL had initiated the process of increasing its share capital by USD 11 million by way of rights issue to existing shareholders in 2012 and is expecting to complete the capital infusion in 2013.

In 2013, the leasing market is expected to grow marginally by 8 per cent. To increase its market share ZSL will expand its geographical presence in Russia and has already opened one representative office in 2012 in the city of Yekaterinburg. In 2013, ZSL plans to open another 2-3 branches.

Your Company is also exploring opportunities in other developing countries of Africa such as Nigeria and Kenya.

II. FEE BASED ACTIVITIES INFRASTRUCTURE PROJECT ADVISORY

Infrastructure Project Advisory Division of your Company is taking lead and pioneering itself in all major thrust areas of Infrastructure and expanding its spectrum in major infrastructure projects in India and abroad. New initiatives have evolved through strategic tie-ups in Sri Lanka for rail/road initiatives, Public Private Partnership (PPP) services in development of industrial parks, tourism facilities and capacity building & training. In cross-border initiatives, your Company has been empanelled with the Prime Minister's Office (PPP Cell) of the Government of Bangladesh as Transaction Advisor for PPP Projects in Civil Accommodation Infrastructure sector (economic zones, city infra development, public building).

The transportation vertical has been very proactive with Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) initiatives. Your Company has a reasonable chance to be the program managers for planning, designing and structuring 'Smart Cities' – first of its kind in the proximity of the dedicated freight corridor. The Advisory Division has also been empanelled by DMICDC as Transaction Advisors for a large stream of PPP projects in offering. With its proven credential in Road, Bridge and Transportation sector, your Company has succeeded in bagging mandate from West Bengal State Rural Development Agency for Preparation of Detailed Project Reports on Rural Roads and Major Bridges on un-bridged gaps under Pradhan Mantri Gram Sadak Yojna (PMGSY) in West Bengal. Your Company is also a PPP transaction advisory with Andhra Pradesh State Road Transport Corporation (APSRTC) for development of modern bus stations through private sector investments.

In its continuous effort in Tourism sector, your Company has been selected by the Ministry of Tourism (MOT), Government of India (GOI) as State Level Project Management Agency to provide Project Management Support in Tourism Infrastructure Projects to the States of West Bengal, Odisha, Andhra Pradesh, Maharashtra and the Union Territory of A&N Islands. The Advisory Division has set up its Project Management Units in all these places. This assignment has a huge fixed and transaction fee potential, besides significant exposure and visibility for Srei Group, as a whole. Your Company is now the Transaction Advisor for PPP Projects in Bihar for Infrastructure Development in Patna. With sustained effort, the Advisory Division has got a foothold in Jharkhand and obtained a new mandate from the Directorate of Industries, Government of Jharkhand to work as Programme Management Agency for National Mission on Food Processing (NMFP) spanning 2012-17.

As Project Management Consultants, your Company is providing techno-commercial consultancy support to an International Clients in development Oceanarium projects in India. Srei Advisory has successfully secured a mandate in favour of this client to build up a 3G Aquarium Cum Food Court at Jalandhar on PPP which will be the first project of its kind in the Country. Your Company is also working as Project Management Consultants for construction, supervision and quality monitoring of sewerage projects of Sewerage & Infrastructural Development Corporation of Goa Limited at various locations in Goa. Your Company also secured a new mandate from Delhi Tourism & Transportation Development Corporation Limited wherein we have been appointed as Project Development Advisor for Construction, Operation, Maintenance, Management, and Transfer of Wellness Centre near Garden of Five Senses in Delhi on PPP. Other major achievement of similar kind includes a new mandate from Mussoorie Dehradun Development Authority to undertake Feasibility Study and Transaction Advisory for Development of Aquarium Cum Hotel and Convention Centre in Dehradun on PPP.

The Advisory Division has secured a major assignment in State of Maharashtra from Directorate of Medical Education and Research which envisages providing Transaction Advisory and Project Management Consultancy services for setting up of 14 nos. Nursing Care Units on PPP. These Nursing Care Units shall be established through private sector participation at the vacant lands available at premises of 14 State Government hospitals run and managed by Directorate in cities of Mumbai, Pune, Nagpur, Aurangabad, Sholapur, Kolhapur, Nanded and other small towns across the State.

Your Company is also empanelled with Central Board of Secondary Education (CBSE) to impart training to teachers on Continuous and Comprehensive Evaluation – the new grading system adopted to assess students' academic performance and life skills. More than 2500 teachers from 200 schools affiliated to CBSE have been trained by Srei Advisory till date. Your Company has also been empanelled by CBSE as Skill Knowledge Provider recently for imparting skill training to students of Classes (IX-XII) in vocational areas of IT, Security and Banking/Insurance in CBSE schools located in eight States across the Country.

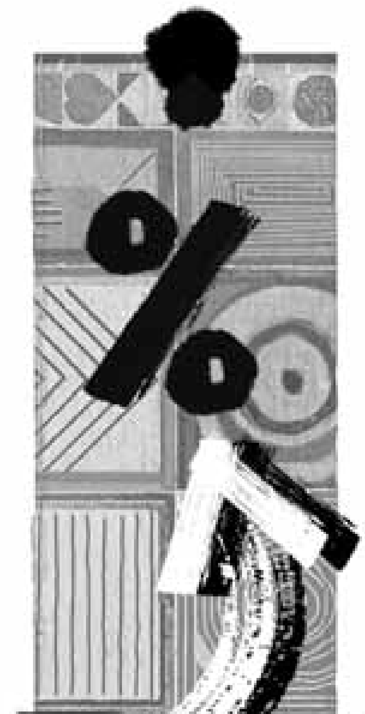
INFRASTRUCTURE PROJECT DEVELOPMENT

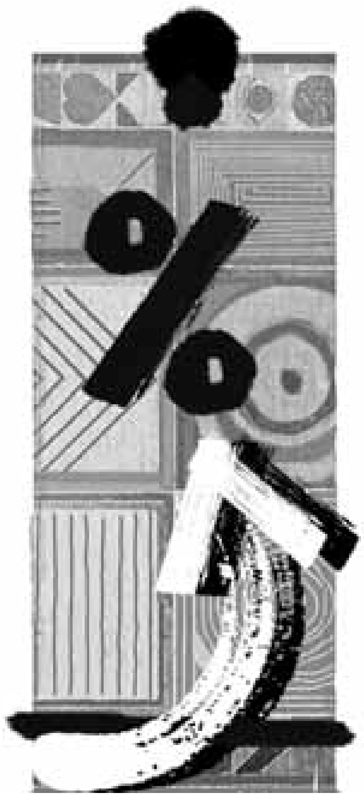
Infrastructure Project Development has given your Company an opportunity to emerge as India's one of the leading Infrastructure Developers in the Road sector. This feat could be achieved because of your Company's strong presence and functional expertise in the infrastructure space through equipment financing, project financing and project management skills. Your Company's intellectual capital strength helped it to leverage and build inextricable partnerships with customers and other leading global concessionaires and ensures effective coordination and smooth implementation of projects from beginning to end. Your Company's in-house knowledge, strength of financial engineering & solutions, proximity with customers as partners have created a unique model of "Prosperity through Partnership" and a win-win situation for all stakeholders.

Presently, your Company, in consortium with other established companies, has a diversified portfolio of annuity and toll-based road projects close to 5,500 lane km with a total Capital Cost of around ₹13,000 Crores, awarded by the National Highways Authority of India (NHAI), Ministry of Road Transport and Highways (MORTH) and various other State Governments. During the year under review, your Company has received the final Sanction of Term Loan for one of its prestigious project in Maharashtra (Solapur - Maharashtra Karnataka Border) on NH-9 under NHAI. In some of its Operating Assets, your Company has also managed to get its existing loan portfolio re-financed, thereby reducing the overall cost of debt of the project significantly. During the year, the Company's focus was more towards consolidation of its road assets and to speed up the implementation.

III. STRATEGIC INVESTMENTS

The Indian economy registered its lowest growth rate in a decade during FY 2012-13. With inflation remaining high, the threat of stagflation loomed large;





consequently, striking the right balance between growth and inflation remained the main challenge. The Government finally responded with some reforms, promised fiscal prudence, and raised limits on foreign debt while relaxing restrictions on FII's with a view to bringing in overseas capital.

The outlook for the global economy improved with both the US & Chinese economies showing signs of recovery and the Eurozone situation remaining under relative control. This bullishness was reflected in Indian equity markets with FII inflows into the Indian markets reaching $25bn in calendar year 2012, with a further $2bn coming in during the first two months of 2013. While equity markets typically run ahead of the real economy, there is however a question of sustainability given underlying macro-economic concerns about the Indian economy. Furthermore, the market for primary issuances remained muted and retail investors continued to show an aversion for equity instruments.

Key infrastructure segments such as roads, power, and mining continued to suffer from negative investor sentiments. Policy pronouncements did not specifically address key concerns in these segments and much more is required to kick-start growth in infrastructure.

Against this backdrop, your Company concentrated on enhancing value through better management of its existing portfolio while actively discussing avenues for monetizing its investments. It successfully exited its 38 per cent stake in the offshore construction barge Quippo Prakash; while other opportunities for divestment presented themselves, it was felt that better value could be realised by exercising patience. During FY 2013-14, your Company will continue to engage with prospective investors for partial or complete exits with a view to improving overall returns for shareholders. Your Company's investment book primarily covers communication, transportation, energy, and social and commercial infrastructure. In an emerging economy, all these sectors offer opportunities for attractive returns and investor confidence in the longer term prospects of the Indian economy remains unimpaired. Therefore, prospects of an improving macro-economic outlook will hopefully result in more realistic valuations and liquidity during FY 2013-14.

Your management believes that focus on improving systems & procedures for monitoring and managing its investments is essential for protecting portfolio value. This will be achieved through regular reviews, benchmarking and alignment with best practices – shareholder returns will form the keystone for all decisions.

RESOURCES

The Treasury department of your Company has been able to maintain cost of borrowings, keeping abreast with the market scenario to pre-empt any adverse liquidity and interest rate movements. Your Company continued to keep tight control over the cost of borrowings through negotiations with lenders and thus raising resources at competitive rates from its lenders both domestic and international, ensuring proper asset liability match. The borrowings through the issue of Commercial Papers and Short Terms Loans from Banks helped your Company to reduce the exposure to high cost working capital and corresponding interest cost.

i. Bank Finance

Your Company continued to leverage on its long term relationship with banks and thus enhanced the tied-up fund based working capital limit to ₹5,890 Crores as at the end of financial year. Your Company also raised term loans to the extent of ₹1,275 Crores during the year at the most competitive rates available in the market and continued its focus on domestic sources.

ii. Bonds / Debentures / Commercial Papers

Your Company has mobilized an aggregate amount of ₹466 Crores by issue of Long Term NCDs during the financial year including ₹77 Crores through the public issue. The issuance of long term NCDs being one of the primary focus areas of your Company, going forward, to augment long term resources and to maintain healthy assets liability profile. Your Company has also raised ₹6,750 Crores through Commercial Papers during the year.

iii. Tier II Capital

To augment resources and increase the capital base, your Company raised Tier II Capital aggregating to ₹392 Crores during the year.

iv. Foreign Institutional Borrowings

Your Company has drawn ECB of USD 10 Mio during the FY 2013. As liquidity in the international market improves, your Company will endeavour to mobilise much more long term funds under ECB window for on-lending to borrower in the infrastructure sector. This will equip your Company with long term funds and enable to maintain healthy asset-liability profile.

RISK MANAGEMENT

Risk Management is an integral part of your Company's business. Over two decade of experience in the lending business, your Company is successfully achieving growth while maintaining high standards of asset quality through risk management and mitigation practices that are actively focused on evaluations of credit, market and operational risk. The risk strategy laid down by your Company helps foster a disciplined culture of risk management and control. In conjunction with these practices, your Company intends to optimize its capital needs through growth by achieving highest returns on capital employed while managing risks appropriately.

Your Company has focused on promoting an independent Risk Management function, which works under the guidance of Risk Committee of the Board of Directors. The team is involved at all stages of life cycle of the financial assistance - market mapping, sourcing of transaction, analyzing the proposals, suggesting suitable risk mitigants and assigning risk ratings to transactions. The risk management team works closely with the business team to develop a deep understanding of a rapidly evolving market environment, which helps the risk management function in optimizing risk adjusted return on capital.

Your Company continuously monitors portfolio concentration based on industry, borrower group, etc. and define limit for the above. Portfolio level delinquency matrices are tracked at regular intervals with focus on detection of early warning signals of stress. 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.

Your Company follows the best industry standards for management of credit risk, market risk (comprising of liquidity risk, interest rate risk and exchange rate risk) and operational risk. Your Company continues to focus on refining and improving its risk measurement systems to ensure better risk adjusted return and optimal capital utilisation keeping in view the business objectives.

HUMAN RESOURCES ACTIVITIES

The need to reinforce the human resource capabilities has become more critical than ever, amidst complexities such as higher cost of funds, new risks emerging and policy paralysis in infrastructure space. Thus to de-risk Human Capital, your Company endeavoured to build Organization Capability and grow the business amidst such complexities.

As a logical first step towards building capability, your Company identified functional competencies which were critical to business growth and also defined Srei's Behavioural Competency framework. The same helped your Company to identify the capability gap and take corrective actions. This was significant as your Company recognise human capital to be the most valuable asset of your Company.

The organisation is on a growth mode, while strengthening the core businesses, your Company is expanding in new areas, so the human resource team drives the shift from a tactical, reactive process to a strategic program built to solve this challenge by the inclusion of manpower planning in the modified our recruitment policy and also formulated Employee Value Proposition of Srei to enhance the employer branding, the new Career Page at website is a proactive step to reach out to potential hires and increasingly utilized professional networking sites such as LinkedIn & IIM Jobs to access a good pool of talent.

The number of employees of Srei Group stands at 1,984 on March 31, 2013. Thus with this significant number, development of human capital holds immense importance.

So your Company believed "Putting 'L' before earnings" and Lead Srei and the Organization development team worked hard to institutionalize learning in your Company. Lead Srei has been very effective in building leadership pipeline. The L&D team engaged with key stakeholders and drew up the L&D philosophy, policy, procedures, and formats in addition to the "Srei Capability Building Curriculum". Your Company expects to reap the success of this seeding 2013 onwards.

Your Company partnered with D&B, NIBM and ECS and also used e-learning platforms for the first time this year. The training man days per employee has increased by 20 per cent.

Charity begins at home, HR Team's capability was strengthened, '5' Centers of Excellence namely L&D, C&B, HR Operations, Recruitment and Employee Engagement got created in corporate HR, and senior resource added in Srei Equipment. In addition new networking and communication channels opened within Srei HR to strengthen the collaborative culture.

With the growing employee base, our attempt has been to automate process in the employee lifecycle, this year the confirmation process got automated and the automated PMS process was extended to all remaining employees in the financial services.

Communication is an integral part to bring trust and transparency, so the employee communication platform of your Company also got strengthened as the HR team started Town hall meets, Diwali get together, and quarterly newsletter. Formal platforms were launched for employee suggestion and query capturing. Colorful Employee Engagement activity calendars on the office walls helped improve the engagement during various programs during the year. And, your

Company improved on its score on the Great Place to Work survey. A long pending employee expectation of NPS option also was met.

INFORMATION TECHNOLOGY

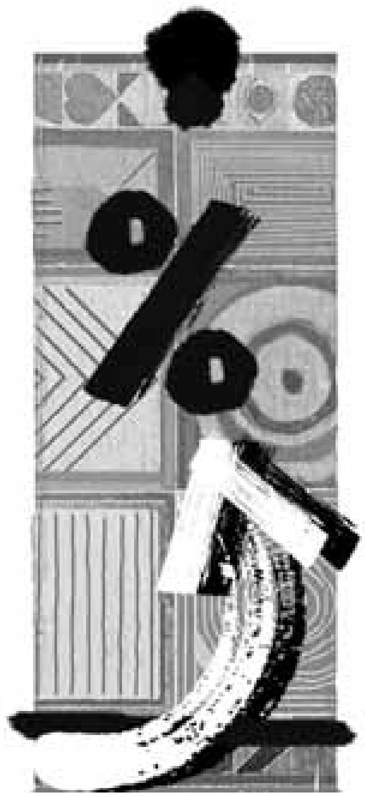
Information Technology continues to play a formidable role in your Company and investments are being made in state of the art IT platforms and products that will enable your Company to stay ahead in the race and leverage IT as a competitive differentiator at all times enabling sustained business growth and efficiencies.

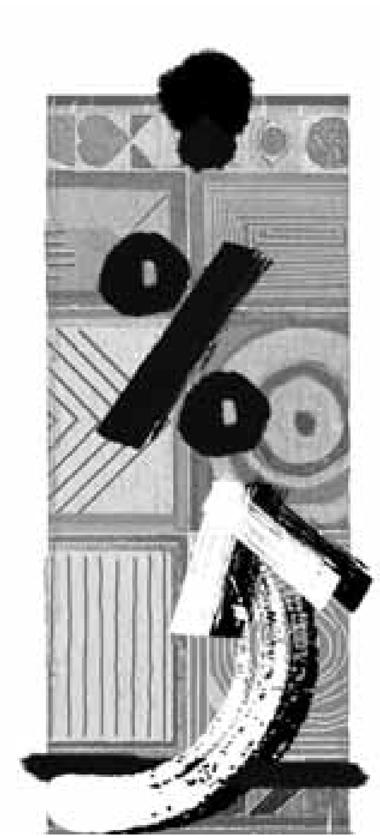
Your Company now has a strong Oracle Applications E Business Suite backbone across Financials and Human Resource modules. The Line of Business Application (Ambit 42 Sungard) for the Fund based business that will automate the entire loan origination and loan management process is in the final stages of testing and almost ready for deployment. This Application will be integrated with the ERP backbone, helping the Management in better decision making through improved datapoints. Further, it will pave the way for robust decision support systems like business intelligence/ analytics and rule based engines for better credit and risk decisions.

During the year under review, several agile point solutions have been rolled out as niche initiatives in your Company that will help the management in achieving operational efficiencies, and improved turn around times.

Your Company now has a very stable and efficient scalable IT Infrastructure backbone. The entire group companies are completely networked through a secured virtual private network (VPN) and are integrated through its ERP/ Mailing system seamlessly to provide significant improvement in collaboration across the group companies. During the year under review, technology was leveraged significantly for collaboration by rolling out Telepresence solution across three major locations, video conferencing and remote desktop video conferencing ensuring faster connect of people and technology for doing business efficiently.

Your Company has been accorded the prestigious ISO 27000 Certification for the Data Centre, a testimony to mature processes and importance your Company gives to security. During the year under review, your Company has invested in tools and digital security as a key focus area. Intrusion Prevention System (IPS) at Internet gateway, Unified Threat Management device at Internet Gateway and several other tools have been implemented for enhancing security.





INTERNAL CONTROL AND AUDIT

Your Company's vision, mission and core values have laid down the foundation for the entire internal control mechanism. On the administrative controls side, your Company has a proper reporting structure, several oversight committees, defined roles and responsibilities at all levels and rigorous performance appraisal system to ensure appropriate checks and balances. On the financial controls side, management with the knowledge and understanding of the business, its organization, operations, and processes has put in place appropriate controls including segregation of duties to deter and detect misstatements in financial reporting.

Your Company has an independent Internal Audit Department reporting directly to the Audit Committee of the Board. The Audit Committee, which has a wide mandate, consists of eminent professionals who are well versed with financial management. This contributes positively to the control environment.

The Internal Audit Department is adequately staffed with Chartered Accountants and other professionals, who are well experienced in financial services and related risks and controls. The Department has professionals who are experienced in IT risks and controls also. 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 measures. It acts as an active and effective change agent. The Team ensures seamless efficient business operation and supports mitigation of associated risks by the process owners.

During the year, the Internal Audit Department has put enhanced focus on review of loans and advances processes and specifically on creation and perfection of securities and documentation. It has been facilitating creation and implementation of more policies and standard operating procedures and enabling new businesses through appropriate tools and templates. It has also developed and progressively implementing a risk based scoring system across. Contract Risk Management is another initiative under way. As a part of process excellence initiative, database of audit observations and 'leading practices' within your Company is being created for process maturity and education.

The Internal Audit Department plays an active role in tracking the management action plans and issue resolution. It monitors progress of action plans resulting from audit reviews and provide periodical updates on the status of outstanding issues to the Audit Committee and Senior Management. The effectiveness and quality of Internal Audit functions are reviewed by the Audit Committee on an ongoing basis. Training needs to update the skills of the Internal Audit Department staff are identified regularly. Such trainings are provided either through external vendors or internally. The Internal Audit Department is also taking measures to meet evolving roles & responsibilities of an internal auditor.

Your Company has a dedicated Internal Audit Department which is commensurate with the size, nature and complexity of operations of your Company.

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Your Company has been in the process of sustainable business practice through its implemented Environmental & Social Management System (ESMS) to adequately meet, respond to and enhance benchmarks in Environmental and Social (E&S) management. ESMS takes care of E&S risks associated with a proposal considered for investment as well as its existing portfolio. Your Company decided to adopt ESMS 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.

The core element of our ESMS is a self declared policy framework which includes due-diligence (rapid, sustainability, client risk assessment, project/activity risk categorization and if required site visiting), 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.

Your Company does not invest in any projects that do not comply with the environmental & social norms and laws of the Country. Your Company neither participates nor invests in certain activities and industries, which fall in the exclusion list of your Company. 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.

Another sustainability strategy of your Company is to increase investment in green projects steadily. 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. In FY 2012-13, your Company rejected several business opportunities due to non-conformity to E&S policy like absence of sufficient regulatory clearances, public interest litigation, land and other 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 Entwicklungbank 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. The ESMS-CRP will help clients to build their own sector specific ESMS Policy, facilitate training program on different ESHS (Environmental, Social, Health & Safety) issues, frame action plans against identified E&S risks and assist them in obtaining ISO standard E&S certificates. Your Company believes in a sustainable finance business approach by considering conservation, management & sustainable use of human & natural resources. This endeavour helps in creating a strong & confident long term relationship with its stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

With a view to contribute towards the betterment and welfare of the society and discharge its Corporate Social Responsibility, the Board of Directors of your Company granted approval for making donations in any financial year upto an aggregate maximum limit of 2 per cent of its Net profits in that financial year.

Recognising its social responsibility, your Company had 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 ₹50,00,000/- (Rupees Fifty Lakhs only) to Srei Foundation during the financial year 2012-13.

Your Company also made donations aggregating to ₹15,50,000/- (Rupees Fifteen Lakhs Fifty Thousand only) to Suryodaya Schools, a division of IISD Edu World, established with the intent to promote and spread education among the under-privileged and weaker sections of the society.

A donation of ₹12,50,000/- (Rupees Twelve Lakhs and Fifty Thousand only) was also made to Gyan Prakash Foundation, a public charitable trust set up to develop sustainable and scalable models of self-learning that taps a child's natural curiosity and ability to explore, discover and learn with the ultimate aim of teaching the underprivileged children all over the country.

Your Company also promotes all-round development of a clean environment and help in propagating and imparting education for the betterment of agriculture / horticulture and other similar activities.

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 community at large. During the year under review, your Company supported a variety of charitable projects and social welfare activities and has contributed an aggregate sum of ₹79,84,301/- (Rupees Seventy Nine Lakhs Eighty Four Thousand and Three Hundred One only) to several welfare and charitable organisations.

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.

A separate section on Corporate Governance and a Certificate from the Auditors of your Company regarding compliance with the requirements of corporate governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

During the year under review, your Company has been recognised as the "Best Entity in the area of Corporate Governance" by the ET Bengal Corporate Awards organised by the Association of Corporate Advisers and Executives, Kolkata and The Economic Times.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the year under review, your Company has transferred a sum of ₹3,59,234/- to the Investor Education & Protection Fund (IEPF) of the Central Government, the dividend amount pertaining to the financial year ended on March 31, 2005, which was due & payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205A(5) of the Companies Act, 1956. Cumulatively, the dividend amount transferred to the said Fund upto March 31, 2013 was ₹31,93,076.69/-.

SUBSIDIARY COMPANIES

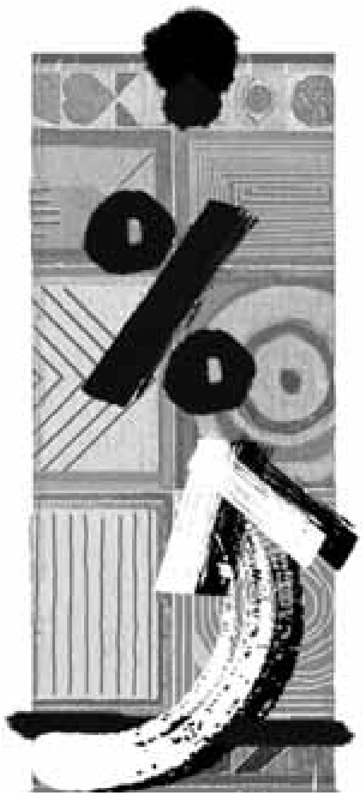
During the year under review, the name of IIS International Infrastructure Services GmbH, Germany, a subsidiary of your Company, was changed to 'Srei International Infrastructure Services GmbH' (SIIS) w.e.f. September 14, 2012. Further, the Share Capital of Srei Advisors Pte. Limited, Singapore, a wholly owned subsidiary of SIIS and a step down subsidiary of your Company, was enhanced from SGD 70,100 to SGD 370,100 (Singapore Dollars Three Hundred Seventy Thousand and One Hundred only) consequent upon infusion of 300000 ordinary shares of SGD 1/- each in tranches aggregating to SGD 300,000 (Singapore Dollars Three Hundred Thousand only) by SIIS.

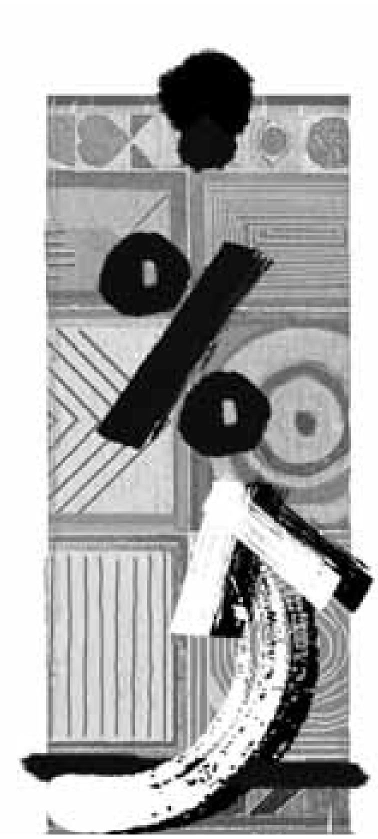
Moreover, subsequent to the transfer of 49 per cent of the share capital of Aalat LLC (Aalat) (a joint venture company between SIIS and Al Waha Capital PJSC) by SIIS to Al Waha Capital PJSC and Al Waha Maritime LLC, Aalat has ceased to be a Joint Venture of SIIS, your Company's subsidiary, w.e.f. November 28, 2012.

Further, Quippo Prakash Pte. Limited, Singapore has ceased to be a sub-subsidiary of your Company w.e.f. August 28, 2012 consequent upon the sale of 51 ordinary shares held by Quippo Oil & Gas Infrastructure Limited (QOGIL), a subsidiary of your Company, and 73900 ordinary shares held by Quippo Prakash Marine Holdings Pte. Limited, Singapore, (QPMHPL) a subsidiary of QOGIL, to Geomark Sdn Bhd., Malaysia.

Further, Quippo Prakash Marine Holdings Pte. Limited, Singapore, has ceased to be a sub-subsidiary of your Company w.e.f. November 26, 2012 consequent upon the sale of 51 ordinary shares held by Quippo Oil & Gas Infrastructure Limited (QOGIL), a subsidiary of your Company, to MDL Marine Holdings Pte. Ltd., Singapore.

Further, Quippo Construction Equipment Limited (QCEL) has ceased to be a subsidiary of your Company w.e.f. March 31, 2013 pursuant to infusion of fresh capital in QCEL. Consequently, QCEL has become an associate of your Company w.e.f. March 31, 2013.





Further, Quippo CJ Exploration and Production Private Limited was incorporated on May 01, 2013 as a subsidiary of Quippo Oil and Gas Infrastructure Limited, a subsidiary of your Company.

During the year under review, the Authorised Share Capital of Srei Sahaj e-Village Limited (Sahaj), a subsidiary of your Company, was increased from ₹10 Crores to ₹25 Crores. Further, consequent to transfer of 3.90 per cent stake by Opulent Venture Capital Trust and further issue of 10000000 Equity shares of ₹10 each by Sahaj on preferential basis to Mr. Anil Choudhary, Trustee representing Srei Venture Capital Trust A/c - IPDC, Sahaj has ceased to be a subsidiary of your Company and has become an associate w.e.f. August 13, 2012. Subsequent to the de-subsidiarisation, the name of Sahaj was changed to 'Sahaj e-Village Limited' w.e.f. August 21, 2012. Further, your Company enhanced its stake from 47.55 per cent to 48.32 per cent in Sahaj by way of further subscription.

Further, the Certificate of Registration of Srei Venture Capital Limited (SVCL), a wholly owned subsidiary of your Company, granted by Securities and Exchange Board of India (SEBI), for acting as a Venture Capital Fund, has been surrendered to SEBI on February 14, 2013 for cancellation since the Company is presently not acting as a Venture Capital Fund in lieu of notification of SEBI (Alternative Investment Funds) Regulations, 2012.

The Statement pursuant to Section 212 of the Companies Act, 1956, containing details of your Company's subsidiaries in India and Overseas, forms part of the Annual Report.

In compliance with General Circular No: 2/2011 dated February 08, 2011 of Government of India, Ministry of Corporate Affairs, the audited statement of accounts along with the reports of the Board of Directors and Auditors relating to your Company's subsidiaries in India and Overseas are not annexed as required under Section 212 of the Companies Act, 1956. Shareholders who wish to have a copy of the full report and accounts of the aforesaid subsidiary companies will be provided the same by the Company Secretary on receipt of a written request from them. These documents will also be available for inspection by any shareholder at the Registered Office of your Company and the concerned subsidiary companies during business hours on all working days. Further, the documents shall be available on the website of your Company. However, as directed by the Ministry of Corporate Affairs, Government of India, the financial data of the subsidiaries have been separately furnished and forms part of the Annual Report. Further, in line with the Listing Agreement with the Stock

Exchanges and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by your Company include financial information of its subsidiary companies.

PARTICULARS OF EMPLOYEES

The names and other particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are set out in the annexure to the Directors' Report and form part of this report.

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

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. 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 ₹228 Lakhs and ₹17,386 Lakhs respectively (previous year ₹117 Lakhs and ₹18,972 Lakhs respectively).

SREI WEBSITE

The website of your Company, www.srei.com, has been redesigned to present the Company's businesses up-front on the home page. The redesigned 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, analyst 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. The 'Investor Relations' Section' of your Company's website contains an array of information on investor services, financials, listing of securities, dividend and Investors' Frequently Asked Question (FAQs).

DIRECTORS

During the year under review, Dr. Martin Czurda and Dr. Punita Kumar Sinha were appointed as Additional Directors of your Company w.e.f. November 09, 2012 and May 20, 2013 respectively, with a view to broadbase expertise of the Board of Directors. They shall hold office upto the date of the ensuing Annual General Meeting of your Company. Your Company has received individual notices from Members pursuant to Section 257 of the Companies Act, 1956, signifying their intention to propose the candidatures of Dr. Martin Czurda and Dr. Punita Kumar Sinha for the office of Directors.

Mr. V. H. Pandya resigned as a Director of your Company w.e.f. November 10, 2012 due to his personal preoccupations. The Board wishes to place on record its sincere appreciation of the sterling contribution made by Mr. Pandya towards the growth and development of your Company through his wealth of knowledge and experience during his long tenure of more than eighteen years as a Director of your Company.

Mr. Saud Ibne Siddique resigned as the Joint Managing Director of your Company w.e.f. close of business hours on April 30, 2013 due to his shifting back to Singapore in view of his urgent family needs. However, he continued as a Director (Category – Non-Executive) of your Company w.e.f. May 01, 2013. The Board wishes to place on record deep appreciation of his contribution during his tenure as the Joint Managing Director of your Company.

In accordance with the provisions of the Companies Act, 1956 and your Company's Articles of Association, Mr. Sunil Kanoria, Mr. S. Rajagopal and Mr. Saud Ibne Siddique retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment. All these Directors have filed Form DDA with your Company as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003. The brief resume / details relating to Directors who are to be appointed / re-appointed are furnished in the Notice of the ensuing AGM. The Board of Directors of your Company recommends the re-appointment of all the above Directors at the ensuing AGM.

In accordance with the approval of Central Government read with General Circular No: 4/2011 dated March 04, 2011 of Government of India, Ministry of Corporate Affairs, your Company has approved payment of remuneration of ₹50 Lakhs by way of commission on net profits calculated under Section 198 of the Companies Act, 1956 to Non-Executive Directors of your Company for the financial year 2012-13.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Salil K. Gupta, Mr. S. Rajagopal, Mr. Sujitendra Krishna Deb, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil K. Gupta, Chief Mentor & Director of your Company is the Chairman of the Audit Committee. The Company Secretary of your Company acts as the Secretary to the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm that:

(i) in the preparation of the annual accounts for the financial year ended March 31, 2013, 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 profits 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; and

(iv) they have prepared the annual accounts for the financial year ended March 31, 2013 on a going concern basis.

Further, your Directors confirm that your Company has adequate internal systems and controls in place to ensure compliance of laws applicable to your Company.

AUDITORS

Messrs Haribhakti & Co., Chartered Accountants having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI), retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting (AGM) and have confirmed their eligibility and willingness to accept the office of Auditors, if re-appointed. Your Company has received a confirmation from Messrs Haribhakti & Co., Chartered Accountants to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement.

The Audit Committee and the Board of Directors of your Company recommend the re-appointment of Messrs Haribhakti & Co., Chartered Accountants, as the Auditors of your Company. Members are requested to consider their re-appointment as Auditors of your Company to hold office from conclusion of ensuing AGM to the conclusion of next AGM on remuneration to be decided by the Board of Directors based on recommendation of the Audit Committee of your Company.

SECRETARIAL AUDIT REPORT

As a measure of good Corporate Governance practice, your Company appointed Dr. K. R. Chandratre, Practising Company Secretary, to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2013 is provided in the Annual Report.

The Secretarial Audit Report confirms that your Company has complied inter alia with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to your Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992.

ACKNOWLEDGEMENT

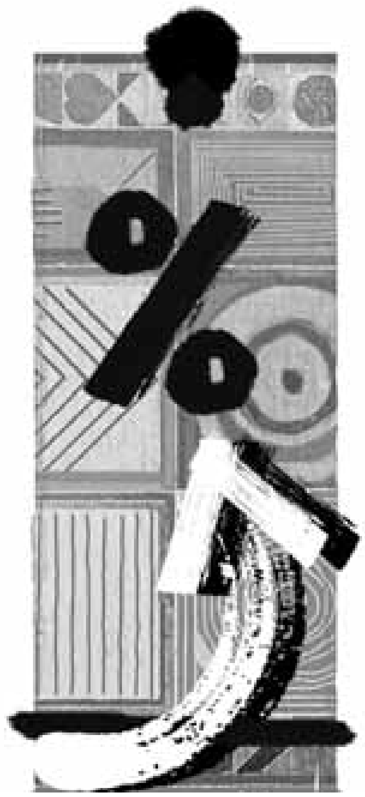
Your Directors would like to express their grateful appreciation for the excellent support and co-operation received from the Financial Institutions, Banks, Central & State Government Authorities, RBI, SEBI, Ministry of Corporate Affairs (MCA), Registrar of Companies, Indian and Overseas Stock Exchanges, Depositories, Credit Rating Agencies, Customers, Manufacturers, Vendors, Suppliers, Business Associates, Shareholders 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

Hemant Kanoria
Chairman & Managing Director

Kolkata, May 20, 2013



Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 referred to in the Directors' Report for the year ended March 31, 2013 and forming part thereof.

Sl. No.	Name	Age (Yrs.)	Designation	Qualification	Remuneration (₹)	Date of Commence-ment of Employment	Working experience in years	Previous Employment and Designation
1.	Hemant Kanoria	50	Chairman & Managing Director	B.Com (Hons)	2,19,40,000	07-05-1994	33	None
2	Saud Ibne Siddique*	54	Joint Managing Director	B.Sc (Engg), MBA	4,28,80,000	01-04-2009	29	Hyflux Water Management Pte. Limited, Singapore – Chief Executive Officer
3.	Sanjeev Sancheti**	45	Chief Financial Officer	B.Com (Hons), ACA, AICWA	1,11,09,200	14-11-2007	22	Tebma Shipyards Limited - CFO
4.	Anjan Mitra	52	Chief Investment Officer	B.Com, ACA	1,30,03,828	03-05-2010	30	Byrne Investments Limited – Group CFO
5.	Shailesh Pathak	48	Infrastructure Advisory: President	B.Com, MBA, LLB	1,21,25,565	15-12-2010	27	Principle Indian Infrastructure Fund - MD
6.	Bajrang Kumar Choudhary	44	Infrastructure Project Development: CEO	B.Com (Hons), ACA	94,79,542	05-09-2005	18	Apeejay Surrendra Group – Wholetime Director
7.	Arunava Sengupta	49	Infrastructure Project Development: COO	BE (Civil)	96,02,032	07-12-2007	27	Banowari Lal & Agarwal (P) Limited - Executive Director (Technical)
8.	Rajdeep Khullar	52	Legal: Group Head	LLB	71,41,062	02-02-1998	29	M/s. The Right Address Limited – Sr. Manager
9.	Rati Ranjan Mondal	64	Infrastructure Project Advisory :CEO	B.Sc Tech, M. Tech, M. Sc, PHD	61,76,244	01-12-2005	37	Planning Commission, Government of India - The Advisor
10.	Eswara Rao Nandam#	44	President - SEZ	BS (Engineering Technology), MS (Manufac-turing Technology)	33,17,615	21-09-2012	23.5	GMR Krishnagiri SEZ Limited – Head Operation
11.	Binod Kumar Mishra#	58	Rural Amenities: Head	B.Tech	12,32,873	17-01-2013	33	Smaarftech Technologies Private Limited – Sr. VP
12.	Anil Agrawal**#	43	Finance Controller	M.Com, ACA	6,73,216	14-03-2013	21	Crompton Greaves Limited – Finance Controller

*Mr. Saud Ibne Siddique ceased to be the Joint Managing Director of the Company w.e.f. close of business hours on April 30, 2013 and continues as a Director (Category – Non-Executive) of the Company w.e.f. May 01, 2013.

**Mr. Anil Agrawal has been appointed as the Chief Financial Officer of the Company w.e.f. May 20, 2013 upon elevation of Mr. Sanjeev Sancheti as Group Head, Corporate Strategy & Planning.

#Employed for part of the year.

Notes:

1. The aforesaid appointment is terminable by giving one/three/six months notice by either side excepting in case where it is on contractual basis.
2. Remuneration includes basic salary, HRA, special allowance, commission, ex-gratia, LTA, medical benefits, leave encashment, employer's contribution to provident fund, incentives and other perquisites.
3. Mr. Hemant Kanoria is related to Mr. Sunil Kanoria, a Director of the Company.
4. None of the employees hold 2 per cent or more of the paid-up share capital of the Company.

Secretarial Audit Report

The Board of Directors
Srei Infrastructure Finance Limited
'Vishwakarma'
86C, Topsia Road (South)
Kolkata-700 046

I have examined the registers, records and documents of Srei Infrastructure Finance Limited ("the Company") for the financial year ended on March 31, 2013 according to the provisions of

- The Companies Act, 1956 and the Rules made under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- The Equity Listing Agreements with the Calcutta Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited and GDR Listing Agreement with London Stock Exchange and Debt Listing Agreement with BSE Limited.

1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

a) maintenance of various statutory registers and documents and making necessary entries therein;

b) closure of the Register of Members / Debenture holders;

c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;

d) service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;

e) notice of Board meetings and Committee meetings of Directors;

f) the meetings of Board and Committees of Board including passing of resolutions by circulation;

g) the 27th Annual General Meeting held on 10th August, 2012 ;

h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;

i) approvals of the Members, the Board of Directors, the Committees of Board and government authorities, wherever required;

j) constitution of the Board of Directors / Committee(s) of Board, appointment, retirement and re-appointment of Directors including the Managing Director, Joint Managing Director and Whole-time Directors;

k) payment of remuneration to the Directors including the Managing Director, Joint Managing Director and Whole-time Directors;

l) appointment and remuneration of Auditors ;

m) transfers and transmissions of the Company's shares and debentures, issue and allotment of shares and debentures and issue and delivery of original and duplicate certificates of shares and debentures;

n) payment of interest on debentures and redemption of debentures;

o) declaration and payment of dividends;

p) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the website of the Company and the Ministry of Corporate Affairs;

q) borrowings and registration, modification and satisfaction of charges;

r) investment of the Company's funds including inter corporate loans and investments and loans to others;

s) giving guarantees in connection with loans taken by subsidiaries and associate companies;

t) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;

u) Buy-back of equity shares;

v) Board's Report;

w) contracts, common seal, registered office and publication of name of the Company; and

x) generally, all other applicable provisions of the Act and the Rules made under that Act.

2. I further report that:

a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;

b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;

c) the Company has obtained all necessary approvals under the various provisions of the Act; and

d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

4. I further report that:

a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the Calcutta Stock Exchange Limited, BSE Limited, and National Stock Exchange of India Limited and GDR Listing Agreement with London Stock Exchange and the Debt Listing Agreement with BSE Limited;

b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial

Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

d) the Company has not issued any Stock Options and hence the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant of Options and other aspects are not applicable;

e) the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and

f) The Company has not bought back any securities and hence the provisions of Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 are not applicable.

I further report that based on the information received and records maintained 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.

sd/-
Dr. K. R. Chandratre
Practising Company Secretary
Certificate of Practice No. 5144

April 30, 2013

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

The Board of Directors
Srei Infrastructure Finance Limited
'Vishwakarma'
86C, Topsia Road (South)
Kolkata – 700 046

May 20, 2013

We, Hemant Kanoria, Chairman & Managing Director (CEO) and Anil Agrawal, Chief Financial Officer (CFO) of Srei Infrastructure Finance Limited both certify to the Board that we have reviewed the financial statements of the Company for the financial year ended on March 31, 2013 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.
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.
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) instances of significant fraud, if any of which we have become aware and the involvement therein, if any 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 (CEO)

sd/-
Anil Agrawal
Chief Financial Officer (CFO)

Auditors' Certificate on Corporate Governance

To
The Members,
Srei Infrastructure Finance Limited

We have examined the compliance of conditions of corporate governance by Srei Infrastructure Finance Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor expression of opinion on the Financial Statements of the Company.

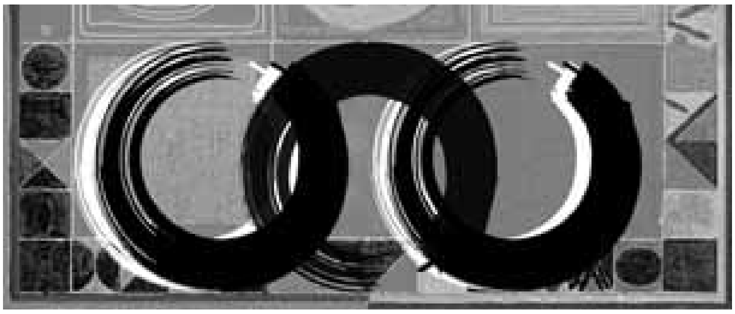
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency with which the Management has conducted the affairs of the Company.

For Haribhakti & Co.
Chartered Accountants
(Firm's Registration No.103523W)

sd/-
Anand Kumar Jhunjhunwala
Partner
Membership No.056613

Place: Kolkata
Dated: May 20, 2013



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 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 and the Global Depository Receipts (GDRs) are listed on London Stock Exchange. Srei has complied in all material respects with the features of Corporate Governance Code as per Clause 49 of the Listing Agreement with the domestic Stock Exchanges. In accordance with Clause 49 of the Listing Agreement with the domestic Stock Exchanges, the details of compliances by the Company for the year ended March 31, 2013 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 shareholders' value with strong emphasis on transparency, accountability and integrity, which are the primary objectives of Srei.

2. Board of Directors

- Composition

The Board has a strength of 9 (Nine) Directors as on March 31, 2013. The Board comprises Executive, Non-Executive and Independent Directors. One Director is a Non-executive Director, two Directors are Executive Directors (including the Chairman) and six Directors are Non-Executive and Independent Directors.

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.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all companies in which he is a Director. All the Directors have made necessary disclosures regarding committee positions occupied by them in other companies.

The Company has taken a Directors' and Officers' Liability Insurance Policy in order to safeguard and protect the interests of the Directors from any contingent liabilities.

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.

The Composition of the Board of Directors as on March 31, 2013 is in conformity with the provisions of Clause 49 of the Listing Agreement. The details of the Board of Directors as on March 31, 2013 are as under:

Sl. No.	Directors	Category
1.	Mr. Salil K. Gupta (Chief Mentor)	Non Executive & Independent
2.	Mr. Hemant Kanoria (Chairman & Managing Director)	Executive
3.	Mr. Sunil Kanoria (Vice Chairman)	Non Executive
4.	Mr. S. Rajagopal	Non Executive & Independent
5.	Mr. S. Chatterjee*	Non Executive & Independent
6.	Dr. Satish C. Jha	Non Executive & Independent
7.	Mr. Sujitendra Krishna Deb	Non Executive & Independent
8.	Mr. Saud Ibne Siddique (Joint Managing Director)	Executive
9.	Dr. Martin Czurda**	Non Executive & Independent
10.	Mr. V. H. Pandya***	Non Executive & Independent

*Status changed from Non Executive to Non Executive & Independent w.e.f. April 01, 2012
**Appointed w.e.f. November 09, 2012
***Resigned w.e.f. November 10, 2012

Mr. Hemant Kanoria (Promoter), Mr. Sunil Kanoria and Mr. Saud Ibne Siddique hold 421732, 1802714 and 300000 Equity shares in the Company respectively as on March 31, 2013. None of the other Directors hold any Equity shares in the Company.

Mr. Salil K. Gupta and Mr. S. Rajagopal, Independent Directors of the Company are holding 48600000 Equity shares (allotted to the Company pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with the Company in lieu of 18000000 Equity shares held by the Company in Quippo) for the benefit of the Company and/or the shareholders of the Company, as Trustees of 'Srei Growth Trust'.

The lock-in on 1802714 Equity shares held by Mr. Sunil Kanoria, 48600000 Equity shares held by Mr. Salil K. Gupta and Mr. S. Rajagopal as Trustees of 'Srei Growth Trust' and 23103710 Equity shares held by Deigratia International Pte. Limited, a Promoter Group entity, for a period of three years till March 17, 2014, has been released.

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 Clause 49. All requisite declarations were placed before the Board.

Except Mr. Hemant Kanoria and Mr. Sunil Kanoria, no Director of the Company is related to any other Director on the Board.

■ Meetings

Four Board meetings were held during the year 2012-13 on May 14, 2012, August 10, 2012, November 09, 2012 and February 14, 2013. The maximum time gap between any two consecutive meetings did not exceed four months.

The probable dates 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. The Company effectively uses tele-conferencing facility to enable the participation of Directors who could not attend the same due to some urgency.

The important decisions taken at the Board/Committee(s) meetings are promptly communicated to the concerned departments/divisions. 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 2012-13 and at the last AGM

Directors	No. of Board meetings attended	Attendance at the last AGM held on August 10, 2012
Mr. Salil K. Gupta	4	Yes
Mr. Hemant Kanoria	4	Yes
Mr. Sunil Kanoria	4	Yes
Mr. S. Rajagopal	4	Yes
Mr. S. Chatterjee*	4	Yes
Dr. Satish C. Jha	2	No
Mr. Sujitendra Krishna Deb	3	Yes
Mr. Saud Ibne Siddique	3	Yes
Dr. Martin Czurda**	2	N. A.
Mr. V. H. Pandya***	1	Yes

*Status changed from Non Executive to Non Executive & Independent w.e.f. April 01, 2012

**Appointed w.e.f. November 09, 2012

***Resigned w.e.f. November 10, 2012

- Number of other Companies or Committees in which the Director is a Director / Chairman

The following table gives the number of outside directorships and the Committee positions held by each of the Directors as on March 31, 2013

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 K. Gupta	-	2	-	-
Mr. Hemant Kanoria	5	3	2	-
Mr. Sunil Kanoria	4	2	-	3
Mr. S. Rajagopal	8	5	2	4
Mr. S. Chatterjee*	1	-	1	-
Dr. Satish C. Jha	2	1	-	1
Mr. Sujitendra Krishna Deb	-	-	-	-
Mr. Saud Ibne Siddique	2	2	-	-
Dr. Martin Czurda**	-	1	-	-

*Status changed from Non Executive to Non Executive & Independent w.e.f. April 01, 2012

**Appointed w.e.f. November 09, 2012

***Includes Directorships in private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956 and alternate directorships

****Includes only Audit Committee and Shareholders' Grievance Committee

■ Board Committees

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.

Currently, the Board has various Committees viz. Audit Committee, Share Transfer and Investors' Relations Committee, Nomination Committee, Committee of Directors, Risk Committee, Credit Committee (erstwhile Central Credit and Investment Committee), Investment Committee, Compensation Committee and Asset Liability Management Committee. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

3. Remuneration of Directors

■ Details of remuneration paid/payable to Directors for the year ended March 31, 2013 are as follows:

(Amount in ₹)

Directors	Sitting Fees[1]	Salary & Perquisites[2]	Commission[3]	Total
Mr. Salil K. Gupta (Chief Mentor)	4,00,000	-	15,00,000	19,00,000
Mr. Hemant Kanoria (Chairman & Managing Director)	N.A.	1,59,40,000	60,00,000	2,19,40,000
Mr. Sunil Kanoria (Vice Chairman)	7,60,000	-	10,00,000	17,60,000
Mr. S. Rajagopal	1,40,000	-	5,00,000	6,40,000
Mr. S. Chatterjee*	1,85,000	-	5,00,000	6,85,000
Dr. Satish C. Jha	40,000	-	5,00,000	5,40,000
Mr. Sujitendra Krishna Deb	1,35,000	-	5,00,000	6,35,000
Mr. Saud Ibne Siddique (Joint Managing Director)	N.A.	4,28,80,000	-	4,28,80,000
Dr. Martin Czurda**	40,000	-	5,00,000	5,40,000
Mr. V. H. Pandya***	35,000	-	-	35,000

* Status changed from Non Executive to Non Executive & Independent w.e.f. April 01, 2012

**Appointed w.e.f. November 09, 2012

***Resigned w.e.f. November 10, 2012

[1]includes sitting fees paid for various Board Committee meetings

[2]includes basic salary, incentives, allowances, contribution to provident fund, leave encashment and other perquisites

[3]The Commission for the year ended March 31, 2013 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 and Joint Managing Director is governed by resolutions passed by the Board of Directors and the Shareholders of the Company, which covers the terms and conditions of such appointment, and approval of Central Government, wherever applicable. Payment of remuneration to Managing Director and Joint Managing Director is governed by the respective agreements executed between them and the Company, and approval of Central Government, wherever applicable. The agreement for re-appointment of the Joint Managing Director has been entered into by the Company for a period of 3 (Three) years w.e.f. April 01, 2012 whereas the agreement with the Managing Director has been entered into by the Company for a period of 5 (Five) years w.e.f. April 01, 2010. The said appointments may be terminated by giving respectively clear 90 (Ninety) days and 3 (Three) months notice in writing.
- 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 ₹20,000/- for attending each meeting of the Board, ₹15,000/- for attending each meeting of the Audit Committee and ₹10,000/- for attending each meeting of remaining Committees.

  Further, the Members of the Company at their meeting held on August 09, 2010 as well as the Central Government vide its letter dated March 04, 2011 have approved payment of commission to Non-Executive Directors of the Company annually for each of the three financial years of the Company commencing from Financial Year 2010-11, upto a maximum limit of ₹50 Lakhs payable in one financial year to be divided amongst Non-Executive Directors in such manner as may be decided by the Board from time to time. In accordance with the approval of Central Government read with General Circular No: 4/2011 dated March 04, 2011 of Government of India, Ministry of Corporate Affairs, your Company has approved payment of remuneration of ₹50 Lakhs by way of commission on net profits calculated under Section 198 of the Companies Act, 1956 to Non-Executive Directors of your Company for the financial year 2012-13.

  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.
- The remuneration by way of commission to the Non-Executive Directors is decided 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.

4. Code of Conduct for Directors and Senior Executives

A Code of Ethics as applicable to the Directors and Senior Executives has been approved by the Board. The said Code has also been displayed on the Company's website www.srei.com. A booklet on Code of Ethics was also circulated during the year under review to all the Directors and Senior Executives for increasing awareness. The Board Members and Senior Executives have affirmed their compliance with the Code and a declaration signed by the Chairman & Managing Director (CEO in terms of Clause 49) is given below:

It is hereby declared that the Company has obtained from all the Board Members and Senior Executives an affirmation that they have complied with the Code of Ethics for the financial year 2012-13.

sd/-
Hemant Kanoria
Chairman & Managing Director

5. Audit Committee

■ Terms of Reference, Composition, Name of Members and Chairman

The Audit Committee comprises Mr. Salil K. Gupta, Mr. S. Rajagopal, Mr. Sujitendra Krishna Deb, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil K. Gupta, Chief Mentor & Director of the Company is the Chairman of the Audit Committee. All the Members of the Audit Committee are financially literate. The Head of Internal Audit Department and the Chief Financial Officer 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 ensuring proper disclosures in the financial statements, recommending re-appointment of statutory auditors and fixation of their remuneration, reviewing annual financial statements before submission to the Board, reviewing adequacy of internal control systems and other matters specified for Audit Committee in Section 292A of the Companies Act, 1956 and under the Listing Agreements. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer shareholder queries.

The Audit Committee has recommended to the Board of Directors, the re-appointment of Messrs Haribhakti & Co., Chartered Accountants, as the Auditors of the Company to hold office till the conclusion of the next Annual General Meeting (AGM).

■ Meetings and attendance during the year

Four meetings of the Audit Committee were held during the year 2012-13 on May 14, 2012, August 10, 2012, November 09, 2012 and February 14, 2013. The maximum time gap between any two consecutive meetings did not exceed four months. Moreover, the quorum of minimum two Independent Directors, as required by the Listing Agreement, 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 attended
Mr. Salil K. Gupta	4
Mr. Sunil Kanoria	4
Mr. S. Rajagopal	4
Mr. Sujitendra Krishna Deb	3
Mr. Shyamalendu Chatterjee*	3
Mr. V. H. Pandya**	1

*Appointed w.e.f. May 14, 2012

**Resigned w.e.f. November 10, 2012

■ The Company has an Internal Audit Department, headed by a Senior Vice President, who 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.

6. Share Transfer and Investors' Relations Committee

■ Details of the Members, Compliance Officer and No. of Complaints received

The Share Transfer and Investors' Relations Committee oversees and reviews redressal of shareholder and investor grievances, transfer & transmission of shares, issue of duplicate shares, exchange of new design share certificates, recording dematerialisation & rematerialisation of shares and related matters. The Share Transfer and Investors' Relations Committee meets at least once in a fortnight to approve share transfer and other matters. The Committee comprises Mr. Salil K. Gupta, Chief Mentor & Director (Category – Non- Executive & Independent), Mr. Hemant Kanoria, Chairman & Managing Director (Category - Executive) and Mr. Sunil Kanoria, Vice Chairman (Category - Non Executive) of the Company. Mr. Salil K. Gupta, Chief Mentor

& Director of the Company is the Chairman of the Share Transfer and Investors' Relations Committee. The Company Secretary of the Company acts as the Secretary to the Share Transfer and Investors' Relations Committee. During the year 2012-13, the Share Transfer and Investors' Relations Committee met 25 times. Mr. Sandeep Lakhotia, Company Secretary is the Compliance Officer of the Company and assigned with the responsibilities of overseeing investor grievances.

Total number of shares physically transferred during the year 2012-13 was 11128515 shares compared to 18212 shares during the year 2011-12. The number of shares transferred during the year in physical mode was higher vis-à-vis the previous year, due to transfer of 5560658 shares held by a foreign institutional investor to a foreign company and thereafter transfer of the said shares to a promoter group entity.

During the financial year ended March 31, 2013, the Company received 6 complaints from the shareholders and none of the complaints received were pending as on that date.

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.

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 unpaid/unclaimed dividends and also to update their missing data/ information. 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, Members' Feedback Forms were despatched to shareholders of the Company through physical mode and/or electronic mode, wherever applicable. In the wake of electronic regime being the order of the day, all shareholders are requested to update their email addresses with their respective Depository Participants to enable the Company to serve them better.

7. Nomination Committee

During the year under review, the Board of Directors of the Company constituted a Nomination Committee in terms of RBI Circular No. DNBS. PD/CC 94/03.10.042/2006-07 dated May 08, 2007 on Corporate Governance with primary function of the Committee being to assist the Board of Directors to recommend the appointment, re-appointment and resignation of Independent, Executive and Non-Executive Directors of the Company and to ensure 'fit and proper' status of the proposed / existing Directors of the Company in terms of the aforesaid circular. The Committee comprises Mr. Salil K. Gupta, Mr. Shyamalendu Chatterjee, Non-Executive & Independent Directors and Mr. Sunil Kanoria, Non-Executive Director. Mr. Salil K. Gupta, Chief Mentor & Director of the Company acts as the Chairman of the Nomination Committee.

A meeting of the Nomination Committee of the Company was held on November 09, 2012 to recommend to the Board of Directors the appointment of Dr. Martin Czurda as an Additional Director (Category – Non-Executive & Independent Director) of the Company.

8. General Body Meetings

- Details of the location of the last three AGMs and the details of the resolutions passed

The date, time and venue of the last three AGMs of the Company 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 Annual General Meeting of the Company held on August 10, 2012.

Similarly, no Special Resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting of the Company.

During the year under review, approval of the Members of the Company was sought through Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011, vide Notice dated November 09, 2012, for the following items of business:

1. Special Resolution under Section 17 of the Companies Act, 1956 for amendment to the "Other Objects" Clause of the Memorandum of Association of the Company.

2. Special Resolution under Section 149 (2A) of the Companies Act, 1956 for commencement of new business as mentioned in the "Other Objects" Clause of the Memorandum of Association of the Company.

The Board of Directors of the Company had appointed Dr. K. R. Chandratre, Practising Company Secretary, as the Scrutiniser for conducting the postal ballot exercise. Pursuant to SEBI Circular No. CIR/CFD/DIL/6/2012 dated July 13, 2012, the Company provided e-Voting facilities to its Members through National Securities Depository Limited (NSDL), thus ensuring wider participation of the Members in the decision making process of the Company. The Postal Ballot Notice was sent to all the Members of the Company, whose names appeared in the Register of Members/Record of Depositories as on November 09, 2012 and all the Postal Ballot Forms received upto December 20, 2012 had been considered. A total of 1073 Postal Ballot Forms and e-Voting confirmations (aggregating to 424682743 Equity Shares) were received by the Scrutiniser. The Special Resolutions were passed by requisite majority of 99.99 per cent. The result of the Postal Ballot was declared on December 21, 2012 at the Registered Office of the Company as per the Scrutiniser's Report and was published in Business Standard and Ek Din on December 22, 2012. The results were also hosted on the Company's website, www.srei.com, besides being communicated to the Stock Exchanges, where the securities of the Company are listed, and other relevant authorities.

The result of the Postal Ballot is given below for the information of the Members of the Company:

Sl. No.	Particulars	Resolution No. 1 (Special) Amendment to the "Other Objects" Clause of MOA u/s 17 of the Companies Act, 1956		Resolution No. 2 (Special) Commencement of new business as mentioned in the "Other Objects" Clause of MOA u/s 149(2A) of the Companies Act, 1956	
		No. of PBF/ e-Voting	No. of Shares	No. of PBF/ e-Voting	No. of Shares
a.	Postal Ballot Forms (PBF) received	882	50584484	882	50584484
b.	e-Voting Confirmations	191	374098259	191	374098259
	Total Voting	1073	424682743	1073	424682743
c.	Less: Invalid Postal Ballot Forms	92	1969260	116	1974956

Sl. No.	Particulars	Resolution No. 1 (Special) Amendment to the "Other Objects" Clause of MOA u/s 17 of the Companies Act, 1956		Resolution No. 2 (Special) Commencement of new business as mentioned in the "Other Objects" Clause of MOA u/s 149(2A) of the Companies Act, 1956	
		No. of PBF/ e-Voting	No. of Shares	No. of PBF/ e-Voting	No. of Shares
d.	Net Valid Postal Ballot Forms / e-Voting confirmations :	981	422713483	957	422707787
i)	Postal Ballot Forms/ e-Voting with assent for the Resolution e-Voting confirmations :	956	422701818	936	422696524
	% of Assent	97.45	99.99	97.81	99.99
ii)	Postal Ballot Forms/ e-Voting with dissent for the Resolution	25	9401	21	8791
	% of Dissent	2.55	0.002	2.19	0.002

9. Disclosures

- **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives etc. 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 issued by The Institute of Chartered Accountants of India.

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 management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

- **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years**

During the last three years, there were no strictures or penalties imposed by either Stock Exchanges or 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 Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board of Directors of the Company have formulated 'Srei Code of Conduct for Prohibition of Insider Trading' (Srei Code) in the shares and securities of the Company by its Directors and Designated Employees. The said Code is available on the Company's website www.srei.com. Quarterly awareness e-mails and a booklet on the Srei Insider Code were circulated to all the Designated Employees for increasing awareness.

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 Code of Conduct for Prohibition of Insider Trading.

- Legal case filed by the Company against India Ratings and Research Private Limited

The Company terminated the agreements entered into with India Ratings and Research Private Limited (formerly Fitch India Ratings Private Limited) with regard to credit rating of the financial instruments worth ₹200 Crores and ₹50 Crores, on account of being dissatisfied with the methodology of rating and lack of transparency on the part of the rating Agency.

Despite termination of the agreements, the Agency communicated the ratings they intended to publish which would have a negative impact on the Company's image. Thus, to restrain India Ratings and Research Private Limited from publishing the detrimental ratings, the Company filed a suit together with an application for stay. The Hon'ble Calcutta High Court granted an Order of Stay on publication of the rating analysis in respect of the financial instruments of Srei. Upon further enquiry, the Securities and Exchange Board of India (SEBI) passed an Order stating that the ratings given by India Ratings and Research Private Limited in respect of the instruments issued by the Company confirmed to the guidelines issued by SEBI. Thus, the rating agency published the ratings on generalising and not limiting themselves to the two financial instruments for ₹200 Crores and 50 Crores. Thereafter, a contempt Petition was filed by the Company as the ratings was not as per the Court's Order. The Company also filed a damage suit on account of huge losses suffered due to the publication of the ratings. Moreover, the Company also filed a Special Leave Petition before the Hon'ble Supreme Court of India. However, the Company has withdrawn all the cases filed in various Courts against India Ratings and Research Private Limited and settled the matter amicably with the Company.

10. 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 and all such other matters which in its opinion, are material and relevant for the shareholders. During the year under review, the Company has initiated electronic filing using NEAPS (NSE Electronic Application Processing System), a web based application designed by NSE, for filing of shareholding pattern, corporate governance report and significant corporate announcements thereby saving time, cost and ensuring operational efficiency.

■ Half-yearly report sent to each household of shareholders	Since half-yearly and annual results of the Company are published in leading English daily newspaper having a nationwide circulation and prominent Bengali daily newspaper (having circulation in Kolkata) and regularly hosted on the 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.

■ 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.
■ Newspapers in which results are normally published	Business Standard and Ek Din.
■ 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
■ Whether MD & A is a part of Annual Report or not	Yes

11. General Shareholders' Information

A section on Shareholders' Information is separately provided in the Annual Report.

B. NON MANDATORY REQUIREMENTS

a)	Chairman of the Board	
	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)	Independent Directors	
	Independent Directors have the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable them to contribute effectively to the Company in their capacity as Independent Directors.	The Company inducts highly qualified and experienced Independent Directors from related background with a view to enrich the expertise of the Board of Directors of the Company.
	Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of the Company	Not adopted.

c)	Remuneration Committee	No, but the Company already has a Compensation Committee of the Board in place. The Compensation Committee comprises Mr. Salil K. Gupta, Mr. Shyamalendu Chatterjee, Mr. Sujitendra Krishna Deb and Mr. Sunil Kanoria. Mr. Salil K. Gupta, Chief Mentor & Director of the Company is the Chairman of the said Committee. The Committee comprises Non-Executive Directors with a majority being Independent Directors. The Chairman of Compensation Committee was present at the last Annual General Meeting of the Company to answer Shareholders' queries. The term of reference of the Compensation Committee is to review the structure, design and implementation of the Compensation Policy of the Company and to review and recommend compensation payable to the Executive Directors and senior management personnel of the Company. No meeting of the Compensation Committee was held during the year 2012-13.
d)	Shareholder rights 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	Since 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. The Company communicates with shareholders regularly through e-mail, telephone and one on one meetings either in shareholder's conferences, Company visits or on road shows.
e)	Audit qualifications Company may move towards a regime of unqualified financial statements	It is always the Company's endeavour to present unqualified financial statements. There is no audit qualification in the Company's financial statements for the year ended on March 31, 2013.

f)	Training of Board Members A Company may train its Board Members in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors, and the best ways to discharge them	New Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction and core values including Corporate Governance practices, financial matters and business operations. The Board Members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Updates on relevant statutory changes encompassing important laws are regularly disseminated to the Directors.
g)	Mechanism for evaluating Non-Executive Board Members The performance evaluation of Non-Executive Directors could be done by a peer group comprising the entire Board of Directors, excluding the Director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend/continue the terms of appointment of Non-Executive Directors	Presently the Company does not have such a mechanism as contemplated for evaluating the performance of Non-Executive Directors.
h)	Whistle Blower Policy	The Company has formulated a codified Whistle Blower Policy and employees of the Company are encouraged 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 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 Company affirms that none of the employees have been denied access to the Audit Committee.

Shareholders' information

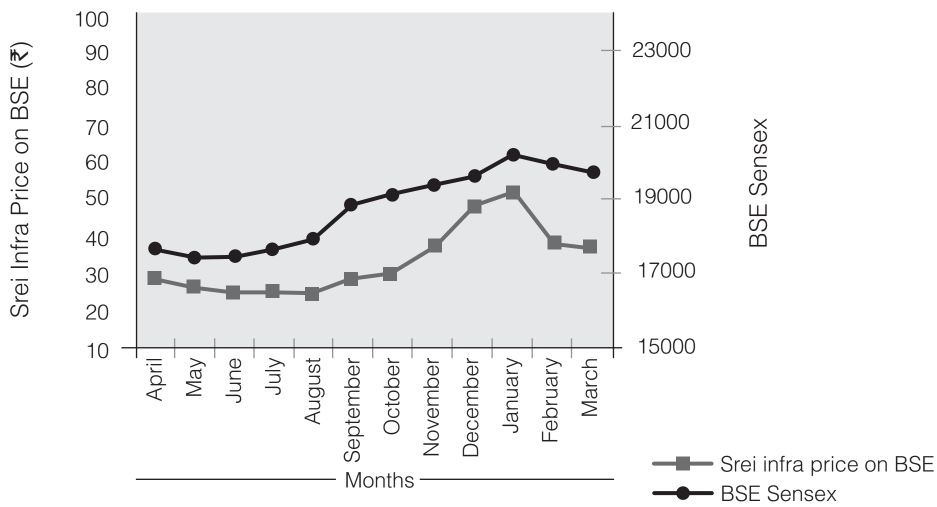
1. Annual General Meeting	
a. Date and Time	Wednesday, August 14, 2013 at 10.30 a.m.
b. Venue	Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046
2. Financial Calendar (Tentative)	
a. Financial reporting for 2013-14	
Quarter ending June 30, 2013	On or before August 14, 2013
Quarter/Half year ending September 30, 2013	On or before November 14, 2013
Quarter/Nine months ending December 31, 2013	On or before February 14, 2014
Year ending March 31, 2014	On or before May 30, 2014
b. Annual General Meeting for the year ending on March 31, 2014	August/September, 2014
3. Book Closure Date	Friday, August 02, 2013 to Friday, the August 09, 2013 (both days inclusive) for payment of Dividend
4. Dividend Payment	Credit/dispatch between August 20, 2013 and August 28, 2013
5. Listing on Stock Exchanges	The Equity shares and other Securities of the Company are presently listed on the following Stock Exchanges: a. The Calcutta Stock Exchange Limited 7, Lyons Range Kolkata – 700 001 b. BSE Limited P. J. Towers, Dalal Street Mumbai – 400 001 c. National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot no. C/1, G Block Bandra - Kurla Complex, Bandra (E) Mumbai – 400 051 The Global Depository Receipts (GDRs) issued by the Company are listed and admitted to trading on London Stock Exchange w.e.f. April 21, 2005. The Debt securities of the Company are listed on the Debt Segment of BSE Limited.
6. Listing Fees	Annual Listing fees for 2013-14 have been paid to all the above mentioned domestic and overseas Stock Exchanges. The Company has paid custodial fees for the year 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on the basis of number of beneficial accounts maintained by them as on March 31, 2013.

7. International Security Identification Number (ISIN)	Equity Shares - INE872A01014 Global Depository Receipts (GDRs) - US78465V2043
8. Stock Codes (Equity Shares & GDRs)	Equity Shares CSE - 29051, BSE - 523756 and NSE - SREINFRA Global Depository Receipts (GDRs) London Stock Exchange – SRI
9. Corporate Identification Number (CIN)	L29219WB1985PLC055352
10. Stock Market Data	

Month	National Stock Exchange			Bombay Stock Exchange		
	High ₹	Low ₹	Volume	High ₹	Low ₹	Volume
April, 2012	28.20	24.50	1,00,20,535	28.25	24.50	28,87,270
May, 2012	26.30	18.85	1,63,99,595	26.35	18.85	39,60,380
June, 2012	24.55	18.85	1,47,08,154	24.50	18.90	38,80,193
July, 2012	25.65	19.05	1,21,35,056	25.35	19.20	27,45,338
August, 2012	25.30	20.20	1,50,27,463	25.25	20.25	35,52,401
September, 2012	28.10	21.70	1,57,84,738	28.10	21.60	29,81,481
October, 2012	29.60	23.60	1,48,58,546	29.65	23.60	51,12,931
November, 2012	37.60	25.20	4,15,73,794	37.60	25.40	1,23,15,685
December, 2012	48.65	34.90	4,48,64,702	48.30	34.55	1,31,10,148
January, 2013	51.60	32.95	4,14,05,017	51.50	32.85	1,21,64,375
February, 2013	38.75	32.25	2,07,36,980	38.75	32.50	65,79,648
March, 2013	37.40	24.30	1,93,62,866	37.45	24.35	57,27,074

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	Maheshwari Datamatics Private Limited 6 Mangoe Lane, 2nd Floor Kolkata - 700 001
b. Telephone Nos.	91-33-2243 5029/5809, 2248 2248
c. Facsimile No.	91-33-2248 4787
d. Email	mdpl@cal.vsnl.net.in
13. Financial Year	1st April to 31st March

14. Particulars of Past three AGMs

AGM	Year	Venue	Date	Time
27th*	2011/12	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata-700046	10/08/2012 (Friday)	10.30 a.m.
26th**	2010/11	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata-700046	30/07/2011 (Saturday)	10.00 a.m.
25th***	2009/10	'Science City Mini Auditorium', JBS Haldane Avenue, Kolkata-700046	09/08/2010 (Monday)	10.30 a.m.

* One Special resolution was passed:

- To approve the re-appointment of Mr. Saud Ibne Siddique as Joint Managing Director of the Company for a further period of 3 (three) years from April 01, 2012 to March 31, 2015, on the remuneration and other terms and conditions as set out in the Agreement entered into between the Company and Mr. Saud Ibne Siddique.

** One Special resolution was passed:

- To approve holding of an office or place of profit by Mr. Shyamalendu Chatterjee, Director of the Company in Srei Sahaj e-Village Limited, subsidiary of the Company.

*** Two Special resolutions were passed:

- To approve holding of an office or place of profit by Dr. Satish C. Jha, Director of the Company in Srei Venture Capital Limited, subsidiary of the Company.
- To approve payment of commission to Non-Executive Directors of the Company

of an aggregate maximum amount not exceeding one percent of the net profits of the Company in any financial year (computed in the manner referred to in Section 198 and 309(4) of the Companies Act, 1956) or ₹50,00,000/- (Rupees Fifty Lakhs only) whichever is less for a period of three financial years from 2010-11 till 2012-13.

During the year under review, two Special resolutions were passed through Postal Ballot vide Notice dated November 09, 2012:

- To approve amendment to the "Other Objects" Clause of the Memorandum of Association of the Company pursuant to Section 17 of the Companies Act, 1956; and
- To approve commencement of new business and activity of establishing White Label ATM Networks, as mentioned in the "Other Objects" Clause of the Memorandum of Association of the Company pursuant to Section 149(2A) of the Companies Act, 1956.

15. Distribution of Shareholding as on March 31, 2013

Category (Shares)	No. of Shareholders		No. of Shares	
	Total	Per cent	Total	Per cent
Up to 500	43997	74.14	7870185	1.56
501 to 1000	7845	13.22	6124612	1.22
1001 to 2000	3774	6.36	5886553	1.17
2001 to 3000	1071	1.80	2746127	0.55
3001 to 4000	748	1.26	2672805	0.53
4001 to 5000	424	0.71	1962745	0.39
5001 to 10000	817	1.38	6040770	1.20
10001 and above	667	1.12	469782536	93.38
Total	59343	100.00	503086333	100.00

16. Dividend History (Last 5 Years)

Financial Year	Dividend Per Share* (₹)	Total Dividend** (₹ in Lakhs)
2011 - 12	0.50	2923
2010 - 11	0.75	4385
2009 - 10	1.20	1625
2008 - 09	1.00	135
2007 - 08	1.20	1631

*share of paid up value of ₹10/- per share
**inclusive of dividend distribution tax

17. Categories of Shareholders as on March 31, 2013

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B+C)
A	Shareholding of Promoter and Promoter Group			
1	Indian	6	95066276	18.90
2	Foreign	1	150297688	29.88
	Total Shareholding of Promoter and Promoter Group*	**7**	**245363964**	**48.77**
B	Public Shareholding			
1	Institutions	59	65453253	13.01
2	Non-institutions	59276	192247516	38.21
	Total Public Shareholding	**59335**	**257700769**	**51.22**
C	Shares held by Custodians and against which Depository Receipts have been issued (Public)	1	21600	0.00
	GRAND TOTAL (A+B+C)	**59343**	**503086333**	**100.00**

*16.47 per cent (out of 48.77 per cent) shareholding held by the Promoters' Group is under pledge

18. Equity Share Capital History

The Paid up Capital of the Company consists of 50,30,86,333 Equity shares of ₹10/- each fully paid up and allotted as under:

Date of Allotment	No. of Shares	Issue Price (` 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

18. Equity Share Capital History (Contd.)

Date of Allotment	No. of Shares	Issue Price (` per Share)
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*	-
Total	**50,35,59,160**	
Less: Shares forfeited on 14.03.2000	4,72,827	
Total Shares as on date	**50,30,86,333**	

*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

19. Credit Ratings

Agency	CARE	ICRA	Brickwork
NCDs / Bonds	CARE AA-	-	BWR AA
Short term Debt Instruments	CARE A1+	ICRA A1+	-
Unsecured Subordinated Tier-II Debentures / Bonds	CARE AA-	ICRA A+	BWR AA
Banking Facilities	CARE AA- (For Long Term Bank Facilities) CARE A1+ (For Short Term Bank Facilities)	-	-

20. Measures adopted to protect the interests of the Shareholders

a. Share Transfer Processing

Requests for share transfers are processed and share certificates returned within a time period of 15 days from the date of receipt w.e.f October 01, 2012 vide SEBI Circular CIR/MIRSD/8/2012 dated July 05, 2012, subject to the documents being valid and complete in all respects. The Share Transfer and Investors' Relations Committee meets at least once in a fortnight. During the year 2012-13, the Share Transfer and Investors' Relations Committee met 25 times. Total number of shares physically transferred during the year 2012-13 was 11128515 Equity shares. The number of shares transferred during the year in physical mode was higher vis-à-vis the previous year, due to transfer of 5560658 shares held by a foreign institutional investor to a foreign company and thereafter transfer of the said shares to a promoter group entity. 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 Clause

	47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.
b. Bad Delivery	In case of Bad Delivery, the relevant documents are sent immediately after specifying the defects through a covering letter.
c. Redressal of Grievances	Necessary system has been put in place in order to attend with promptness any grievances or queries by the Shareholders. An exclusive email id has also been designated by the Company for prompt redressal of shareholder grievances. The Shareholders can email their queries/grievances to investor.relations@srei.com. A comprehensive Investor Grievance Redressal Policy has been formulated and put in place by the Company. Further, Investors' Frequently Asked Question (FAQs) are readily available on the website of the Company www.srei.com for easy reference of the Investors. The Securities and Exchange Board of India (SEBI) directed all companies whose securities are listed on stock exchanges to obtain SEBI Complaints Redress System (SCORES) authentication by September 14, 2012, in terms of SEBI Circular No. CIR/OIAE/1/2012 dated August 13, 2012. Furthermore, SEBI also directed the companies to take requisite steps within 7 days of receipt of complaint through SCORES, so as to resolve the same within 30 days of receipt of complaint and to keep the complainant duly informed of the action taken thereon. The Company had obtained SCORES authentication in June, 2011, when the said concept was introduced by SEBI and till date the Company has maintained a track record of resolving the grievances within the stipulated time period. There are no pending investor grievances lying unresolved as per the data available on SCORES as on March 31, 2013.
d. 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.
e. Dematerialisation of Shares	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, 2013, a total of 499821790 Equity shares of the Company representing 99.35% of the total Equity Share Capital were held in dematerialised form (88.58% as on March 31, 2012). The entire Promoters' Group shareholding in the Company is in dematerialised form.

20. Measures adopted to protect the interests of the Shareholders (Contd.)

e. Dematerialisation of Shares (Contd.)

The bifurcation of shares held in Physical and Demat form as on March 31, 2013 is given below -

Physical / Electronic	No. of Holders	No. of Shares	%
Physical	4054	3264543	0.65
NSDL	36991	383353334	76.20
CDSL	18298	116468456	23.15
Total	**59343**	**503086333**	**100.00**

f. Registrar and Share Transfer Audit

The share transfer and shareholder related activities of the Company are attended and processed by Maheshwari Datamatics Private Limited, 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 received from Investors relating to transfer of shares, non-receipt of annual reports, dividends, share certificates etc. and also the complaints received through SEBI, MCA and the Stock Exchanges are being attended to by the RTA on priority basis.

As a measure of good Corporate Governance practice, the Company voluntarily conducted an audit of the activities handled by the RTA to strengthen and reinforce the processes handled by them.

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 focusses 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.

20. Measures adopted to protect the interests of the Shareholders (Contd.)	
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 Share Transfer and Investors' Relations Committee. In pursuit of excellence in Corporate Governance and to constantly improve standards of service, communication and disclosures, during the year, the Company conducted a preliminary survey to assess the requirement and satisfaction of valuable Investors on following parameters: 1. Timely receipt of Annual Report, Dividend and other documents/ correspondences. 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, Issue of Duplicate share certificates, change of address, revalidation of dividend warrants etc. 5. Interaction with Company officials. 6. Interaction with Registrar and Share Transfer Agents. 7. Investor services section of the Company's website. 8. 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.
21. Outstanding GDRs / ADRs / Warrants / any Convertible Instruments, conversion date and likely impact on Equity	In April, 2005, 86,48,500 Global Depository Receipts (GDRs) were issued by the Company through book building process at a price of US$ 4.05 per GDR, each GDR representing four underlying Equity shares of the Company. The GDRs are presently listed and traded on the London Stock Exchange. As on March 31, 2013, 21600 Equity shares of the Company representing 0.004% of the paid up Share Capital of the Company are held as shares underlying the GDRs.

21. Outstanding GDRs / ADRs / Warrants / any Convertible Instruments, conversion date and likely impact on Equity (contd.)	GDR is not a specific time-bound instrument and can be surrendered any time and converted into the underlying Equity shares in the Company. The shares so released in favour of the investors upon surrender of GDRs can either be held by the investors concerned in their name or sold off in the Indian secondary markets for cash. To the extent of the shares so sold in Indian markets, GDRs can be reissued under the available head room. Deutsche Bank Trust Company Americas is the Depositary and ICICI Bank Limited is the Custodian of all the Equity shares underlying the GDRs issued by the Company.
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 amounts to Investor Education and Protection Fund (IEPF)	Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/ unclaimed for a period of 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. Given below are the dates of declaration of dividend and corresponding dates when unpaid/ unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of Declaration of Dividend	Due Date of Transfer to IEPF
2005 - 06	August 19, 2006	September 24, 2013
2006 - 07	September 25, 2007	October 31, 2014
2007 - 08	September 20, 2008	October 26, 2015
2008 - 09	September 12, 2009	October 14, 2016
2009 - 10	August 09, 2010	September 09, 2017
2010 - 11	July 30, 2011	September 05, 2018
2011 - 12	August 10, 2012	September 15, 2019

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. Reminder letters have been sent on December 29, 2012 to the shareholders who are yet to encash the dividend for the financial year 2005-06 indicating that the unclaimed amount will be transferred to the Investor Education and Protection Fund (IEPF), if not claimed by the shareholders before the due date of transfer to the said 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

23. Transfer of Unclaimed amounts to Investor Education and Protection Fund (IEPF) (contd.)	available for view by the Members on the website of the Company www.srei.com. Further, the Members are advised to glance through the database and lodge their claim for dividend which have remained unclaimed with the Company's Registrar and Share Transfer Agents. During the year under review, the Company has credited a sum of ₹3,59,234/- to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001. Cumulatively, the aggregate dividend amount transferred to the said Fund upto March 31, 2013 stands at ₹31,93,076.69/-.
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. 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.
25. National Electronic Clearing Service (NECS)	In accordance with the RBI notification, with effect from October 01, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform. Advantages of NECS over ECS includes faster credit to the beneficiary's account and ease of operations for the remitting agency. NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processes of inward instructions and efficiency in handling bulk transactions. The Company is using NECS mandate for remittance of dividend either through NECS or other electronic modes failing which the bank details available with depository participants 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 an account other than the one specified while opening the Depository Account, may notify their depository participants about any change in the bank account details.

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.
27. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)	The Institute of Company Secretaries of India (ICSI), one of the premier professional bodies in India, has issued secretarial standards on important aspects like Board Meetings, General Meetings, payment of dividend, maintenance of registers and records, minutes of meetings, transmission of shares and debentures, passing of resolution by circulation, affixing of common seal, forfeiture of shares and Board's Report. Although these standards are optional in nature, the Company substantially adheres to the standards voluntarily.
28. Secretarial Audit	The Company undertook a Secretarial Audit of records and documents as a good Corporate Governance practice. The Secretarial Audit Report confirms that the Company has complied inter alia with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to the Company, including the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Secretarial Audit Report for the financial year ended March 31, 2013 is provided in the Annual Report.
29. Compliance Officer	Mr. Sandeep Lakhotia Company Secretary '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
30. Role of Company Secretary in overall governance process	The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. 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 is 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.

Independent Auditors' Report

To the Members of
Srei Infrastructure Finance Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ["the Order"], issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No.103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

Annexure to the Auditors' Report

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.

(c) There was no substantial disposal of fixed assets during the year.

(ii) In respect of shares and securities held as stock for trade:

(a) According to the information and explanations given to us, the stock for trade has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of stock for trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of stock for trade and no material discrepancies were noticed on physical verification.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions stated in clauses 4 (iii)(a) to (g) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of shares and securities held as stock for trade, fixed assets and with regard to the sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in such internal control system of the Company.

(v) According to the information and explanations given to us, there were no contracts or arrangements during the year, referred to in section 301 of the Act, that need to have been entered in the register maintained under that section. Accordingly, clauses 4(v) (a) and (b) of the Order are not applicable to the Company.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, the relevant provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) Being a Non-Banking Financial Company, the provisions of clause 4 (viii) of the Order are not applicable to the Company.

(ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, cess and other material statutory dues applicable to it.

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

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

Name of the Statute	Nature of dues	Amount (₹ in lakh)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	471	2005-06 and 2006-07	Hon'ble High Court, New Delhi & CIT (Appeals), New Delhi
Income Tax Act, 1961	Income Tax	388	2005-06	ITAT, New Delhi
Income Tax Act, 1961	Income Tax	125	2006-07 and 2007-08	CIT (Appeals), New Delhi (Appeal filed on 26.04.2013)
Income Tax Act, 1961	Income Tax	986	2007-08	ITAT, New Delhi

Name of the Statute	Nature of dues	Amount (₹ in lakh)	Period to which the amount relates (Financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,809	2008-09	Hon'ble Supreme Court, New Delhi
Income Tax Act, 1961	Fringe Benefit Tax	226	2005-06 to 2008-09	Hon'ble High Court, Calcutta
Finance Act, 1994	Service Tax	450	2006-07 to 2010-11	Commissioner of Service Tax, Kolkata

(x) The Company has no accumulated losses as at the end of the financial year covered by our audit. The Company has not incurred cash losses in the said financial year and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

(xii) In our opinion and according to the information and explanations given to us, the Company has maintained adequate documents and records in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In respect of dealing or trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, term loans have been prima facie applied for the purposes for which the loans were obtained.

(xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have prima facie not been used during the year for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.

(xix) According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of all debentures issued by the Company during the year.

(xx) We have verified the end use of money raised during the year by public issue of Secured, Redeemable, Non Convertible Debentures, as disclosed in Note 4.2 in the financial statements.

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

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No.103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

Balance Sheet as at 31st March, 2013

(₹ in Lakh)

	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	50,324	50,324
Reserves and Surplus	3	214,430	207,877
		264,754	**258,201**
Non-Current Liabilities			
Long-Term Borrowings	4	441,232	319,654
Deferred Tax Liabilities (Net)	5	9,484	7,988
Other Long-Term Liabilities	6	360	832
Long-Term Provisions	7	5,333	2,076
		456,409	**330,550**
Current Liabilities			
Short-Term Borrowings	8	575,227	586,633
Trade Payables	9	1,564	266
Other Current Liabilities			
- Current Maturities of Long-Term Borrowings	4	101,382	78,445
- Others	10	19,339	11,620
Short-Term Provisions	11	3,904	4,612
		701,416	**681,576**
Total		**1,422,579**	**1,270,327**
ASSETS			
Non-Current Assets			
Fixed Assets	12		
- Tangible Assets		49,812	43,509
- Intangible Assets		61	84
- Capital Work in Progress		5,627	6,278
Non-Current Investments	13.1	273,687	262,213
Long-Term Loans and Advances			
- Loan Assets	14	606,976	266,511
- Other Long-Term Advances	15	11,112	11,211
Other Non-Current Assets	16	29,005	6,365
		976,280	**596,171**
Current Assets			
Current Investments	13.2	35,050	2,200
Trade Receivables	17	12,375	3,355
Cash and Bank Balances	18	2,214	14,936
Short-Term Loans and Advances			
- Loan Assets	14	54,246	27,664
- Other Advances	19	14,235	13,451
Other Current Assets			
- Current Maturities of Long-Term Loan Assets	14	310,435	588,206
- Other Current Assets	20	17,744	24,344
		446,299	**674,156**
Total		**1,422,579**	**1,270,327**
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.**
Chartered Accountants
(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Statement of Profit and Loss for the Year ended 31st March, 2013

(₹ in Lakh)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
INCOME			
Revenue from Operations	21	166,128	117,650
Other Income	22	519	419
Total		**166,647**	**118,069**
EXPENSES			
Finance Cost	23	135,741	94,800
Employee Benefits Expense	24	4,377	4,126
Administrative and Other Expenses	25	6,818	4,551
Depreciation / Amortisation and Impairment	12	3,096	1,540
Total		**150,032**	**105,017**
Profit Before Bad Debts, Provisions & Tax		**16,615**	**13,052**
Bad Debts / Advances written off		120	50
Provision for Bad & Doubtful Debts		390	37
Provision for Non-Performing Assets	7.1	2,403	1,100
Contingent Provisions against Standard Assets	7.1	161	986
		3,074	**2,173**
Profit Before Tax		**13,541**	**10,879**
Tax Expense :			
- Current Tax		2,620	1,760
- MAT Credit Entitlement		(71)	(49)
- Deferred Tax		1,496	1,198
Total Tax for current year		**4,045**	**2,909**
Profit After Tax for current year		**9,496**	**7,970**
Income Tax in respect of earlier years		-	2,174
Profit After Tax		**9,496**	**5,796**
Earnings per Equity Share (Basic and Diluted) (in ₹)	26	1.89	1.15
(Par Value ₹ 10/- per Equity Share)			
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.**
Chartered Accountants
(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Cash Flow Statement for the Year ended 31st March, 2013

(₹ in Lakh)

	Year ended 31st March, 2013	Year ended 31st March, 2012
A. Cash Flow from Operating Activities		
Profit Before Tax	13,541	10,879
Adjustment for:		
Depreciation / Amortisation and Impairment	3,096	1,540
Bad Debts / Advances written off	120	50
Provision for Non Performing Assets	2,403	1,100
Contingent Provisions against Standard Assets	161	986
Provision for Bad & Doubtful Debts	390	37
Loss on sale of Fixed Assets (Net)	32	53
Finance Cost	135,741	94,800
Profit on Sale of Long term Trade Investments (Net)	(7)	-
Profit on Sale of Stock for Trade (Net)	(3)	-
Interest from Current Investment	(218)	-
Liabilities No Longer Required written back	(4)	-
Dividend Income	(38)	(28)
Provision for Dimunition in value of Stock for Trade	(41)	16
Operating Profit before Working Capital Changes	**155,173**	**109,433**
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(27,634)	(17,895)
(Increase) / Decrease in Loan Assets	(89,276)	(404,488)
(Increase) / Decrease in Current Investments / Stock for Trade	(32,474)	(2,200)
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	2,103	(475)
(Decrease) / Increase in Trade Payables	8,008	2,304
Cash Generated from Operations	**15,900**	**(313,321)**
Interest Paid	(132,041)	(90,934)
Direct Taxes Paid	(2,259)	(9,880)
Net Cash (Used in) / Generated from Operating Activities	**(118,400)**	**(414,135)**
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(9,931)	(11,474)
Proceeds from Sale of Fixed Assets	1,174	177
(Increase) / Decrease in Investments (Other than Subsidiaries)	(11,362)	(6,316)
(Increase) / Decrease of Investments in Subsidiaries	(105)	(355)
Investments in Joint Venture	-	(4,991)
Dividend Received	38	28
Net Cash (Used) / Generated in Investing Activities	**(20,186)**	**(22,931)**
C. Cash Flow from Financing Activities		
Increase / (Decrease) in Debentures (Net)	83,541	94,199
Increase / (Decrease) in Working Capital facilities (Net)	84,796	219,776
Increase / (Decrease) in Other Loans (Net)	(36,910)	139,518
Dividend Paid	(2,516)	(3,771)
Corporate Dividend Tax Paid	(408)	(612)
Net Cash (Used) / Generated in Financing Activities	**128,503**	**449,110**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(10,083)**	**12,044**
Cash & Cash Equivalents at the beginning of the year	**12,260**	**216**
Cash & Cash Equivalents at the end of the year	**2,177**	**12,260**

Explanations:

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules, 2006
2. Previous year's figures have been regrouped / reclassified 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.**
Chartered Accountants
(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

1.1 Basis of Preparation

The financial statements of the Company have been prepared in conformity with Generally Accepted Accounting Principles in India, to comply in all material respects with the notified Accounting Standards ('AS') under the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') 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 financial statements have been prepared under the historical cost convention, on accrual basis. The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

Presentation and disclosure in Financial Statements

From the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements.

Operating Cycle

As per the revised Schedule VI, *"An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents"*.

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.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycles; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within twelve months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

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 recognised in the periods in which the results are known / materialised. Any revision to the accounting estimates are recognised prospectively in the current and future years.

1.3 Fixed Assets, Depreciation / Amortisation and Impairment

i) Fixed Assets

Tangible fixed assets are carried at cost less accumulated depreciation / amortisation and 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 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 or Loss.

ii) Depreciation / Amortisation

Depreciation / Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and the rates derived from such useful lives thereof are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The details of estimated useful life for each category of assets are as under:

	Asset Category	Estimated Useful Life
I	**Assets for Own Use**	
i)	Buildings	45 - 61 years
ii)	Furniture & Fixtures	16 years
iii)	Motor Vehicles	11 years
iv)	Computers	4 - 6 years
v)	Office Equipment	21 years
vi)	Intangible Assets	3 - 6 years
II	**Assets for Operating Lease**	
vii)	Plant and Machinery	10 - 30 years
viii)	Aircrafts	9 years

Fixed Assets costing up to ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Depreciation / Amortisation on assets purchased / sold during the reporting period 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.

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.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

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.

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.

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.

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to 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' as notified under the Companies (Accounting Standards) Rules, 2006.

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 subject to 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' as notified under the Companies (Accounting Standards) Rules, 2006. Maintenance cost including depreciation are 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' as notified under the Companies (Accounting Standards) Rules, 2006. 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 and are net of unmatured / unearned finance charges, 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 and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate. Provision for doubtful debtors towards fee based income is also made on similar basis.

Loan assets overdue for more than four years, as well as those, which, as per the management are not likely to be recovered, are considered as bad debts and written off.

1.11 Foreign Currency Transactions, Translations and Derivative Contracts

The reporting currency of the Company is the Indian Rupee (₹).

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.

v) Derivatives and Hedges

In terms of the announcement made by The Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle, on a portfolio basis and the net loss, after considering the offsetting effect on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gains are ignored as a matter of prudence.

1.12 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Income from Loans and Leases:

Income from Loans and Leases is recognised in the Statement of Profit and Loss on accrual basis as stated herein below, 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.

a) 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.

b) 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.

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

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d) 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.

e) 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 under the head 'Revenue from Operations'.

ii) Fee Based Income

Fees for advisory services are 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.

iii) Other Operating Income

a) Income from Dividend of shares of corporate bodies is accounted when the Company's right to receive the dividend is established.

b) Income from investment in units of Funds is recognised on cash basis as per the Prudential Norms of RBI.

c) Interest income on fixed deposits / margin money is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

d) Profit or Loss on sale of non-current and current investments are recognised when a binding obligation has been entered into.

e) All other operating income is accounted for on accrual basis.

1.13 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.

1.14 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.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the 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.

1.15 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'.

1.16 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 financial statements.

Provision for Income Tax for the assessments completed which are pending under appeals and for the current year have been made to the extent considered necessary by the management.

1.17 Cash and Cash Equivalents

Cash and cash equivalents in the Cash Flow Statement comprises of cash on hand, cash at bank, demand deposits with banks, cheques on hand, remittances in transit and short-term highly liquid investments with an original maturity of three months or less.

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.

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTES TO FINANCIAL STATEMENTS

2. SHARE CAPITAL

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Authorised				
Equity Shares, ₹ 10/- par value per share	710000000	71,000	710000000	71,000
Preference Shares, ₹ 100/- par value per share	10000000	10,000	10000000	10,000
		81,000		**81,000**
Issued and subscribed				
Equity Shares, ₹ 10/- par value per share	503559160	50,356	503559160	50,356
Fully Paid-up				
Equity Shares, ₹ 10/- par value per share	503086333[1]	50,309	503086333[1]	50,309
Forfeited Shares	472827	15	472827	15
		50,324		**50,324**

[1] Includes 21600 shares represented by 5400 Global Depository Receipts (GDRs) issued vide Prospectus dated 18.04.2005.

2.1 Reconciliation 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, 2013		As at 31st March, 2012	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
At the beginning of the financial year	503086333	50,309	503086333	50,309
At the end of the financial 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 ₹ 10/- and ₹ 100/- each respectively. Each holder of equity shares is entitled to one vote per share. The preference shareholders have a preferential right over equity share holders, in respect of repayment of capital and payment of dividend. However, no such preference shares have been issued by the Company during the years ended 31st March, 2012 and 31st March, 2013.

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.

Dividend per equity share proposed for the current year is ₹ 0.50 (Previous year ₹ 0.50).

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, 2013)

Pursuant to amalgamation of Quippo Infrastructure Equipment Limited (Transferor Company) into and with the Company, approved by the Equity Shareholders of the Company and sanctioned by the Hon'ble High Court of Calcutta on 18th January, 2011, the Company issued and allotted 92915839 equity shares of ₹ 10/- par value, as fully paid up bonus shares, to the pre-amalgamation equity shareholders of the Company on 5th March, 2011.

Further, the Company issued and allotted 294025696 equity shares of ₹ 10/- par value, as fully paid-up, towards consideration for the aforesaid amalgamation, to the shareholders of the Transferor Company on 5th March, 2011. This includes 48600000 equity shares allotted to Srei Growth Trust, a Trust settled by the Company on 4th March, 2011, to receive equity shares of the Company in exchange of the Company's shareholding in the Transferor Company. The beneficial interest in the Trust amounting to ₹ 1,851.50 Lakh, representing the cost of shares of the Transferor Company, is shown under 'Non-Current Investments' in the Balance Sheet.

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, 2013		As at 31st March, 2012	
	No. of Shares	% of holding	No. of Shares	% of holding
Deigratia International Pte Limited	150297688	29.88	147937030	29.41
Opulent Venture Capital Trust	57974595	11.52	57974595	11.52
Srei Growth Trust*	48600000	9.66	48600000	9.66
Adhyatma Commercial Private Limited	40888990	8.13	34705703	6.90
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	39204363	7.79	31414121	6.24
Adisri Investment Private Limited	38992840	7.75	38992840	7.75

*Held in the name of Trustees

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

3. RESERVES AND SURPLUS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Opening balance	1,945	1,945
Closing balance	**1,945**	**1,945**
Securities Premium Reserve		
Opening balance	19,754	19,754
Closing balance	**19,754**	**19,754**
Bond / Debt Redemption Reserve *(refer note 3.1)*		
Opening balance	9,504	6,478
Add: Transfer from Surplus in the Statement of Profit and Loss	2,111	3,818
Less: Transfer to Surplus, on repayment of Bond / Debt	(927)	(792)
Closing balance	**10,688**	**9,504**
Special Reserve (Reserve Fund as per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	14,584	13,417
Add: Transfer from Surplus in the Statement of Profit and Loss	1,900	1,167
Closing balance	**16,484**	**14,584**
General Reserve		
Opening balance	139,604	139,604
Closing balance	**139,604**	**139,604**
Surplus in the Statement of Profit and Loss		
Opening balance	22,486	23,791
Add: Net profit for the year	9,496	5,796
Amount available for appropriation	**31,982**	**29,587**
Appropriations:		
Proposed dividend	2,515	2,515
Corporate dividend tax on proposed dividend	428	393
Special Reserve	1,900	1,167
Bond / Debt Redemption Reserve (Net)	1,184	3,026
Closing balance	**25,955**	**22,486**
Total Reserves and Surplus	**214,430**	**207,877**

3.1 Bond / Debt Redemption Reserve

As per terms of Issue, Company creates Bond / Debt Redemption Reserve towards redemption of Long-Term Infrastructure Bonds and Secured Non-Convertible Debenture issued through public Issue. Company further creates Bond / Debt Redemption Reserve towards redemption of Unsecured Subordinated Bonds / Debentures / Debt (Tier II Capital) as per management discretion. Details of movement is as below:

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(₹ in Lakh)

Bond / Debt Redemption Reserve	Opening as at 1st April, 2012	Addition during the year	Reversal during the year	Closing as at 31st March, 2013
Unsecured Subordinated Bonds / Debentures (Tier II Capital)	9,483	1,717	(927)	10,273
Long-Term Infrastructure Bonds	21	221	-	242
Non-Convertible Debenture issued through public Issue	-	173	-	173
Total	**9,504**	**2,111**	**(927)**	**10,688**
Previous year	6,478	3,818	(792)	9,504

4. LONG-TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Non-Current Maturities	Current Maturities	Total	Non-Current Maturities	Current Maturities	Total
A. Secured						
Bonds / Debentures						
Long-Term Infrastructure Bonds *(refer note 4.1)*	2,489	-	2,489	2,489	-	2,489
Non-Convertible Debentures *(refer note 4.2)*	106,599	5,300	111,899	65,300	1,700	67,000
Term Loans *(refer note 4.3)*						
From Banks						
- Rupee Loans	149,769	82,568	232,337	105,998	56,926	162,924
- Foreign Currency Loans	32,153	-	32,153	25,442	12,718	38,160
From Financial Institutions						
- Foreign Currency Loans	45,964	13,103	59,067	55,336	5,325	60,661
Deposits						
Public Deposits *(refer note 4.4)*	-	-	-	-	16	16
Other Loans						
Buyer's Credit from Banks - Foreign Currency Loans *(refer note 4.5)*	-	411	411	-	1,233	1,233
(A)	**336,974**	**101,382**	**438,356**	**254,565**	**77,918**	**332,483**
B. Unsecured						
Bonds / Debentures						
Subordinated bonds / debentures (Tier II Capital) *(refer note 4.6)*	104,169	-	104,169	65,000	527	65,527
Deposits						
Inter-Corporate Deposits	89	-	89	89	-	89
(B)	**104,258**	**-**	**104,258**	**65,089**	**527**	**65,616**
Total (A+B)	**441,232**	**101,382**	**542,614**	**319,654**	**78,445**	**398,099**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

4.1 Long-Term Infrastructure Bonds – Secured, Redeemable, Non-convertible Debentures

During the year, the Company has raised ₹ Nil (Previous year: ₹ 2,489 Lakh) 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:

(₹ in Lakh)

Rate of Interest	Maturity Profile As at 31st March, 2013			Maturity Profile As at 31st March, 2012		
	2016-17	2013-16	Total	2016-17	2012-16	Total
8.90%	1,291	-	1,291	1,291	-	1,291
9.15%	1,198	-	1,198	1,198	-	1,198
Total	**2,489**	**-**	**2,489**	**2,489**	**-**	**2,489**

Bonds with interest rate of 8.90% have an overall tenure of 10 years and those with 9.15%, 15 years. Buyback option is available for all bonds at the end of 5 years i.e. on 22.03.2017. Bonds are secured by exclusive charge on specific receivables of the Company & pari-passu mortgage / charge on immovable property.

4.2 Non-Convertible Debentures

As at 31st March 2013 (₹ in Lakh)

Rate of Interest	Maturity Profile*								Total
	2022-23	2021-22	2019-20	2017-18	2016-17	2015-16	2014-15	2013-14	
9.84%[3]	-	-	-	46	-	-	-	-	46
9.92%[3]	-	-	-	10	-	-	-	-	10
10.25%[4]	-	-	6,450	-	-	-	-	-	6,450
10.30%[3]	-	-	-	1,121	-	-	-	-	1,121
10.41%[5]	-	-	-	52	-	-	-	-	52
10.80%[1]	-	-	-	-	6,668	6,666	6,666	-	20,000
10.90%[1]	-	-	-	-	-	-	-	5,000	5,000
11.00%[1]	-	-	-	-	-	-	-	300	300
11.20%[1]	-	-	-	-	-	620	-	-	620
11.25%[6]	-	-	-	-	-	1,500	-	-	1,500
11.30%[2]	-	-	-	2,000	-	-	-	-	2,000
11.30%[1]	-	-	-	12,770	-	-	-	-	12,770
11.35%[1]	2,000	-	-	1,500	-	-	-	-	3,500
11.40%[2]	70	-	-	-	-	10,600	-	-	10,670
11.40%[1]	130	-	-	610	-	1,000	6,700	-	8,440
11.45%[1]	-	-	200	-	-	1,000	-	-	1,200
11.48%[1]	-	-	-	170	-	-	-	-	170
11.50%[2]	-	-	-	2,500	-	-	-	-	2,500
11.50%[1]	110	-	-	-	-	-	-	-	110
11.55%[1]	-	-	140	2,000	-	-	-	-	2,140
11.75%[1]	-	-	-	-	29,300	-	-	-	29,300
11.90%[1]	-	4,000	-	-	-	-	-	-	4,000
Total	**2,310**	**4,000**	**6,790**	**22,779**	**35,968**	**21,386**	**13,366**	**5,300**	**111,899**

* Includes current maturities

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[1] Secured against Receivables / Assets of the Company and mortgage of immovable property.

[2] Secured against Mortgage of immovable property.

[3] 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

[4] 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.

[5] 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.

[6] 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.

Funds raised ₹ 7,679 Lakh 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 2012 (₹ in Lakh)

Rate of Interest	Maturity Profile*						Total
	2021-22	2016-17	2015-16	2014-15	2013-14	2012-13	
9.75% [1]	-	-	-	-	-	1,700	1,700
10.80% [2]	-	6,668	6,666	6,666	-	-	20,000
10.90% [2]	-	-	-	-	5,000	-	5,000
11.00% [2]	-	-	-	-	300	-	300
11.40% [2]	-	-	-	6,700	-	-	6,700
11.75% [2]	-	29,300	-	-	-	-	29,300
11.90% [2]	4,000	-	-	-	-	-	4,000
Total	**4,000**	**35,968**	**6,666**	**13,366**	**5,300**	**1,700**	**67,000**

* Includes current maturities

[1] Secured against Receivables / Assets of the Company.

[2] Secured against Receivables / Assets of the Company and mortgage of immovable property.

All the above debentures are redeemable at par.

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

4.3 Term Loans

As at 31st March 2013 (₹ in Lakh)

Particular	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks - Rupee Loans[1] (Floating)	-	44,271	98,498	78,702	221,471	Base Rate + 125bps to 300bps
	-	-	-	1,666	1,666	BPLR - 200bps
From Banks - Rupee Loans (Fixed)	-	1,400	5,600	2,200	9,200	11.25%
From Banks - Foreign Currency Loans	5,531	20,735	5,887	-	32,153	Libor / Euribor + 330bps to 350bps
From Financial Institutions - Foreign Currency Loans[2]	3,620	19,352	22,992	13,103	59,067	Libor + 115bps to 410bps
Total	**9,151**	**85,758**	**132,977**	**95,671**	**323,557**	

As at 31st March 2012 (₹ in Lakh)

Particular	Maturity Profile*				Total	Interest Rate
	Beyond 5 years	3-5 years	1-3 years	0-1 years		
From Banks - Rupee Loans[1] (Floating)	259	29,225	66,481	51,959	147,924	Base Rate + 125bps to 300bps
	-	-	833	4,167	5,000	BPLR - 200bps
From Banks - Rupee Loans (Fixed)	-	4,200	5,000	800	10,000	11.25%
From Banks - Foreign Currency Loans	13,739	10,940	763	12,718	38,160	Libor / Euribor + 170bps to 350bps
From Financial Institutions - Foreign Currency Loans[2]	11,737	20,066	23,533	5,325	60,661	Libor + 115bps to 410bps
Total	**25,735**	**64,431**	**96,610**	**74,969**	**261,745**	

* 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.

[1] Includes ₹ Nil (Previous year: ₹ 2,111 Lakh) guaranteed by subsidiary company.

[2] Includes loans of ₹ 13,494 Lakh (Previous year: ₹ 14,333 Lakh) guaranteed by Export Import Bank of the United States.

4.4 Public Deposits

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, 2013 is ₹ 36 Lakh (Previous year: ₹ 88 Lakh).

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

4.5 Buyer's credit from Banks (Foreign Currency Loans)

These foreign currency loans from banks are repayable by bullet payment and have tenures ranging from 1- 3 years. These loans are secured by import documents covering title to capital goods and extension of pari passu charge towards working capital facilities.

4.6 Unsecured Subordinated bonds / debentures (Tier II Capital)

During the year, the Company raised subordinated debt qualifying for Tier II capital amounting to ₹ 39,169 Lakh (Previous year: ₹ 35,000 Lakh). The following table sets forth the details of the outstanding:

As at 31st March 2013

(₹ in Lakh)

Rate of Interest	Maturity Profile							Total
	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
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
Total	**24,196**	**31,915**	**5,000**	**20,000**	**7,570**	**8,403**	**7,085**	**104,169**

All the above bonds are redeemable at par.

As at 31st March 2012

(₹ in Lakh)

Rate of Interest	Maturity Profile*						Total
	2021-22	2020-21	2019-20	2017-18	2016-17	2012-13	
10.20%	-	-	20,000	-	-	-	20,000
10.50%	-	5,000	-	-	-	527*	5,527
11.40%	10,000	-	-	-	-	-	10,000
11.75%	-	-	-	1,000	85	-	1,085
11.85%	-	-	-	-	2,000	-	2,000
11.90%	21,915	-	-	-	-	-	21,915
12.00%	-	-	-	-	5,000	-	5,000
Total	**31,915**	**5,000**	**20,000**	**1,000**	**7,085**	**527**	**65,527**

* The interest rate is floating and is computed based on average yield to maturity (YTM) calculated from the balance maturity of 12 year Government of India (GOI) security paper for the remaining tenure of the Bonds.

* Each bond is having an overall tenure of 12 years, reckoned from the date of allotment. The bonds shall be redeemed at a premium of 20% of the original face value.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

5. DEFERRED TAX LIABILITIES (Net)

In terms of Accounting Standard 22, the net Deferred Tax Liability (DTL) recognised during the year is ₹ 1,496 Lakh (Previous year ₹ 1,198 Lakh). Consequently, the net DTL as at year-end stands at ₹ 9,484 Lakh (Previous Year ₹ 7,988 Lakh). The break-up of major components of net DTL is as follows:

(₹ in Lakh)

Particulars	Liability / (Asset)	
	As at 31st March, 2013	As at 31st March, 2012
Depreciation on Fixed Assets	8,278	6,598
Deferred Revenue Expenditure	3,042	2,695
Others	(1,836)	(1,305)
Total	**9,484**	**7,988**

6. OTHER LONG-TERM LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Interest Accrued but not due on Borrowings	196	5
Security Deposits & Retentions	164	827
Total	**360**	**832**

7. LONG-TERM PROVISIONS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Employee Benefits (Non-Current Portion) *(refer note 34)*		
Gratuity	149	120
Unavailed Leave	251	216
(A)	**400**	**336**
Others		
Provision for Non-Performing Assets *(refer note 7.1)*	3,503	1,100
Contingent Provisions against Standard Assets *(refer note 7.1)*	1,430	640
(B)	**4,933**	**1,740**
Total (A+B)	**5,333**	**2,076**

7.1 Nature of certain provisions and their movement

Provision for non-performing assets (NPAs) 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 0.25% 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:

(₹ in Lakh)

Particulars	Provisions for NPAs		Contingent Provisions against Standard Assets	
	Year ended		Year ended	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
Opening balance	1,100	-	2,181	1,195
Provision made during the year	2,403	1,100	161	986
Closing balance	**3,503**	**1,100**	**2,342**	**2,181**

8. SHORT-TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
A. Secured		
Loans repayable on demand		
Working Capital Facilities from Banks (Rupee Loan) *(refer note 8.1)*	321,750	149,000
Other Loans		
Working Capital Facilities from Banks (Rupee Loan) *(refer note 8.1)*	205,977	293,646
Short-Term Loans from Banks *(refer note 8.2)*		
- Rupee Loans	-	40,000
- Foreign Currency Loans	-	5,087
Buyer's credit from Banks - Foreign Currency Loans *(refer note 4.5)*	2,521	1,984
(A)	**530,248**	**489,717**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
B. Unsecured		
Deposits		
Inter Corporate Deposits		
- From Related Parties	1,048	1,090
- From Others	15,068	15,068
Other Loans		
Rupee Loan from Banks	9,000	15,000
Commercial Papers *(refer note 8.3)*		
- From Others	19,863	65,758
(B)	**44,979**	**96,916**
Total (A+B)	**575,227**	**586,633**

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 Short-Term Loans from banks are secured by charge on specific assets covered by loan / facility agreements with customers and / or receivables arising therefrom.

8.3 Face value of Commercial Paper outstanding is ₹ 20,000 Lakh (Previous year ₹ 67,850 Lakh). Face value of maximum outstanding at any time during the year ended was ₹ 172,850 Lakh (Previous year ₹ 207,850 Lakh). Face value of Commercial Paper repayable within one year is ₹ 20,000 Lakh (Previous year ₹ 67,850 Lakh).

9. TRADE PAYABLES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade Payables		
Due to Micro, Small and Medium Enterprises[1]	-	-
Due to others	1,564	266
Total	**1,564**	**266**

[1]The Company has not received any memorandum from 'Suppliers' (as required to be filed by the 'Suppliers' with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2013 as micro, small or medium enterprises. Consequently, the interest paid / payable by the Company to such Suppliers, during the year is ₹ Nil (Previous year: ₹ Nil).

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

10. OTHER CURRENT LIABILITIES - OTHERS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Interest Accrued but not due on Borrowings	10,182	6,868
Interest Accrued and due on Borrowings	2,295	-
Interest Accrued but not due on Others	145	-
Advance from Customers	327	312
Statutory Liabilities	437	600
Security Deposits & Retentions	2,608	1,723
Payable to Employees	322	234
Commission Payable to Directors	110	110
Unclaimed Dividend	38	39
Unclaimed Matured Public Deposits and Interest Accrued thereon	35	38
Liability for Operating Expenses	2,840	1,696
Total	**19,339**	**11,620**

11. SHORT-TERM PROVISIONS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Employee Benefits (Current Portion) *(refer note 34)*		
Unavailed leave	49	40
(A)	**49**	**40**
Others		
Proposed Dividend	2,515	2,515
Provision for Corporate Dividend Tax	428	408
Contingent Provisions against Standard Assets *(refer note 7.1)*	912	1,541
Provision for Premium on Unsecured Subordinated Bonds	-	108
(B)	**3,855**	**4,572**
Total (A+B)	**3,904**	**4,612**

12. FIXED ASSETS

(₹ in Lakh)

Particulars	Gross Block / Original Cost					Depreciation / Amortisation and Impairment						Net Carrying Value	
	As at 1st April, 2012	Additions during the year	Adjustments during the year	Disposals during the year	As at 31st March, 2013	As at 1st April, 2012	For the Year	Impairment Charge[3]	Adjustments during the year	Disposals during the year	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
I. Tangible Assets:													
Assets for Own use													
Land - Freehold	2,158	-	-	2,158	-	-	-	1,020	-	1,020	-	-	2,158
Buildings[1]	12,158	51	-	120	12,089	344	225	56	-	59	566	11,523	11,814
Leasehold Improvements	2,032	541	315	-	2,888	138	263	-	29	-	430	2,458	1,894
Furniture and Fixtures	853	249	(249)	-	853	74	48	-	(22)	-	100	753	779
Computers	153	31	(32)	-	152	54	29	-	(4)	-	79	73	99
Office Equipment	608	72	(46)	-	634	54	16	-	(9)	-	61	573	554
Motor Vehicles	43	16	-	-	59	3	5	-	-	-	8	51	40
Total (A)	**18,005**	**960**	**(12)**	**2,278**	**16,675**	**667**	**586**	**1,076**	**(6)**	**1,079**	**1,244**	**15,431**	**17,338**
Assets given on Operating Lease													
Plant & Machinery[2]	28,599	9,612	-	-	38,211	3,512	1,178		-	-	4,690	33,521	25,087
Aircrafts	1,987	-	-	-	1,987	903	224		-	-	1,127	860	1,084
Total (B)	**30,586**	**9,612**	**-**	**-**	**40,198**	**4,415**	**1,402**	**-**	**-**	**-**	**5,817**	**34,381**	**26,171**
Total (I)= (A+B)	**48,591**	**10,572**	**(12)**	**2,278**	**56,873**	**5,082**	**1,988**	**1,076**	**(6)**	**1,079**	**7,061**	**49,812**	**43,509**
II. Intangible Assets:													
Computer Software	129	10	12	11	140	45	32		6	4	79	61	84
Total (II)	**129**	**10**	**12**	**11**	**140**	**45**	**32**	**-**	**6**	**4**	**79**	**61**	**84**
Total Fixed Assets= (I+II)	**48,720**	**10,582**	**-**	**2,289**	**57,013**	**5,127**	**2,020**	**1,076**	**-**	**1,083**	**7,140**	**49,873**	**43,593**
Previous year	42,857	6,107	-	244	48,720	3,601	1,540	-	-	14	5,127	43,593	
III. Capital work in Progress	**6,278**	**-**	**-**	**651**	**5,627**	**-**	**-**		**-**	**-**	**-**	**5,627**	**6,278**

[1]Building includes ₹ 9,967.98 Lakh (Previous year ₹ 9,918.95 Lakh) in respect of which conveyance is pending.

[2]Additions to Plant & Machinery includes borrowing costs for qualifying assets capitalised during current year amounting to ₹ 446 Lakh (Previous year ₹ 175 Lakh) as per AS 16 ("Borrowing Costs").

[3]In FY 2010-11, Company had acquired Freehold Land and Building at the fair market value of ₹ 2,158 Lakh and ₹ 120 Lakh respectively. Subsequently, the original owner of the property disputed the title claim of the Company on the subject land & building and the Company, in order to avoid protracted litigation, entered into a settlement with the original owner and sold the land & building at a consideration of ₹ 1,175 Lakh.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

13.1 NON-CURRENT INVESTMENTS

Particulars	Face value (₹)	Quantity		₹ in Lakh	
		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
A. Trade Investments - at cost unless otherwise stated					
I. In Equity Instruments (Unquoted)					
(a) In Subsidiaries					
Srei Capital Markets Limited	10	5050000	5050000	505.00	505.00
Srei Forex Limited (Net of provision for other than temporary diminution aggregating ₹ 50 Lakh (Previous year ₹ 50 Lakh)	10	500000	500000	-	-
Srei Insurance Broking Private Limited (subsidiary w.e.f. 31.03.2012)	10	1275000	1275000	143.67	143.67
Srei Venture Capital Limited	10	250000	250000	25.00	25.00
Global Investment Trust Limited	10	50000	50000	5.00	5.00
Srei Infrastructure Advisors Limited	10	500000	500000	50.00	50.00
Sahaj e-Village Limited, (Formerly Srei Sahaj e-Village Limited, ceased to be Subsidiary w.e.f. 13.08.2012)	10	-	9510000	-	951.00
Controlla Electrotech Private Limited	10	35305	35305	707.87	707.87
Srei International Infrastructure Services GmbH, Germany (Formerly IIS International Infrastructure Services GmbH, Germany)	**	**	**	3,389.96	3,389.96
Srei Mutual Fund Asset Management Private Limited	10	14000000	13000000	1,400.00	1,300.00
Srei Mutual Fund Trust Private Limited	10	100000	50000	10.00	5.00
Quippo Oil & Gas Infrastructure Limited	10	29970000	29970000	10,420.04	10,420.04
Quippo Construction Equipment Limited (Ceased to be a subsidiary w.e.f. 31.03.2013)	10	-	50000	-	96.00
Quippo Energy Private Limited	10	1000000	1000000	20,189.70	20,189.70
Mumbai Futuristic Economic Zone Private Limited	10	10000	10000	8,046.60	8,046.60
Quippo Valuers & Auctioneers Private Limited	10	200000	200000	232.13	232.13
Subtotal- (a)				**45,124.97**	**46,066.97**
(b) In Joint Ventures					
Srei Equipment Finance Private Limited	10	29830000	26610000	17,473.00	7,491.00
Subtotal- (b)				**17,473.00**	**7,491.00**
(c) In Associates					
Sahaj e-Village Limited (Formerly Srei Sahaj e-Village Limited) w.e.f. 13.08.2012 *(refer note 13.3)*	10	10510000	-	1,051.00	-
Quippo Construction Equipment Limited w.e.f. 31.03.2013	10	50000	-	96.00	-
Subtotal- (c)				**1,147.00**	**-**
(d) Others					
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 (Pledged with Bank)	10	20010000	20010000	2,001.00	2,001.00

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (₹)	Quantity		₹ in Lakh	
		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Jaora-Nayagaon Toll Road Co. Private Limited (Pledged with Bank)	10	2800	2800	0.28	0.28
Mahakaleshwar Tollways Private Limited (2550 equity shares Pledged with Bank)	10	5000	5000	0.50	0.50
Viom Networks Limited	10	61075688	61075688	138,477.17	138,477.17
Nagpur Seoni Expressway Limited (Pledged with Bank)	10	4800000	4800000	480.00	480.00
India Power Corporation Limited	1	959310000	959310000	0.85	0.85
Maharashtra Border Check Post Network Limited	10	2500	2500	0.25	0.25
Kurukshetra Expressway Private Limited (Pledged with Bank)	10	4900	4900	0.49	0.49
Shree Jagannath Expressways Private Limited (3308 equity shares Pledged with Bank)	10	4800	4800	0.48	0.48
Orissa Steel Expressways Private Limited (4900 equity shares Pledged with Bank)	10	5000	5000	0.50	0.50
Ghaziabad Aligarh Expressway Private Limited	10	5000	5000	0.50	0.50
Potin Pangin Highway Private Limited	10	5000	5000	0.50	0.50
Suratgarh Bikaner Toll Road Company Private Limited	10	17750	5000	1.78	0.50
Solapur Tollways Private Limited	10	4900	4900	0.49	0.49
Royal Infrasoft Private Limited	10	100000	100000	10.00	10.00
Quippo Telecom Infrastructure Limited	10	77550000	77550000	-	-
Subtotal- (d)				**140,978.04**	**140,976.76**
Total I (Subtotal a+b+c+d)				**204,723.01**	**194,534.73**
II. In Preference Shares (Unquoted)					
(a) In Subsidiaries					
Quippo Construction Equipment Limited					
0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019 (Ceased to be a subsidiary w.e.f. 31.03.2013)	100	-	9,961	-	-
Quippo Energy Private Limited					
0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019	100	2,353	2,353	-	-
Subtotal- (a)				**-**	**-**
(b) In Associates					
Quippo Construction Equipment Limited					
0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019 (Associate w.e.f. 31.03.2013)	100	9,961	-	-	-
Subtotal- (b)				**-**	**-**
Total II (Subtotal a+b)				**-**	**-**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (₹)	Quantity		₹ in Lakh	
		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
III. Interest in a Beneficiary Trust					
Srei Growth Trust (represented by Trustees)	-	-	-	1,851.50	1,851.50
Total III				**1,851.50**	**1,851.50**
IV. In Units of Trusts and Schemes of Venture Funds					
India Global Competitive Fund	100	3875000	3875000	3,875.00	3,875.00
Infrastructure Project Development Fund	100	13589900	13589900	13,589.90	13,589.90
Infrastructure Project Development Capital	100	23338130	22208130	23,338.13	22,208.13
Medium and Small Infrastructure Fund	100	280000	280000	280.00	280.00
Prithvi Infrastructure Fund	100	11874910	11705910	11,874.91	11,705.91
Infra Construction Fund	100	11715800	11615800	11,715.80	11,615.80
Total IV				**64,673.74**	**63,274.74**
Total A (Trade Investments) (I+II+III+IV)				**271,248.25**	**259,660.97**
B. Other Investments - at cost unless otherwise stated					
V. In Equity Instruments (Quoted)					
New Era Urban Amenities Limited (Net of provision for other than temporary diminution aggregating ₹ 0.01 Lakh (Previous year ₹ 0.01 Lakh)	10	100	100	-	-
Alpic Finance Limited (Net of provision for other than temporary diminution aggregating ₹ 0.01 Lakh (Previous year ₹ 0.01 Lakh)	10	100	100	-	-
Apple Finance Limited (Net of provision for other than temporary diminution aggregating ₹ 0.02 Lakh (Previous year ₹ 0.02 Lakh)	10	100	100	-	-
HDFC Bank Limited	2	10	402	0.01	1.00
CRISIL Limited	1	2000	200	0.10	0.10
Hotline Glass Limited (Net of provision for other than temporary diminution aggregating ₹ 218.35 Lakh (Previous year ₹ 218.35 Lakh)	10	8006030	8006030	-	-
Indian Metal & Ferro Alloys Limited	10	119615	119615	167.42	167.42
IDFC Limited	10	91000	91000	183.35	183.35
Kotak Mahindra Bank Limited	10	500	500	0.02	0.02
Power Grid Corporation of India Limited	10	-	8000	-	9.44
Tata Steel Limited	10	3500	3500	24.83	24.83
Total V				**375.73**	**386.16**
VI. In Equity Instruments (Unquoted)					
New India Co-operative Bank Limited	10	573	573	0.06	0.06
National Stock Exchange of India Limited	10	57200	57200	2,062.06	2,062.06
ABG Kolkata Container Terminal Private Limited	10	1200	1200	0.10	0.10
Total VI				**2,062.22**	**2,062.22**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

Particulars	Face value (₹)	Quantity		₹ in Lakh	
		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
VII. In Government or Trust securities (Quoted)					
7.77% Karnataka State Development Loan, 2015	100	-	57500	-	58.36
7.77% Tamilnadu State Development Loan, 2015	100	-	16020	-	16.26
8.40% Transmission Corporation of Andhra Pradesh Limited, 2014	1,000,000	-	1	-	9.92
9.10% West Bengal Infrastructure Development Finance Corporation Limited, 2016	1,000,000	-	2	-	20.45
				-	**104.99**
Less: Amortisation of premium / discount on Government securities				-	(1.47)
Total VII				**-**	**103.52**
VIII. In Government or Trust securities (Unquoted)					
National Savings Certificate (Lodged with Sales Tax authorities)	15,000			0.15	0.15
Total VIII				**0.15**	**0.15**
IX. In Mutual Funds (Quoted)					
Morgan Stanley Mutual Fund	10	2000	2000	0.20	0.20
Unit Trust of India	10	400	400	0.04	0.04
Total IX				**0.24**	**0.24**
Total B (Other Investments) (V+VI+VII+VIII+IX)				**2,438.34**	**2,552.29**
Total Non-current Investments (A+B)				**273,686.59**	**262,213.26**
Aggregate amount of quoted non-current investments				**375.97**	**489.92**
Aggregate market value of quoted non-current investments				**432.55**	**658.85**
Aggregate amount of unquoted non-current investments				**273,310.63**	**261,723.34**
Aggregate provision for diminution in value of non-current investments				**268.39**	**268.39**

** There is no system of issuance of distinctive shares in the country of registration.

All the Investments mentioned above are fully paid-up

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

13.2 CURRENT INVESTMENTS

Particulars	Face value (₹)	Quantity		₹ in Lakh	
		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2013	As at 31st March, 2012
Other Investments (fully paid-up)					
I. In Bonds and Debentures (Unquoted)					
9.9% YES Bank Limited Unsecured Redeemable NCD Tier II, 2022	1,000,000	220	220	2,200.00	2,200.00
Total I				**2,200.00**	**2,200.00**
II. In Units of Trusts and Schemes of Venture Funds					
India Global Competitive Fund	100	32850000	-	32,850.00	-
Total II				**32,850.00**	**-**
Total Current Investments (I + II)				**35,050.00**	**2,200.00**
Aggregate amount of unquoted current investments				**35,050.00**	**2,200.00**

13.3 The Company has an investment of ₹ 1,051 Lakh (Previous year ₹ 951 Lakh) 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 ₹ 21,072 Lakh (Previous year ₹ 13,753 Lakh) to Sahaj.

Sahaj is a long-gestation rural e-governance initiative and due to the accumulated losses, it's net worth has eroded as at 31st March, 2013. However, Sahaj has informed the Company that it is in the process of implementing a revamped business plan, based upon detailed study on the present and future business model, operations and financial plan, as being suggested by a renowned consultant and that it shall continue to be a going concern in the foreseeable future.

Considering the long-term strategic nature of 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 investments and against loans advanced to Sahaj.

14. LOAN ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Long-Term			Long-Term		
	Non-Current Maturities	Current Maturities	Short-Term	Non-Current Maturities	Current Maturities	Short-Term
Considered Good, unless otherwise stated						
Secured:[1]						
Loans to Related parties[2]	64,568	2,237	408	51,626	3,220	-
Loans to Others[3]	539,201	307,349	53,714	213,445	583,498	26,650
(A)	**603,769**	**309,586**	**54,122**	**265,071**	**586,718**	**26,650**
Unsecured:						
Loans to Related parties	280	449	15	272	238	-
Loans to Others	2,927	400	109	1,168	1,250	1,014
(B)	**3,207**	**849**	**124**	**1,440**	**1,488**	**1,014**
Total (A+B)[4]	**606,976**	**310,435**	**54,246**	**266,511**	**588,206**	**27,664**

[1] 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.

[2] Long Term (Non-Current Maturities) Secured Loans to Related parties includes ₹ 15,000 Lakh (Previous year ₹ Nil) regarding which filing of charge with the Registrar of Companies is pending as on 31st March, 2013.

[3] Short Term Secured Loans to Others includes assets aggregating ₹ 15,562 Lakh (Previous year ₹ Nil) acquired in satisfaction of debt and held for sale.

[4] Includes Non-Performing Assets of ₹ 35,023 Lakh (Previous year ₹ 10,997 Lakh)

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

15. OTHER LONG-TERM ADVANCES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Advances		
- Capital Advances	612	285
- Advance to Vendors for Operating Expenses	-	40
- Employee Advances	4	43
Security Deposits		
- To Related parties	2,400	2,400
- To Others	20	16
Contribution to Corpus of Trusts (Related Parties)	-	1
Prepaid Expenses	90	79
Advance Tax [(net of provision for tax ₹ 9,262 Lakh) (Previous year ₹ 9,668 Lakh)]	7,986	8,347
Total	**11,112**	**11,211**

16. OTHER NON-CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Fixed Deposit with bank having balance maturity of more than twelve months (Under Lien)	634	98
Unamortised Ancillary Borrowing Costs	6,802	5,911
Interest Accrued but not due	21,145	3
Income Accrued but not due	424	353
Total	**29,005**	**6,365**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

17. TRADE RECEIVABLES

(₹ in Lakh)

Particulars		As at 31st March, 2013	As at 31st March, 2012
Sundry Debtors (Unsecured)			
Outstanding for more than Six Months			
Considered Doubtful		3,735	245
Less: Provision for Doubtful Debts		(427)	(37)
	(A)	**3,308**	**208**
Other Debts			
Considered Good		9,067	3,147
	(B)	**9,067**	**3,147**
Total (A+B)		**12,375**	**3,355**

18. CASH AND BANK BALANCES

(₹ in Lakh)

Particulars		As at 31st March, 2013	As at 31st March, 2012
A. Cash and Cash Equivalents:			
Cash on Hand		2	5
Balances with Banks - in Current Account		1,014	5,442
Cheques on Hand[1]		1,123	6,774
Unclaimed Dividend Account		38	39
	(A)	**2,177**	**12,260**
B. Other Bank Balances:			
Fixed Deposit with bank having balance maturity of twelve months or less (Under Lien)		37	2,676
Fixed Deposit with bank having balance maturity of more than twelve months (Under Lien)		634	98
Less: Non-current portion of other bank balances disclosed separately under 'Other Non-Current Assets'		(634)	(98)
	(B)	**37**	**2,676**
Total (A+B)		**2,214**	**14,936**

[1]Cheques on Hand have been subsequently realised.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

19. OTHER SHORT-TERM ADVANCES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Advances		
- Advance to Vendors for Operating Expenses	1,184	679
- Employee Advances	33	35
- Advance to Related parties	406	438
Security Deposits		
- To Others	12,425	12,167
Prepaid Expenses	67	83
MAT Credit Entitlement	120	49
Total	**14,235**	**13,451**

20. OTHER CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unamortised Ancillary Borrowing Costs	2,421	2,259
Interest Accrued but not due	11,295	17,281
Income Accrued but not due	555	51
Stock for Trade *(refer Annexure I to Notes to Financial Statements)*	132	246
Gains receivable on Derivative Contracts	3,341	4,507
Total	**17,744**	**24,344**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

21. REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	2012-13	2011-12
Income from Loans	140,283	103,609
Income from Leases	6,093	4,433
Fee Based Income	11,560	6,661
Assignment Income	5,500	2,670
Income from Long-Term Trade Investments	2,360	-
Interest from Current Investment	218	2
Interest received from Govt. Securities / Banks	114	275
Total	**166,128**	**117,650**

22. OTHER INCOME

(₹ in Lakh)

Particulars	2012-13	2011-12
Dividend Income	38	28
Liabilities No Longer Required Written Back	4	-
Profit on Sale of Long-Term Trade Investments (Net)	7	-
Profit on Sale of Stock for Trade (Net)	3	-
Provision for Diminution in value of Stock for Trade Written Back	41	-
Other Non-Operating Income	426	391
Total	**519**	**419**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

23. FINANCE COST

(₹ in Lakh)

Particulars	2012-13	2011-12
Interest Expense:		
Interest on Bonds & Debentures	19,838	6,962
Interest on Term Loans	42,046	32,021
Interest on Public Deposits	1	3
Interest on Working Capital Facilities	52,491	33,460
Finance charges on Commercial Papers	10,864	12,342
Other Interest	2,605	1,134
Other Borrowing Costs:		
Amortisation of ancillary Borrowing costs	3,401	2,687
Amortisation of Premium on Unsecured subordinated bonds	-	88
Other Finance Charges	578	589
Applicable net (gain) / loss on foreign currency transactions and translations	3,917	5,514
Total	**135,741**	**94,800**

24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

Particulars	2012-13	2011-12
Salaries, Allowances, Commission & Bonus	3,999	3,796
Contribution to Provident and Other Funds	270	263
Staff Welfare Expenses	108	67
Total	**4,377**	**4,126**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

25. ADMINISTRATIVE AND OTHER EXPENSES

(₹ in Lakh)

Particulars	2012-13	2011-12
Communication Expenses	90	86
Legal & Professional Fees	2,849	1,319
Electricity Charges	141	114
Rent	1,269	602
Rates and Taxes	9	146
Commission, Brokerage and Service Charges	54	61
Auditors' Remuneration *(refer note 25.1)*	89	57
Repairs - Building	3	79
- Machinery	298	238
- Others	429	280
Travelling and Conveyance	948	836
Directors' Fees	18	15
Insurance	48	49
Printing and Stationery	86	82
Advertisement, Subscription and Donation	350	429
Provision for Diminution in value of Stock for Trade	-	16
Loss on sale of Fixed Assets	32	53
Miscellaneous Expenses	105	89
Total	**6,818**	**4,551**

25.1 Auditors' Remuneration

(₹ in Lakh)

Particulars	2012-13	2011-12
As Auditor	56	47
For Other Services (Certification, etc.)	32	9
For Reimbursement of Expenses	1	1
Total	**89**	**57**

Remuneration includes Service Tax

26. EARNINGS PER EQUITY SHARE

Particulars	2012-13	2011-12
Profit after tax attributable to Equity Shareholders (₹ in Lakh)	9,496	5,796
Weighted average number of Equity Shares (Basic)	503086333	503086333
Weighted average number of Potential Equity Shares	-	-
Weighted average number of Equity Shares (Diluted)	503086333	503086333
Nominal Value of Equity per share (₹)	10	10
Basic Earnings per share (₹)	**1.89**	**1.15**
Diluted Earnings per share (₹)	**1.89**	**1.15**

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

27. Contingent Liabilities And Commitments (to the extent not provided for)

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Contingent Liabilities		
Bank Guarantees[1]	1,637	1,707
Corporate Guarantee to Banks	8,286	4,915
Guarantee in the form of Put Option to Banks against loan facilities	8,750	8,900
Disputed Income Tax[2]	3,779	3,654
Fringe Benefit Tax[3]	226	226
Disputed Service Tax[4]	450	-
Total	**23,128**	**19,402**
Commitments		
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	1,157	2,782
Commitment on account of Derivative Instruments *(refer note 28)*		

[1] Includes ₹ 697 Lakh (Previous year ₹ 892 Lakh) issued on Company's behalf by a Joint Venture Company.

[2] Certain Assessment Orders disallowing Special Reserve (created as per Section 45-IC of the RBI Act, 1934), Debt Redemption Reserve, Disallowances under section 14A and Disallowance of Provision for NPA for the purpose of determining tax liability as per the provisions of Section 115JB, Disallowances under section 14A, Disallowance of Provision for NPA, Disallowance of Provision for earned leave encashment, matter relating to deduction U/s 36(1)(viii), Upfront Fees on borrowings and Long-Term Capital Gain arising out of transaction under a Scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court on 28.01.08 under normal provisions of the Income Tax Act, 1961 have been challenged by the Company before the appropriate authorities. Pending disposal of the cases filed, the Company has not provided for the Income Tax liabilities arising out of the same.

[3] The Company has challenged the constitutional validity of Fringe Benefit Tax (FBT) before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such FBT on the Company. In view of this, the Company has not provided for any liability against FBT since its inception upto the date of its abolition i.e., 31st March, 2009.

[4] Service Tax Department has issued a Show Cause Notice (SCN) cum Demand Notice for ₹ 450 Lakh, on 20th April, 2012 with regards to availment of Cenvat Credit, considering the observations of auditors appointed u/s 14AA of the Central Excise Act. The Company has filed it's reply followed by personal hearing on 11th April, 2013.

28. 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 Lakh)

Category	Currency	As at 31st March, 2013		As at 31st March, 2012	
		No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency
Options / Swaps	USD/INR	7	USD 887.80	7	USD 967.6
Options / Swaps	EUR/INR	1	EUR 150	1	EUR 150
Options / Swaps	JPY/USD	-	-	1	JPY 8020
Forwards	USD/INR	3	USD 18.05	4	USD 32
Interest Rate Swaps	USD/INR	7	USD 1048.52	6	USD 981.8

Foreign currency exposures, which are not hedged by derivative instruments, amount to ₹ 32,580 Lakh (Previous year ₹ 44,253 Lakh).

29. C.I.F. Value Of Imports

(₹ in Lakh)

Particulars	2012-13	2011-12
Operating Lease Assets	3,043	1,039
Own Use Assets	-	215
Total	**3,043**	**1,254**

30. Expenditure In Foreign Currency

(₹ in Lakh)

Particulars	2012-13	2011-12
Finance Charges	16,500	18,526
Professional / Consultation Fees	241	6
On Other Matters	645	440
Total	**17,386**	**18,972**

31. Earnings In Foreign Currency

(₹ in Lakh)

Particulars	2012-13	2011-12
Fee Based Income	22	14
Income from Loans	206	103
Total	**228**	**117**

32. 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	2012-13	2011-12
Number of Non-Resident Shareholders	11	10
Number of shares held (Equity shares of ₹ 10/- par value, per share)	152237126	175437126
Dividend Remitted (₹ in Lakh)	761	1,316
Related Year	2011-12	2010-11

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. Lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements aggregate to ₹ 1,259 Lakh (Previous year ₹ 592 Lakh).

Some of the above cancellable lease agreements have rent escalation upto 5% p.a. or 10% p.a. on renewals. None of the operating lease agreements entered into by the Company provide for any contingent rent payment and hence, the Company has not paid any contingent rent in the current and previous year.

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(ii) Further, the Company also has certain non-cancellable operating lease arrangements for office premises, which range between 5 to 21 years and are usually renewable by mutual consent on mutually agreeable terms. In respect of such arrangements, lease payments for the year aggregating to ₹ 10 Lakh (Previous year ₹ 10 Lakh) 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:

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Not later than 1 year	10	10
Later than 1 year but not later than 5 years	35	36
Later than 5 years	95	104
Total	**140**	**150**

(iii) Sub lease payments received (or receivable) recognised in the Statement of Profit and Loss for the year is ₹ 2,114 Lakh (Previous year ₹ 1,701 Lakh). Future minimum sublease payments expected to be received under non-cancellable subleases is ₹ 549 Lakh (Previous year ₹ 887 Lakh).

b. In the capacity of Lessor

(i) The Company has given assets on Operating lease *(refer note 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 ₹ 1,895 Lakh (Previous year ₹ 1,514 Lakh).

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

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Not later than 1 year	1,918	680
Later than 1 year but not later than 5 years	5,301	966
Later than 5 years	7,851	-
Total	**15,070**	**1,646**

(ii) Further, the Company also has certain non-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. In respect of such arrangements, lease earning for the year aggregating to ₹ 73 Lakh (Previous year ₹ 42 Lakh) 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:

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Not later than 1 year	63	44
Later than 1 year but not later than 5 years	21	33
Later than 5 years	-	-
Total	**84**	**77**

34. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) - 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:

(₹ in Lakh)

Particulars	Gratuity		Leave	
	Year ended		Year ended	
	31st March,2013	31st March,2012	31st March,2013	31st March,2012
Current service cost	65	57	71	79
Interest cost	19	15	13	8
Expected return on plan assets	(11)	(9)	-	-
Past Service Cost	-	-	-	-
Net actuarial losses / (gains)	(19)	(2)	43	41
Net benefit expense	**54**	**61**	**127**	**128**
Actual return on plan assets	9.25%	9.15%	N.A.	N.A.

(b) Net Liability recognised in the Balance Sheet is as follows:

(₹ in Lakh)

Particulars	Gratuity		Leave	
	As at		As at	
	31st March,2013	31st March,2012	31st March,2013	31st March,2012
Defined benefit obligation	284	228	300	256
Fair value of plan assets	(135)	(108)	-	-
Net liability	**149**	**120**	**300**	**256**
- Non-Current	149	120	251	216
- Current	-	-	49	40

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

(₹ in Lakh)

Particulars	Gratuity		Leave	
	Year ended		Year ended	
	31st March,2013	31st March,2012	31st March,2013	31st March,2012
Opening defined benefit obligation	228	190	256	183
Interest cost	19	15	13	8
Current service cost	65	57	71	79
Benefit paid	(6)	(32)	(82)	(56)
Actuarial losses / (gains)	(22)	(2)	42	42
Plan Amendments	-	-	-	-
Closing defined benefit obligation	**284**	**228**	**300**	**256**

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

(₹ in Lakh)

Particulars	Gratuity	
	31st March, 2013	31st March, 2012
Opening fair value of plan assets	108	101
Expected return on plan assets*	10	9
Contribution by the Company	25	30
Benefits paid	(6)	(32)
Actuarial (losses) / gains	(2)	(0)
Closing fair value of plan assets	**135**	**108**

* Determined based on government bond rate

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

Particulars	As at 31st March, 2013	As at 31st March, 2012
Discount rate (%)	8.20%	8.70%
Return on Plan Assets (Gratuity Scheme)	9.25%	9.15%
Mortality Rate	India Assured Lives Mortality (2006-08) (modified) Ult	LIC (1994-96) Ultimate

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

(₹ in Lakh)

Particulars	Gratuity					Leave		
	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2013	31st March, 2012	31st March, 2011
Defined benefit obligation	284	228	190	100	59	300	256	183
Fair value of plan assets	135	108	101	69	41	-	-	-
Deficit	149	120	89	31	18	300	256	183
Experience adjustments on plan liabilities – gain / (loss)	39	(6)	(32)	(0)	0	(33)	(47)	(26)
Experience adjustments on plan assets – gain / (loss)	(2)	(0)	0	(1)	(1)	-	-	-
Actuarial gain / (loss) due to change on assumptions	(17)	9	2	4	(5)	(10)	5	1

(g) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

(h) The amount provided for defined contribution plan is as follows:

(₹ in Lakh)

Particulars	For the year ended	
	31st March, 2013	31st March, 2012
Provident fund	216	200
Employee state insurance	1	1
Total	**217**	**201**

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35. Related Party Disclosures

Related Parties:

Subsidiaries & Step-down Subsidiaries:	Country of Origin
Srei Capital Markets Limited	India
Srei Venture Capital Limited	India
Srei Infrastructure Advisors Limited	India
Global Investment Trust 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 (Formerly IIS International Infrastructure Services GmbH, Germany)	Germany
Srei Forex Limited	India
Srei Insurance Broking Private Limited	India
Sahaj e-Village Limited, (Formerly Srei Sahaj e-Village Limited, ceased to be Subsidiary w.e.f. 13.08.2012)	India
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Venture Capital Limited)	India
Cyberabad Trustee Company Private Limited (Subsidiary of Srei Venture Capital Limited)	India
ZAO Srei Leasing, Russia (Subsidiary of Srei International Infrastructure Services GmbH, Germany)	Russia
Srei Advisors Pte Limited, Singapore (Subsidiary of Srei International Infrastructure Services GmbH, Germany)	Singapore
Quippo Valuers and Auctioneers Private Limited	India
Quippo Oil & Gas Infrastructure Limited	India
Quippo Energy Private Limited	India
Quippo Construction Equipment Limited (Ceased to be Subsidiary w.e.f. 31.03.2013)	India
Mumbai Futuristic Economic Zone Private Limited	India
Quippo Prakash Marine Holdings Pte. Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited, Ceased to be Subsidiary w.e.f. 26.11.2012)	Singapore
Quippo Prakash Pte. Limited (Subsidiary of Quippo Prakash Marine Holdings Pte. Limited, Ceased to be Subsidiary w.e.f. 28.08.2012)	Singapore
Quippo Energy Middle East Limited (Subsidiary of Quippo Energy Private Limited)	Dubai
Quippo Energy Yemen Limited (Subsidiary of Quippo Energy Private Limited)	Yemen
Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited)	Mauritius
Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited)	Nigeria

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Joint Venture:	Country of origin
Srei Equipment Finance Private Limited	India

Trusts:	Country of origin
Srei Mutual Fund Trust	India
Srei Growth Trust	India

Associates:	Country of origin
Sahaj e-Village Limited (Associate w.e.f. 13.08.2012)	India
Quippo Construction Equipment Limited (Associate w.e.f. 31.03.2013)	India

Key Management Personnel (KMP):	
Name	**Designation**
Hemant Kanoria	Chairman & Managing Director
Saud Ibne Siddique (upto 30.04.2013)	Joint Managing Director
Sanjeev Sancheti (upto 20.05.2013)	Chief Financial Officer
Anil Agrawal (w.e.f. 20.05.2013)	Chief Financial Officer

Enterprise over which relative of a KMP has significant influence	
Viom Networks Limited	

Summary of Transactions with Related Parties

(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
(A) Subsidiaries:			
Sahaj e-Village Limited (ceased to be Subsidiary w.e.f. 13.08.2012)	Loan Advanced	1,560	14,550
	Refund of Loan Advanced	315	11,992
	Advance Given	770	-
	Interest Received on Loan	639	1,479
	Interest Received on Advance	5	-
	Recovery of Rent	8	20
	Rent Received	-	23
	Recovery of Bank Guarantee Charges	12	13
	Purchase of Services	-	9
	Guarantee in the form of Put option to bank against Loan facility	-	6,000
	Corporate Guarantee Issued by the Company - Closed	-	2,981
	Balance Paid-Others	6	-
	Balance Receivable-Loan	-	13,753

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(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
	Balance Receivable-Interest accrued but not due	-	72
	Balance Payable-Purchase of Services	-	9
	Outstanding Guarantee in the form of Put option to bank against Loan facility	-	6,000
Srei Capital Markets Limited	Loan Advanced	215	120
	Refund of Loan Advanced	40	30
	Interest Received on Loan	25	2
	Consultancy Fees Paid	-	10
	Balance Receivable-Loan	265	90
	Balance Receivable-Interest accrued but not due (Net of TDS)	4	2
Srei Venture Capital Limited	Advance Given	-	400
	Balance Receivable-Advance	400	400
	Balance Receivable-Others	-	23
	Purchase of Units of Trust	-	270
Srei Infrastructure Advisors Limited	Refund of Loan Advanced	-	2
	Interest Received on Loan	-	0.11
	Business Auxiliary Services rendered	0.12	0.12
Bengal Srei Infrastructure Development Limited	Loan advanced	38	182
	Refund of Loan Advanced	-	150
	Interest Received on Loan	28	22
	Balance Receivable-Loan	220	182
	Balance Receivable-Interest accrued but not due (Net of TDS)	16	17
Srei Forex Limited	Loan advanced	0.50	0.20
	Refund of Loan Advanced	0.50	-
	Recovery of Bad Debt	7	-
	Loan write off	-	0.20
	Business Auxiliary Services rendered	0.05	0.05
Srei Mutual Fund Asset Management Private Limited	Subscription to Equity Shares	100	200
	Deposit Received	90	395
	Deposit Refunded	132	265
	Interest Paid on Deposit	101	85

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
	Balance Payable-Deposit	1,048	1,090
	Balance Payable-Interest accrued but not due	-	6
Srei Mutual Fund Trust Private Limited	Subscription to Equity Shares	5	-
Controlla Electrotech Private Limited	Rent Paid	8	8
	Corporate Guarantee Closed during the year	2,500	-
	Corporate Guarantee Issued by Subsidiary-Outstanding	-	2,500
	Balance Receivable-Deposit	2,400	2,400
	Business Auxiliary Services rendered	0.05	0.05
Global Investment Trust Limited	Business Auxiliary Services rendered	1	-
Srei Insurance Broking Private Limited	Rent Received	28	-
Quippo Infocomm Limited (ceased to be a subsidiary of Srei Infrastructure Advisors Limited w.e.f. 16.07.2011)	Loan advanced	-	100
	Interest Received on Loan	-	10
Quippo Energy Private Limited	Loan advanced	5,950	-
	Advance given	1,195	-
	Advance Received	3	-
	Advance Refunded	1,195	-
	Refund of Loan Advanced	600	-
	Deposit Received	-	480
	Deposit Refunded	-	1,145
	Rent Received	282	246
	Interest on Deposit	-	9
	Interest Received on Loan	143	-
	Security Deposit Refunded	165	-
	Buyers Credit on LC facility arranged by the Company	-	1,917
	Buyers Credit Facility Charges	-	22
	Corporate Guarantee Closed during the year	5,495	-

(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
	Suppliers Credit on LC facility arranged by the Company - Closed	-	1,847
	Balance Receivable-Loan	5,350	-
	Balance Receivable-Interest accrued but not due	4	-
	Balance Receivable-Others	0.25	-
	Balance Received-Others	-	17
	Balance Payable-Deposit	-	165
	Balance Payable-Advance	3	-
	Buyers Credit outstanding on LC facility arranged by the Company	411	3,217
	Buyers Credit on LC facility arranged by the Company-Closed	2,965	-
	Corporate Guarantee Issued by the Company - Outstanding	-	5,495
Quippo Oil & Gas Infrastructure Limited	Loan advanced	4,325	4,425
	Refund of Loan Advanced	5,440	500
	Rent Received	1,895	1,514
	Interest Received on Loan	891	773
	Refund of Balance Receivable-Others	132	-
	Guarantee in the form of Put option to bank against Loan facility	-	4,000
	Bank Guarantee Closed	-	308
	Balance Receivable-Loan	7,720	8,835
	Balance Receivable-Others	57	132
	Corporate Guarantee-Outstanding	1,900	1,900
	Outstanding Guarantee in the form of Put option to bank against Loan facility	4,000	4,000
Quippo Construction Equipment Limited (ceased to be a subsidiary w.e.f. 31.03.2013)	Loan advanced	12,904	5,850
	Refund of Loan Advanced	11,790	5,411
	Interest Received on Loan	2,105	1,994
	LC facility charges	79	23
	Suppliers Credit on LC facility arranged by the Company	48,894	15,545
	Suppliers Credit on LC facility arranged by the Company - Closed	30,761	8,174

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
	Suppliers Credit outstanding on LC facility arranged by the Company	-	7,096
	Balance Receivable-Loan	-	17,052
	Corporate Guarantee-Outstanding	-	3,006
	Corporate Guarantee Closed during the year	3,006	-
Quippo Valuers and Auctioneers Private Limited	Deposit Received	-	50
	Deposit Refunded	-	200
	Interest Paid on Deposit	-	16
	Business Auxiliary Services rendered	60	60
Mumbai Futuristic Economic Zone Private Limited	Deposit Received	-	145
	Deposit Refunded	-	145
	Loan advanced	2,521	1,894
	Interest Paid on Deposit	-	1
	Interest Received on Loan	1,966	1,550
	Balance Receivable-Loan	14,510	11,989
	Balance Receivable-Interest accrued but not due (Net of TDS)	81	75
Srei International Infrastructure Services GmbH	Loan advanced	-	462
	Refund of Loan Advanced	-	229
	Interest Received on Loan	15	12
	Refund of Balance Receivable-Others	38	-
	Balance Receivable-Loan	243	238
	Balance Receivable-Interest accrued but not due	16	2
	Balance Receivable-Others	-	38
ZAO Srei Leasing, Russia	Balance Receivable-Others	14	-
Hyderabad Information Technology Venture Enterprises Limited	Consultancy Fees Received	-	2
(B) Joint Venture:			
Srei Equipment Finance Private Limited	Equity Contribution	9,982	4,991
	Security Deposit Received	-	54

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
	Security Deposit Refund Received	-	50
	Security Deposit Refunded	-	7
	Rent received	1,456	1,388
	Purchase of Investment	-	143
	Balance Payable-Security Deposit	1,425	1,425
(C) Trusts:			
Srei Growth Trust	Contribution to corpus	-	0.25
	Income Received	241	364
	Dividend Paid	243	364
	Advance given	2	-
	Advance Refunded	2	-
Srei Mutual Fund Trust	Contribution to corpus	-	1
(D) Associates:			
Sahaj e-Village Limited (associate of Srei Infrastructure Finance Limited w.e.f. 13-08-2012)	Loan Advanced	23,644	-
	Advance Given	1,910	-
	Advance Refunded	2,680	-
	Refund of Loan Advanced	17,571	-
	Interest Received on Loan	1,339	-
	Interest Received on Advance	67	-
	Balance Paid-Others	3	-
	Recovery of Bank Guarantee Charges	1	-
	Recovery of Rent	2	-
	Balance Receivable-Loan	21,072	-
	Balance Receivable-Interest accrued but not due	22	-
	Outstanding Guarantee in the form of Put option to bank against Loan facility	6,000	-
Quippo Construction Equipment Limited (associate of Srei Infrastructure Finance Limited w.e.f. 31-03-2013)	Suppliers Credit outstanding on LC facility arranged by the Company	23,991	-
	Balance Receivable-Loan	18,166	-
	Balance Receivable-Interest accrued but not due (Net of TDS)	6	-

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (CONTD.)

(₹ in Lakh)

Name of related party & Nature of relationship	Outstanding balances	2012-13	2011-12
(E) Key Management Personnel:			
Hemant Kanoria	Remuneration	159	163
	Commission	60	60
	Dividend paid	2	3
Saud Ibne Siddique	Remuneration	429	339
Sanjeev Sancheti	Remuneration	111	73
	Loan Advanced	-	5
	Refund of Loan Advanced	1	4
	Interest received on Loan	0.02	0.21
	Balance Receivable-Loan	-	1
(F) Enterprise over which relative of a KMP has significant influence:			
Viom Networks Limited	Deposit Received	-	76
	Rent Received	803	306
	Balance Receivable-Others	21	6
	Balance Payable-Security Deposit	660	660

36. Loans & Advances include Loan of ₹ Nil (Previous year ₹ 3,175 Lakh) due from a private company having at least one common director with the Company.

37. Details of loans / advances to Subsidiary Companies and Associates:

(₹ in Lakh)

Name of the Company	Maximum Amount Outstanding during		Amount Outstanding as at 31st March	
	2012-13	2011-12	2013 *	2012
Srei Capital Markets Limited	305	90	265	90
Sahaj e-Village Limited	21,072	14,324	21,072	13,753
Srei Infrastructure Advisors Limited	-	2	-	-
Bengal Srei Infrastructure Development Limited	220	182	220	182
Controlla Electrotech Private Limited	2,400	2,400	2,400	2,400
Srei Forex Limited	0.50	0.20	-	-
Srei Venture Capital Limited	400	423	400	423
Quippo Energy Private Limited	5,761	3,217	5,761	3,217
Quippo Infocomm Limited	-	335	-	-
Quippo Oil & Gas Infrastructure Limited	9,335	8,967	7,720	8,967
Quippo Construction Equipment Limited	42,157	18,401	42,157	17,052
Mumbai Futuristic Economic Zone Private Limited	15,459	13,508	14,510	11,989
Srei International Infrastructure Services GmbH	260	481	243	276
ZAO Srei Leasing, Russia	14	-	14	-

**Refer Note 35*

The outstanding are interest bearing except that of Controlla Electrotech Private Limited, Srei Venture Capital Limited and ZAO Srei Leasing.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS (Contd.)

38. 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 Private Limited	India	50%

The aggregate of the Company's share in the above venture is:

(₹in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Current & Non-Current Liabilities	730,841	574,106
Current & Non-Current Assets	824,400	644,187
Contingent Liabilities	1,386	9,583
Capital Commitments (Net of Advances)	3,235	2,091
Particulars	**2012-13**	**2011-12**
Income	118,689	91,058
Expenses (Including Depreciation & Taxation)	105,193	81,210

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

40. Figures pertaining to the previous year have been rearranged / regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

Signatories to Notes 1 to 40

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

ANNEXURE I TO NOTES TO FINANCIAL STATEMENTS

Stock for Trade as at 31st March, 2013

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in Lakh)	
Bala Techno Industries Limited	10	5000	1	-
Hotline Glass Limited	10	110609	12	-
Kamala Tea Co. Limited	10	25000	11	11
Shanghi Polyesters Limited	10	2000	0@	-
IDBI Bank	10	60000	105	48
Can Fin Homes Limited	10	53140	81	73
Quippo Telecom Infrastructure Limited	10	25929041	0*	0#
L.D.Textile Industries Limited	10	42000	0*	0#
Shentracon Chemicals Limited	10	99400	0*	0#
India Lead Limited	10	418668	0*	0#
Mega Marketshare Resources Limited	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Limited	10	1210	0*	0#
Standard Chrome Limited	10	300	0*	0#
Kanel Oil & Export Limited	10	3100	0*	0#
Kesoram Textiles Limited	10	20	0*	0#
NEPC Agro Foods Limited	10	1333	0*	0#
			210	**132**
Less: Provision for diminution			78	
Total			**132**	

@Book value ₹ 19,800;

***Book value ₹ 1; # Valued at ₹ 1**

ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (Refer Note 39)

Disclosure of details as required in terms of paragraph 10 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

1 Capital to Risk Assets Ratio (CRAR)

Sl.	Items	As at 31st March, 2013	As at 31st March, 2012
i)	CRAR (%)	21.68	20.17
ii)	CRAR – Tier I Capital (%)	14.28	14.59
iii)	CRAR – Tier II Capital (%)	7.40	5.58

2 Exposure to Real Estate Sector

(₹ in Lakh)

Category	As at 31st March, 2013	As at 31st March, 2012
a) Direct exposure		
i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 Lakh may be shown separately)	-	-
ii) Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits;	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

ANNEXURE II TO NOTES TO FINANCIAL STATEMENTS (Refer Note 39)

Disclosure of details as required in terms of paragraph 10 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

3 **Asset Liability Management**

Maturity pattern of certain items of assets and liabilities as at 31st March, 2013 are as follows:

(₹ in Lakh)

Particulars	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	50,091	7,592	32,009	75,999	121,906	255,426	206,952	54,175	804,150
Market Borrowings	23,433	1,250	35	8,022	21,642	57,745	96,163	105,401	313,691
Assets									
Advances (refer note-1 below)	84,346	4,226	21,733	101,045	156,789	277,284	267,950	92,739	1,006,112
Investments (including Current Investments & Stock for trade)	2,332	-	32,850	-	-	-	-	273,687	308,869

Notes:

1 Advances represent the maturity pattern of loan assets and rentals on operating lease assets.

2 The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in ratio to the maturity pattern of Advances.

ANNEXURE III TO NOTES TO FINANCIAL STATEMENTS (Refer Note 39)

Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in Lakh)

Particulars Liabilities Side:		Amount Outstanding	Amount Overdue
1	**Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:**		
	(a) Debentures / Bonds:		
	Secured	120,569	-
	Unsecured (Other than falling within the meaning of public deposit)	106,534	-
	(b) Deferred Credits	-	-
	(c) Term Loans	334,762	672
	(d) Inter-corporate loans and borrowing	16,288	-
	(e) Commercial Papers	19,863	-
	(f) Other Loans:		
	Working capital facility	532,498	1,623
	Public Deposit	35	35

(₹ in Lakh)

Assets Side:		Amount Outstanding
2	**Break-up of Loans and Advances including bills receivables [other than those included in (3) below]:**	
	(a) Secured	967,477
	(b) Unsecured	76,276
3	**Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities**	
	(a) Financial assets	-
	(b) Assets and advance for Operating Lease	-
	(c) Repossessed Assets	-
4	**Break up of Investments**	
	Current Investments*	
	1 Quoted:	
	(i) Shares: Equity	121
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

*** Including Stock for Trade**

ANNEXURE III TO NOTES TO FINANCIAL STATEMENTS (Refer Note 39)

Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in Lakh)

Assets Side:	Amount Outstanding
2 Unquoted:	
(i) Shares: Equity	11
(ii) Debentures and bonds	2,200
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Investment in Funds & Trust)	32,850
Long-Term investments	
1 Quoted:	
(i) Shares: Equity	376
(ii) Debentures and bonds	-
(iii) Units of mutual funds	0.24
(iv) Government Securities	-
(v) Others	-
2 Unquoted:	
(i) Shares: (a) Equity	206,785
(b) Preference	-
(ii) Debentures, bonds / units	-
(iii) Units of mutual funds	-
(iv) Government Securities	0.15
(v) Others (Investment in Funds & Trust)	66,525

5 Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in Lakh)

Category		Amount net of provisions		Total
		Secured	Unsecured	
1	Related Parties			
	(a) Subsidiaries	27,976	3,544	31,520
	(b) Companies in the same group	-	-	-
	(c) Other related parties	39,237	6	39,243
2	Other than related parties	900,264	72,726	972,990
	Total	**967,477**	**76,276**	**1,043,753**

ANNEXURE III TO NOTES TO FINANCIAL STATEMENTS (Refer Note 39)

Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

6 Investor group wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

(₹ in Lakh)

Category		Market Value / Break up or fair value or NAV	Book Value (net of provisions)
1	Related Parties		
	(a) Subsidiaries	45,125	45,125
	(b) Companies in the same group	17,473	17,473
	(c) Other related parties	141,476	141,476
2	Other than related parties	104,851	104,794
	Total	**308,925**	**308,868**

7 Other Information:

(₹ in Lakh)

Particulars		Amount
i.	Gross Non-Performing Assets	
	(a) Related Parties	-
	(b) Other than related Parties	35,023
ii.	Net Non-Performing Assets	
	(a) Related Parties	-
	(b) Other than related Parties	31,520
iii.	Assets acquired in satisfaction of debt (Outstanding)	15,562

Independent Auditors' Report On the Consolidated Financial Statements

To the Board of Directors of
Srei Infrastructure Finance Limited

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

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

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No.103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

(₹ in Lakh)

	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	50,324	50,324
Reserves and Surplus	3	289,380	267,543
		339,704	**317,867**
Minority Interest		**2,742**	**9,128**
Non-Current Liabilities			
Long-Term Borrowings	4	675,404	572,758
Deferred Tax Liabilities		17,438	14,053
Other Long-Term Liabilities	5	8,283	7,141
Long-Term Provisions	6	13,546	10,369
		714,671	**604,321**
Current Liabilities			
Short-Term Borrowings	7	947,491	821,202
Trade Payables	8	22,402	43,775
Other Current Liabilities			
- Current Maturities of Long-Term Borrowings	4	205,258	197,625
- Others	9	28,634	21,111
Short-Term Provisions	10	5,011	5,348
		1,208,796	**1,089,061**
TOTAL		**2,265,913**	**2,020,377**
ASSETS			
Non-Current Assets			
Fixed Assets	11		
- Tangible Assets		130,294	186,911
- Intangible Assets		914	1,594
- Capital Work in Progress		18,024	19,021
Goodwill		38,748	43,988
Deferred Tax Assets		1,329	3,183
Non-Current Investments	12.1	211,368	210,051
Long-Term Loans and Advances			
- Financial Assets	13	420,503	307,896
- Loan Assets	14	589,912	223,457
- Other Long-Term Advances	15	16,049	18,043
Other Non-Current Assets	16	37,017	20,352
		1,464,158	**1,034,496**
Current Assets			
Inventories		474	1,318
Current Investments	12.2	36,527	2,200
Trade Receivables	17	18,866	34,691
Cash and Bank Balances	18	57,985	67,134
Short-Term Loans and Advances			
- Financial Assets	13	51,714	40,544
- Loan Assets	14	72,670	44,463
- Other Advances	19	19,949	20,745
Other Current Assets			
- Current Maturities of Long-Term Financial Assets	13	213,855	158,807
- Current Maturities of Long-Term Loan Assets	14	307,658	584,748
- Other Current Assets	20	22,057	31,231
		801,755	**985,881**
TOTAL		**2,265,913**	**2,020,377**
Significant Accounting Policies and Notes to Consolidated Financial Statements	1 to 38		

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.**
Chartered Accountants
(Firm's Registration No. 103523W)

On behalf of the Board of Directors

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Place : Kolkata
Date : 20th May, 2013

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Consolidated Statement of Profit and Loss for the Year ended 31st March, 2013

(₹ in Lakh)

	Note	Year ended 31st March, 2013	Year ended 31st March, 2012
INCOME			
Revenue from Operations	21	308,340	243,342
Other Income	22	2,652	1,291
Total		**310,992**	**244,633**
EXPENSES			
Finance Cost	23	213,925	156,503
Employee Benefits Expense	24	16,144	17,130
Administrative and Other Expenses	25	24,744	22,368
Depreciation / Amortisation and Impairment	11	19,362	16,503
Total		**274,175**	**212,504**
Profit before Bad Debts, Provisions & Tax		**36,817**	**32,129**
Bad Debts / Advances written off (net of recovery)		7,083	5,121
Provision for Bad & Doubtful Debts		640	367
Provision for Non-Performing Assets		2,631	1,795
Contingent Provisions against Standard Assets		595	1,169
		10,949	**8,452**
Profit Before Prior Period Items, Exceptional Items & Tax		**25,868**	**23,677**
Prior Period Items		(52)	-
Adjustment on disposal / cessation of Subsidiaries, Step-down Subsidiaries and Joint Ventures of Subsidiaries	37	10,462	-
Profit Before Tax		**36,278**	**23,677**
Tax Expense:			
- Current Tax		7,274	5,466
- MAT Credit Entitlement		(71)	(189)
- Deferred Tax		3,072	3,674
Total Tax for current year		10,275	8,951
Profit After Tax for current year		**26,003**	**14,726**
Income Tax in respect of earlier years		(4)	2,411
Profit After Tax but before Share of Loss of Associate and Minority Interest		**26,007**	**12,315**
Share of Loss of Associate		100	-
Minority Interest		(411)	1,134
Profit After Tax		**26,318**	**11,181**
Minority Interest of Pre Acquisition Profit / (Loss)		-	(39)
Profit After Tax after adjustment for Minority Interest		**26,318**	**11,142**
Earnings per Equity Share (Basic and Diluted) (in ₹)	26	5.23	2.22
(Par Value ₹ 10/- per Equity Share)			
Significant Accounting Policies and Notes to Consolidated Financial Statements	1 to 38		

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.**
Chartered Accountants
(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Consolidated Cash Flow Statement for the Year ended 31st March, 2013

(₹ in Lakh)

	Year ended 31st March, 2013	Year ended 31st March, 2012
A. Cash Flow from Operating Activities		
Profit Before Tax	36,278	23,677
Adjustment for:		
Depreciation / Amortisation and Impairment	19,362	16,503
Bad Debts / Advances written off (Net of Recovery)	7,083	5,121
Provision for Bad & Doubtful Debts	640	367
Contingent Provision against Standard Assets	595	1,169
Provision for Non-Performing Assets	2,631	1,795
Loss on sale of Fixed Assets	899	556
Finance Cost	213,925	156,503
Adjustment on disposal / cessation of Subsidiaries, Step-down Subsidiaries and Joint Ventures of Subsidiaries	(10,462)	-
Income from Trade Investments	(7)	-
Miscellaneous Expenditure written off	42	43
Liabilities No Longer Required written back	(793)	229
Profit on Sale of Stock for Trade	(3)	-
Investment written off	-	12
Fixed Assets written off	-	3
Dividend Income	(62)	(48)
Profit on sale of Fixed Assets	(77)	-
Provision for Diminution in value of Stock for Trade	(41)	16
Operating Profit before Working Capital Changes	**270,010**	**205,946**
Adjustments for:		
(Increase) / Decrease in Receivables / Others	(32,917)	(49,226)
(Increase) / Decrease in Stock for Trade	289	374
(Increase) / Decrease in Financial & Loan Assets	(265,592)	(476,297)
(Increase) / Decrease in Fixed Deposit (Deposit with balance maturity period of more than three months)	6,729	(26,688)
(Decrease) / Increase in Trade Payables	(9,536)	16,331
Cash Generated from Operations	**(31,017)**	**(329,560)**
Interest Paid	(204,394)	(151,402)
Direct Taxes paid	(7,784)	(14,357)
Net Cash (Used in) / Generated from Operating Activities	**(243,195)**	**(495,319)**
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(25,919)	(71,671)
Proceeds from Sale of Fixed Assets	924	1,023
(Increase) / Decrease in Investments (Net)	(34,797)	(8,421)
Income from Trade Investments	7	-
Dividend Received	62	48
Net Cash (Used) / Generated in Investing Activities	**(59,723)**	**(79,021)**
C. Cash Flow from Financing Activities		
(Increase) / Decrease of Goodwill on Consolidation	(849)	-
Adjustment on disposal of Step-down Subsidiaries and Joint Venture of Subsidiary	6,863	-
Increase / (Decrease) in Debentures (Net)	85,774	125,335
Increase / (Decrease) in Working Capital facilities (Net)	218,808	340,692
Increase / (Decrease) in Other Loans (Net)	(7,686)	126,612
Dividend Paid	(4,180)	(3,745)
Corporate Dividend Tax Paid	(408)	(613)
Net Cash (Used) / Generated in Financing Activities	**298,322**	**588,281**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(4,596)**	**13,941**
Cash & Cash Equivalents at the beginning of the year	**24,083**	**10,142**
Less: Adjustment of Cash & Cash Equivalents on disposal / cessation of Subsidiaries	(953)	-
Cash & Cash Equivalents at the end of the year	**18,534**	**24,083**

Explanations:

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules, 2006
2. Previous year's figures have been regrouped / reclassified 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.**
Chartered Accountants
(Firm's Registration No. 103523W)

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place : Kolkata
Date : 20th May, 2013

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Srei Infrastructure Finance Limited

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 conformity with Generally Accepted Accounting Principles ('GAAP') in India, to comply in all material respects with the notified Accounting Standards ('AS') under the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 1956 ('the Act') 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 consolidated financial statements have been prepared under the historical cost convention, on accrual basis. The accounting policies applied by the Company are consistent with those applied in the previous year except as otherwise stated elsewhere.

Presentation and disclosure in Consolidated Financial Statements

From the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. Except accounting for dividend on investment in subsidiary, the adoption of new Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements.

Operating Cycle

As per the revised Schedule VI, *"An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents"*.

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.

Current and Non-Current Asset

An asset is classified as 'current' when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as 'non-current'.

Current and Non-Current Liability

A liability is classified as 'current' when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycles; or
- it is held primarily for the purpose of being traded; or
- it is due to be settled within twelve months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as 'non-current'.

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 recognised in the periods in which the results are known / materialised. Any revision to the accounting estimates are recognised prospectively in the current and future years.

1.3 Principles of Consolidation

Srei Infrastructure Finance Limited (the Holding Company) and its Subsidiaries (including their subsidiaries and joint ventures), 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" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. 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.

   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" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

1.4 Fixed Assets, Depreciation / Amortisation and Impairment

i) Fixed Assets

Tangible Fixed Assets are carried at cost less accumulated depreciation / amortisation and 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 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 or Loss.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

ii) Depreciation / Amortisation

Depreciation / Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and the rates derived from such useful lives thereof are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The details of estimated useful life for each category of assets are as under:

	Asset Category	Estimated Useful Life
I	**Assets for Own Use**	
i)	Buildings	45 - 61 years
ii)	Furniture & Fixture	5 - 16 years
iii)	Motor Vehicles	11 years
iv)	Computers	4 - 6 years
v)	General Plant & Machinery	9 - 24 years
vi)	Equipments	6 - 25 years
vii)	Intangible Assets	3 - 6 years
II	**Assets for Operating Lease**	
i)	Aircrafts	9 - 18 years
ii)	Earthmoving Equipment	3 - 9 years
iii)	Motor Vehicles	3 - 6 years
iv)	Plant & Machinery	10 - 30 years
v)	Computers	3 - 6 years
vi)	Furniture & Fixture	3 - 16 years

Fixed Assets costing up to ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Depreciation / Amortisation on assets purchased / sold during the reporting period 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.

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.

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.

Borrowing costs also include exchange differences arising from Foreign currency borrowings, to the extent they are regarded as an adjustment to 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' as notified under the Companies (Accounting Standards) Rules, 2006.

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 subject to 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' as notified under the Companies (Accounting Standards) Rules, 2006. 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' as notified under the Companies (Accounting Standards) Rules, 2006. 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 securitised.

Financial Assets are valued at net investment amount including installments fallen due and are net of unmatured / unearned finance charges etc. and assets acquired in satisfaction of debt.

1.11 Loan Assets

Loan Assets include loans advanced by the Company, secured by collateral offered by the customers, if applicable. These are shown net of assets securitised.

Loan assets are carried at net investment amount including installments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc. and include assets acquired in satisfaction of debt.

1.12 Provisioning / Write-off of assets

The Company makes provision for Standard and Non-Performing Assets as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. The

Company also makes additional provision towards loan assets, to the extent considered necessary, based on the management's best estimate. Provision for doubtful debtors towards fee based income is also made on similar basis.

Loan assets overdue for more than four years, as well as those, which, as per the management are not likely to be recovered, are considered as bad debts and written off.

In the financial statements of a foreign sub-subsidiary, provision for doubtful debtors has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and analysis of expected future cash flows.

1.13 Foreign Currency Transactions, Translations and Derivative Contracts

The reporting currency of the Company is the Indian Rupee (₹).

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 consolidated 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

In terms of the announcement made by The Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle, on a portfolio basis and the net loss, after considering the offsetting effect on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gains are ignored as a matter of prudence.

1.14 Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Income from Financial Assets, Loans and Leases:

Income from Financial assets, Loans and Leases are recognised in the Statement of Profit and Loss on accrual basis as stated herein below, 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.

a) 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.

b) 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.

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

d) 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.

e) 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 under the head 'Revenue from Operations'.

ii) Income from Information Technology (IT) Infrastructure and Common Service Center (CSC) Services

Income from IT Infrastructure is recognised on despatch of goods to customers, when all significant risks and rewards of ownership are transferred to the buyer as per the terms of sale and is accounted for as net of returns. Income, as disclosed, is exclusive of value added tax.

Receipts on account of CSC Services are accounted for in accordance with the terms of the relevant underlying agreements with the Village Level Entrepreneurs (VLE) and service providers.

iii) Government Support

Government support is recognised on the basis of claims raised arising out of reasonable assurance that the Company will comply with the conditions attached with them and there is reasonable certainty of collection of the grants.

iv) Income from Equipment Rental

Revenue is recognised in accordance with Accounting Standard (AS-9) “Revenue Recognition” on the basis of rendering of services to customers on a proportionate time basis, in accordance with the respective Contracts / Agreements.

v) Fee Based Income

Fees for advisory services are 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.

vi) Other Operating Income

a) Income from Dividend of shares of corporate bodies is accounted when the Company's right to receive the dividend is established.

b) Income from investment in units of Funds is recognised on cash basis as per the Prudential Norms of RBI.

c) Interest income on fixed deposits / margin money is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

d) Profit or Loss on sale of non-current and current investments are recognised when a binding obligation has been entered into.

e) Claims lodged with the insurance companies are accounted for on accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.

f) All other operating income is accounted for on accrual basis.

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.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

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 year determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the 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.

1.17 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.

Provision for Income Tax for the assessments completed which are pending under appeals and for the current year have been made to the extend considered necessary by the management.

1.19 Cash and Cash Equivalents

Cash and cash equivalents in the Cash Flow Statement comprises of cash on hand, cash at Bank, demand deposits with banks, cheques on hand, remittances in transit and short-term highly liquid investments with an original maturity of three months or less.

1.20 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.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

1.21 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.

1.22 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.

1.23 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.

1.24 Miscellaneous Expenditure

The expenses incurred on issue of Equity Shares, Global Depository Receipts (GDRs), Long-Term Bonds and Debentures are amortised as follows:-

i) Expenses on issue of Equity Shares and GDRs 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, 2013		As at 31st March, 2012	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Authorised				
Equity Shares, ₹ 10/- par value per share	710000000	71,000	710000000	71,000
Preference Shares, ₹ 100/- par value per share	10000000	10,000	10000000	10,000
		81,000		**81,000**
Issued and Subscribed				
Equity Shares, ₹ 10/- par value per share	503559160	50,356	503559160	50,356
Fully Paid-up				
Equity Shares, ₹ 10/- par value per share	503086333[1]	50,309	503086333[1]	50,309
Forfeited Shares	472827	15	472827	15
		50,324		**50,324**

[1] Includes 21600 shares represented by 5400 Global Depository Receipts (GDRs) issued vide Prospectus dated 18.04.2005.

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

3. RESERVES AND SURPLUS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Capital Reserve		
Opening balance	2,140	2,104
Add: Addition / (deduction) during the year	(125)	36
Closing balance	**2,015**	**2,140**
Securities Premium Reserve		
Opening balance	61,584	60,309
Add: Addition / (deduction) during the year	994	1,275
Closing balance	**62,578**	**61,584**
Bond / Debt Redemption Reserve		
Opening balance	17,357	10,531
Add: Transfer from Surplus in the Statement of Profit and Loss	7,815	7,934
Less: Transfer to Surplus, on repayment of Bond / Debt	(1,096)	(1,108)
Closing balance	**24,076**	**17,357**
Special Reserve (Reserve Fund as per Section 45-IC of the Reserve Bank of India Act, 1934)		
Opening balance	19,600	16,461
Add: Transfer from Surplus in the Statement of Profit and Loss	4,600	3,139
Closing balance	**24,200**	**19,600**
General reserve		
Opening balance	136,807	136,803
Add: Addition / (deduction) during the year	(4)	4
Closing balance	**136,803**	**136,807**
Foreign Currency Translation Reserve		
Opening balance	1,130	(65)
Add: Addition / (deduction) during the year	(739)	1,195
Closing balance	**391**	**1,130**
Surplus in the Statement of Profit and Loss		
Opening balance	28,925	30,339
Add: Net profit for the year	26,318	11,142
Amount available for appropriation	**55,243**	**41,481**
Appropriations:		
Proposed dividend	4,179	2,515
Corporate dividend tax on proposed dividend	428	393
Bond / Debt Redemption Reserve (net)	6,719	6,826
Special Reserve	4,600	3,139
Profit on sale of Investment in Subsidiaries	-	(312)
Profit on sale of Investment in Associate	-	(5)
Closing balance	**39,317**	**28,925**
Total Reserves and Surplus	**289,380**	**267,543**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

4. LONG-TERM BORROWINGS

(₹ in Lakh)

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Non-Current Maturities	Current Maturities	Total	Non-Current Maturities	Current Maturities	Total
A. Secured						
Bonds / Debentures						
Long-Term Infrastructure Bonds *(refer note 4.1)*	2,489	-	2,489	2,489	-	2,489
Non-Convertible Debentures	133,111	20,820	153,931	93,597	31,269	124,866
Term Loans						
From Banks						
- Rupee Loans	231,883	133,121	365,004	165,252	113,930	279,182
- Foreign Currency Loans	95,549	23,069	118,618	125,156	38,197	163,353
From Other Financial Institutions						
- Rupee Loans	11,103	3,120	14,223	3,307	1,152	4,459
- Foreign Currency Loans	47,601	20,611	68,212	64,509	7,693	72,202
Deposits						
Public Deposits	-	-	-	-	16	16
Other Loans						
Buyer's Credit from Banks - Foreign Currency Loans	494	2,537	3,031	2,203	3,320	5,523
(A)	**522,230**	**203,278**	**725,508**	**456,513**	**195,577**	**652,090**
B. Unsecured						
Bonds / Debentures						
Subordinated Perpetual debentures (Tier I Capital)	1,875	-	1,875	1,875	-	1,875
Subordinated bonds / debentures (Tier II Capital)	135,119	-	135,119	90,900	527	91,427
Zero Coupon Redeemable Convertible Bonds	-	-	-	2,252	-	2,252
0.1% Non-Convertible Cumulative Redeemable Preference Shares	14	-	14	73	-	73
Term Loans						
From Banks						
- Rupee Loans						
Subordinated loans from banks (Tier II Capital)	12,500	-	12,500	12,500	-	12,500
Other term loans from banks	1,750	1,000	2,750	2,750	1,000	3,750
From Other Parties						
- Foreign Currency Loans						
Other term loans from financial institution	1,827	980	2,807	2,278	215	2,493
Loans Repayable on Demand						
- Others						
Foreign Currency Loans	-	-	-	3,528	306	3,834
Deposits						
Inter Corporate Deposits from Others	89	-	89	89	-	89
(B)	**153,174**	**1,980**	**155,154**	**116,245**	**2,048**	**118,293**
Total (A+B)	**675,404**	**205,258**	**880,662**	**572,758**	**197,625**	**770,383**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

4.1 Long-Term Infrastructure Bonds–Secured, Redeemable, Non-convertible Debentures

During the current year, the Company has raised ₹ Nil (Previous year ₹ 2,489 Lakh) 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 the terms of the issue.

5. OTHER LONG-TERM LIABILITIES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Acceptances	229	486
Interest Accrued but not due on Borrowings	2,829	5
Capital Advances	-	9
Security Deposits & Retentions	5,225	6,485
Loss payable on Derivative Contracts	-	156
Total	**8,283**	**7,141**

6. LONG-TERM PROVISIONS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Employee Benefits (Non-Current Portion)		
Gratuity	369	345
Unavailed leave	335	678
(A)	**704**	**1,023**
Others		
Provision for Non-Performing Assets	10,408	7,964
Contingent Provision against Standard Assets	2,434	1,382
(B)	**12,842**	**9,346**
Total (A+B)	**13,546**	**10,369**

7. SHORT-TERM BORROWINGS

(₹ in Lakh)

Particulars		As at 31st March, 2013	As at 31st March, 2012
A. Secured			
Bond / Debentures			
Non-Convertible Debentures		13,125	-
Term loans			
From Banks			
- Rupee Loans		-	52,366
- Foreign Currency Loans		4,072	5,087
Loans Repayable on Demand			
Working Capital Facilities from banks			
- Rupee Loans		554,250	279,855
Cash Credit			
- Rupee Loans		262	315
Other Loans			
Working Capital Facilities from banks		309,048	368,817
Buyer's Credit from Banks - Foreign Currency Loans		17,598	13,137
	(A)	**898,355**	**719,577**
B. Unsecured			
Deposits			
Inter Corporate Deposits from Others		15,068	15,068
Other Loans			
Rupee Loan from Banks		9,000	15,000
Commercial Papers from Others		25,068	71,557
	(B)	**49,136**	**101,625**
Total (A+B)		**947,491**	**821,202**

8. TRADE PAYABLES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade Payables		
For Services	19,033	33,084
Acceptances	1,627	9,681
Others		
Operating Lease	1,222	-
Employees	520	1,010
Total	**22,402**	**43,775**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

9. OTHER CURRENT LIABILITIES - OTHERS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Interest Accrued but not due on Borrowings	15,581	11,310
Interest Accrued and due on Borrowings	2,295	-
Interest Accrued but not due on others	144	-
For Capital Goods	65	2,093
Advance from Customers	1,231	1,421
Statutory Liabilities	804	1,487
Security Deposits & Retentions	2,756	734
Payable to Employees	1,256	226
Forward Contract Payable	810	483
Commission Payable to Directors	245	208
Unclaimed Dividend	38	39
Unclaimed Matured Public Deposits and Interest Accrued thereon	35	38
Liability for Operating Expenses	3,320	3,028
Bank Overdraft	7	25
Interest Swap	1	19
Loss payable on Derivative Contracts	46	-
Total	**28,634**	**21,111**

10. SHORT-TERM PROVISIONS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for Employee Benefits (Current Portion)		
Unavailed leave	427	116
Gratuity	76	51
(A)	**503**	**167**
Others		
Proposed Dividend	2,515	2,515
Provision for Corporate Dividend Tax	428	408
Provision for Doubtful Vendor Advances	-	128
Contingent Provision against Standard Assets	1,565	2,022
Provision for Premium on Unsecured Subordinated Bonds	-	108
(B)	**4,508**	**5,181**
Total (A+B)	**5,011**	**5,348**

11. FIXED ASSETS

(₹ in Lakh)

Particulars	Gross Block / Original Cost					Depreciation / Amortisation and Impairment						Net Carrying Value	
	As at 1st April, 2012	Additions during the year	Disposals / Adjustments during the year	Adjustment on Cessation of Subsidiary	As at 31st March, 2013	As at 1st April, 2012	For the year	Impairment during the year	Disposals / Adjustments during the year	Adjustment on Cessation of Subsidiary	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
	(a)	(b)	(c)	(d)	(e=a+b-c-d)	(f)	(g)	(h)	(i)	(j)	(k=f+g+h-i-j)	(e-k)	
I. Tangible assets:													
Assets for Own use													
Land - Freehold	2,169	-	2,158	-	11	-	-	1,020	1,020	-	-	11	2,169
Land - Leasehold	147	-	(125)	272	-	1	-	-	(1)	2	-	-	146
Buildings	14,864	61	12	600	14,313	546	282	56	47	99	738	13,575	14,318
Leasehold Improvements	2,271	541	(315)	38	3,089	231	291	-	(29)	6	545	2,544	2,040
Furniture and Fixtures	2,865	314	315	536	2,328	668	295	-	40	261	662	1,666	2,197
Motor Vehicles	828	114	182	57	703	108	119	55	69	33	180	523	720
Machinery	13,148	89	2,854	-	10,383	4,661	327	-	860	-	4,128	6,255	8,487
Equipment	86,456	1,965	(3,207)	77,691	13,937	18,741	4,224	-	(1,041)	19,039	4,967	8,970	67,715
Computer	1,796	67	26	1,464	373	872	107	-	2	762	215	158	924
Office Equipment	1,502	117	(182)	412	1,389	394	113	-	20	77	410	979	1,108
(A)	**126,046**	**3,268**	**1,718**	**81,070**	**46,526**	**26,222**	**5,758**	**1,131**	**987**	**20,279**	**11,845**	**34,681**	**99,824**
Assets given on Operating Lease													
Aircrafts	2,390	-	-	-	2,390	1,008	249	-	-	-	1,257	1,133	1,382
Earthmoving Equipments	12,400	1,542	131	-	13,811	3,077	2,122	42	84	-	5,157	8,654	9,323
Motor Vehicles	23,435	4,239	185	-	27,489	7,810	3,969	116	140	-	11,755	15,734	15,625
Plant & Machinery	58,805	11,380	29	-	70,156	6,972	3,380	-	3	-	10,349	59,807	51,833
Computers	9,419	2,551	-	-	11,970	1,714	1,743	-	-	-	3,457	8,513	7,705
Furniture and Fixtures	1,486	828	-	-	2,314	267	275	-	-	-	542	1,772	1,219
(B)	**107,935**	**20,540**	**345**	**-**	**128,130**	**20,848**	**11,738**	**158**	**227**	**-**	**32,517**	**95,613**	**87,087**
Total (I) = (A+B)	**233,981**	**23,808**	**2,063**	**81,070**	**174,656**	**47,070**	**17,496**	**1,289**	**1,214**	**20,279**	**44,362**	**130,294**	**186,911**
II. Intangible assets:													
Assets for Own use													
Computer Softwares	1,732	80	(63)	1,119	756	859	183	-	(60)	560	542	214	873
Tenancy Rights	4	-	-	-	4	4	-	-	-	-	4	-	-
(C)	**1,736**	**80**	**(63)**	**1,119**	**760**	**863**	**183**	**-**	**(60)**	**560**	**546**	**214**	**873**
Assets given on Operating Lease													
Softwares	1,171	373	-	-	1,544	450	284	110	-	-	844	700	721
(D)	**1,171**	**373**	**-**	**-**	**1,544**	**450**	**284**	**110**	**-**	**-**	**844**	**700**	**721**
Total (II) = (C+D)	**2,907**	**453**	**(63)**	**1,119**	**2,304**	**1,313**	**467**	**110**	**(60)**	**560**	**1,390**	**914**	**1,594**
Total Fixed Assets Total = (I + II)	**236,888**	**24,261**	**2,000**	**82,189**	**176,960**	**48,383**	**17,963**	**1,399**	**1,154**	**20,839**	**45,752**	**131,208**	**188,505**
Previous year	179,962	60,409	3,483	-	236,888	33,784	15,022	1,481	1,904	-	48,383	188,505	-
III. Capital work in Progress	**19,021**	**758**	**-**	**1,755**	**18,024**	**-**	**-**	**-**	**-**	**-**	**-**	**18,024**	**19,021**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

12.1 NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
In Government Guaranteed Securities, Bonds & Units	-	104
In Other Securities	211,368	209,947
	211,368	**210,051**

12.2 CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
In Bonds and Debentures (Unquoted)	2,200	2,200
In Other Securities	34,327	-
	36,527	**2,200**

13. FINANCIAL ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non-Current Maturities	Current Maturities		Non-Current Maturities	Current Maturities	
Secured, Considered Good	420,503	213,855	51,714	307,896	158,807	40,544
Total	**420,503**	**213,855**	**51,714**	**307,896**	**158,807**	**40,544**

14. LOAN ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013			As at 31st March, 2012		
	Long-Term		Short-Term	Long-Term		Short-Term
	Non-Current Maturities	Current Maturities		Non-Current Maturities	Current Maturities	
Secured, Considered Good						
Loans to Others	547,669	307,258	72,561	222,288	583,498	43,449
Loans to Related parties	39,316	-	-	-	-	-
(A)	**586,985**	**307,258**	**72,561**	**222,288**	**583,498**	**43,449**
Unsecured						
Loans to Others	2,927	400	109	1,169	1,250	1,014
(B)	**2,927**	**400**	**109**	**1,169**	**1,250**	**1,014**
Total (A+B)	**589,912**	**307,658**	**72,670**	**223,457**	**584,748**	**44,463**

15. OTHER LONG-TERM ADVANCES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Advances		
- Capital Advances	7,604	7,029
- Advance to Vendors for Operating Expenses	-	39
- Employee Advance	19	59
- Advance against investments	23	23
Prepaid Expenses	1,972	2,319
Balance with Revenue Authorities	6,150	8,204
Security Deposits - to Others	56	342
MAT Credit Entitlement	225	-
Contribution to Corpus of Trusts (Related Parties)	-	2
Other Advances	-	26
Total	**16,049**	**18,043**

16. OTHER NON-CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Fixed Deposit Account with balance maturity of more than twelve months	1,925	5,261
Unamortised Ancillary Borrowing Costs	6,802	5,911
Interest Accrued but not due	21,145	13
Income Accrued but not due	424	353
Miscellaneous Expenditure to the extent not written off or adjusted	14	56
Gains receivable on Derivative Contracts	6,625	8,623
Other receivables	82	135
Total	**37,017**	**20,352**

17. TRADE RECEIVABLES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Sundry Debtors (Unsecured)		
Outstanding for more than Six Months		
- Considered Good	1,198	14,787
- Considered Doubtful	3,870	597
Less: Provision for Doubtful Debts	(588)	(351)
(A)	**4,480**	**15,033**
Other Debts		
- Considered Good	14,110	19,658
- Considered Doubtful	354	-
Less: Provision for Doubtful Debts	(78)	-
(B)	**14,386**	**19,658**
Total (A+B)	**18,866**	**34,691**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

18. CASH AND BANK BALANCES

(₹ in Lakh))

Particulars	As at 31st March, 2013	As at 31st March, 2012
A. Cash and Cash Equivalents:		
Cash on Hand	232	134
Balances with Banks - in Current Account	13,964	16,142
Cheques on Hand	1,123	6,774
Fixed Deposits with Banks (having original maturity of 3 months or less)	3,177	994
Unclaimed Dividend Account	38	39
(A)	**18,534**	**24,083**
B. Other Bank Balances:		
Fixed Deposits with Banks (having balance maturity of more than 3 months and less than 12 months)	39,451	43,051
(B)	**39,451**	**43,051**
Total (A+B)	**57,985**	**67,134**

19. OTHER SHORT-TERM ADVANCES

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered good		
Advances		
- Advance to Vendors for Operating Expenses	1,370	1,368
- Employee Advance	176	330
- Advance against Insurance	0	1
Security Deposits - to Others	12,652	12,825
Prepaid Expenses	1,767	2,010
Balance with Revenue Authorities	2,623	3,348
MAT Credit Entitlement	120	309
Other Advances	1,241	554
Total	**19,949**	**20,745**

20. OTHER CURRENT ASSETS

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Unamortised Ancillary Borrowing Costs	2,421	2,259
Interest Accrued but not due	11,377	17,365
Income Accrued but not due	498	81
Stock for Trade	132	246
Gains receivable on Derivative Contracts	6,957	7,745
Derivative Asset Forward	76	2,224
Advance against Insurance	97	-
Other Receivables	457	1,269
Miscellaneous Expenditure to the extent not written off or adjusted	42	42
Total	**22,057**	**31,231**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

21. REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	2012-13	2011-12
Income from Loans / Financial Assets	237,794	181,141
Income from Leases	21,360	13,117
Income from IT Infrastructure and CSC Services	1,518	6,173
Fee Based Income	13,034	7,895
Income from Equipment Rental	22,226	29,456
Assignment Income	5,500	2,670
Income from Long-term Trade Investments	2,458	-
Interest from Current Investment	218	2
Interest received from Govt. Securities / Banks	4,232	2,888
Total	**308,340**	**243,342**

22. OTHER INCOME

(₹ in Lakh)

Particulars	2012-13	2011-12
Liabilities No Longer Required Written Back	793	229
Profit on Sale of Long-term Trade Investments (net)	7	-
Profit on Sale of Stock for Trade (net)	3	-
Dividend Income	62	48
Profit on sale of Fixed Assets	77	-
Provision for Diminution in value of Stock for Trade Written Back	41	-
Other Non-Operating Income	1,669	1,014
Total	**2,652**	**1,291**

23. FINANCE COST

(₹ in Lakh)

Particulars	2012-13	2011-12
Interest Expense:		
Interest on Bonds & Debentures	26,375	12,827
Interest on Term Loans	76,270	65,030
Interest on Public Deposits	1	3
Interest on Working Capital Facilities	77,048	47,563
Finance Charges on Commercial Papers	19,045	17,296
Other Interest	2,657	1,044
Other Borrowing Costs:		
Other Finance Charges	7,686	6,172
Applicable net (gain) / loss on foreign currency transactions and translations	4,843	6,480
Amortisation of Premium on Unsecured subordinated bonds	-	88
Total	**213,925**	**156,503**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

24. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

Particulars	2012-13	2011-12
Salaries, Allowances, Commission & Bonus	14,912	16,035
Contribution to Provident and Other Funds	877	736
Staff Welfare Expenses	355	359
Total	**16,144**	**17,130**

25. ADMINISTRATIVE AND OTHER EXPENSES

(₹ in Lakh)

Particulars	2012-13	2011-12
Communication Expenses	416	458
Outsourced Manpower Expenses	717	724
Site & Site Mobilisation Expenses	1,645	1,989
Legal & Professional Fees	5,794	3,967
Power & Fuel	1,723	1,484
Rent	2,041	1,476
Equipment Hire & Leasing	704	526
Rates and Taxes	726	721
Brokerage and Service Charges	881	878
Auditors' Remuneration	197	178
Repairs - Building	3	79
- Machinery	2,558	2,321
- Others	1,196	1,158
Travelling and Conveyance	2,967	2,845
Directors' Fees	28	21
Insurance	504	649
Printing and Stationery	197	247
Advertisement, Subscription and Donation	878	1,291
Provision for Diminution in value of Stock for Trade	-	16
Provision for Customer Claims	-	17
Provision for Diminution in value of Inventories	-	183
Loss on sale of Fixed Assets	899	556
Investment written off	-	12
Fixed Assets written off	-	3
Expenses for Liquidation of overseas Subsidiary	-	50
Miscellaneous Expenditure Written off	42	43
Miscellaneous Expenses	628	476
Total	**24,744**	**22,368**

26. EARNINGS PER EQUITY SHARE

Particulars	2012-13	2011-12
Profit after tax attributable to Equity Shareholders (₹ in lakh)	26,318	11,181
Weighted average number of Equity Shares (Basic)	503086333	503086333
Weighted average number of Potential Equity Shares	-	-
Weighted average number of Equity Shares (Diluted)	503086333	503086333
Nominal Value of Equity per share (₹)	10	10
Basic Earnings per share (₹)	5.23	2.22
Diluted Earnings per share (₹)	5.23	2.22

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

27. In accordance with Accounting Standard 21 "Consolidated Financial Statements" notified by Central Government under Companies (Accounting Standards) Rules, 2006, 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", notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. Investments that are acquired and held exclusively with a view to subsequent disposal in the near future are not considered for consolidation.

28. The details of subsidiaries (including their subsidiaries and joint ventures), associates, trusts and joint venture are as follows:–

Name of the Company	Country of incorporation	% Holding	
		As at 31st March, 2013	As at 31st March, 2012
Subsidiaries :			
Srei Capital Markets Limited	India	100	100
Srei Venture Capital Limited	India	100	100
Srei Infrastructure Advisors Limited	India	100	100
Global Investment Trust 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 (Formerly IIS International Infrastructure Services GmbH, Germany)	Germany	92.54	92.54
Srei Forex Limited	India	100	100
Srei Insurance Broking Private Limited	India	51	51
Sahaj e-Village Limited, (Formerly Srei Sahaj e-Village Limited, ceased to be Subsidiary w.e.f. 13.08.2012)	India	-	95.10
Quippo Valuers and Auctioneers Private Limited	India	100	100
Quippo Oil & Gas Infrastructure Limited	India	99.90	99.90
Quippo Energy Private Limited	India	100	100
Quippo Construction Equipment Limited (Ceased to be Subsidiary w.e.f. 31.03.2013)	India	-	100
Mumbai Futuristic Economic Zone Private Limited	India	100	100
Step-down Subsidiaries :			
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India	51	51
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Venture Capital Limited)	India	51	51
Cyberabad Trustee Company Private Limited (Subsidiary of Srei Venture Capital Limited)	India	51	51
ZAO Srei Leasing (Subsidiary of Srei International Infrastructure Services GmbH)	Russia	64.20	64.20
Srei Advisors Pte Limited (Subsidiary of Srei International Infrastructure Services GmbH)	Singapore	100	100

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Name of the Company	Country of incorporation	% Holding	
		As at 31st March, 2013	As at 31st March, 2012
Quippo Prakash Marine Holdings Pte. Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited, Ceased to be Subsidiary w.e.f. 26.11.2012)	Singapore	-	51
Quippo Prakash Pte. Limited (Subsidiary of Quippo Prakash Marine Holdings Pte. Limited, Ceased to be Subsidiary w.e.f. 28.08.2012)	Singapore	-	73.90
Quippo Energy Middle East Limited (Subsidiary of Quippo Energy Private Limited)	Dubai	100	100
Quippo Energy Yemen Limited (Subsidiary of Quippo Energy Private Limited)	Yemen	100	100
Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited)	Mauritius	100	100
Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited)	Nigeria	100	100
Joint Venture :			
Srei Equipment Finance Private Limited (SEFPL)	India	50	50
Associates :			
Sahaj e-Village Limited (w.e.f. 13.08.2012)	India	48.32	-
Quippo Construction Equipment Limited (w.e.f. 31.03.2013)	India	45.45	-
Joint Venture of Subsidiaries :			
Srei (Mauritius) Infrastructure Development Company Limited (JV between Srei Infrastructure Advisors Limited and The State Investment Corporation Limited of Mauritius)	Mauritius	50	50
Aalat LLC (Ceased to be JV between Srei International Infrastructure Services GmbH and Waha Capital PJSC, w.e.f. 28.11.2012)	United Arab Emirates, Abu Dhabi	-	49
NAC Infrastructure Equipment Limited (JV between Quippo Construction Equipment Limited, L & T Finance Holdings Limited, Nagarjuna Construction Company Limited and National Academy of Construction) (Quippo Construction Equipment Limited, ceased to be Subsidiary w.e.f. 31.03.2013)	India	-	50
SICOM Srei Maharashtra Infrastructure Private Limited (JV between Srei Infrastructure Advisors Limited and SICOM Limited)	India	50	50
Trusts :			
Srei Growth Trust	India		
Srei Mutual Fund Trust	India		

29. Contingent Liabilities And Commitments (to the extent not provided for)

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Contingent Liabilities		
Bank Guarantees	2,992	3,309
Bank Guarantees against receivables securitised / assigned	-	4,324
Corporate Guarantee to Banks	7,016	-
Guarantee in the form of Put Option to Bank against loan facility	6,000	-
Disputed Direct Tax demands	4,798	4,325
Disputed Indirect Tax demands	2,078	9,774
Claim against the company but not acknowledged as debts	-	476
Total	**22,884**	**22,208**
Commitments		
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	4,690	5,193
Commitment on account of Derivative Instruments *(refer note 29.1)*		
Other Commitments	40	1,770

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 Lakh)

Category	Currency	As at 31st March, 2013	As at 31st March, 2012
Options / Swaps	EUR / INR	EUR 174	EUR 187
Options / Swaps	JPY / USD	-	JPY 8,020
Options / Swaps	SGD / USD	SGD 175	SGD 175
Options / Swaps	USD / INR	USD 2,268	USD 2,244
Options / Swaps	YEN / USD	YEN 13,109	YEN 19,201
Forwards	CHF / INR	CHF 2	CHF 2
Forwards	EUR / INR	EUR 98	EUR 112
Forwards	SGD / INR	-	SGD 3
Forwards	USD / INR	USD 151	USD 182
Forwards	USD / RUR	USD 137	USD 168
Interest Rate Swaps	EUR	EUR 20	EUR 25
Interest Rate Swaps	USD	USD 1,813	USD 2,340
Interest Rate Swaps	RUR	RUR 264	-

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

30. a) The audited financial statements of Srei International Infrastructure Services GmbH (Srei IIS), Quippo Energy Middle East Limited, Quippo Mauritius Private Limited, Quippo Energy Nigeria Private Limited and management accounts of Srei (Mauritius) Infrastructure Development Corporation Limited, Quippo Energy Yemen Limited and Srei Advisors Pte Limited up to 31st March, 2013 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 the said entities in these consolidated financial statements.

b) The audited financial statements of ZAO Srei Leasing (ZAO), a subsidiary of Srei IIS is prepared upto 31st December every year. Management accounts for the period 1st January, 2012 to 31st March, 2012 and 1st January, 2013 to 31st March, 2013 have been used for consolidation with Srei IIS. The audited financial statements of ZAO have been prepared in accordance with International Financial Reporting Standards, generally followed in the country of it's incorporation. Differences in accounting policies as between IFRS and Indian GAAP are not material, in the context of consolidation of ZAO in these consolidated financial statements.

c) Quippo Prakash Pte. Limited and Quippo Prakash Marine Holdings Pte. Limited have ceased to be step-down subsidiaries of the Company w.e.f. 28th August, 2012 and 26th November, 2012 respectively.

Aalat LLC (Joint Venture between Srei International Infrastructure Services GmbH, a subsidiary, and Waha Capital PJSC) has ceased to be a Joint Venture w.e.f. 28th November, 2012.

Management accounts up to the date of cessation of the above companies have been used for consolidation which have been prepared in accordance with International Financial Reporting Standards, 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 the said entities in these consolidated financial statements.

31. a) The shareholding of the Company in Sahaj e-Village Limited (formerly Srei Sahaj e-Village Limited) has reduced from 95.10% to 48.32% and it has ceased to be a subsidiary of the Company, becoming an associate w.e.f. 13th August, 2012.

b) The shareholding of the Company in Quippo Construction Equipment Limited has reduced from 100% to 45.45% and hence, Quippo Construction Equipment Limited has ceased to be a subsidiary of the Company and became an associate w.e.f. 31st March, 2013.

32. 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:

(₹ in Lakh)

Particulars	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2,983	2,661
Reserves and Surplus	90,576	67,420
	93,559	**70,081**
Non-current liabilities		
Long-Term Borrowings	216,443	175,699
Deferred Tax Liabilities (Net)	7,644	5,567
Other Long-Term Liabilities	7,657	6,196
Long-Term Provisions	6,769	7,004
	238,513	**194,466**
Current liabilities		
Short-Term Borrowings	371,819	233,078
Trade Payables	18,646	33,067
Other Current Liabilities		
- Current Maturities of Long-Term Borrowings	89,057	106,840
- Other Current Liabilities	8,541	4,794
Short-Term Provisions	4,265	1,861
	492,328	**379,640**
TOTAL	**824,400**	**644,187**
ASSETS		
Non-Current Assets		
Fixed Assets		
- Tangible Assets	62,142	62,007
- Intangible Assets	905	858
Non-Current Investments	92	-
Long-Term Loans and Advances		
- Financial Assets	420,503	307,896
- Other Long-Term Advances	3,479	2,790
Other Non-Current Assets	10,076	41,764
	497,197	**415,315**
Current Assets		
Current Investments	1,477	-
Trade Receivables	2,010	1,277
Cash and Bank Balances	51,447	21,859
Short-Term Loans and Advances		
- Financial Assets	51,715	40,544
- Other Advances	646	346
Other Current Assets		
- Current Maturities of Long-Term Financial Assets	213,855	158,807
- Other Current Assets	6,053	6,039
	327,203	**228,872**
TOTAL	**824,400**	**644,187**

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

(₹ in Lakh)

Particulars	2012-13	2011-12
STATEMENT OF PROFIT AND LOSS		
INCOME		
Revenue from Operations	118,660	90,890
Other Income	29	36
TOTAL	**118,689**	**90,926**
EXPENDITURE		
Employee Benefits Expense	5,761	5,049
Finance Cost	68,330	52,196
Depreciation / Amortization and Impairment	11,197	7,833
Administrative and Other Expenses	5,927	5,377
Miscellaneous Expenditure written off	42	42
TOTAL	**91,257**	**70,497**
PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX	**27,432**	**20,429**
Bad Debts written off (net of recovery)	6,595	4,884
Provision for Non-Performing Assets	229	131
Contingent Provisions against Standard Assets	434	182
PROFIT BEFORE TAX	**20,174**	**15,232**
Provision for Tax	6,678	5,371
PROFIT AFTER TAX	**13,496**	**9,861**
Proportionate Share in Reserves of Joint Venture:		
Capital Reserves	16	16
Debt Redemption Reserve	13,388	7,853
Special Reserve as per Reserve Bank of India Directions	7,715	5,016
Securities Premium Account	51,990	42,330
Statement of Profit and Loss	17,467	12,205
TOTAL	**90,576**	**67,420**
Contingent Liabilities	1,386	9,583
Capital Commitments (Net of Advances)	3,235	2,091

33. Related Party Disclosures

List of related parties:

Joint Venture:	
Srei Equipment Finance Private Limited	

Key Management Personnel (KMP):	
Name	**Designation**
Hemant Kanoria	Chairman & Managing Director
Saud Ibne Siddique (upto 30.04.2013)	Joint Managing Director
Sanjeev Sancheti (upto 20.05.2013)	Chief Financial Officer
Anil Agrawal (w.e.f. 20.05.2013)	Chief Financial Officer

Enterprise over which relative of a KMP has significant influence :	
Viom Networks Limited	

Summary of transactions with related parties:

(₹ in Lakh)

Name of related party and Nature of transactions	2012-13		2011-12	
	Value of Transaction / Outstanding	Amount Considered in Consolidation	Value of Transaction / Outstanding	Amount Considered in Consolidation
(A) Joint Venture				
Srei Equipment Finance Private Limited				
Security Deposit Received	-	-	54	27
Security Deposit Refund Received	-	-	50	25
Security Deposit Refunded	-	-	7	4
Rent Received	1,456	728	1,388	694
Balance Payable - Security Deposit	1,425	713	1,425	713
Equity Contribution	9,982	4,991	4,991	2,496
Purchase of Investment	-	-	143	72

(₹ in Lakh)

Name of related party and Nature of relationship	Nature of Transactions and Outstanding Balances	2012-13	2011-12
(B) Key Management Personnel			
Hemant Kanoria	Remuneration	159	163
	Commission	60	60
	Dividend paid	2	3
Saud Ibne Siddique	Remuneration	429	339
Sanjeev Sancheti	Remuneration	111	73
	Loan Advanced	-	5
	Refund of Loan Advanced	1	4
	Interest received on Loan	0.02	0.21
	Balance Receivable-Loan	-	1
(C) Enterprise over which relative of a KMP has significant influence:			
Viom Networks Limited	Deposit Received	-	76
	Rent Received	803	306
	Balance Receivable-Others	21	6
	Balance Payable-Deposit	660	660

Srei Infrastructure Finance Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

34. Segment Reporting

Segment wise details (information provided in respect of revenue items for the year ended 31st March, 2013 and in respect of assets / liabilities as at 31st March, 2013 – denoted as "CY" below, previous year denoted as "PY") as required by AS - 17 "Segment Reporting" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 are as under:-

(₹ in Lakh)

Particulars	Financial Services		Infrastructure Equipment Services		Others		Total	
	CY	PY	CY	PY	CY	PY	CY	PY
Segment Revenue	291,856	214,619	21,217	29,726	4,056	6,468	317,129	250,813
Segment Result before Interest & Finance Charges	234,600	169,412	10,886	10,947	5,129	(179)	250,615	180,180
Interest & Finance Charges	206,992	148,863	6,521	6,709	412	931	213,925	156,503
Tax Expenses							10,271	11,362
Net Profit After Tax							26,007	12,315
Segment Assets	2,219,975	1,870,021	23,617	95,779	14,995	42,851	2,258,587	2,008,651
Segment Liabilities	1,900,446	1,596,209	15,795	70,557	(13,193)	9,601	1,903,048	1,676,367
Capital Expenditures	22,175	50,347	2,083	9,702	3	360	24,261	60,409
Depreciation / Impairment	14,474	9,423	4,684	6,587	204	493	19,362	16,503
Other non-cash Expenditure	42	43	-	-	-	-	42	43

35. The Company has further infused an amount of ₹ 9,982 Lakh in Srei Equipment Finance Private Limited, the Joint Venture Company, by subscribing to it's Equity Share Capital in two equal tranches on 31.08.2012 and 01.10.2012.

36. The Securities and Exchange Board of India (SEBI) has granted the Certificate of Registration under Regulation 9 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to SREI MUTUAL FUND - IDF, of Srei Mutual Fund Asset Management Private Limited (a subsidiary of the Company) on 15th November, 2012.

37. Adjustment on disposal / cessation of Subsidiaries, Step-down subsidiaries and Joint Ventures of subsidiaries ₹ 10,462 Lakhs for the year ended 31st March, 2013 is on account of two subsidiaries i.e Sahaj e-Village Limited and Quippo Construction Equipment Limited (Including its joint venture i.e NAC Infrastructure Equipment Limited), two step down subsidiaries i.e. Quippo Prakash Pte. Limited and Quippo Prakash Marine Holdings Pte. Limited and joint venture of a subsidiary i.e. Aalat LLC. Such disposal / cessation has been accounted for as per Accounting Standard 21, "Consolidated Financial Statements" and Accounting Standard 27, "Financial Reporting of Interests in Joint Ventures", notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

38. Figures pertaining to the previous year's have been rearranged / regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

Signatories to Note 1 to 38

For **Haribhakti & Co.**
Chartered Accountants
(Firm's Registration No. 103523W)

On behalf of the Board of Directors

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Place : Kolkata
Date : 20th May, 2013

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Information on Subsidiary Companies Pursuant to Direction Under Section 212 (8) of the Companies Act, 1956

(₹ in Lakh)

Name of Companies	Srei Capital Markets Limited	Srei Venture Capital Limited	Bengal Srei Infra. Dev. Limited	Srei Forex Limited	Controlla Electrotech Private Limited	Srei Infrastructure Advisors Limited	Srei Mutual Fund Asset Management Private Limited	Srei Mutual Fund Trust Private Limited	Global Investment Trust Limited	Srei Insurance Broking Private Limited	Hyderabad Information Technology Venture Enterprises Limited	Cyberabad Trustee Company Private Limited
Sl. No.	1	2	3	4	5	6	7	8	9	10	11	12
Year ending on	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31 2013
Currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
Exchange rate on last day of reporting period												
Share Capital	505.00	25.00	5.00	50.00	3.53	50.00	1,400.00	10.00	5.00	250.00	25.00	5.00
Reserves & Surplus	113.49	1,123.74	(51.11)	(14.65)	(168.02)	(40.23)	(326.02)	(5.77)	6.98	174.48	60.28	0.44
Liabilities	331.32	541.52	242.56	79.23	2,406.43	0.40	29.03	0.31	0.75	33.81	0.24	0.05
Total Liabilities	949.81	1,690.26	196.45	114.58	2,241.94	10.17	1,103.01	4.54	12.73	458.29	85.52	5.49
Total Assets	949.81	1,690.26	196.45	114.58	2,241.94	10.17	1,103.01	4.54	12.73	458.29	85.52	5.49
Investments (Refer Annexure)	231.81	1,095.69	100.00	-	-	3.75	-	-	-	-	-	-
Turnover	136.55	650.67	32.82	-	12.65	0.98	101.12	0.07	0.98	407.96	7.87	0.47
Profit / (Loss) before Tax	(81.63)	56.14	(48.86)	(0.32)	(35.44)	(0.19)	(140.82)	(3.70)	(0.75)	107.82	(3.80)	0.01
Provision for Tax :	(27.70)	12.88	(18.73)	-	2.83	-	-	-	(0.18)	34.92	0.29	-
Profit / (Loss) after Tax	(53.93)	43.26	(30.13)	(0.32)	(38.27)	(0.19)	(140.82)	(3.70)	(0.57)	72.90	(4.09)	0.01
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-

Place : Kolkata

Date : 20th May, 2013

Information on Subsidiary Companies Pursuant to Direction Under Section 212 (8) of the Companies Act, 1956

(₹ in Lakh)

Name of Companies	Srei International Infrastructure Service GmbH	ZAO SREI Leasing	Srei Advisors Pte Limited	Quippo Energy Nigeria Private Limited	Quippo Valuers and Auctioneers Private Limited	Quippo Oil & Gas Infrastructure Limited	Quippo Energy Private Limited	Quippo Mauritius Private Limited	Quippo Energy Middle East Limited	Quippo Energy Yemen Limited	Mumbai Futuristic Economic Zone Private Limited
Sl. No.	13	14	15	16	17	18	19	20	21	22	23
Year ending on	Mar 31, 2013	Dec 31, 2012	Dec 31, 2012	Mar 31, 2013[1]	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013	Mar 31, 2013[2]	Mar 31, 2013	Mar 31, 2013[3]	Mar 31, 2013
Currency	Euro	Rubles	Singapore Dollar	Naira	INR	INR	INR	USD	AED	YER	INR
Exchange rate on last day of reporting period	69.5540	1.7999	45.022	0.3427				54.3000	14.777	0.2535	
Share Capital	4,430.59	6,614.63	54.07	34.27	20.00	3,000.00	113.97	59.73	14.78	25.86	1.00
Reserves & Surplus	(123.83)	1,057.69	(38.63)	(28.19)	298.44	(6,052.25)	1,732.50	(5.68)	(5.59)	0.02	(2.69)
Liabilities	640.11	27,040.34	8.99	32.00	52.08	14,534.83	12,171.59	0.54	-	-	14,593.21
Total Liabilities	4,946.87	34,712.66	24.43	38.08	370.52	11,482.58	14,018.06	54.59	9.19	25.88	14,591.52
Total Assets	4,946.87	34,712.66	24.43	38.08	370.52	11,482.58	14,018.06	54.59	9.19	25.88	14,591.52
Investments (Refer Annexure)	4,930.60	-	-	-	-	-	96.08	34.07	-	-	-
Turnover	282.79	5,937.15	2.25	-	445.00	9,567.75	3,753.52	-	-	-	-
Profit / (Loss) before Tax	4.35	157.35	(30.50)	(43.54)	58.75	(854.48)	(1,018.94)	(5.68)	(1.20)	0.09	(0.62)
Provision for Tax :	1.37	37.41	3.28	(15.35)	17.35	(114.87)	(324.92)	-	-	-	-
Profit / (Loss) after Tax	2.99	119.93	(33.78)	(28.19)	41.40	(739.61)	(694.02)	(5.68)	(1.20)	0.09	(0.62)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-

Note:

[1] For the period 22nd March, 2012 to 31st March, 2013
[2] For the period 5th March, 2012 to 31st March, 2013
[3] Based on unaudited financial statement.

On behalf of the Board of Directors

Hemant Kanoria
Chairman & Managing Director

Salil K. Gupta
Chief Mentor & Director

Sandeep Lakhotia
Company Secretary

Anil Agrawal
Chief Financial Officer

Place : Kolkata
Date : 20th May, 2013

Annexure to Information on Subsidiary Companies Pursuant to Direction Under Section 212 (8) of The Companies Act, 1956

Sl. No.	Name of the Company	No. of shares / units / bonds	Currency	Face Value	Book value (₹ in Lakh)	Quoted / Unquoted
1	**Srei Capital Markets Limited**					
	Long Term Investments (at cost)					
	In Equity Shares:					
	Andhra Bank Limited	100	Indian Rupees	10	0.01	Quoted
	Bank of Baroda Limited	100	Indian Rupees	10	0.07	Quoted
	Bank of India Limited	100	Indian Rupees	10	0.02	Quoted
	Corporation Bank Limited	100	Indian Rupees	10	0.13	Quoted
	HDFC Bank Limited	500	Indian Rupees	2	0.25	Quoted
	ICICI Bank Limited	100	Indian Rupees	10	0.19	Quoted
	IDBI Bank Limited	120	Indian Rupees	10	0.04	Quoted
	ING Vysya Bank Limited	415	Indian Rupees	10	0.26	Quoted
	Oriental Bank of Commerce Limited	100	Indian Rupees	10	0.04	Quoted
	State Bank of India Limited	134	Indian Rupees	10	0.80	Quoted
	In Bonds / Debentures / Units:					
	Infrastructure Project Development Fund	230000	Indian Rupees	100	230.00	Unquoted
	TOTAL				**231.81**	
2	**Srei Venture Capital Limited**					
	Long Term Investments (at cost)					
	In Subsidiary Company - Equity Shares:					
	Cyberabad Trustee Company Private Limited	25500	Indian Rupees	10	2.55	Unquoted
	Hyderabad Information Technology Venture Enterprises Limited	127500	Indian Rupees	10	46.74	Unquoted
	In Equity Shares:					
	Reliance Power Limited	5115	Indian Rupees	10	14.39	Quoted
	Pilani Investments & Industries Corporation Limited	3000	Indian Rupees	10	108.00	Quoted
	Violet Arch Capital Advisors Private Limited	1774800	Indian Rupees	10	900.01	Unquoted
	In Bonds / Debentures / Units:					
	Medium & Small Infrastructure Fund (Class A Units)	22000	Indian Rupees	100	22.00	Unquoted
	Medium & Small Infrastructure Fund (Class B Units)	2000	Indian Rupees	100	2.00	Unquoted
	TOTAL				**1,095.69**	
3	**Bengal Srei Infrastructure Development Limited**					
	Long Term Investment (at cost)					
	In Equity Share:					
	Bengal Integrated Auto Industrial Park Private Limited	1000000	Indian Rupees	10	100.00	Unquoted
	TOTAL				**100.00**	

Annexure to Information on Subsidiary Companies Pursuant to Direction Under Section 212 (8) of The Companies Act, 1956

Sl. No.	Name of the Company	No. of shares / units / bonds	Currency	Face Value	Book value (₹ in Lakh)	Quoted / Unquoted
4	**Srei Infrastructure Advisors Limited**					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Bengal Srei Infrastructure Development Limited	25500	Indian Rupees	10	2.55	Unquoted
	In Equity Shares:					
	Quippo Infocomm Limited	7000	Indian Rupees	10	0.70	Unquoted
	In Joint Venture - Equity Shares:					
	Srei (Mauritius) Infrastructure Development Company Limited	292800	Mauritius Rupees	10	-	Unquoted
	SICOM Srei Maharashtra Infrastructure Private Limited	5000	Indian Rupees	10	0.50	Unquoted
	TOTAL				**3.75**	
5	**Srei International Infrastructure Service GmbH**					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	ZAO Srei Leasing	235950	Rubles	1000	4,777.68	Unquoted
	Srei Advisors Pte Limited	370100	SGD	1	152.92	Unquoted
	TOTAL				**4,930.60**	
6	**Quippo Energy Private Limited**					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Quippo Energy Middle East Limited	100	AED	1000	12.63	Unquoted
	Quippo Energy Yemen Limited	10200	YER	1000	23.05	Unquoted
	Quippo Mauritius Private Limited	110000	USD	1	60.40	Unquoted
	TOTAL				**96.08**	
7	**Quippo Mauritius Private Limited**					
	Long Term Investment (at cost)					
	In Subsidiary Company - Equity Shares:					
	Quippo Energy Nigeria Private Limited	10000000	Naira	1	34.07	Unquoted
	TOTAL				**34.07**	

Notes

SREI INFRASTRUCTURE FINANCE LIMITED

Registered Office : 'Vishwakarma'

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

Website : www.srei.com, Email : investor.relations@srei.com

Notice

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of the Members of Srei Infrastructure Finance Limited will be held on **Wednesday, the August 14, 2013 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 the Statement of Profit and Loss for the financial year ended March 31, 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the Company.
3. To elect a Director in place of Mr. Sunil Kanoria who retires by rotation and being eligible, seeks re-appointment.
4. To elect a Director in place of Mr. S. Rajagopal who retires by rotation and being eligible, seeks re-appointment.
5. To elect a Director in place of Mr. Saud Ibne Siddique who retires by rotation and being eligible, seeks re-appointment.
6. To re-appoint Messrs Haribhakti & Co., Chartered Accountants having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI), Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company 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 :

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Dr. Martin Czurda who was appointed by the Board as an Additional Director of the Company with effect from November 09, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** Dr. Punita Kumar Sinha who was appointed by the Board as an Additional Director of the Company with effect from May 20, 2013 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 257 of the Companies Act, 1956 proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retirement by rotation."

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956 and in supersession of the earlier Resolution passed at the Annual General Meeting of the Company held on July 30, 2011, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors to borrow any sums of money from time to time as they may deem fit for the purpose of carrying on the business of the Company, so however, that the total amount of such borrowings outstanding at any time shall not exceed ₹ 25,000 Crores (Rupees Twenty Five Thousand Crores only) notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

   RESOLVED FURTHER THAT the Board be and is hereby authorised 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 other Officer(s) of the Company to give effect to the aforesaid Resolution."

10. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

    "RESOLVED THAT pursuant to Section 293(1)(a) read with Section 293(1)(d) and other applicable provisions of the Companies Act, 1956 and in supersession of the earlier Resolution passed at the Annual General Meeting of the Company held on September 26, 1998, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors for mortgaging and/or creating a charge in such form and manner and on such terms and at such time(s) as the Board of Directors may deem fit, the moveable and/or immoveable properties of the Company, present and/or future, wherever situated, whether presently belonging to the Company or not, in favour of any person including, but not limited to, Financial/Investment Institution(s), Bank(s), Mutual Fund(s), Corporate Body(ies), Trustee(s), Lender(s) and/or to secure the Debentures/Bonds issued or proposed to be issued, loan and/or credit facilities availed or proposed to be availed by the Company, upto the maximum ceiling prescribed under Section 293(1)(d) of the Companies Act, 1956 for borrowing by the Company, including any limit approved by the Shareholders pursuant to the said Section 293(1)(d);

    RESOLVED FURTHER THAT the Board be and is hereby authorised 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 other Officer(s) of the Company to give effect to the aforesaid Resolution."

11. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

    "RESOLVED THAT pursuant to Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re - enactment thereof, for the time being in force) and subject to such other permissions, sanctions and approvals as may be necessary, consent, authority and approval of the Company be and is hereby accorded for payment of commission to the Directors of the Company (other than the Directors who are either in the wholetime employment of the Company or the Managing Director of the Company) annually for each of the five financial years of the Company commencing from financial year 2013-14, an amount not exceeding one percent of the net profits of the Company as provided under Section 309(4) of the Companies Act, 1956 or any amendment or modification thereof and computed in the manner referred to in Sections 198, 349 and 350 of the Act or any amendment or modification thereof, to be divided amongst the Directors aforesaid in such amounts or proportions and in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally and further that the payment of the sum in the above manner shall be in addition to the sitting fee payable to such Directors for each meeting of the Board and/or Committee(s) of the Board attended by them;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised to take all necessary actions and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

12. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the holding of an office or place of profit by Mr. Shyamalendu Chatterjee, Director of the Company in Srei Capital Markets Limited, subsidiary of the Company, on such terms as may be approved by the Board of Directors of the said subsidiary company."

13. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the holding of an office or place of profit by Dr. Punita Kumar Sinha, Director of the Company in one or more subsidiary(ies) of the Company, on such terms as may be approved by the Board of Directors of the said subsidiary company(ies)."

14. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the Company be and is hereby accorded to increase the existing Authorised Share Capital of ₹ 810,00,00,000 (Rupees Eight Hundred and Ten Crores only) divided into 71,00,00,000 (Seventy One Crores only) Equity Shares of ₹ 10 (Rupees Ten) each and 1,00,00,000 (One Crore only) Preference Shares of ₹ 100 (Rupees Hundred) each to ₹ 1500,00,00,000 (Rupees Fifteen Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores only) Equity Shares of ₹ 10 (Rupees Ten) each and 5,00,00,000 (Five Crores only) Preference Shares of ₹ 100 (Rupees Hundred) each and the existing Clause (V) of the Memorandum of Association be substituted with the new following Clause (V) as under :-

"(V) The authorised share capital of the Company is ₹ 1500,00,00,000 (Rupees Fifteen Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores only) Equity Shares of ₹ 10 (Rupees Ten) each and 5,00,00,000 (Five Crores only) Preference Shares of ₹ 100 (Rupees Hundred) each, and shall be capable of being increased or decreased in accordance with the provisions of the Act for the time being in force, with the power to sub-divide, consolidate, increase or decrease, and with the power from time to time to issue any share of the original capital or any new capital with and subject to any preferential, deferred, qualified, differential and/or special rights or privileges or conditions as may be deemed fit, and upon any such sub-division or consolidation of such share to apportion the rights accordingly."

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised to take all necessary actions and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

15. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT in accordance with provisions of Sections 80 and 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the rules / regulations / guidelines, if any, prescribed by the Securities and Exchange Board of India and/or any other regulatory authority, Reserve Bank of India, the relevant provisions of the Articles of Association of the Company and such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules and regulations and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions and consents as the case may be) (hereinafter referred to as "the requisite approvals"), which may be accepted by the Board of Directors of the Company (herein referred to as "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution with power to delegate such authority to such persons as the Board may deem fit and substitute such authority) and subject to any alterations, modifications, corrections, changes and variations that may be decided by the Board in their absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot Redeemable Non-Convertible Preference Shares (hereinafter referred to as "Preference Shares") of ₹ 100 each for cash at par or premium aggregating upto ₹ 500 Crores (Rupees Five Hundred Crores only) on preferential basis at such time or times, in one or more tranches and on such terms and conditions and in such manners as the Board may deem fit, to any person including incorporated bodies, institutions or funds (hereinafter referred to as "Investors") as the Board may in its absolute discretion determine, and subject inter alia to the following rights -

a. The Preference Shares to be so allotted shall be in the physical or dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

b. The Preference Shares shall carry a fixed preferential dividend to be determined by the Board at the time of issue of the Preference Shares, on the capital for the time being paid-up thereon respectively and shall be redeemable not later than the date determined by the Board at the time of issue of the Shares;

c. The said Shares shall rank for dividend in priority to the Equity Shares for the time being of the Company;

d. The said Shares shall in winding up be entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, upto the commencement of the winding up, in priority to the Equity Shares but shall not be entitled to any further participation in profits or assets; and

e. The voting rights of the persons holding the said Shares shall be in accordance with the provisions of Section 87 of the Companies Act, 1956;

RESOLVED FUTHER THAT the Board be and is hereby authorised to make arrangements with any financial institution, bank or any other body or person to underwrite the whole or any part of the issue of the said Preference Shares subject to the provisions of Section 76 of the Companies Act, 1956;

RESOLVED FURTHER THAT the Capital Redemption Reserve shall be created in accordance with the relevant provisions of the Companies Act, 1956;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do and carry out all such acts, deeds, matters and things as it may in its sole discretion deem necessary for such purpose including without limitation, appointment of Lead Managers, Brokers, Consultants, Solicitors, Merchant Bankers, Credit Rating Agencies, Registrars and Bankers to the Issue, Printers or any other Agencies as may be required and entering into arrangements for listing, trading, depository services and such other arrangements and agreements as may be necessary including preparing, signing and filing applications with the appropriate authorities for obtaining requisite approvals, and also to seek listing with the Stock Exchanges, if any, of the Preference Shares issued with full powers to settle any question, difficulty or doubt that may arise at any time in relation to the issue of said Shares and utilisation of issue proceeds."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE 'MEETING') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE VALID AND EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
3. Members holding Shares in physical mode are requested to intimate changes in their address / bank mandate to the Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata - 700 001. Members holding Shares in electronic mode are requested to send the intimation for change of address / bank mandate to their respective Depository Participants. Any such changes effected by the Depository Participants will automatically reflect in the Company's subsequent records.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 02, 2013 to Friday, August 09, 2013 (both days inclusive) for the purpose of payment of dividend.
5. Dividend on Equity Shares for the year ended March 31, 2013 as recommended by the Board, if sanctioned at the Meeting, will be credited/despatched between August 20, 2013 and August 28, 2013 -

   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, August 09, 2013 after giving effect to all valid transfers in physical form lodged on or before Thursday, August 01, 2013 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 payment of dividend. The Company or its Registrar and Share Transfer Agents 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.
6. 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, M/s. Maheshwari Datamatics Private Limited, 6 Mangoe Lane, Kolkata - 700 001, enclosing their Share Certificates to enable the Company to consolidate their holdings into a single folio.

7. As a measure of economy, 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.

8. 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, M/s. Maheshwari Datamatics Private Limited.

9. 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, M/s. Maheshwari Datamatics Private Limited.

10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, dividends for the financial year ended March 31, 2006 and thereafter, which remain unpaid or unclaimed for a period of seven years 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, 2006, 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 or the aforesaid Fund in respect of such amount. The Company has already sent reminder letters to Members concerned at their registered addresses in this regard. 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. Further, the Members are advised to glance through the database and lodge their claim for dividend which have remained unclaimed with the Company's Registrar and Share Transfer Agents.

11. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the Members at the Meeting.

12. Relevant documents referred to in the Notice are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.

13. 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 seven days before the date of the Meeting, so as to enable the Company to keep the information ready.

14. In compliance with General Circular No:2/2011 dated February 08, 2011 of Government of India, Ministry of Corporate Affairs, the copy of audited statement of accounts along with the reports of the Board of Directors and Auditors relating to the Company's subsidiaries in India and Overseas have not been attached with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of request from any Member of the Company interested in obtaining the same. However, as directed by the Ministry of Corporate Affairs, Government of India, the financial data of the subsidiaries have been separately furnished and forms part of the Annual Report. These documents 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, upto the date of the Meeting. Further, the documents shall be available on the website of the Company www.srei.com. In addition, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS-21), Consolidated Financial Statements prepared by the Company include financial information of its subsidiary companies.

15. The Ministry of Corporate Affairs (MCA), Government of India, through its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send documents including Annual Report to their Members electronically as part of its green initiative in corporate governance.

    The Company has effected electronic delivery of Notice of Annual General Meeting and Annual Report previously to those Members whose email ids were registered with the respective Depository Participants and downloaded from the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Securities and Exchange Board of India (SEBI) have also, in line with the MCA Circulars and as provided in Clause 32 of the Listing Agreement executed with the Stock Exchanges, permitted listed entities to supply soft copies of full Annual Reports to all those Members who have registered their email addresses for the purpose. In terms of the Circular No. NSDL/CIR/II/10/2012 dated March 09, 2012 issued by NSDL, email addresses made available by the Depository for respective Depository Participant accounts as part of the beneficiary position downloaded from the Depositories from time to time will be deemed to be the registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956 read with Section 53 of the Companies Act, 1956. In light of the requirements prescribed by the aforesaid circulars, for those Members whose Depository Participant accounts do not contain the details of their email address, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended March 31, 2013 would be despatched.

    Members who have not registered / updated their email addresses, so far, are requested to register / update their email addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold Shares in physical form are requested to register their email addresses with the Company's Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Private Limited.

16. At the ensuing Meeting of the Company, Mr. Sunil Kanoria, Mr. S. Rajagopal and Mr. Saud Ibne Siddique, Directors, retire by rotation and being eligible, seek re-appointment. Moreover, Dr. Martin Czurda and Dr. Punita Kumar Sinha are being proposed to be appointed as Directors of the Company.

Pursuant to the Clause 49(IV)(G) of the Listing Agreement with the Stock Exchange(s), the particulars of the aforesaid Directors are given below:

Name of Director	Mr. Sunil Kanoria	Mr. S. Rajagopal	Mr. Saud Ibne Siddique	Dr. Martin Czurda	Dr. Punita Kumar Sinha
Date of Birth	04.05.1965	10.03.1940	02.05.1958	26.01.1959	13.05.1962
Date of Appointment	05.07.1989 (Vice Chairman w.e.f. 20.09.2008)	25.01.2003	29.10.2007 (Director) 01.04.2009 to 30.04.2013 (Joint Managing Director) 01.05.2013 (Non-Executive Director)	09.11.2012	20.05.2013
Expertise in specific functional areas	Over 25 years of experience in the Financial Service Industry; past President of Merchants' Chamber of Commerce, Federation of Indian Hire Purchase Association (FIHPA) and Hire Purchase & Lease Association (HPLA) and served as a Member on Planning Commission's Working Group on Construction for the Tenth Five Year Plan; presently the Vice President of The Associated Chambers of Commerce & Industry of India (ASSOCHAM), Member of the Central Direct Taxes Advisory Committee and the Governing body member of the Construction Industry Development Council (CIDC)	Over 40 years of experience in the Banking industry; Past Chairman & Managing Director of Bank of India, Indian Bank	Over 29 years of experience in global infrastructure financing including top management infrastructure operating company experience with a global water infrastructure company; formerly with International Finance Corporation (IFC), Washington for more than 16 years including as head of business development for infrastructure projects in East Asia and Pacific region for IFC; former Assistant Vice President of Swiss Bank Corporation, New York; former Joint Managing Director of Srei Infrastructure Finance Limited	Over 23 years of international banking experience in leading banks of Europe; a hybrid Banker uniting broad knowledge and experience regarding commercial and investment banking products and services; Past Chairman of Amsterdam Trade Bank	Over 22 years of experience in asset management in international and emerging markets; served as a Senior Managing Director of The Blackstone Group LP and Chief Investment Officer of Blackstone Asia Advisors L.L.C.; former Chief Investment Officer and Senior Portfolio Manager of the NYSE listed India Fund Inc. and Asia Tigers Fund Inc.; former Managing Director and Senior Portfolio Manager at Oppenheimer & Company and CIBC World Markets; former Portfolio Manager on the emerging markets team at Batterymarch Financial Management Inc. (a Legg Mason Company); former international equity management team member at Standish Ayer (now a part of Bank of NY Mellon)
Qualification	FCA	M.A., LLB, CAIIB, Diploma in Industrial Finance & Co-operation of Indian Institute of Bankers	MBA	Doctorate in Economics	B. Tech, Doctorate in Finance, Chartered Financial Analyst (CFA)

Name of Director	Mr. Sunil Kanoria	Mr. S. Rajagopal	Mr. Saud Ibne Siddique	Dr. Martin Czurda	Dr. Punita Kumar Sinha
List of outside Directorships held (excluding Directorships in foreign companies)	▪ Upper Ganges Sugar & Industries Limited ▪ Srei Equipment Finance Private Limited ▪ Viom Networks Limited ▪ DPSC Limited ▪ Viom Infra Networks (Maharashtra) Limited	▪ GMR Tuni-Anakapalli Expressways Private Limited ▪ GMR Tambaram-Tindivanam Expressways Private Limited ▪ National Trust Housing Finance Limited ▪ Srei Venture Capital Limited ▪ Wisdomleaf Technologies Private Limited ▪ GMR Energy Limited ▪ GMR Kamalanga Energy Limited ▪ GMR Chhattisgarh Energy Limited ▪ Careercubicle Technologies Private Limited ▪ Vivek Limited ▪ GMR Hyderabad Vijayawada Expressways Private Limited ▪ GMR Kishangarh Udaipur Ahmedabad Expressways Limited ▪ GMR Infrastructure Limited	▪ Srei Venture Capital Limited ▪ Srei Capital Markets Limited	Nil	▪ JSW Steel Limited ▪ Freedom Advisors Private Limited
Chairman / Member of the Committees of Board of Directors of the Company	Member – Audit Committee Member – Share Transfer & Investors' Relations Committee Member – Compensation Committee Chairman – Asset Liability Management Committee Member – Credit Committee Member – Investment Committee Member – Committee of Directors Member – Nomination Committee Member – Risk Committee	Member – Audit Committee	Nil	Nil	Member – Investment Committee
Chairman / Member of the Committees of Board of Directors of other Public Limited Companies in which he is a Director –					

Name of Director	Mr. Sunil Kanoria	Mr. S. Rajagopal	Mr. Saud Ibne Siddique	Dr. Martin Czurda	Dr. Punita Kumar Sinha
a) Audit Committee	3 (Chairman - Nil) (DPSC Limited, Viom Networks Limited and Viom Infra Networks (Maharashtra) Limited)	6 (Chairman - 2) (GMR Chhattisgarh Energy Limited, GMR Energy Limited, GMR Kamalanga Energy Limited, GMR Kishangarh Udaipur Ahmedabad Expressways Limited, Vivek Limited and National Trust Housing Finance Limited)	Nil	Nil	Nil
b) Shareholders' Grievance Committee	Nil	Nil	Nil	Nil	Nil
Shareholding in the Company	1802714 Equity Shares	Nil	300000 Equity Shares	Nil	Nil
Relationship with other Directors	Mr. Hemant Kanoria (Brother)	-	-	-	-

By Order of the Board of Directors
For Srei Infrastructure Finance Limited

Sandeep Kr. Lakhotia

Sandeep Lakhotia
Company Secretary

Dated : May 20, 2013
Place : Kolkata

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Dr. Martin Czurda, a Doctorate from Vienna University of Economics and Business Administration, has over 23 years of international banking experience in leading banks of Europe. A seasoned manager with strong vision and proven ability to achieve sustainable results in challenging international environment, Dr. Czurda is a hybrid Banker uniting broad knowledge and experience regarding commercial and investment banking products and services. He has been the Chairman of Amsterdam Trade Bank and the Division Head, Global Markets, Raiffeisen Zentralbank.

Dr. Martin Czurda has been appointed as an Additional Director (Category - Non-Executive & Independent) of the Company pursuant to Section 260 of the Companies Act, 1956 and would hold office upto the date of the Annual General Meeting.

Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a Member alongwith a deposit of ₹ 500 (Rupees Five Hundred only) signifying his intention to propose the candidature of Dr. Czurda for the office of Director.

Dr. Czurda is not disqualified from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirement of obtaining the Director Identification Number (DIN) in terms of Section 266A of the Companies Act, 1956. His DIN is 06412755. The Company has received the requisite Form DDA from Dr. Czurda, in terms of Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, confirming his eligibility for such appointment.

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Dr. Martin Czurda may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to his own appointment. None of the other Directors of the Company are, in any way, concerned or interested in the proposed Resolution.

Item No. 8

Dr. Punita Kumar Sinha, a Doctorate from the Wharton School, University of Pennsylvania, has over 22 years of experience in asset management in international and emerging markets. Dr. Sinha served as a Senior Managing Director of The Blackstone Group LP and Chief Investment Officer of Blackstone Asia Advisors L.L.C. She was also the Chief Investment Officer and Senior Portfolio Manager of the NYSE listed India Fund Inc. and Asia Tigers Fund Inc. Prior to joining Blackstone, she served as a Managing Director and Senior Portfolio Manager at Oppenheimer & Company and CIBC World Markets, where she was the Senior Portfolio Manager for the NYSE listed India Fund Inc. since 1997 and of the Asia Tigers Fund Inc. since 1999. Her prior experience includes being a Portfolio Manager on the emerging markets team at Batterymarch Financial Management Inc. (a Legg Mason company), and an international equity management team member at Standish Ayer (now a part of Bank of NY Mellon). She did her B.Tech with distinction from IIT Delhi where she has also been awarded the “Distinguished Alumni Award”.

Dr. Punita Kumar Sinha has been appointed as an Additional Director (Category - Non-Executive & Independent) of the Company pursuant to Section 260 of the Companies Act, 1956 and would hold office upto the date of the Annual General Meeting.

Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a Member alongwith a deposit of ₹ 500 (Rupees Five Hundred only) signifying his intention to propose the candidature of Dr. Sinha for the office of Director.

Dr. Sinha is not disqualified from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956 and has complied with the requirement of obtaining the Director Identification Number (DIN) in terms of Section 266A of the Companies Act, 1956. Her DIN is 05229262. The Company has received the requisite Form DDA from Dr. Sinha, in terms of Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, confirming her eligibility for such appointment.

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

Dr. Punita Kumar Sinha may be deemed to be concerned or interested in the proposed Resolution in so far as it relates to her own appointment. None of the other Directors of the Company are, in any way, concerned or interested in the proposed Resolution.

Item No. 9

At the Annual General Meeting of the Company held on July 30, 2011, a Resolution pursuant to Section 293(1)(d) of the Companies Act, 1956 was passed by the Members authorising the Board of Directors of the Company to borrow moneys upto an amount not exceeding ₹ 20,000 Crores.

In view of the expanding business activities and size of the Company, it is considered necessary to enhance the borrowing limits under Section 293(1)(d) of the Companies Act, 1956 from ₹ 20,000 Crores (Rupees Twenty Thousand Crores only) to ₹ 25,000 Crores (Rupees Twenty Five Thousand Crores only), as mentioned in the proposed Resolution.

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

None of the Directors of the Company are, in any way, concerned or interested in the proposed Resolution, except to the extent that it is proposed to authorise them to borrow moneys as stated in the Resolution.

Item No. 10

At the Annual General Meeting of the Company held on September 26, 1998, a Resolution pursuant to Section 293(1)(a) of the Companies Act, 1956 was passed by the Members authorising the Board of Directors of the Company to create security by way of mortgage and/or charge in such a manner and in such form as may be deemed fit by the Board of Directors of the Company.

Section 293(1)(a) of the Companies Act, 1956 requires the approval of the Members of the Company to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The Company would be borrowing monies from time to time, for the purpose of its business, by way of loans, debentures, bonds, commercial papers and other financial assistance/credit facilities from various financial/ investment institution(s), banks(s), mutual fund(s), corporate body(ies) and other persons/investors apart from the working capital facilities obtained/to be obtained from banks etc. in the ordinary course of business. This, in turn, would necessitate further creation of security by way of suitable mortgages and/or charges on all or some of the moveable and/or immoveable assets of the Company, both present and/or future, in favour of the various lenders/ trustees. Since mortgaging, charging by the Company of its assets may be considered as disposal of the Company's properties, it is necessary for the Members to pass the Resolution under Section 293(1)(a) of the Companies Act. 1956.

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

None of the Directors of the Company are, in any way, concerned or interested in the proposed Resolution, except to the extent that it is proposed to authorise them to mortgage and/or create charge etc. as stated in the Resolution.

Item No. 11

The Non-Executive Directors of the Company bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as corporate strategy, resources, information systems, technology and finance. They also bring an external and wider perspective in Board deliberations and decisions. The role and responsibilities of the Non-Executive Directors have undergone significant changes under Corporate Governance norms and made it more onerous for them, demanding their greater involvement in the supervision of the Company. The Board of Directors of the Company is of the view that it is necessary that adequate remuneration should be given to the Non-Executive Directors so as to compensate them for their time, attention and efforts and also to retain and attract the pool of talent for the growth and prosperity of the Company.

The Members in the Annual General Meeting held on 9th August, 2010 had passed a Special Resolution approving the payment of commission to the Non-Executive Directors of an aggregate maximum amount not exceeding one percent of the net profits of the Company in any financial year (computed in the manner referred to in Sections 198, 309(4), 349 and 350 of the Companies Act, 1956) or ₹ 50,00,000 (Rupees Fifty Lacs only), whichever is lower for a period of three financial years from 2010-11 till 2012-13. The said approval has expired on March 31, 2013.

It is now proposed to pay commission on net profits to the Non-Executive Directors of the Company for a further period of five years commencing from financial year 2013-14, as the Board of Directors of the Company may from time to time determine (to be divided amongst them in such manner, amount or proportion as may be determined by the Board of Directors from time to time and in default of such determination equally), provided that the maximum aggregate amount of commission payable in any financial year shall not exceed one percent of the net profits of the Company (computed in the manner referred to in Sections 198, 309(4), 349 and 350 of the Companies Act, 1956). The payment of commission will be in addition to the sitting fees payable to the Non-Executive Directors for attending each meeting of the Board/Committee(s) thereof.

Section 309(4) of the Act stipulates, inter alia, that Non-Executive Directors of a Company may be paid commission if authorised by a Special Resolution.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

All the Directors of the Company except the Managing Director are deemed to be concerned or interested in the proposed Resolution to the extent of remuneration that may be received by them.

Item No. 12

Mr. Shyamalendu Chatterjee, Non-Executive and Independent Director of the Company is a Non-Executive Director of Srei Capital Markets Limited, subsidiary of the Company. It is considered desirable in the interest of the Company as well as in the interest of the aforesaid subsidiary to allow him to continue to hold office or place of profit in the said subsidiary company.

The consent of the Members is therefore sought for the proposed Resolution and also for sitting fees being presently paid to him and to any other remuneration that may be agreed and be paid by the aforesaid subsidiary company and as permissible under the law.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

Mr. Shyamalendu Chatterjee may be deemed to be concerned or interested in the proposed Resolution. None of the other Directors of the Company are, in any way, concerned or interested in the proposed Resolution.

Item No. 13

Dr. Punita Kumar Sinha is a Non-Executive and Independent Director of the Company. It is considered desirable in the interest of the Company as well as in the interest of subsidiary(ies) of the Company to allow her to hold office or place of profit in one or more subsidiary company(ies).

The consent of the Members is therefore sought for the proposed Resolution and also for sitting fees, professional fees and any other remuneration that may be agreed and be paid by one or more subsidiary company(ies) and as permissible under the law.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

Dr. Punita Kumar Sinha may be deemed to be concerned or interested in the proposed Resolution. None of the other Directors of the Company are, in any way, concerned or interested in the proposed Resolution.

Item No. 14

The Company will be requiring fresh Capital to achieve the future business plan contemplated by it. The present Authorised Share Capital of the Company may not be sufficient for the purpose of financing the expected expansion in the business of the Company. Accordingly, the Board of Directors at their meeting held on May 20, 2013 have proposed to increase the present Authorised Share Capital of the Company from ₹ 810,00,00,000 (Rupees Eight Hundred and Ten Crores only) divided into 71,00,00,000 (Seventy One Crores only) Equity Shares of ₹ 10 (Rupees Ten) each and 1,00,00,000 (One Crore only) Preference Shares of ₹ 100 (Rupees Hundred) each to ₹ 1500,00,00,000 (Rupees Fifteen Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores only) Equity Shares of ₹ 10 (Rupees Ten) each and 5,00,00,000 (Five Crores only) Preference Shares of ₹ 100 (Rupees Hundred) each. The aforesaid increase in the Authorised Share Capital will require the amendment of the Capital Clause of the Memorandum of Association of the Company.

A copy of the Memorandum of Association of the Company together with the proposed amendments is open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m., upto the date of the Meeting.

The Directors, therefore, recommend the Resolution to be passed as an Ordinary Resolution by the Members.

None of the Directors of the Company are, in any way, concerned or interested in the proposed Resolution.

Item No. 15

The Company believes that the infrastructure financing sector in India is poised for an exponential growth and hence wants to strengthen its financial position as well as increase its networth to drive business growth.

Hence, with a view to augment its long term resources, improve its debt - equity ratio and to strengthen its capital base, the Company proposes to raise finance, at appropriate times as the Board of Directors (including any Committee of the Board of Directors) may decide, by issue of Redeemable Non-Convertible Preference Shares, for an amount aggregating upto ₹ 500,00,00,000 (Rupees Five Hundred Crores only) by way of private placement and/or public issue.

The Members are requested to authorise the Board of Directors (including any Committee of the Board of Directors) to create, offer, issue and allot Preference Shares upto ₹ 500 Crores (Rupees Five Hundred Crores only) in one or more tranches. The detailed terms and conditions of the issue including price, dividend, redemption period, etc. will be decided by the Board of Directors (including any Committee of the Board of Directors) at the time of such issue and allotment considering the prevailing market conditions, other relevant factors and applicable regulations/guidelines.

The Directors, therefore, recommend the Resolution to be passed as a Special Resolution by the Members.

None of the Directors of the Company are, in any way, concerned or interested in the proposed Resolution, except to the extent that any Preference Shares may be offered to and/or subscribed for by them or by any company or body corporate of which they are Directors and/or Shareholders.

By Order of the Board of Directors
For Srei Infrastructure Finance Limited
Sandeep Kr. Lakhotia

Dated : May 20, 2013
Place : Kolkata

Sandeep Lakhotia
Company Secretary

SREI INFRASTRUCTURE FINANCE LIMITED

Registered Office : 'Vishwakarma'
86C, Topsia Road (South), Kolkata - 700 046
Website : www.srei.com, Email : investor.relations@srei.com

PROXY

DP ID No.*		Regd. Folio No.	
Client ID No.*		No. of Share(s) held	

* Applicable for shares held in electronic form.

I/We____of ____ being a member / members of Srei Infrastructure Finance Limited, hereby appoint _________________________________ of____ or failing him ____ of ____ as my / our Proxy to attend and vote for me / us and on my / our behalf at the Twenty-Eighth Annual General Meeting of the Company to be held on Wednesday, August 14, 2013 at 10.30 a.m. and at any adjournment(s) thereof.

Affix
Revenue
Stamp

Signature across Revenue Stamp

Signed this ___________ day of ______________ 2013.

Note : The Proxy, to be valid, should be deposited at the Registered Office of the Company not less than Forty-Eight Hours before the time fixed for holding the aforesaid Meeting. Further, a Proxy need not be a Member of the Company.

SREI INFRASTRUCTURE FINANCE LIMITED

Registered Office : 'Vishwakarma'
86C, Topsia Road (South), Kolkata - 700 046
Website : www.srei.com, Email : investor.relations@srei.com

ATTENDANCE SLIP

DP ID No.*		Regd. Folio No.	
Client ID No.*		No. of Share(s) held	

* Applicable for shares held in electronic form.

I hereby record my presence at the Twenty-Eighth Annual General Meeting of the Company held on Wednesday, August 14, 2013 at 10.30 a.m. at the Science City Mini Auditorium, JBS Haldane Avenue, Kolkata - 700 046.

Full name of Shareholder/Proxy ____
(in block letters)

Signature of the Shareholder/Proxy

Srei was bestowed with the award for the Best Entity in the area of Corporate Governance category at the inaugural ET Bengal Corporate Awards, 2013.

Cautionary Statement

This report contains forward-looking statements, 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
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