



SREI INFRASTRUCTURE FINANCE LIMITED

(Srei Infrastructure Finance Limited (the "Company"), with CIN L29219WB1985PLC055352, incorporated in the Republic of India with limited liability under the Companies Act, 1956, as amended (the "Companies Act"))

Registered Office: 'Vishwakarma', 86 C, Topsia Road (South), Kolkata 700 046; **Tel:** +91 336160 7734; **Fax:** +91 33 2285 7542; **Website:** www.srei.com

Compliance Officer to the Issue: Mr Samir Kumar Kejriwal, Vice President, Srei Infrastructure Finance Limited, 'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046
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PUBLIC ISSUE BY SREI INFRASTRUCTURE FINANCE LIMITED (THE "COMPANY" OR THE "ISSUER") OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH (THE "DEBENTURES" OR THE "NCDS"), FOR AN AMOUNT UP TO ₹ 750 MILLION (THE "BASE ISSUE") WITH AN OPTION TO RETAIN OVER SUBSCRIPTION UPTO ₹ 750 MILLION AGGREGATING TO ₹ 1,500 MILLION ("OVERALL ISSUE SIZE"), HEREINAFTER REFERRED TO AS THE "ISSUE".

GENERAL RISK

Investors are advised to read the section titled "Risk Factors" carefully before taking an investment decision in this Issue. For the purposes of taking an investment decision, investors must rely on their own examination of the Issuer and of the Issue, including the risks involved. Specific attention of the investors is invited to the section titled "Risk Factors" on page no. 10 before making an investment in this issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATINGS

The NCDs have been rated 'CARE AA (Double AA)' by CARE pursuant to letter dated August 9, 2012 and 'BWR AA (Double AA)' by BRICKWORK pursuant to letter dated June 14, 2012. Instruments with a rating of 'CARE AA (Double AA)' by CARE and 'BWR AA (Double AA)' by BRICKWORK are considered to have a high degree of safety regarding timely servicing of financial obligations. The rating provided by CARE and BRICKWORK may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities and investors should take their own investment decisions. Please refer to the Annexure of this Prospectus for the rationale of the above ratings.

PUBLIC COMMENTS

The Draft Prospectus dated August 22, 2012 was filed with BSE Limited ("BSE"), pursuant to the provisions of SEBI Debt Regulations and was open for public comments for a period of 7 Working Days.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on BSE Limited (the "BSE"). Our Company has applied to BSE for 'in-principle' approval for the Issue and BSE has granted its approval by its letter dated September 3, 2012. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE

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DEBENTURE TRUSTEE TO THE ISSUE

REGISTRAR TO THE ISSUE

Axis Trustee Services Limited Axis House, 2 nd Floor Bombay Dyeing Mills Compound Pandurang Budhkar Marg, Worli Mumbai: 400 025 Tel: +91 22 2425 5202 Fax: +91 22 2425 4200 Email: debenturetrustee@axistrustee.com Investor Grievance Email : debenturetrustee@axistrustee.com Website: www.axistrustee.com Contact Person: Mr Neelesh Baheti Compliance Officer: Mr D J Bora SEBI Registration No.: IND000000494	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078 Tel.: +91 22 2596 7878 Fax :+91 222596 0329 Toll Free : 1-800-22-0878 Email : srei2.ncd@linkintime.co.in Investor Grievance Email : srei2.ncd@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr Dinesh Yadav Compliance Officer: Mr Sanjeev Nandu SEBI Registration No.: INR000004058

*Srei Capital Markets Limited, which is a wholly owned subsidiary of the Company, shall only be involved in marketing of the Issue.

**SPA Capital Advisors Limited (formerly SPA Merchant Bankers Limited), having a valid SEBI Registration Certificate till November 30, 2012, has applied for permanent registration with SEBI vide application dated 29 August 2012.

ISSUE PROGRAMME

ISSUE OPENS ON:	SEPTEMBER 20, 2012	ISSUE CLOSES ON:	OCTOBER 25, 2012#
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The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.

Axis Trustee Services Limited has by its letter dated August 8, 2012 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

A copy of the Prospectus shall be filed with the Registrar of Companies, Kolkata, West Bengal in terms of section 56 and section 60 of the Act, along with the requisite endorsed/certified copies of all requisite documents. For further details please refer to the section titled "Material Contracts and Documents for Inspection" beginning on page 150 of this Prospectus.

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SECTION I: GENERAL

DEFINITIONS & ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to any legislation, act or regulation shall be to such term as amended from time to time.

Term	Description
Companies Act / Act	The Companies Act, 1956, as amended
AGM	Annual General Meeting
AS	Accounting Standard
BRT	Bus Rapid Transport
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Competition Act	Competition Act, 2002, as amended
CPC	Civil Procedure Code, 1908
CrPC	Code of Criminal Procedure, 1973
Debt Regulations / SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008 as amended
Depositories Act	Depositories Act, 1996, as amended
DIN	Director's Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended
FERA	Foreign Exchange Regulation Act, 1973
FII (s)	Foreign Institutional Investor(s)
Financial Year / FY/ Fiscal Year	Financial Year ending March 31
GDP	Gross Domestic Product
GIR	General Index Registration Number
G-Sec	Government Securities
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPC	Indian Penal Code, 1860
IPD	Infrastructure Project Development
IRDA	Insurance Regulatory and Development Authority
I.T. Act / Income Tax Act	Income Tax Act, 1961, as amended
MCA	Ministry of Corporate Affairs, Government of India
MNC	Multi-National Corporation / Company
MRTS	Mass Rapid Transport System
N.A.	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NHAI	National Highway Authority of India
NHDP	National Highways Development Programme
N.I. Act	Negotiable Instruments Act, 1881
NII(s)	Non-Institutional Investor(s)
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
ROC	Registrar of Companies, Kolkata, West Bengal
₹ / Rs / INR / Rupees	The lawful currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended

Term	Description
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
TDS	Tax Deducted at Source

ISSUE RELATED TERMS

Term	Description
Allotment / Allotted	Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the Allottees
Allottee	The successful applicant to whom the NCDs are being / have been Allotted pursuant to the Issuer
Applicant	Any prospective applicant who is eligible to participate in this Issue and makes an Application pursuant to the Prospectus and the Application Form. For more information on eligibility of the prospective Applicant please refer to the chapter titled “Issue Procedure” on page 114
Application Form	The form used by an applicant to apply for NCDs being issued through the Prospectus
Application Supported by Blocked Amount/ ASBA, ASBA Application	Shall mean the application (whether physical or electronic) used by an Applicant to make an Application authorizing the SCSB to block the amount payable on application in its specified bank account;
ASBA Account	Means an account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form made in ASBA mode.
Bankers to the Issue / Escrow Collection Banks	The bank(s) with whom Escrow Accounts will be opened as specified in this Prospectus
Base Issue	Public Issue of NCDs by our Company aggregating upto ₹ 750 million
Basis of Allotment	The basis on which NCDs will be allotted to successful Applicants under the Issue and which is described in “Issue Procedure – Basis of Allotment” on page 128 of this Prospectus.
BRICKWORK	Brickwork Ratings India Private Limited
CARE	Credit Analysis & Research Limited
Category I Persons	Shall mean Persons who are Institutional Investors.
Category II Persons	Shall mean Persons who are Non-Institutional Investors.
Category III Persons	Shall mean Persons who are Individual Category Investors.
Debentures / NCDs / Bonds	Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each, aggregating upto ₹ 750 million with an option to retain over-subscription upto ₹ 750 million for issuance of additional NCDs aggregating to a total of upto ₹ 1,500 million.
Debenture Holder (s) / NCD Holder(s)	The holders of the NCDs whose name appears in the database of the Depository (in case of NCDs in the dematerialized form) and/or the register of NCD holders maintained by our Company (in case of NCDs held in the physical form)
Debt Listing Agreement	The listing agreement between our Company and the relevant stock exchange(s) in connection with the listing of debt securities of our Company
Deemed Date of Allotment	The date of issue of the Allotment Advice / Regret or such date as may be determined by the Board of our Company and/or a duly authorized committee thereof and notified to the Stock Exchange. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment

Term	Description
Demographic Details	<p>On the basis of name of the applicant, PAN details, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by the Applicants in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the investor such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable and occupation.</p> <p>These Demographic Details would be used for all correspondence with the applicants including mailing of the refund orders/ Allotment Advice and printing of bank particulars on the refund/interest order and the Category, PAN of Applicants and the Demographic Details given by applicant in the Application Form would not be used for these purposes by the Registrar.</p>
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL)
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at www.sebi.gov.in .
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the ASBA Accounts specified by the ASBA Applicants to the Public Issue Account, as the case may be, following which the Board approves the Allotment of the NCDs
Designated Stock Exchange / Stock Exchange / BSE	BSE Limited
Draft Prospectus	The Draft Prospectus dated August 22, 2012 filed with the Designated Stock Exchange for receiving public comments in accordance with the provisions of the Act and the SEBI Debt Regulations
Early Redemption (Put) Date	The date, 60 months after the expiry of the Deemed Date of Allotment, after which the Individual Category holder(s) of NCDs has the right to exercise his Put Option with respect to the NCDs held by him
Early Redemption (Put) Period	The period from October 1 to December 31 from the Early Redemption(Put) Date within which the Individual Category holder(s) of NCDs has the right to exercise his Put Option with respect to the NCDs held by him
Escrow Agreement	Agreement dated September 6, 2012 entered into amongst our Company, the Registrar, the Escrow Collection Bank(s) and the Lead Managers for collection of the application amounts and for remitting refunds, if any, of the amounts collected, to the applicants on the terms and conditions contained thereof
Escrow Account	Accounts opened in connection with the Issue with the Escrow Collection Bank(s) and in whose favour the applicant will issue cheques or bank drafts in respect of the application amount while submitting the application
I-Sec	ICICI Securities Limited
Individual Category	Category III Persons which includes all categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) who are eligible under applicable laws to hold the NCDs
Institutional Investor(s)	Category I Persons which includes Public financial institutions, statutory corporations, commercial banks, cooperative banks and regional rural banks incorporated in India and authorized to invest in the NCDs, Indian Provident funds, pension funds, superannuation funds and gratuity funds, authorized to invest in the NCDs, Indian venture capital funds registered with SEBI, Indian insurance companies registered with the IRDA, National Investment Fund, and Indian Mutual Funds registered with SEBI.
Institutional Portion	Portion of applications received from Category I persons who are eligible to apply grouped together across all Series of NCDs

Term	Description
Issue	Public Issue of NCDs by our Company aggregating upto ₹ 750 million with an option to retain over-subscription upto ₹ 750 million for issuance of additional NCDs aggregating to a total of upto ₹ 1,500 million
Issue Opening Date	September 20, 2012
Issue Closing Date	October 25, 2012, or such earlier or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.
Issue Period	Shall mean between the period between the Issue Opening Date and Issue Closing Date, both dates inclusive.
Karvy	Karvy Investor Services Limited
Lead Managers	ICICI Securities Limited, Karvy Investor Services Limited, Srei Capital Markets Limited, SPA Capital Advisors Limited and Trust Investment Advisors Private Limited
Market Lot	One (1) NCD
Members of Syndicate	Members of Syndicate includes Lead Managers and Brokers to the Issue.
Non Institutional Investors	Category II Persons eligible to apply for the issue which includes Companies, bodies corporate and societies, registered under the applicable laws in India, and authorized to invest in the NCDs; Trusts settled under the Indian Trusts Act, 1882, public/private charitable/religious trusts settled and/or registered in India under applicable laws, which are authorized to invest in the NCDs; Resident Indian scientific and/or industrial research organizations, authorized to invest in the NCDs; Partnership firms formed under applicable laws in India in the name of the partners, authorized to invest in the NCDs; and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), authorized to invest in the NCDs.
Non-Institutional Portion	Portion of applications received from Category II persons who are eligible to apply grouped together across all Series of NCDs
Prospectus	This Prospectus dated September 7, 2012 issued and to be filed with the ROC in accordance with the SEBI Debt Regulations containing inter alia the coupon rate for the NCDs and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs on the Designated Date
Put Option	The right of Individual Category holders of NCDs to seek redemption of such NCDs held by them at the expiry of 60 months, from the Deemed Date of Allotment
Registrar to the Issue/Registrar	Link Intime India Private Limited
Series	Collectively the Series I, Series II, Series III, and Series IV NCDs being offered to the Applicants as stated in the section titled 'Issue Related Information' beginning on page 101 of this Prospectus.
SPA	SPA Capital Advisors Limited (formerly SPA Merchant Bankers Limited)
Srei Caps	Srei Capital Markets Limited
Trading Member	Trading members registered with the Stock Exchange who are not empanelled as syndicate or sub-syndicate members.
Trustees / Debenture Trustee	Trustees for the holders of the NCDs, in this case being Axis Trustee Services Limited
Trust	Trust Investment Advisors Private Limited
Working Day(s)	All days excluding Sundays and a public holiday in Mumbai or Kolkata or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

COMPANY / INDUSTRY RELATED TERMS

Term	Description
“Srei Infra”, “Issuer”, “the Company”, “we”, “us”, and “our Company”	Srei Infrastructure Finance Limited, a public limited company incorporated under the Act having its registered office at ‘Vishwakarma’ , 86C Topsia Road (South), Kolkata - 700 046
AFC	Asset Finance Company

Term	Description
ALCO	Asset Liability Management Committee
ALM	Asset Liability Management
Articles / Articles of Association / AOA	Articles of Association of the Issuer, as amended
Auditors / Statutory Auditors	Haribhakti & Co., Chartered Accountants, the statutory auditors of our Company
Board / Board of Directors	The Board of Directors of the Issuer
CC&IC	Central Credit and Investment Committee
Committee of Directors	The Committee of Directors of the Issuer
CAR	Capital Adequacy Ratio
CIC	Core Investment Company
CP	Commercial Paper
CRAR	Capital-to-Risk-Weighted Assets Ratio
Exposure	Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure. The sanctioned limit or outstanding, whichever is higher, is our exposure as at that date. In the case of fully drawn term loans, where there is no scope for further drawl of any portion of the sanctioned amount, the committed/outstanding amount, as may be applicable, is equivalent to our exposure.
FIMMDA	Fixed Income, Money Markets and Derivatives Association
IC	Investment Company
IDF-NBFC	Infrastructure Debt Fund- Non- Banking Financial Company
LC	Loan Company
IFC	'Infrastructure Finance Company', as defined under applicable RBI guidelines
Memorandum / MOA	Memorandum of Association of the Issuer, as amended
Mezzanine Debt	Subordinated debt instruments secured by a charge other than an exclusive charge or a first charge
NBFC	Non-Banking Financial Company as defined under Section 45-I(f) of the RBI Act, 1934
NBFC-MFI	Non-Banking Financial Company - Micro Finance Institution
NBFC-ND-SI	Systemically Important Non-Deposit Taking NBFC
NPA	Non-Performing Asset
NRI	Non Resident Indian
Portfolio	Our aggregate outstanding loans and advances including Senior Debt, Mezzanine Debt, debentures, unsecured loans, and investments by way of equity and preference shares
PFI	Public financial institution as defined under Section 4A of the Companies Act, 1956
Promoters / our Promoters	The promoter of our Company is Mr Hemant Kanoria
Registered Office	'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046
RMCB	Risk Management Committee of the Board
Senior Debt/ Senior Loans	Debt secured by exclusive charge or first charge
USD	United States Dollar, the official currency of the United States of America

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements such as “aim”, “anticipate”, “shall”, “will”, “will continue”, “would pursue”, “will likely result”, “expected to”, “contemplate”, “seek to”, “target”, “propose to”, “future”, “goal”, “project”, “could”, “may”, “in management’s judgment”, “objective”, “plan”, “is likely”, “intends”, “believes”, “expects” and other similar expressions or variations of such expressions. These statements are primarily meant to give the investor an overview of our Company’s future plans, as they currently stand. Our Company operates in a highly competitive, dynamic and regulated business environment, and a change in any of these variables may necessitate an alteration of our Company’s plans. Further, these plans are not static, but are subject to continuous internal review and policies, and may be altered, if the altered plans suit our Company’s needs better.

Further, many of the plans may be based on one or more underlying assumptions (all of which may not be contained in this Prospectus) which may not come to fruition. Thus, actual results may differ materially from those suggested by the forward-looking statements. Our Company and all intermediaries associated with this Prospectus do not undertake to inform the investor of any change in any matter in respect of which any forward-looking statements are made.

All statements contained in this Prospectus that are not statements of historical fact constitute “forward-looking statements” and are not forecasts or projections relating to our Company’s financial performance. All forward-looking statements are subject to risks, uncertainties and assumptions that may cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that may cause actual results to differ materially from our Company’s expectations include, amongst others:

- General economic and business environment in India;
- Our Company’s ability to successfully implement its strategy and growth plans;
- Our Company’s ability to compete effectively and access funds at competitive cost;
- Effectiveness and accuracy of internal controls and procedures;
- Changes in domestic or international interest rates and liquidity conditions;
- Defaults by end customers resulting in an increase in the level of non-performing assets in its portfolio;
- Rate of growth of its loan assets and ability to maintain concomitant level of capital;
- Downward revision in credit rating(s);
- Performance of the Indian debt and equity markets;
- Potential mergers, acquisitions or restructurings and increased competition;
- Changes in tax benefits and incentives and other applicable regulations, including various tax laws;
- Our Company’s ability to retain its management team and skilled personnel;
- Changes in laws and regulations that apply to NBFCs and PFIs in India, including laws that impact its lending rates and its ability to enforce the assets financed/secured to it; and
- Changes in political conditions in India.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor any of its Directors have any obligation, or intent to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. For further discussion of the factors that could affect our Company’s future financial performance, see the section titled “*Risk Factors*” beginning on page no. 10 of this Prospectus.

PRESENTATION OF FINANCIALS & USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Prospectus is derived from our Company's audited financial statements as at March 31, 2008, March 31, 2009, March 31, 2010, March 31, 2011 and March 31, 2012 prepared in accordance with Indian GAAP and the Act and are in accordance with Paragraph B, Part – II of Schedule II to the Act, the Debt Regulations, as stated in the report of our Company's Statutory Auditors, Haribhakti & Co., Chartered Accountants, included in this Prospectus.

In this Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Except as specifically disclosed, all financial / capital ratios and disclosures regarding NPAs in this Prospectus are in accordance with the applicable RBI norms.

Unless stated otherwise, macroeconomic, growth rates, industry data and information regarding market position contained in this Prospectus have been obtained from publications prepared / compiled by professional organisations and analysts, data from other external sources, our knowledge of the markets in which we compete, providers of industry information, government sources and multilateral institutions, with their consent, wherever necessary. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. The methodologies and assumptions may vary widely among different industry sources.

While we have compiled, extracted and reproduced data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

Currency and units of Presentation

In this Prospectus, all references to 'Rupees' / '₹' / 'INR' are to Indian Rupees, the official currency of the Republic of India and to 'U.S. Dollar' / 'USD' are to the United States dollar, the official currency of the United States.

Except where stated otherwise in this Prospectus, all figures have been expressed in 'Millions'. All references to 'million/Million/Mn/Mio' refer to one million, which is equivalent to 'ten lakhs' or 'ten lacs', the word 'Lakhs/Lacs/Lac' means 'one hundred thousand' and 'Crore' means 'ten million' and 'billion/bn./Billions' means 'one hundred crores'.

Certain of our funding is by way of US Dollar loans. Amounts set out in this Prospectus, and particularly in the section "Disclosure on Existing Financial Indebtedness", in relation to such U. S. Dollar loans have been converted into Indian Rupees for the purposes of the presentation.

SECTION II: RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to the other information contained in this Prospectus before making any investment decision relating to the Issue. If any of the following risks or other risks that are not currently known or are deemed immaterial at this time, actually occur, our business, financial condition and results of operation could suffer, the trading price of the NCDs could decline and you may lose all or part of your redemption amounts and / or interest amounts. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The order of the risk factors appearing hereunder is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. Unless the context requires otherwise, the risk factors described below apply to us / our operations only.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus.

Investors are advised to read the following risk factors carefully before making an investment in this Issue. You must rely on your own examination of our Company and this Issue, including the risks and uncertainties involved.

INTERNAL RISKS

- 1. We are subject to certain legal proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business and results of operations may be adversely affected.***

We are subject to a number of legal proceedings. We incur a substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions.

For further details of the legal proceedings that we are subject to, see the section titled "Outstanding Litigation and Statutory Defaults" on page 131 of this Prospectus

- 2. As an NBFC, the risk of default and non-payment by borrowers and other counterparties may materially and adversely affect our profitability and asset quality. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.***

Our lending activities are exposed to credit risk arising from the risk of default and non-payment by borrowers and other counterparties. Our total outstanding loan (gross of provisions) was ₹ 88,238.10 million as at March 31, 2012. The size of our loan Portfolio is expected to grow as a result of our expansion strategy in existing as well as new products. Sustained growth may expose us to an increasing risk of defaults as our Portfolio expands. Our gross NPAs as a percentage of total outstanding loans were 1.25 %, as of March 31, 2012 respectively, while the net NPAs as a percentage of net outstanding loans were 1.12 %, March 31, 2012 respectively.

The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, and operational failure.

We cannot be certain, and cannot assure you, that we will be able to improve our collections and recoveries in relation to the NPAs or otherwise adequately control our level of NPAs in the future. Moreover, as our loan Portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of NPAs, the overall quality of our loan Portfolio may deteriorate and our results of operations may be adversely affected. Furthermore, our current provisions may not be comparable to those of other financial institutions.

We have made provisions of ₹ 110.00 million in respect of gross NPAs as on March 31, 2012. In addition, we maintain a provision against standard assets, as per RBI Guidelines. As of March 31, 2012 and March 31, 2011, against which we have made provisions of ₹ 218.10 million and ₹ 119.50 million respectively in respect of standard assets. There can be no assurance that there will be a decrease in our NPA provisions as a percentage of assets, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our Portfolio, there could be a more significant and substantial material and adverse impact on our business, future financial performance and results of operations.

- 3. Private sector infrastructure industry in India is still at a relatively early stage of development and is linked to the continued growth of the Indian economy, the sectors on which we focus and stable regulatory regimes. In the event that central and state government initiatives and regulations in the infrastructure industry do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India or in specific sectors, our business, future financial performance and results of operations could be materially and adversely affected.***

We believe that further development of India's infrastructure is dependent on formulation and effective implementation of state and central government programs and policies that facilitate and encourage private sector investment in infrastructure projects in India. Many of these programs and policies are developing and evolving and their success will depend on whether they are properly designed to address the issues facing infrastructure development in India and are effectively implemented. Additionally, these programs will need continued support from stable and experienced regulatory regimes and tax deductions that not only encourage the continued movement of private capital into infrastructure projects but also lead to increased competition, appropriate allocation of risk, transparency, effective dispute resolution and more efficient and cost effective services to the end consumer.

The availability of private capital and continued growth of the infrastructure industry are also linked to the continued growth of the Indian economy. Specific factors within each industry sector may also influence the success of the projects within those sectors, including changes in policies, regulatory frameworks and market structures. While there has been progress in sectors such as telecommunications, transportation, energy, tourism and industrial and commercial infrastructure, other sectors such as urban infrastructure and healthcare have not progressed to the same degree. Further, since infrastructure services in India have historically been provided by the central and state governments without charge or at a subsidized charge to consumers, the growth of the infrastructure industry will be impacted by consumers' income levels and the extent to which they would be willing to pay or can be induced to pay for infrastructure services. If the central and state governments' initiatives and regulations in the infrastructure industry do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India or in specific sectors, our business, our future financial performance and results of operations could be materially and adversely affected.

4. *We may be exposed to potential losses due to a decline in value of assets secured in our favour, and due to delays in the enforcement of such security upon default by our borrowers*

Our total loan Portfolio is secured by a mix of movable and immovable assets and/or other collaterals. The value of certain types of assets may decline due to inherent operational risks, the nature of the asset secured in our favour and adverse market and economic conditions (both global and domestic).

The value of the security or collateral, as the case may be, may also decline due to delays in insolvency, winding-up and foreclosure proceedings, defects in title, difficulty in locating movable assets, documentation relevant to the assets and the necessity of obtaining regulatory approvals for the enforcement of our collateral over those assets, and as such, we may not be able to recover the estimated value of the assets which would materially and adversely affect our business, future financial performance and results of operations.

In the event of default by our borrowers, we cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking immediate action and in bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral, litigation and fraudulent transfers by borrowers. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed.

5. *If we are unable to manage our rapid growth effectively, our business, future financial performance and results of operations could be materially and adversely affected.*

The business of our Company has grown rapidly since we began our operations. From March 31, 2009 to March 31, 2012, our total loans outstanding increased by a CAGR of 108.13 %. We intend to continue to grow our businesses, which could place significant demands on our operational, credit, financial and other internal risk controls. It may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important.

Our future business plan is dependent on our ability to borrow at competitive rate to fund our growth. We may have difficulty obtaining funding on attractive terms. Adverse developments in the Indian credit markets, such as the significant increase in interest rates in the last 18 months, had increase our debt service costs and the overall cost of our funds. An inability to manage our growth effectively and failure to secure the required funding therefore on favourable terms, or at all, could have a material and adverse effect on our business, future financial performance and results of operations.

6. *We face increasing competition in our business which may result in declining margins if we are unable to compete effectively*

Our primary competitors are other NBFCs, public sector banks, private sector banks and other financial institution. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which may render them less competitive.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise funds at competitive rates or at all. Increasing competition may have an adverse effect

on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline.

7. *Infrastructure projects carry certain risks which, to the extent they materialize, could adversely affect our business and result in defaults/ delays in repayment of our loans and investments declining in value which could have a material and adverse effect on our business, future financial performance and results of operations.*

Our Company's product offerings include debt, equity and mezzanine financings, and financial advisory services related to infrastructure projects in India. As at March 31, 2012 our outstanding loans were ₹ 88238.10 million. Infrastructure projects are characterized by project - specific risks as well as general risks. These risks are generally beyond our control, and include:

- political, regulatory and legal actions that may adversely affect project viability;
- interruptions or disruption in domestic or international financial markets, whether for equity or debt funds;
- changes in government and regulatory policies;
- delays in the construction and operation of infrastructure projects;
- adverse changes in market demand or prices for the products or services that the project, when completed, is expected to provide;
- the unwillingness or inability of consumers to pay for infrastructure services;
- shortages of, or adverse price developments in respect of raw materials and key project inputs such as oil and natural gas;
- potential defaults under financing arrangements with lenders and investors;
- failure of third parties to perform on their contractual obligations;
- adverse developments in the overall economic environment in India;
- interest rate or currency exchange rate fluctuations or changes in tax regulations;
- economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve; and
- Other risks discussed in the sub-section "*External Risks — Risks Relating to India*", on page 19 of this Prospectus.

To the extent these or other risks relating to the projects we finance materialize, the quality of our asset Portfolio and our profitability may decline, which would have a material and adverse effect on our business, future financial performance and results of operations.

8. *Our Company has significant Exposure to certain sectors and to certain borrowers and if these Exposures become non-performing, such Exposure could increase the level of non-performing assets in our Portfolio and materially affect our business, future financial performance and results of operations and the quality of our asset Portfolio.*

As at March 31, 2012, our three largest single sector Exposures were in the Power, Telecommunication and Road sectors. For the foreseeable future, we expect to continue to have a significant concentration of loans in these three sectors. Any material negative trends or financial difficulties in the Power, Telecommunication and Road sectors, could increase the level of non-performing assets in our Portfolio and may adversely affect our business, future financial performance and results of operations.

The customers of our Company may default on their obligations to us as a result of their bankruptcy, lack of liquidity, operational failure, breach of contract, government or other regulatory intervention and other reasons such as their inability to adapt to changes in the macro business environment. Historically, borrowers or borrower groups have been adversely affected by economic conditions in varying degrees. Such adverse impact may limit our ability to recover the dues from the borrowers and predictability of cash flows. Credit losses due to financial difficulties of these borrowers or borrower groups in the future could materially and adversely affect our business, future financial performance and results of operations.

9. *Our indebtedness and restrictive covenants imposed by our financing agreements could restrict our ability to conduct our business and operations.*

Our financing agreements require us to maintain certain security margins. Should we breach any financial or other covenants contained in any of our financing agreements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Under the terms of some of the loan agreements, our Company is required to obtain the prior written consent of the concerned lender prior to our Company entering into any scheme of expansion, merger, amalgamation, compromise or reconstruction or selling, leasing, transferring all or a substantial portion of its fixed and other assets; making any change in ownership or control or constitution of our Company, or in the shareholding or management or majority of directors, or in the nature of business of our Company; or making amendments in the Company's Memorandum and Articles of Association. In the event that such lenders, in the future decline to consent or delay in granting the consent to our plans of

expansion/modernization/diversification of our business, such declination or delay as the case may be may have adverse bearing on our future growth plan.

10. Our inability to obtain no objections from our lenders for the Issue, in a timely manner or at all could adversely affect raising of funds.

Our Company is required to obtain prior no objections from our consortium banks pursuant to restrictive covenants contained in the loan documents. Our Company has applied for no-objection/consents from the lead bank of the Consortium and has obtained the consent. Our inability to obtain such no objection certificate in a timely manner or at all, may adversely affect timely raising of funds.

11. We may experience delays in enforcing collateral when the borrowers who are customers of our Company default on their obligations to us, which may result in failure to recover the expected value of collateral and may materially and adversely affect our business and future financial performance.

As at March 31, 2012, 99.55 % of the loans of our Company were secured by project assets and/or other collateral.

Although we seek to maintain a collateral value to loan ratio of at least 100% for our secured loans, an economic downturn or the other project risks could result in a fall in collateral values. Additionally, the realizable value of our collateral in a liquidation may be lower than its book value.

Moreover, foreclosure of such collateral may require court or tribunal intervention that may involve protracted proceedings and the process of enforcing security interests against collateral can be difficult. Additionally, the realizable value of our collateral in liquidation may be lower than its book value, particularly in relation to projects which are not completed when default occurs and lenders initiate action in respect of enforcement of security. In general, most project loans are provided on a limited recourse basis. With respect to disbursements made on a non-recourse basis, only the related project assets are available to repay the loan in the event the borrowers are unable to meet their obligations under the loan agreements due to lower than expected cash flows. With respect to disbursements made on a limited recourse basis, project sponsors generally give undertakings for funding shortfalls and cost overruns.

We cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, defects in the perfection of collateral, delays on our part in taking immediate action in bankruptcy foreclosure proceedings, stock market downturns, claims of other lenders, legal or judicial restraint and fraudulent transfers by borrowers. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed.

12. Our investments can be particularly volatile and may not be recovered.

As at March 31, 2012, our investments accounted for 20.81% of our total assets. The value of investments depends on the success and continued viability of these projects. In addition to the project specific risks described in the above risk factors, we have limited control over the operations or management of these projects. Therefore, our ability to realize expected gains as a result of our equity interest in a project is highly dependent on factors outside of our control. Decline in value of our equity Portfolio may materially and adversely affect our business, future financial performance and results of operations.

13. As a consequence of being regulated as an NBFC and IFC, and a PFI, we have to adhere to certain individual and borrower group Exposure limits under the RBI regulations.

Our Company is regulated by the RBI as an NBFC. In terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended (the "Prudential Norms Directions") our Company is required to comply with the prescribed Exposure limits. Further, our Company has been classified as an IFC by the RBI, which classification is subject to certain conditions including a minimum 75% of the total assets of such NBFC being deployed in infrastructure loans (as defined under the Prudential Norms Directions), net owned funds of ₹ 3,000 million or more, a minimum credit rating of "A" or an equivalent credit rating of CRISIL, FITCH, CARE or ICRA or any other accredited rating agency and a capital to risk weighted asset ratio of 15%. As an IFC, our Company's single borrower limit for lending may exceed the concentration of credit norms applicable to an NBFC that is not an IFC by an additional 10% of its owned fund, and its single group limit for lending may exceed such credit norms by an additional 15% of its owned fund.

The MCA, through its notification dated September 26, 2011, published in the Official Gazette of India notified our Company, as a Public Financial Institution under Section 4A of the Act. As a result of the PFI status, we are required to undertake certain continuing compliances such as the main business of our Company should be industrial/infrastructural financing, the financial statement should show that its income from industrial/infrastructural financing exceeds 50% of its income; and the net-worth of our Company should be at least ₹ 10,000 million.

In the event that our Company is unable to comply with the Exposure norms within the specified time limit, or at all, our Company may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the

cancellation of registration as an NBFC, IFC or PFI. Our Company's inability to continue being classified as an IFC and PFI may impact our growth and expansion plans by affecting our competitiveness in relation to our competitors. We cannot assure you that we may not breach the Exposure norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC or IFC by the RBI due to the breach of Exposure norms may adversely affect our business, prospects, results of operations, financial condition and the trading price of the NCDs.

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain approvals, licenses, registrations and permissions for operating our business, including registration with the RBI as an NBFC-ND. In addition, the RBI has classified our Company as an IFC. Further, we have been recently notified as a PFI under section 4A of the Companies Act. Such approvals, licenses, registrations and permissions must be maintained/renewed over time, we may have to comply with certain conditions in relation to these approvals, applicable requirements may change and we may not be aware of or comply with all requirements all of the time. We are required to obtain and maintain a certificate of registration for carrying on business as an NBFC that is subject to numerous conditions. For further details, see the section titled "Regulations and Policies" on page 138 of this Prospectus.

Given the extensive regulation of the financial services industry, it is possible that we could be found, by a court, arbitration panel or regulatory authority not to have complied with applicable legal or regulatory requirements. Further, we may be subject to lawsuits or arbitration claims by customers, employees or other third parties in the different state jurisdictions in India in which we conduct our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims that we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. We may also incur substantial costs related to litigation if we are subject to significant legal action, which may materially and adversely affect our business, future financial performance and results of operations.

14. Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.

Our outstanding Non-convertible Debentures/NCDs are rated 'CARE AA' by CARE and 'BWR AA' by BRICKWORK. Our on-going short-term debt instruments are rated 'CARE A1+' by CARE and 'ICRA A1+' by ICRA. Our outstanding Unsecured Subordinated NCDs (Tier II Capital) are rated 'CARE AA-' by CARE, 'AA-(ind)' by FITCH and 'ICRA A+' by ICRA.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. Any such adverse development could adversely affect our business, financial condition and results of operations.

15. We have entered into certain related party transactions

We have entered into certain transactions with related parties as disclosed in the accounts. There can be no assurance that we could not have achieved more favourable terms on such transactions had they not been entered into with related parties as disclosed in the accounts. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. Such transactions we have entered into and any future transactions with our related parties could potentially involve conflicts of interest. For more information regarding our related party transactions, see the section titled "Financial Statements" for "Related Party Disclosure".

16. Any increase in or realization of our contingent liabilities could adversely affect our financial condition.

As at March 31, 2012, our financial statements disclosed and reflected the following contingent liabilities:

(₹ in million)

Particulars	As at March 31, 2012
Bank Guarantees	170.70
Corporate Guarantee to Banks	1381.50
Disputed income tax	365.40
Fringe Benefit Tax	22.60
Total	1940.20
Commitments	
Estimated amount of Capital contracts remaining to be executed and not provided for (Net of advances)	278.20
Other Commitments *	

*The Company has entered into Options/Swaps/Forward Contracts (being derivative instruments) which are not intended for trading and 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 million)

Category	Currency	31st March, 2012	
		No. of Contracts	Amount in Foreign Currency
Options / Swaps	USD/INR	7	USD 96.76
Options / Swaps	EUR/INR	1	EUR 15.00
Options / Swaps	JPY/INR	1	JPY 802.00
Forwards	USD/INR	4	USD 3.20
Interest Rate Swaps	USD/INR	6	USD 98.18

If at any time we are compelled to pay all or a material proportion of these contingent liabilities, it would have a material and adverse effect on our business, future financial performance and results of operations.

17. *Material changes in the regulations that govern us and our borrowers could cause our business to suffer*

We are regulated by the Companies Act and some of our activities are subject to supervision and regulation by statutory authorities including the MCA, RBI, SEBI and Stock Exchanges. Further, we are subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. We also receive certain benefits and take advantage of certain exemptions available to our classification as a public financial institution under section 4A the Companies Act and as NBFC under the RBI Act, 1934. The laws and regulations governing us could change in the future and any such changes could adversely affect our business, our future financial performance, by requiring a restructuring of our activities, which may impact our results of operations.

18. *Our insurance coverage may not adequately protect us against losses, and successful claims against us that exceed our insurance coverage could harm our results of operations and diminish our financial position.*

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to us on acceptable terms. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, future financial performance and results of operations.

19. *A failure of our operational systems or infrastructure, or those of third parties, could impair our liquidity, disrupt our businesses, cause damage to our reputation and result in losses.*

Our business is highly dependent on our ability to process a large number of transactions. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. Additionally, shortcomings or failures in our internal processes or systems could lead to an impairment of our financial condition, financial loss, disruption of our business and reputational damage.

Our failure to maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations.

We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control including, for example, computer viruses or electrical or telecommunication service disruptions, which may result in a loss or liability to us.

20. *Our failure to comply with financial and other restrictions imposed on us under the terms of our borrowings could adversely affect our ability to conduct our business and operations.*

In connection with our borrowings from lenders, we have agreed to restrictive covenants that require, among other things, that we maintain certain levels of debt, capital and asset quality. These restrictive covenants require that we either obtain the prior approval of, or provide notice to, our lenders in connection with certain activities, such as undertaking any merger, amalgamation or restructuring or making substantial changes in the composition of our management. Our ability to execute expansion plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be severely and negatively impacted as a result of these restrictions and limitations. Our failure to comply with any of these covenants could result in an event of default, which could accelerate our need to repay the related borrowings and trigger cross - defaults under other borrowings which could materially and adversely affect our liquidity, financial condition and business operations. An event of default would

also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives.

21. *We may be required to increase our capital ratio or amount of reserve funds, which may result in changes to our business and accounting practices that may materially and adversely affect our business and results of operations.*

We are subject to the RBI minimum capital to risk weighted assets ratio regulations. Pursuant to Section 45 -IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Our Company has been designated an Infrastructure Finance Company as from 31st March, 2011 and as such, must maintain a capital to risk-weighted asset ratio of 15%, out of which 10% should be represented by Tier I capital.

As on March 31, 2010, 2011, and 2012 our Company's total capital to risk- asset ratio was 21.99%, 29.36% and 20.17% respectively.

The RBI may also in the future require compliance with other financial ratios and standards and/or may make the existing requirements more stringent. Compliance with such regulatory requirements in the future may require us to alter our business and accounting practices or take other actions that could materially and adversely affect our business and operating results.

22. *We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability.*

Our business is dependent on interest income from the loans we disburse. Accordingly, we are affected by volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors which may have access to low-cost deposit funds. Further, in case our borrowings are linked to market rates, we may have to pay interest at a higher rate as compared to other lenders. Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise were sudden or sharp, we could be adversely affected by the decline in the market value of our securities Portfolio and other fixed income securities. In addition, the value of any interest rate hedging instruments we may enter into in the future would be affected by changes in interest rates.

When interest rates decline, we are subject to greater repricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. When assets are repriced, our spread on our loans, which is the difference between our average yield on loans and our average cost of funds, could be affected. During periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to reprice loans. If we reprice loans, our results may be adversely affected in the period in which the repricing occurs. If borrowers prepay loans, the return on our capital may be impaired as any prepayment premium we receive may not fully compensate us for the redeployment of such funds elsewhere.

23. *Devaluation of the Indian Rupee against the U.S. Dollar may have a material adverse effect on our business, financial condition and results of operation*

The Indian Rupee has depreciated sharply against the U.S. Dollar since July 2011 due to a number of macroeconomic factors including the Eurozone crisis, falling foreign direct investment and FII inflows, and RBI's reluctance to interfere in the foreign exchange markets. The Indian Rupee to U.S. Dollar exchange rate increased from ₹ 52.81 for one U.S. Dollar as at December 16, 2011 (source: www.rbi.org.in) to ₹ 50.87 for one U.S. Dollar as at March 31st, 2012

As at March 31, 2012, our aggregate foreign currency borrowings amounted to USD 174.25 million and EURO 15.00 million and JPY 802.00 million, comprising 10.55 % of our aggregate borrowings as at that date. A further depreciation of the Indian Rupee against the U.S. Dollar could negatively affect us in a number of ways, including, amongst other things, by increasing the aggregate cost of financing our U.S. Dollar liabilities and by making it more difficult for Indian borrowers to service their U.S. Dollar loans. While we are currently exploring options to hedge our foreign exchange open positions, we cannot assure that we shall be able to hedge all or part of our aggregate foreign exchange Exposure. A further depreciation of the Indian Rupee against the U.S. Dollar may result in an adverse effect on our business, financial condition and results of operations.

24. *Our business requires substantial funding, and any disruption in funding sources would have a material and adverse effect on our liquidity and financial condition.*

The liquidity and on-going profitability of our business are, in large part, dependent upon our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from a combination of

shareholder funds, secured and unsecured loan funds in the form of Rupee and foreign currency borrowings from banks and financial institutions, redeemable non-convertible debentures. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition.

Due to tight monetary policy of the RBI borrowing cost has increased in last 18 months and there are difficulties in accessing funds in a cost-effective manner. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Scarcity of long term funds will adversely impact asset/liability profile of the company.

25. Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons.

Our future performance will be affected by the continued service of our management team and skilled personnel. We also face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow. There is significant competition for management and other skilled personnel in the various segments of the financial services industry in which we operate, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel may have a material and adverse effect on our business, future financial performance, results of operations and ability to grow in line with our strategy and future plans.

26. Our results of operations could be adversely affected by any disputes with our employees

As of March 31, 2012, our total employees strength was 251. Currently, none of our employees are members of any labour union. While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

27. We are exposed to various operational risks, including the risk of fraud and other misconduct by employees or outsiders

As with other financial intermediaries, we are exposed to various operational risks such as fraud or misconduct by our employees or by an outsider, unauthorized transactions by employees or third parties, misreporting of and non-compliance with various statutory and legal requirements and operational errors. It may not always be possible to deter employees from or otherwise prevent misconduct or misappropriation of cash collections, and the precautions we take to detect and prevent these activities may not always be effective. Any instance of employee misconduct, fraud or improper use or disclosure of confidential information could result in regulatory and legal proceedings which if unsuccessfully defended, could materially and adversely affect our business, future financial performance and results of operations.

28. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our financial accounting and information technology systems. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services.

Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security.

Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner or at all could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

29. *Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries*

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, currency risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data.

Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon RBI's ALM Guidelines for NBFCs. Other risk management methods depend upon our internal risk management policies and principles evolved by our management. This information may not in all cases be accurate, complete, current, or properly evaluated. Although we have established these policies and procedures, they may not be fully effective.

30. *Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.*

We are dedicated to earning and maintaining the trust and confidence of our customers; and we believe that the good reputation created thereby, and inherent in the "Srei" brand name is essential to our business. As such, any damage to our reputation, or that of the "Srei" brand name, could substantially impair our ability to maintain or grow our business. In addition, any action on the part of any of the Srei Group companies that negatively impact the "Srei" brand could have a material and adverse effect on our business, future financial performance and results of operations.

31. *The proposed adoption of IFRS could result in our financial condition and results of operations appearing materially different than under Indian GAAP.*

Our financial statements, including the financial statements provided in this Prospectus, are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of the International Financial Reporting Standards ("IFRS") or U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

However we may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the MCA in January, 2010. The convergence of certain Indian Accounting Standards with IFRS was notified by the MCA on February 25, 2011 to be implemented in phases. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the MCA in due course after various tax-related and other issues are resolved.

Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP, which could have a material adverse effect on the price of our Equity Shares.

As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by an agreed deadline could have a material adverse effect on our business and operations.

32. *As an infrastructure lending institution, notified as a PFI, we will receive certain additional tax benefits in the future as a result of the type of lending operations we conduct. These benefits may become unavailable as per future regulatory guidelines, which may affect our profits to the extent of the additional tax benefits we are currently availing.*

Our Company shall benefit from certain tax regulations and incentives that accord favourable treatment to infrastructure-related activities in accordance with section 36 (1) (vii c) of the Income Tax Act. Section 36(1) (vii c) permits a PFI to include doubtful debts as an eligible deduction under the Income Tax Act. As a consequence, our operations will be subject to relatively low tax liabilities. We cannot assure you that we would continue to be eligible for such lower tax rates or any other benefits if the same become unavailable to PFIs as per future regulatory guidelines. In addition, it is likely that the Direct Tax Code, once introduced, could significantly alter the taxation

regime, including incentives and benefits, applicable to us or other infrastructure development activities. If the laws or regulations regarding the tax benefits applicable to us or the infrastructure sector as a whole were to change, our taxable income and tax liability may increase, which would adversely affect our financial results.

Additionally, if such tax benefits were not available, this could negatively affect us and be detrimental to our business, prospects, results of operations and financial condition.

We have filed tax returns with various tax department which are pending for assessment. There is a possibility that the tax department may impose additional tax liability on our Company upon completion of these assessments. We cannot assure you that the tax department will not initiate further scrutiny, investigation or regulatory action or reopen assessments for previous years. Any adverse finding by the tax department would have a material adverse effect on our reputation, business, operations and financial conditions.

EXTERNAL RISKS

Risks Relating to India

1. Governmental and statutory regulations, including the imposition of an interest rate ceiling, may adversely affect our operating results and financial position.

As a non-deposit taking NBFC, our Company is subject to regulation by Indian governmental authorities, including the RBI. These laws and regulations impose numerous requirements on us, including asset classifications and prescribed levels of capital adequacy, cash reserves and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect us.

For instance, a number of states in India have enacted laws to regulate money lending transactions. These state laws establish maximum rates of interest that can be charged by a person lending money. For unsecured loans, these maximum rates typically range from 20.0% to 24.0% per annum and are subject change to from time to time. Currently, the RBI requires that the board of all NBFCs adopt an interest rate model taking into account relevant factors such as the cost of funds, margin and risk premium. It is unclear whether NBFCs are required to comply with the provisions of state money lending laws that establish ceilings on interest rates. In October, 2004, the Honourable High Court at Calcutta observed that Bengal Money Lender's Act, 1940 applies to NBFCs. However, in January 2010, the High Court of Gujarat held that the provisions of the RBI Act have an overriding effect upon state money lending laws. The subject matter is pending before the Supreme Court of India in a different case and the final decision has not been passed.

In the event that the Supreme Court of India and/or the government of any state in India requires us to comply with the provisions of their respective state money lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business, future financial performance and results of operations may be materially and adversely affected.

2. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.

We are incorporated in India and all of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of our NCDs may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The central government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our NCDs may be affected by interest rates, changes in central government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive central governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued. A significant change in the central government's policies could adversely affect our business, financial condition and results of operations and could cause the price of our NCDs to decline.

3. Regional hostilities, terrorist attacks, civil disturbances or social unrest, regional conflicts could adversely affect the financial markets and the trading price of our NCDs could decrease.

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have a materially adverse effect on our business, future financial performance, results of operations and the trading price of the NCDs.

4. Our growth depends on the sustained growth of the Indian economy. An economic slowdown in India and abroad could have a direct impact on our operations and profitability

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The growth in our business is primarily driven by the need for financing infrastructure development. Any slowdown in the Indian economy may have a direct impact on the growth in our business and a slowdown in the economy as a whole can increase the level of defaults thereby adversely impacting our Company's profitability and growth plans.

5. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on the trading price of the NCDs.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, its ability to obtain financing for capital expenditures and the trading price of the NCDs.

6. *Outbreaks of epidemic diseases may adversely affect our operations.*

Pandemic disease, caused by a virus such as H5N1 (the "avian flu" virus), or H1N1 (the "swine flu" virus), could have a severe adverse effect on our business. A new and prolonged outbreak of such diseases may have a material adverse effect on our business and financial conditions and results of operations. Although the long - term effect of such diseases cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human – to - human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which we conduct business operations would adversely affect our business, future financial performance and results of operations.

7. *Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.*

The Indian Stock Exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

Risks Associated with the NCDs

1. *There is no guarantee that the NCDs issued pursuant to this Issue will be listed on BSE in a timely manner, or at all.*

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of NCDs to be submitted. There could be a failure or delay in listing the NCDs on the Stock Exchange. Any failure or delay in obtaining the approval would restrict an investor's ability to trade in the NCDs.

2. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.*

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner, or at all.

3. *There is no active market for the NCDs on the stock exchanges. As a result the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected*

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and, (v) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

4. *Debenture Redemption Reserve ("DRR") would be created up to an extent of 50% for the NCDs.*

The Department of Company Affairs General Circular No. 9/2002 No. 6/3/200 1 -CL.V dated April 18, 2002 specifies that NBFCs which are registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934

shall create DRR to the extent of 50 per cent of the value of the debentures issued through public issue. Therefore our Company will be maintaining debenture redemption reserve to the extent of 50 per cent of the NCDs issued and the NCD holders may find it difficult to enforce their interests in the event of or to the extent of a default. In the case we are unable to generate adequate profits, we may not be able to provide for the DRR even to the extent of the stipulated 50 per cent.

5. *Any downgrading in credit rating of our NCDs may affect our the trading price of the NCDs*

The NCDs proposed to be issued under this Issue have been rated “CARE AA” from CARE and “BWR AA” from BRICKWORK. We cannot guarantee that these ratings will not be downgraded. The ratings provided by CARE and BRICKWORK may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit ratings may lower the value of the NCDs and may also affect our Company’s ability to raise further debt.

6. *Changes in interest rates may affect the price of our Company’s NCDs.*

All securities where a fixed rate of interest is offered, such as our Company’s NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our Company’s NCDs.

7. *Payments made on the NCDs is subordinated to certain tax and other liabilities preferred by law.*

The NCDs will be subordinated to certain liabilities preferred by law such as to claims of the Government on account of taxes. In particular, in the event of bankruptcy, liquidation or winding-up, our Company’s assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the NCDs.

8. *There may be a delay in making refunds to applicants.*

We cannot assure you that the monies refundable to you, on account of (a) withdrawal of your applications, (b) withdrawal of the Issue, or (c) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund such monies, with the interest due and payable thereon, as prescribed under applicable statutory and/or regulatory provisions.

SECTION III: INTRODUCTION

GENERAL INFORMATION

Srei Infrastructure Finance Limited

Date of Incorporation: March 29, 1985

A public limited company incorporated under the Act.

Registered Office

‘Vishwakarma’, 86C, Topsia Road (South), Kolkata – 700 046, West Bengal, India

Registration

Corporate Identification Number: L29219WB1985PLC055352 issued by the Registrar of Companies, Kolkata, West Bengal.

Certification of Incorporation dated March 29, 1985 issued by the Registrar of Companies, New Delhi and Certificate for Commencement of Business dated April 9, 1985

Certificate of Registration no. 05.02773 dated August 1, 1998 issued by the RBI allowing our Company to commence/ carry on the business as a deposit taking non-banking financial institution, under Section 45-IA of the RBI Act, 1934.

Certificate of Registration no. B- 05.02773 dated March 31, 2011 issued by the RBI reclassifying our Company as a Infrastructure Finance Company – Non - Deposit Taking under Section 45-IA of the RBI Act, 1934.

The MCA through its notification vide G.S.R No. 2223 (E) dated September 26, 2011 published in the Official Gazette of India, notified our Company, as a ‘Public Financial Institution’ under Section 4A of the Act.

Income-Tax Registration

PAN: AAACS1425L

Compliance Officer to the Issue

Name : Samir Kumar Kejriwal
Address : ‘Vishwakarma’, 86C Topsia Road (South), Kolkata - 700 046
Telephone : +91 33 6160 7734
Fax : +91 33 2285 8501
E-Mail : sreincd1@srei.com

Company Secretary & Compliance Officer of the Company

Name : Sandeep Lakhotia
Address : ‘Vishwakarma’, 86C Topsia Road (South), Kolkata - 700 046
Telephone : +91 33 6160 7734
Fax : +91 33 2285 8501
E-Mail : sreincd1@srei.com

Investors can contact the Registrar or the Compliance Officer to the Issue or the Compliance Officer of the Company in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, demat credit, refund orders or interest on application money.

Lead Managers

ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel : +91 22 2288 2460 Fax : +91 22 2282 6580 E-mail : project.srei@icicisecurities.com Investor Grievance Email.: customer@icicisecurities.com Website : www.icicisecurities.com Contact Person: Mr Gaurav Goyal / Mr Sumit Agarwal Compliance Officer : Mr Subir Saha SEBI Registration No: INM000011179	Karvy Investor Services Limited 701 Hallmark Business Plaza, 7 th Floor, Sant Dynaneshwar Marg, Opp: Gurunank Hospital, Bandra - East Mumbai – 400 051 Maharashtra, India Tel: +91 22 6149 1500 Fax: +91 22 6149 1515 Email: sreincd@karvy.com Investor Grievance E mail: cmg@karvy.com Website: www.karvy.com Contact Person: Mr Sumit Singh / Mr Swapnil Mahajan Compliance Officer : Mr V. Madhusudhan Rao SEBI Registration No.: INM000008365
Srei Capital Markets Limited*	SPA Capital Advisors Limited

'Vishwakarma', 86C, Topsia Road (South) Kolkata – 700 046 West Bengal, India Tel: +91 33 6602 3845 Fax: +91 33 6602 3861 Email: capital@srei.com Investor Grievance E mail: scmlinvestors@srei.com Website: www.srei.com Contact Person: Mr Manoj Agarwal Compliance Officer: Manoj Agarwal SEBI Registration No.: INM 000003762	25,C – Block ,Community Centre Janak Puri ,New Delhi -110 058 India Tel : +91 11 4567 5500, 2551 7371 Fax : +91 11 2553 2644 Email:srei.ipo@spagroupindia.com Investor Grievance E mail: grievances.mb@spagroupindia.com Website: www.spacapital.com Contact Person: Mr Nitin Somani /Mr Anurag Arun Compliance Officer: Mr Sanjay Gupta SEBI Registration No.: INM000010825**
Trust Investment Advisors Pvt. Ltd. 109/110, 1st Floor, Balarama Building Bandra Kurla Complex, Bandra (E) Mumbai -400051, Maharashtra Tel : +91 22 4084 5000 Fax: +91 22 4084 5007/66 Email: mbd.trust@trustgroup.co.in Investor Grievance E mail: customercare@trustgroup.co.in Website: www.trustgroup.co.in Contact Person: Ms Hetal Sonpal Compliance Officer: Mr Balkrishna Shah SEBI Registration No.: INM 000011120	

**Srei Capital Markets Limited, which is a wholly owned subsidiary of the Company, shall only be involved in marketing of the Issue*

*** SPA Capital Advisors Limited (formerly SPA Merchant Bankers Limited), having a valid SEBI Registration Certificate till November 30, 2012, has applied for permanent registration with SEBI vide application dated 29 August 2012.*

Debenture Trustee

Axis Trustee Services Limited

Axis House, 2nd Floor
 Bombay Dyeing Mills Compound
 Pandurang Budhkar Marg, Worli
 Mumbai: 400 025
 Tel: +91 22 2425 5202
 Fax: +91 22 2425 4200
 Email: debenturetrustee@axistrustee.com
 Investor Grievance Email : debenturetrustee@axistrustee.com
 Website: www.axistrustee.com
 Contact Person: Mr Neelesh Baheti
 Compliance Officer: Mr D J Bora
 SEBI Registration No.: IND000000494

Axis Trustee Services Limited by its letter dated August 8, 2012, has given its consent to act as Debenture Trustee to the proposed Issue and for its name to be included in this Prospectus and in all subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed, please refer to the section titled “*Issue Related Information*” on page 101 of this Prospectus.

Registrar

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
 L.B.S. Marg, Bhandup (West)

Mumbai 400 078
 Tel.: +91 22 2596 7878
 Fax :+91 22 2596 0329
 Toll Free : 1-800-22-0878
 Email : srei2.ncd@linkintime.co.in
 Investor Grievance Email: srei2.ncd@linkintime.co.in
 Website: www.linkintime.co.in
 Contact Person: Mr Dinesh Yadav
 Compliance Officer: Mr Sanjeev Nandu
 SEBI Registration No.: INR000004058

The investors can contact the Registrar in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment, demat credit, refund orders or interest on application money.

Statutory Auditors

Haribhakti & Co., Chartered Accountants

Geetanjali Apartments, Suite 7G, 7th Floor
 8B, Middleton Street, Kolkata 700 071
 Tel: (+91 33) 3201 6298
 Fax: (+91 33) 22264140
 Website: www.bdoindia.co.in
 Firm registration no: 103523 W

Credit Rating Agency

Credit Analysis and Research Limited

3rd Floor, Prasad Chambers (Shagun Mall Building)
 10A, Shakespeare Sarani, Kolkata 700 071
 Tel: (+91 33) 4018 1600 / 1601 / 1602
 Fax: (+91 33) 4018 1603
 E-mail: care@careratings.com

Brickwork Ratings India Private Limited

3rd Floor, Raj Alkaa Park
 29/3 & 32/2 Kalena Agrahara,
 Bannerghatta Road, Bengaluru 560076
 Tel: (+91 80) 4040 9940
 Fax: (+91 80) 4040 9941
 E-mail: info@brickworkratings.com

Legal Advisor to the Issue

Khaitan & Co LLP

Emerald House
 1B Old Post Office Street, Kolkata 700 001
 Tel: (+91 33)2248 7000
 Fax: (+91 33) 2248 7656
 E-mail: project.srei@khaitanco.com

Escrow Collection Banks / Bankers to the Issue

ICICI Bank Limited Capital Market Division Rajabhadur Mansion, 30 Mumbai Samachar Marg, Fort Mumbai-400 001 Tel : 022-6631 0322 Fax : 022-6631 0350/2261 1138 Email : anil.gadoo@icicibank.com Website : www.icicibank.com Contact Person : Mr Anil Gadoo	Axis Bank Limited Kolkata Main Branch 7, Shakespeare Sarani Kolkata-7000071 Tel: 033-22822685 Fax: 033-22827611 Email: debankan.dasgupta@axisbank.com Website: www.axisbank.com Contact Person: Mr Debankan DasGupta
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Bankers to our Company

Allahabad Bank 4, B.B.D. Bagh (East) Kolkata – 700 001	Andhra Bank 58, Chowringhee Road Kolkata – 700 071	Axis Bank Limited Kolkata Main Branch 1, Shakespeare Sarani
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Tel: +91 33 2230 1918/5996 Fax: +91 33 2230 1326	Tel: +91 33 2282 5660/8435 Fax: +91 33 2282 3549	Kolkata – 700 071 Tel: +91 33 2288 3891 Fax: +91 33 2282 2149
Bank of India Kolkata Large Corporate Branch 5 BTM Sarani Kolkata – 700 001 Tel: +91 33 2231 3259/ 4406 7885 Fax: +91 33 2242 7562	Central Bank of India Corporate Finance Branch 33, N.S Road Kolkata – 700 001 Tel : +91 33 2230 3606 Fax : +91 33 2262 4653	Corporation Bank Corporation Banking Branch Mookherjee House, 1 st Floor 17 Brabourne Road Kolkata – 700 001 Tel: +91 33 2262 4063 Fax: +91 33 2231 3070
DBS Bank Limited 4A, Little Russell Street, Kolkata – 700 071 Tel: +91 33 6621 8888 Fax: +91 33 6621 8899	Indian Bank Strand Road Branch 3A, Hare Street Kolkata – 700 001 Tel: +91 33 2230 4365 Fax: +91 33 2262 1494	ICICI Bank Limited 2B, Gorky Terrace Kolkata – 700 017 Tel: +91 33 2283 2209 Fax: +91 33 2274 5209
Punjab National Bank Large Corporate Branch, 44, Park Street Kolkata – 700 016 Tel: +91 33 4403 3230 / 3232 Fax: +91 33 2281 5409 / 4403 3280	State Bank of Bikaner & Jaipur 20-B, Park Street Kolkata – 700 016 Tel: +91 33 2249 3310 Fax: +91 33 2249 7554	State Bank of Hyderabad 83, Topsia Road (South) Kolkata – 700046 Tel: +91 33 2285 2061 Fax: +91 33 2285 2059
State Bank of India Industrial Finance Branch 11 Dr U.N. Brahmachari Street Constantia Building, 1 st Floor Kolkata – 700 017 Tel: +91 33 2287 7607 Fax: +91 33 2287 3260	The Karur Vysya Bank Limited 37 Shakespeare Sarani Kolkata 700 017 Tel: +91 33 2283 6388 Fax: +91 33 2283 6387	UCO Bank No. 3, N.S. Road, McLeod House Kolkata – 700 001 Tel: +91 33 6450 4481 Fax: +91 33 2248 0770
Union Bank of India Industrial Finance Branch 1/1, Camac Street (1 st Floor) Kolkata – 700 016 Tel : +91 33 2229 6322 Fax : +91 33 2226 5388	Oriental Bank of Commerce 107 / 1 Park Street Kolkata 700 016 Tel: +91 33 2226 7732 / 2829 Fax: +91 33 2226 4823	

Brokers to the Issue

Brokers registered with any of the recognised stock exchange would be eligible to act as Brokers to the Issue. Brokers to the Issue shall be finalised prior to filing of the Prospectus with the ROC.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 562.5 million, prior to Allotment, the entire subscription shall be refunded to the Applicants within twelve (12) Working Days from the date of closure of the Issue. If there is delay in the refund of subscription by more than eight (8) days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Impersonation

Attention of the investors is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, relating to punishment for fictitious applications.

Credit Ratings and Rationale

By its letter dated August 9, 2012, CARE has assigned a rating of “CARE AA” (Double A) to the issue of Bonds by the Issuer to the extent of ₹ 2,000 million with a minimum tenure of more than one year & maximum tenure of ten years with bullet repayment at the end of tenure. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Set out below is an extract of the rating rationale adopted by CARE:

“The above rating factors in the satisfactory track record of the company, established experience of the promoter group with prominent position in infrastructure financing space, access to long term foreign funds at competitive rates, comfortable asset quality, satisfactory financial position with low gearing & adequate CAR (capital adequacy ratio), receipt of ‘Infrastructure Finance Company’ status from RBI, consistent healthy capitalisation level and comfortable liquidity profile of the company. The rating is however, constrained by the risk associated with volatility

in interest rates, portfolio concentration risk, exchange rate risk with respect to foreign currency borrowings, relatively recent entry into new areas of financing, company's significant exposure to group companies and increasing competition in the infrastructure financing business. Ability to maintain regulatory CAR and asset quality and improving level of profitability remains key rating sensitivities."

By its letter dated June 14, 2012, BRICKWORK has assigned a rating of "BWR AA" (Double A) to the unutilized amount of ₹ 2903 million out of the Company's NCD issue of ₹ 5000 million rated by BRICKWORK on January 3, 2012. The said rating is valid till January 2, 2013. Instruments with AA rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Set out below is an extract of the rating rationale adopted by BRICKWORK:

"The rating "BWR AA" stands for an instrument that is considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The rating, inter alia, factors experience of Promoter group in infrastructure financing business, Company's market share in equipment finance, asset quality, capital adequacy ratio, conservative provisioning norms and Infrastructure Finance Company status as per RBI norms. However, the rating is constrained by high interest rate environment, competition in equipment leasing and financing business, high exposure to power sector and high exposure to subsidiaries. BWR has essentially relied upon the audited half yearly financial results of the Company for FY12, projected financials, publicly available information and information and clarifications provided by the Company."

Utilisation of Issue proceeds

Our Board / Committee of Directors, as the case may be, certifies that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act;
- details of all monies utilised out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue;
- Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- We shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus in the section titled "Issue Structure" beginning on page 101 of this Prospectus; and
- The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property.

Issue Programme

The Issue shall remain open for subscription during banking hours for the period indicated below, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.

ISSUE OPENS ON	SEPTEMBER 20, 2012
ISSUE CLOSES ON	OCTOBER 25, 2012

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “Issue Related Information” beginning on page 101 of this Prospectus.

Common Terms of NCDs

Issuer	Srei Infrastructure Finance Limited
Issue	Public Issue by our Company of NCDs aggregating upto ₹ 750 million with an option to retain over-subscription upto ₹ 750 million for issuance of additional NCDs aggregating to a total of upto ₹ 1,500 million.
Stock Exchanges proposed for listing of the NCDs	BSE
Mode of Allotment	Compulsorily in dematerialized form to all categories of investors other than Individual Category Investors who have opted for allotment of NCDs in the physical form in the manner prescribed herein.
Trading	The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.
Trading Lot	1 (one) NCD
Depositories	NSDL and CDSL
Face Value per NCD	₹ 1,000
Issue Price per NCD	₹ 1,000
Security	Exclusive charge on specific receivables of the Company with an asset cover of 1.0 time of the total outstanding amount of NCDs, as may be agreed between the Company and the Trustees for the Debentures Holders and pari-passu mortgage/charge on its identified immovable property. For further details please refer to the section titled “Issue Structure” beginning on page 101 of this Prospectus.
Security Cover	1.0 time of the total outstanding amount of NCDs
Rating	The NCDs have been rated ‘CARE AA (Double AA)’ by CARE pursuant to letter dated August 9, 2012 and ‘BWR AA (Double AA)’ by BRICKWORK pursuant to letter dated June 14, 2012. Instruments with a rating of ‘CARE AA (Double AA)’ by CARE and ‘BWR AA (Double AA)’ by BRICKWORK are considered to high degree of safety regarding timely servicing of financial obligations. The rating provided by CARE and BRICKWORK may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities and investors should take their own investment decisions.
Debenture Trustee	Axis Trustee Services Limited
Registrar	Link Intime India Private Limited
Lead Managers	ICICI Securities Limited, Karvy Investor Services Limited, SREI Capital Markets Limited, SPA Capital Advisors Limited and Trust Investment Advisors Pvt. Ltd.
Issue Schedule	The Issue shall be open from September 20, 2012 to October 25, 2012 with an option to close earlier and/or extend upto a period as may be determined by the Board/ Committee of Directors of our Company.
Terms of Payment	Full amount on Application
Pay In Date	3 (three) Working Days from the date of receipt of application or the date of realisation of the cheques/demand drafts, whichever is later.
Deemed Date of Allotment	The Deemed Date of Allotment for the NCDs shall be the date of issue of the Allotment Advice / Regret or such date as may be determined by the Board of our Company and/or a duly authorized committee thereof and notified to the Stock Exchange.

The specific terms of each instrument are set out below:

We are offering secured redeemable NCDs which will be issued at a face value of ₹ 1,000/- per NCD. The terms of the NCDs offered pursuant to the Issue are as follows:

Series	I	II	III*	IV*	
Frequency of Interest Payment	Monthly	Quarterly	Annually	Cumulative	
Category of investor who can apply	Individual Category	Individual Category	Individual Category Institutional Category Non Institutional Category	Individual Category Institutional Category Non Institutional Category	
Minimum Application	₹ 1,00,000/- (100 NCDs)	₹ 1,00,000/- (100 NCDs)	₹ 10,000/- (10 NCDs)	₹ 10,000/- (10 NCDs)	
In Multiples of	₹ 1000/- (1 NCD)	₹ 1000/- (1 NCD)	₹ 1000/- (1 NCD)	₹ 1000/- (1 NCD)	
Face Value of NCDs (₹ / NCD)	1,000	1,000	1,000	1,000	
Issue Price (₹ / NCD)	1,000	1,000	1,000	1,000	
Mode of Interest Payment	Through various options available.				
Coupon (%) for Institutional & Non Institutional Investor(s)	N.A.	N.A.	10.25% p.a.	N.A.	
Coupon (%)for Individual Category	9.84 % p.a.	9.92 % p.a.	10.30 % p.a.	N.A.	
Effective Yield (per annum)	10.30 % for NCD holders in the Individual Category	10.30 % for NCD holders in the Individual Category	10.30 % for NCD holders in the Individual Category 10.25 % for all other NCD holders	10.41 % for NCD holders in the Individual Category 10.25 % for all other NCD holders	
Put option	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	
Tenor	7 years from Deemed Date of Allotment	7 years from Deemed Date of Allotment	7 years from Deemed Date of Allotment	7 years from Deemed Date of Allotment	
Redemption Amount (₹ / NCD)**	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date, or at the date of early redemption if any Put Option is exercised by the Individual Category Investor as the case may be [#] Repayment of the Face Value plus any interest that may have accrued at the Redemption Date for Institutional and Non-Institutional Investors			Individual Category	Institutional & Non Institutional Category
				₹ 2000/- on Maturity. ₹ 1633/- on exercising the Put option.	₹ 1980/- on Maturity. Put option not available
Record Date	In connection with Series I, Series II and Series III NCDs, 7 (seven) Working Days prior to the date on which interest is due and payable, or the date of redemption, or early redemption or as may be prescribed by the BSE, and in connection with Series IV NCDs, 7 (seven) Working Days prior to the date of redemption or early redemption of the Series IV NCDs, or as may be prescribed by the BSE.				
Deemed Date of Allotment	The Deemed Date of Allotment for the NCDs shall be the date of issue of the Allotment Advice / Regret or such date as may be determined by the Board of our Company and/or a duly authorized committee thereof and notified to the Stock Exchange.				
Nature of Indebtedness	Secured, Redeemable & Non-Convertible				
Redemption date	7 years from the Deemed Date of Allotment subject to any Put Option being exercised by the				

	Individual Category Investor
Credit Rating	
CARE	CARE AA (Double A)
BRICKWORK	BWR AA (Double A)

**Institutional & Non Institutional Investor(s) can only subscribe to Series III and IV NCDs, whereas Individual Category Investor(s) can subscribe to all Series of NCDs, namely Series I, Series II, Series III and Series IV*

Offered only to Individual Category Investors

*** Subject to applicable tax deducted at source, if any*

SUMMARY FINANCIAL INFORMATION

Srei Infrastructure Finance Ltd. (Standalone)

Statement of Assets and Liabilities, As Reformatted

(₹ In Million)

		As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
A	Non-Current Assets					
(a)	Fixed Assets					
	-Tangible Assets	4,350.90	3,919.40	829.30	803.00	44.40
	-Intangible Assets	8.40	6.20	1.80	0.50	-
	-Capital work in Progress	627.80	91.10	14,003.00	359.40	-
		4,987.10	4,016.70	14,834.10	1,162.90	44.40
(b)	Non-Current Investments	26,221.30	25,055.10	7,073.30	4,805.10	3,281.80
(c)	Deferred Tax Assets	-	-	-	-	-
(d)	Long-Term Loans and Advances					
	-Loan Assets	26,651.10	19,946.60	14,289.40	5,339.20	1,264.60
	-Other Long-Term Advances	1,121.10	303.10	327.40	1,217.20	406.30
(e)	Other Non-Current Assets	636.50	838.00	521.30	-	-
	Total	59,617.10	50,159.50	37,045.50	12,524.40	4,997.10
B	Current Assets					
(a)	Current Investments	220.00	-	-	-	-
(b)	Trade Receivables	335.50	464.10	36.50	72.20	-
(c)	Cash and Bank Balances	1,493.60	226.50	525.50	2,970.80	842.10
(d)	Short-Term Loans and Advances					
	-Loan Assets	2,766.40	4,370.90	1,376.40	1,552.10	379.90
	-Other Advances	1,345.10	1,493.90	1,591.20	166.40	10,340.20
(e)	Other Current Assets					
	-Current Maturities of Long-Term Loan Assets	58,820.60	23,471.80	3,649.90	2,920.70	52.40
	-Other Current Assets	2,434.40	391.10	172.60	563.60	8.90
	Total	67,415.60	30,418.30	7,352.10	8,245.80	11,623.50
C	Non-Current Liabilities					
(a)	Long-Term Borrowings	31,965.40	16,218.90	19,057.30	7,578.60	6,499.60
(b)	Deferred Tax Liabilities (Net)	798.80	679.00	344.00	-	-
(c)	Other Long-Term Liabilities	83.20	100.00	120.60	79.40	8.30
(d)	Long-Term Provisions	361.70	144.80	19.90	25.50	29.90
	Total	33,209.10	17,142.70	19,541.80	7,683.50	6,537.80
D	Current Liabilities					
(a)	Short-Term Borrowings	58,664.90	27,649.90	12,797.60	5,399.70	2,257.40
(b)	Trade Payables	26.60	25.70	1.80	5.60	1.00
(c)	Other Current Liabilities					
	-Current Maturities of Long-Term Borrowings	7,842.90	9,027.60	3,527.30	447.80	184.90
	-Others	1,162.00	717.10	448.40	132.00	878.90
(d)	Short-Term Provisions	307.10	483.50	179.70	153.00	179.80
	Total	68,003.50	37,903.80	16,954.80	6,138.10	3,502.00
E	Net worth (A+B-C-D)	25,820.10	25,531.30	7,901.00	6,948.60	6,580.80

Statement of Assets and Liabilities, As Reformatted

(₹ In Million)

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Net worth Represented by Sources of Funds					
Shareholders' Funds					
Share Capital	5,032.40	5,032.40	1,162.90	1,162.90	1,162.90
Reserves and Surplus	20,787.70	20,498.90	6,738.10	5,607.70	5,239.90
Money received against share warrants	-	-	-	178.00	178.00
	25,820.10	25,531.30	7,901.00	6,948.60	6,580.80

Srei Infrastructure Finance Ltd (Standalone)
Statement of Profit & Loss, As Reformatted

(₹ In Million)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
INCOME					
Revenue from Operations	11,767.80	7,457.00	4,700.70	3,222.70	4,649.40
Other Income	39.10	5.40	1.60	41.60	648.90
Total	11,806.90	7,462.40	4,702.30	3,264.30	5,298.30
EXPENSES					
Finance Cost	9,480.00	4,350.50	2,497.60	1,948.10	3,053.20
Employee Benefit Expenses	417.60	302.20	196.80	143.80	256.10
Administrative and Other Expenses	450.10	387.80	396.30	583.50	319.80
Depreciation and Amortisation Expense	154.00	180.80	101.40	76.90	361.20
Total	10,501.70	5,221.30	3,192.10	2,752.30	3,990.30
Profit before Bad Debts, Provisions & Tax	1,305.20	2,241.10	1,510.20	512.00	1,308.00
Bad Debts/Advances written off	5.00	0.10	28.90	8.30	-
Stock for Trade Written-off	-	-	-	-	34.70
Provision for Bad & Doubtful Debts	3.70	-	-	-	-
Provision for Non-Performing Assets	110.00	-	-	-	137.10
Contingent Provisions against Standard Assets	98.60	119.60	-	-	-
Difference Between the Value of Assets and Liabilities Transferred Pursuant to Scheme of Arrangement	-	-	-	-	3.10
	217.30	119.70	28.90	8.30	174.90
Profit Before Tax	1,087.90	2,121.40	1,481.30	503.70	1,133.10
Tax Expense :					
Current Tax	176.00	418.50	219.00	21.10	53.10
Mat Credit Entitlement	(4.90)	-	(219.00)	(21.10)	-
Deferred Tax	119.80	335.00	344.00	-	-
Total Tax for current year	<u>290.90</u>	<u>753.50</u>	<u>344.00</u>	<u>-</u>	<u>53.10</u>
Profit After Tax for current year	797.00	1,367.90	1,137.30	503.70	1,080.00
Income tax in respect of earlier years	217.40	24.90	22.40	0.10	0.40
Profit After Tax	579.60	1,343.00	1,114.90	503.60	1,079.60
Earnings per equity share (Basic and Diluted) (in ₹)	1.15	5.80	5.33	2.41	5.35
(Par Value ₹ 10/- per Equity Share)					

Srei Infrastructure Finance Ltd(Standalone)
Cash Flow Statement, As Reformatted

(₹ In Million)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. Cash Flows from Operating Activities					
Net Profit Before Tax	1,087.90	2,121.40	1,481.30	503.70	1,133.10
Adjustment for :					
Depreciation and Amortisation	154.00	180.80	101.40	76.90	361.20
Bad Debts/ Stock for Trade written off	5.00	0.10	28.90	8.30	39.80
Provision for Non- Performing Assets	-	-	-	-	137.10
Contingent Provisions against Standard Assets	98.60	119.60	-	-	-
Provision for Premium on Unsecured Subordinated Bonds	8.80	8.80	8.80	8.80	8.80
Loss on sale of Fixed Assets(net)	5.30	-	-	-	1.40
Profit on sale of Fixed Assets	-	-	-	(35.40)	-
Interest & Finance Charges	9,471.20	4,341.70	2,488.80	1,939.30	3,044.40
Income from Trade Investments	-	(2.80)	(118.50)	(245.20)	-
Profit on sale of Investments(net)	-	(7.00)	(112.30)	(9.40)	(12.70)
Liabilities No Longer Required written back	-	(4.40)	-	-	(642.30)
Dividend Income	(2.80)	(4.00)	(14.30)	(6.20)	(2.30)
Difference Between the Value of Assets and Liabilities Transferred under Scheme of Arrangement	-	-	-	-	3.10
Provision for Diminution in value of Stock for Trade	1.60	9.00	0.70	0.50	-
Provision for diminution in value of Investments	-	-	13.80	21.60	-
Operating Profit before Working Capital Changes	10,829.60	6,763.20	3,878.60	2,262.90	4,071.60
Adjustments for:					
(Increase) / Decrease in Receivables/Others	(42,124.60)	(15,057.20)	(23,667.30)	(3,443.60)	(4,626.50)
(Increase) / Decrease in Current Investments / Stock for Trade	(220.00)	(34.10)	2.60	2.50	45.80
(Increase) / Decrease in Financial Assets	-	-	-	-	(13,883.10)
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	(64.40)	(104.80)	40.10	39.90	(155.00)
(Decrease) / Increase in Trade Payables	230.40	57.20	268.90	(657.30)	1,305.20
Cash Generated from Operations	(31,349.00)	(8,375.70)	(19,477.10)	(1,795.60)	(13,242.00)
Interest Paid (net of foreign exchange fluctuation)	(9,093.40)	(4,174.90)	(2,418.30)	(1,966.00)	(3,197.80)
Direct Taxes paid	(988.00)	(339.40)	(214.80)	(56.20)	(25.60)
Net Cash (Used in) / Generated from Operating Activities	(41,430.40)	(12,890.00)	(22,110.20)	(3,817.80)	(16,465.40)
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets	(1,147.40)	(3,319.10)	(129.00)	(854.00)	(900.00)
Proceeds from Sale of Fixed Assets	17.70	-	-	53.40	36.80
Amount received towards transfer of business under Scheme of Arrangement	-	-	-	3,750.00	-
(Increase) in Investments (Other than Subsidiary)	(631.60)	(1,341.70)	(2,168.20)	(1,301.50)	(1,653.90)
(Increase) of Investments in Subsidiary	(35.50)	(199.00)	(1.50)	(4.50)	(173.40)
Investments in Joint Venture	(499.10)	-	-	(229.50)	-
Income from Trade Investments	-	2.80	118.50	245.20	-
Dividend Received	2.80	4.00	14.30	6.20	2.30
Net Cash (Used) / Generated in Investing Activities	(2,293.10)	(4,853.00)	(2,165.90)	1,665.30	(2,688.20)
C. Cash Flows from Financing Activities					
Issue of Equity Capital (including premium)	-	-	-	-	720.00
Issue of Equity Warrants (Net)	-	-	-	-	178.00
Increase/ (Decrease) in Debentures (net)	9,419.90	(2,100.00)	4,971.00	(79.00)	6,238.90
Increase/ (Decrease) in Working Capital facilities (net)	21,977.60	14,964.90	6,400.70	1,243.20	11,414.40
Increase/ (Decrease) in Other Loans (net)	13,951.80	4,649.30	10,634.90	3,320.00	1,401.80
Dividend Paid	(377.10)	(139.30)	(116.00)	(139.40)	(108.90)
Dividend Tax Paid	(61.20)	(23.10)	(19.70)	(23.70)	(18.50)
Net Cash (Used) / Generated in Financing Activities	44,911.00	17,351.80	21,870.90	4,321.10	19,825.70

Net Increase / (Decrease) in Cash & Cash Equivalents	1,187.50	(391.20)	(2,405.20)	2,168.60	672.10
Cash & Cash Equivalents at the beginning of the year	71.60	450.50	2,855.70	687.10	49.70
Less: Cash and Bank balance transferred as per Scheme of Arrangement	-	-	-	-	34.70
Add: Cash & Cash Equivalents acquired on Amalgamation	-	12.30	-	-	-
Cash & Cash Equivalents at the end of the year	1,259.10	71.60	450.50	2,855.70	687.10

Srei Infrastructure Finance Ltd. (Consolidated)
Statement of Assets and Liabilities, As Reformatted

(₹ In Million)

		As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
A	Non-Current Assets					
(a)	Fixed Assets					
	- Tangible Assets	18,691.10	14,458.70	3,046.50	3,110.70	4,311.80
	- Intangible Assets	159.40	159.10	124.30	28.00	25.50
	- Capital work in Progress	1,902.10	776.20	14,166.70	471.90	-
		20,752.60	15,394.00	17,337.50	3,610.60	4,337.30
(b)	Goodwill	4,398.80	4,253.40	62.20	62.20	5.70
(c)	Non-Current Investments	21,005.10	20,314.40	6,707.40	4,438.20	3,218.90
(d)	Deferred Tax Assets	318.30	358.30	8.40	2.20	6.20
(e)	Long-Term Loans and Advances					
	- Financial Assets	30,789.60	24,623.10	19,231.50	17,375.20	27,858.80
	- Loan Assets	22,345.70	16,865.50	14,038.40	5,203.30	1,264.60
	- Other Long-Term Advances	1,817.80	2,280.30	428.80	1,367.00	1,077.90
(f)	Other Non-Current Assets	4,647.40	2,572.60	1,163.80	840.50	1,651.20
	Total	106,075.30	86,661.60	58,978.00	32,899.20	39,420.60
B	Current Assets					
(a)	Inventories	131.80	169.20	100.70	240.10	228.70
(b)	Current Investments	220.00	-	-	-	-
(c)	Trade Receivables	3,469.10	2,336.10	1,076.20	737.50	111.20
(d)	Cash and Bank Balances	4,087.70	1,689.80	2,474.70	4,183.60	1,485.80
(e)	Short-Term Loans and Advances					
	- Financial Assets	4,054.40	4,656.50	3,928.80	4,234.50	7,150.30
	- Loan Assets	4,446.30	5,371.40	1,027.90	1,529.60	379.90
	- Other Advances	2,074.50	889.40	1,857.00	531.30	7,075.50
(f)	Other Current Assets					
	- Current Maturities of Long-Term Financial Assets	15,880.70	13,639.80	10,815.10	9,318.30	12,387.40
	- Current Maturities of Long-Term Loan Assets	58,474.80	23,205.60	3,529.40	2,920.70	52.40
	- Other Current Assets	3,123.10	554.30	412.50	1,280.00	143.30
	Total	95,962.40	52,512.10	25,222.30	24,975.60	29,014.50
C	Non-Current Liabilities					
(a)	Long-Term Borrowings	57,275.80	42,360.10	36,306.30	18,798.60	35,119.30
(b)	Deferred Tax Liabilities (Net)	1,405.30	1,015.00	736.30	274.30	114.10
(c)	Other Long-Term Liabilities	714.10	439.70	114.20	49.00	25.10
(d)	Long-Term Provisions	1,239.10	942.30	530.50	471.10	513.90
	Total	60,634.30	44,757.10	37,687.30	19,593.00	35,772.40
D	Current Liabilities					
(a)	Short-Term Borrowings	82,121.80	40,714.90	20,415.40	15,293.20	19,098.50
(b)	Trade Payables	4,384.90	2,917.30	2,892.90	1,541.90	2,977.60
(c)	Other Current Liabilities					
	- Current Maturities of Long-Term Borrowings	19,760.90	16,863.40	8,827.60	8,688.90	1,228.50
	- Others	2,103.70	1,718.50	1,056.60	884.10	1,868.70
(d)	Short-Term Provisions	332.60	784.00	187.70	158.80	184.80
	Total	108,703.90	62,998.10	33,380.20	26,566.90	25,358.10
E	Minority Interest	912.80	737.90	236.10	221.10	76.20
F	Net worth (A+B-C-D-E)	31,786.70	30,680.60	12,896.70	11,493.80	7,228.40

Statement of Assets and Liabilities, As Reformatted

**(₹ In
Million)**

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Net worth Represented by Sources of Funds					
Shareholders' Funds					
Share Capital	5,032.40	5,032.40	1,162.90	1,162.90	1,162.90
Reserves and Surplus	26,754.30	25,648.20	11,733.80	10,152.90	5,887.50
Money received against share warrants	-	-	-	178.00	178.00
	31,786.70	30,680.60	12,896.70	11,493.80	7,228.40

Srei Infrastructure Finance Ltd (Consolidated)
Statement of Profit & Loss, As Reformatted

(₹ In Million)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
INCOME					
Revenue from Operations	24,339.00	16,316.70	10104.90	8,641.90	7,536.30
Other Income	124.30	64.20	25.20	79.90	660.30
Total	24,463.30	16,380.90	10130.10	8,721.80	8,196.60
EXPENSES					
Finance Cost	15,650.30	8,300.80	5,343.60	5,268.40	4,635.00
Employee Benefit Expenses	1,718.00	1,234.40	718.40	584.80	450.30
Administrative and Other Expenses	2,231.80	1,931.10	907.30	1109.80	694.40
Depreciation / Amortization and Impairment Expense	1,650.30	1,240.90	432.80	365.80	490.10
Total	21,250.40	12,707.20	7402.10	7,328.80	6,269.80
Profit before Bad Debts, Provisions & Tax	3,212.90	3,673.70	2728.00	1,393.00	1,926.80
Bad Debts/Advances written off (net of recovery)	512.10	350.70	530.40	92.30	190.80
Stock for Trade Written-off	-	-	-	-	34.70
Provision for Bad & Doubtful Debts	36.70	48.50	-	-	-
Provision for Non-Performing Assets	179.50	161.20	21.00	251.30	173.60
Contingent Provisions against Standard Assets	116.90	223.60	-	-	-
	845.20	784.00	551.40	343.60	399.10
Profit Before Tax	2,367.70	2,889.70	2,176.60	1,049.40	1,527.70
Tax Expense :					
Current Tax	546.60	826.70	343.70	70.10	80.70
Mat Credit Entitlement	(18.90)	(9.40)	(219.00)	(71.10)	(16.20)
Fringe Benefit tax expense	-	-	-	4.60	1.50
Deferred Tax	367.40	(20.30)	461.90	219.90	114.00
Total Tax for current year	895.10	797.00	586.60	223.50	180.00
Profit After Tax for current year	1,472.60	2,092.70	1,590.00	825.90	1,347.70
Income tax in respect of earlier years	241.10	130.90	22.00	0.20	0.40
Profit After Tax Before Share of result of Associate and Minority Interests	1,231.50	1,961.80	1,568.00	825.70	1,347.30
Share of Loss of Associates	-	-	-	-	(23.20)
Profit After Tax before Minority Interests	1231.50	1961.80	1568.00	825.70	1324.10
Minority Interests	113.40	169.40	9.40	4.90	4.70
Net Profit	1118.10	1792.40	1558.60	820.80	1319.40
Pre Acquisition Profit/(Loss)	-	47.40	-	-	5.20
Minority Interests of Pre Acquisition (Profit)/Loss	(3.90)	(47.40)	-	(0.40)	2.70
Profit After Tax after adjustment of Minority Interests	1114.20	1792.40	1558.60	820.40	1327.30

Srei Infrastructure Finance Ltd. (Consolidated)
Cash Flow Statement, As Reformatted

(₹ In Million)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. Cash Flows from Operating Activities					
Net Profit Before Tax	2,367.70	2,889.70	2,176.60	1,049.40	1,527.70
Adjustment for:					
Depreciation/Amortization and Impairment	1,650.30	1,240.90	432.80	365.80	490.10
Bad Debts/Advances written off (net of recovery)	512.10	350.70	530.40	92.30	190.80
Provision for Bad & doubtful debts	36.70	48.50	-	-	-
Contingent Provision against Standard Assets	116.90	223.60	-	-	-
Provision for Non-Performing Assets	179.50	161.20	21.00	251.30	173.60
Provision for Premium on Unsecured Subordinated Bonds	8.80	8.80	8.80	8.80	8.80
(Profit)/ Loss on sale of Fixed Assets(net)	55.60	94.30	10.20	(26.10)	2.30
Finance Cost	15,641.50	8,292.00	5,334.80	5,259.70	4,626.20
Income from Trade Investments	-	(2.80)	(118.50)	(245.20)	-
Liabilities No Longer Required written back	22.90	(11.30)	(0.40)	-	(642.40)
Investment written off	1.20	-	-	-	-
Fixed Assets written off	0.30	-	-	-	-
Dividend Income	(4.80)	(4.60)	(14.50)	(6.70)	(2.30)
Provision for Diminution in value of Stock for Trade	1.60	9.00	0.70	0.50	-
Provision for Diminution in value of Investments	-	4.50	13.80	16.60	-
Operating Profit before Working Capital Changes	20,590.30	13,304.50	8,395.70	6,766.40	6,374.80
Adjustments for:					
(Increase) / Decrease in Receivables/Others	(46,385.70)	(11,669.70)	(22,994.00)	(3,824.60)	(9,377.20)
(Increase) / Decrease in Stock for Trade	37.40	(58.30)	2.60	2.50	-
(Increase) / Decrease in Financial Assets	(6,166.60)	(10,605.80)	(3,047.40)	16,468.50	(15,333.80)
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	(2,686.00)	(477.00)	(0.90)	281.20	(1,169.20)
(Decrease) / Increase in Trade Payables	1,637.40	(486.60)	1,656.00	(2,522.80)	3,782.80
Cash Generated from Operations	(32,973.20)	(9,992.90)	(15,988.00)	17,171.20	(15,722.60)
Interest Paid	(15,140.20)	(8,051.50)	(5,575.20)	(5,503.60)	(3,995.30)
Direct Taxes paid	(1,435.70)	(580.90)	(276.80)	(96.30)	(102.10)
Net Cash (Used in) / Generated from Operating Activities	(49,549.10)	(18,625.30)	(21,840.00)	11,571.30	(19,820.00)
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets	(7,167.10)	(5,698.90)	(562.10)	580.60	(651.40)
Proceeds from Sale of Fixed Assets	102.30	94.80	11.30	221.80	174.40
(Increase) / Decrease in Investments (net)	(842.10)	(1,424.20)	(2,296.80)	(1,235.90)	(1,804.00)
Income from Trade Investments	-	2.80	118.50	245.20	-
Dividend Received	4.80	4.60	14.50	6.70	2.30
Net Cash (Used) / Generated in Investing Activities	(7,902.10)	(7,020.90)	(2,714.60)	(181.60)	(2,278.70)
C. Cash Flows from Financing Activities					
Issue of Equity Capital (including premium)	-	-	-	3,758.20	810.30
Issue of Equity Warrants (Net)	-	-	-	-	178.00
Increase / (Decrease) in Debentures (net)	12,533.50	296.00	6,505.30	(5,861.40)	6,613.10
Increase / (Decrease) in Working Capital facilities (net)	34,069.20	21,261.20	5,481.90	(1,576.10)	5,492.20
Increase / (Decrease) in Other Loans (net)	12,661.20	3,790.20	10,781.40	(5,228.10)	9,873.40
Dividend Paid	(374.50)	(139.30)	(116.20)	(139.60)	(108.90)

Dividend Tax Paid	(61.30)	(23.20)	(19.80)	(23.70)	(18.50)
Net Cash (Used) / Generated in Financing Activities	58,828.10	25,184.90	22,632.60	(9,070.70)	22,839.60
Net Increase / (Decrease) in Cash & Cash Equivalents	1,376.90	(461.30)	(1,922.00)	2,319.00	740.90
Cash & Cash Equivalents at the beginning of the year	1,064.70	1,274.90	3,196.90	877.90	137.00
Add: Cash & Cash Equivalents acquired on Amalgamation	-	251.10	-	-	-
Cash & Cash Equivalents at the end of the year	2,441.60	1,064.70	1,274.90	3,196.90	877.90

CAPITAL STRUCTURE

Details of Share Capital

The share capital of our Company as at date of this Prospectus is set forth below:

Share Capital	Amount (in ₹ Mn)
Authorised Capital	
710,000,000 Equity Shares of ₹ 10/- each	7,100.00
10,000,000 Preference Shares of ₹ 100/- each	1,000.00
Total	8,100.00
Issued and Subscribed Capital	
503,559,160 Equity Shares of ₹ 10/- each	5,035.60
Paid-up Capital	
503,086,333* Equity Shares of ₹ 10/- each	5,030.90
Add : Share Forfeiture Account	1.50
Total	5,032.40

* of the above equity shares:

- (a) 92,915,839 shares (previous year 92,915,839) were allotted as Bonus Shares by capitalisation of Securities Premium
- (b) 294,025,696 shares (previous year 294,025,696) were allotted pursuant to Scheme of Amalgamation, without payment being received in cash and includes 48,600,000 shares allotted to 'Srei Growth Trust'

Changes in the authorised capital of our Company as on the date of this Prospectus is set forth below:

Sl. No.	Date of Shareholders' Resolution	Alteration of authorized share capital of our Company
1.	January 15, 1990	The authorised share capital of our Company was increased from ₹ 2.45 million divided into 0.245 million of Equity Shares of ₹ 10/- each to ₹ 7.00 million divided into 0.7 million of Equity Shares of ₹ 10/- each.
2.	March 19, 1991	The authorised share capital of our Company was increased from ₹ 7.00 million divided into 0.7 million of Equity Shares of ₹ 10/- each to ₹ 50.00 million divided into 5 million of Equity Shares of ₹ 10/- each
3.	June 7, 1991	The authorised share capital of our Company was increased from ₹ 50.00 million divided into 5 million of Equity Shares of ₹ 10/- each to ₹ 75.00 million divided into 7.5 million of Equity Shares of ₹ 10/- each.
4.	June 17, 1993	The authorised share capital of our Company was increased from ₹ 75.00 million divided into 7.5 million of Equity Shares of ₹ 10/- each to ₹ 250.00 million divided into 25 million Equity Shares of ₹ 10/- each.
5.	January 30, 1995	The authorised share capital of our Company was increased from ₹ 250.00 million divided into 25 million Equity Shares of ₹ 10/- each into ₹ 4000.00 million divided into 100 million of Equity Shares of ₹ 10/- each and 15 million Preference shares of ₹ 200/- each.
6.	June 20, 1995	The authorised share capital of our Company was increased from ₹ 4000.00 million divided into 100 million of Equity Shares of ₹ 10/- each and 15 million Preference shares of ₹ 200/- each to ₹ 7000.00 million divided into 100 million Equity Shares of ₹ 10/- each, 15 million Preference shares of ₹ 200/- each, 20 million Preference shares of ₹ 100/- each and 20 million Preference shares of ₹ 50/- each.
7.	March 10, 2005	The authorised share capital of our Company was reclassified by converting 15 million Preference shares of ₹ 200/- each into 300 million Equity shares of ₹ 10 each/- and by further conversion of 20 million Preference shares of ₹ 100/- each and 20 million Preference shares of ₹ 50/- each into 30 million Preference shares of ₹ 100/- each. The revised authorised capital of our Company is divided into 400 million Equity Shares of ₹ 10/- each and 30 million Preference Shares of ₹ 100 each.
8.	March 4, 2011 (Effective Date)	The authorized share capital of our Company had been enhanced and reclassified from existing ₹ 7000.00 million (divided into 400 million Equity Shares of ₹ 10/- each and 30 million Preference Shares of ₹ 100 each) to 710 million equity shares of ₹ 10 each and 10 million preference shares of ₹ 100 each, pursuant to the Scheme of Amalgamation of Quippo Infrastructure Equipment Limited into and with our Company sanctioned by the

Hon'ble High Court at Calcutta vide its Order made on January 18, 2011 and effective w.e.f. March 4, 2011.

Changes in the issued and subscribed capital (equity capital) of our Company till the date of this Prospectus are set forth below:

Date of Allotment	Number of Equity shares	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Consideration (cash or other than cash)	Reasons for allotment	Cumulative shares
March 30, 1985	2742	10	10	Cash	Subscribers to the Memorandum of Association [Ref Note 1]	2742
June 27, 1986	31,600	10	10	Cash	Preferential Allotment [Ref Note 2]	34,342
May 24, 1987	16,000	10	10	Cash	Preferential Allotment [Ref Note 3]	50,342
December 13, 1988	5,000	10	10	Cash	Preferential Allotment [Ref Note 4]	55,342
May 30, 1990	608,558	10	10	Cash	Preferential Allotment [Ref Note 5]	663,900
April 20, 1991	256,100	10	10	Cash	Preferential Allotment [Ref Note 6]	920,000
August 31, 1992	3,220,000	10	10	Cash	3220000 Equity Shares of ₹ 10 each allotted under Public Issue.	4,140,000
January 13, 1994	4,140,000	10	20	Cash	Rights Issue of shares in the ratio of one Equity Share for every one Equity share held on the Record Date i.e. October 20, 1993.	8,280,000
November 21, 1997	45,454,545	10	22	Cash	Conversion of 10 million 17% Compulsorily convertible Preference Shares (CPS) of ₹ 100 each into Equity Shares. [Ref Note 7]	53,734,545
September 5, 1998	27,688	10	15	Cash	Conversion of optional warrant "A" issued along with 17% Compulsorily Convertible Preference Shares. [Ref Note 7]	53,762,233
June 1, 1999	5500	10	10	Cash	Conversion of optional warrant "B" issued along with 17% Compulsorily Convertible Preference Shares. [Ref Note 7]	53,767,733
April 18, 2005	34,594,000	10	44.38	Cash	Being underlying shares to the Global Depositories Receipts issued by our Company.	88,361,733

Date of Allotment	Number of Equity shares	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Consideration (cash or other than cash)	Reasons for allotment	Cumulative shares
					[Ref note 8]	
November 22, 2005	21,050,056	10	33	Cash	Issue of fully paid up Equity shares pursuant to exercise of option by the holders of 21050056 detachable tradable warrants between August 25, 2005 to August 24, 2007. [Ref note 9]	109,411,789
February 20, 2006	3556	10	37	Cash	Issue of fully paid up Equity shares pursuant to exercise of option by the holders of 3556 detachable tradable warrants between August 25, 2005 to August 24, 2007. [Ref note 10]	109,415,345
May 13, 2006	880	10	39	Cash	Issue of fully paid up Equity shares pursuant to exercise of option by the holders of 880 detachable tradable warrants between August 25, 2005 to August 24, 2007. [Ref note 10]	109,416,225
February 19, 2007	200	10	28	Cash	Issue of fully paid up Equity shares pursuant to exercise of option by the holders of 200 detachable tradable warrants between August 25, 2005 to August 24, 2007. [Ref note 10]	109,416,425
May 11, 2007	400	10	29	Cash	Issue of fully paid up Equity shares pursuant to exercise of option by the holders of 400 detachable tradable warrants between August 25, 2005 to August 24, 2007. [Ref note 10]	109,416,825
November 8, 2007	800	10	41	Cash	Issue of fully paid up Equity shares pursuant to exercise of option by the holders of 800 detachable tradable warrants between August 25, 2005 to August 24, 2007. [Ref note 10]	109,417,625

Date of Allotment	Number of Equity shares	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Consideration (cash or other than cash)	Reasons for allotment	Cumulative shares
March 31, 2008	7,200,000	10	100	Cash	Preferential Allotment. [Ref note 10]	116,617,625
March 5, 2011	386,941,535	10	-	Other than Cash	Equity shares issued pursuant to the Scheme of Amalgamation of Quippo Infrastructure Equipment Limited into and with our Company [Ref Note 11]	503,559,160
Less : Shares forfeited on March 14, 2000						472,827
Total						503,086,333

Notes

- 2,742 Equity Shares were allotted to Hari Prasad Kanoria, Hemant Kanoria, Bimal Kumar Singhanian, Ramotar Agarwal, Anjani Rungata, Devendra Mohan and Pradeep Kumar
- 31,600 Equity Shares were allotted to Shyam Sunder Jhunjunwala, Durjan Singh, Radheshyam Periwala, Economic Metals (P) Ltd and Pragma Constructions (P) Ltd.
- 16,000 Equity Shares were allotted to Saraswati Devi Jalan, Beharilal Jalan, Sajjan Kumar Drolia, Vishnu Kr Gupta, Manoj Kr Jalan and Mahesh Kr Gupta.
- 5,000 Equity Shares were allotted to Anju Das and Sunita Kanoria.
- 608,558 Equity Shares were allotted to Sanjeev Kanoria, Sangita Kanoria, Madhulika Kanoria, Manisha Kanoria, Hemant Kanoria, Hari Prasad Kanoria, Sunil Kanoria, Sunita Kanoria, Champa Devi Kanoria, Hari Prasad Kanoria (Karta Hari Prasad Hemant Kumar (HUF) Hanumandas Hari Prasad), Hemant Kanoria (C/o M/s. Kedarnath Hari & Sons), Hari Prasad Kanoria (C/o M/s. Sivasakti), Opulent Fiscal Services Limited, Jyotirmoy Roy, Mahabir Prasad Agarwal, Anil Chandra Das, Paresh Chandra Bose, Suresh Bose, Ajit Haldar, Sudhin Mazumdar and Rahul Bhaduri.
- 256,100 Equity Shares were allotted to the Sanjeev Kanoria, Anjiya Finance & Housing Ltd, Hari Prasad Kanoria and Sangita Kanoria.
- There was Public Issue of 10,000,000, 17 % Convertible Preference Shares (CPS) of ₹ 100 each out of which there was Firm allotment of 2,500,000 17 % Convertible Preference Shares and issue to the public to the extent of 7,500,000 17 % Convertible Preference Shares. Every two CPS had two detachable tradable warrants attached to it -Warrant A and Warrant B. The holders of Warrant A had the right to subscribe to one Equity share of ₹ 10 each of our Company to be exercised within 24 months from the date of allotment of CPS. Such right was exercised on September 5, 1998. The holders of Warrant B had the right to subscribe to one Equity share of ₹ 10 each of our Company to be exercised within 36 months from the date of allotment of CPS. Such right was exercised on June 1, 1999. Each CPS were compulsorily convertible into within 18 months from the date of allotment into 45,454,545 number of Equity shares of ₹ 10 each at ₹ 22 each (including premium) as decided by the Board of Directors of our Company which was calculated based on the following formula: 75% of the average daily closing price of the Equity shares of our Company at the Regional Stock exchange in Calcutta during the 3 months prior to the date of conversion and to be more than ₹ 10 and not to exceed ₹ 100. The CPS were converted and allotted on November 21, 1997 into 45,454,545 Equity shares, out of which 37,780,454 were fully paid up and 7,674,091 were partly paid up. The Managing Director and the Deputy Secretary were authorized to issue call notices on partly paid up Equity shareholders for payment of call money. 472,827 number of partly paid up Equity shares were forfeited on March 14, 2000 for non-payment of call money.
- Our Company vide its Letter of Offer dated April 18, 2005 had offered up to 8,648,500 Global Depository Receipts ("GDR"), each representing four equity shares of nominal value ₹ 10 each, at the offer price of US\$ 4.05 per GDR.
- Our Company issued 5,400,000 Unsecured Subordinated NCDs, non-convertible in nature with an overall tenure of 12 years, of ₹ 100 each for cash at par with four detachable tradable warrants attached thereto to the Equity Shareholders of our Company on Rights basis in the ratio of one NCD for every ten Equity shares held as on the record date i.e. May 9, 2000.

Vide the Board meeting held on August 25, 2000, our Company allotted 5,266,075 NCDs and 21,064,300 Warrants, and the unsubscribed portion of issue of 133,925 NCDs lapsed. Each warrant entitled the holder to an option to apply for and be allotted one equity share of our Company after the end of 5th year and before completion of the 7th year from the date of the allotment. The conversion rights of balance 8408 Warrant holders who did not exercise their option at the last determination date i.e. August 24, 2007 extinguished and the same were cancelled by our Company.

10. Our Company on October 30, 2007 issued and allotted 25,000,000 warrants of ₹ 10 each to the Promoter group of our Company by way of preferential allotment. Each warrant was convertible into Equity shares of ₹ 10 each in one or more tranches at a price of ₹ 100 per share (including premium of ₹ 90) within a period of 18 months from the date of allotment of the warrants. Out of 25,000,000 warrants, conversion option for 7,200,000 warrants was exercised in 2007-08. Conversion option for balance warrants were not exercised during the year ended March 31, 2009 and has since expired and hence forfeited on April 29, 2009. The application money is disclosed as 'Equity Warrants Issued and Subscribed' as on March 31, 2009.
11. Pursuant to the Scheme of Amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with our Company sanctioned by the Hon'ble High Court at Calcutta, our Company had issued and allotted 294,025,696 Equity Shares of ₹ 10 each fully paid up of our Company to the shareholders of Quippo based on the share exchange ratio of 27:10, in consideration of the transfer and vesting of all assets and liabilities of Quippo into and with our Company. Further, the Company had issued and allotted 9,29,15,839 Equity Shares of ₹ 10/- each fully paid up to the equity shareholders of Srei Infra as bonus shares in the ratio of 4 (four) equity shares of ₹ 10/- each (fully paid-up) for every 5 (five) equity shares of ₹ 10/- each of Srei Infra held by them as on the record date, by way of capitalization of free reserves, pursuant to the aforesaid Scheme of Amalgamation.

Preference Share Capital History of our Company

Date of allotment	Number of preference shares	Issue price per preference share (in ₹)	Face value per preference share (in ₹)	Consideration (cash or other than cash)	Reasons for allotment
14 May 1996	10,000,000	100	100	Cash	Public issue [Ref Note 1]
4 March 2011	10,000,000	-	100	Other than cash	The authorized share capital of our Company had been enhanced and reclassified from existing ₹ 7000.00 million (divided into 400 million Equity Shares of ₹ 10/- each and 30 million Preference Shares of ₹ 100 each) to 710 million equity shares of ₹ 10 each and 10 million preference shares of ₹ 100 each, pursuant to the Scheme of Amalgamation of Quippo Infrastructure Equipment Limited into and with our Company sanctioned by the Hon'ble High Court at Calcutta vide its Order made on January 18, 2011 and effective w.e.f. March 4, 2011.

Note

1. There was Public Issue of 10,000,000 17 % Convertible Preference Shares ("CPS") of ₹ 100 each out of which there was Firm allotment of 2,500,000 CPS and issue to the public to the extent of 7,500,000 CPS. Every two CPS had two detachable tradable warrants attached to it -Warrant A and Warrant B. The holders of Warrant A had the right to subscribe to one Equity share of ₹ 10 each of our Company to be exercised within 24 months from the date of allotment of CPS. Such right was exercised on September 5, 1998. The holders of Warrant B

had the right to subscribe to one Equity share of ₹ 10 each of our Company to be exercised within 36 months from the date of allotment of CPS. Such right was exercised on June 1, 1999. Each CPS were compulsorily convertible within 18 months from the date of allotment into 45,454,545 number of Equity shares of ₹ 10 each at ₹ 22 each (including premium) as decided by the Board of Directors of our Company which was calculated based on the formula - 75% of the average daily closing price of the Equity shares of our Company at the Regional Stock exchange in Calcutta during the 3 months prior to the date of conversion and to be more than ₹ 10 and not to exceed ₹ 100. The CPS were converted and allotted on November 21, 1997 into 45,454,545 Equity shares, out of which 37,780,454 were fully paid up and 7,674,091 were partly paid up. The Managing Director and the Deputy Secretary were authorized to issue call notices on partly paid up Equity shareholders for payment of call money. 472,827 number of partly paid up Equity shares were forfeited on March 14, 2000 for non-payment of call money.

Shareholding pattern of our Company as on June 30, 2012 is set forth below:-

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of Total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	2	2224446	2224446	0.44	0.44	0	0
Bodies Corporate	4	90755830	90755830	18.04	18.04	89858543	99.01
Sub Total	6	92980276	92980276	18.48	18.48	89858543	96.64
(2) Foreign							
Bodies Corporate	1	144737030	144737030	28.77	28.77	0	0
Sub Total	1	144737030	144737030	28.77	28.77	0	0
Total shareholding of Promoter and Promoter Group (A)	7	237717306	237717306	47.25	47.25	89858543	37.8
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	3	29727	13607	0.01	0.01	0	0
Financial Institutions / Banks	3	75340	75340	0.01	0.01	0	0
Foreign Institutional Investors	54	62896324	57155666	12.5	12.5	0	0
Sub Total	60	63001391	57244613	12.52	12.52	0	0
(2) Non-Institutions							
Bodies Corporate	1389	28067911	27960412	5.58	5.58	0	0
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lakh	59424	32741002	31526691	6.51	6.51	0	0
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	479	29903594	29892595	5.94	5.94	0	0
Any Others (Specify)	1245	111633529	61270819	22.19	22.19	0	0
Non Resident Indians	972	2452039	2425046	0.49	0.49	0	0
Trusts	6	106598675	57998675	21.19	21.19	0	0
Clearing Members	266	847098	847098	0.17	0.17	0	0
Foreign Corporate Bodies	1	1735717	0	0.35	0.35	0	0
Sub Total	62537	202346036	150650517	40.22	40.22	0	0
Total Public shareholding (B)	62597	265347427	207895130	52.75	52.74	0	0
Total (A)+(B)	62604	503064733	445612436	100	100	89858543	17.86
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0
(1) Promoter and Promoter Group	0	0	0	0	0	0	0
(2) Public	1	21600	21600	0	0	0	0
Sub Total	1	21600	21600	0	0	0	0
Total (A)+(B)+(C)	62605	503086333	445634036	0	100	89858543	17.86

Top 10 shareholders as on August 31, 2012

Sl. No.	Name of the shareholders	No. of shares	Shares as a percentage of total number of shares
1	Deigratia International Pte Limited	14,47,37,030	28.7698
2	Opulent Venture Capital Trust	5,79,74,595	11.5238
3	Srei Growth Trust	4,86,00,000	9.6604
4	Adisri Investment Private Limited	3,89,92,840	7.7507
5	Adhyatma Commercial Private Limited	3,89,52,990	7.7428
6	Fidelity Investment Trust Fidelity Series Emerging Markets Fund	3,24,72,002	6.4546
7	Bharat Connect Private Limited	1,29,60,000	2.5761

Sl. No.	Name of the shareholders	No. of shares	Shares as a percentage of total number of shares
8	Milan Commercial Private Limited	1,04,14,286	2.0701
9	Subrata Ghosh	86,55,775	1.7205
10	Investpoint Limited	55,60,658	1.1053
	Total	399,320,176	79.3741

Top 10 commercial paper holders as on August 31, 2012

Sl. No.	Commercial Paper Holder	Amount (₹ in Mn)	%
1	Religare Mutual Fund	2,800	28.76%
2	Life Insurance Corporation Of India	2,000	20.54%
3	Infrastructure Development Finance Co Ltd	1500	15.41%
4	Axis Mutual Fund	1,000	10.27%
5	LIC Nomura Mutual Fund	500	5.14%
5	PNB Housing Finance Limited	500	5.14%
5	Taurus Mutual Fund	500	5.14%
6	Andhra Bank	250	2.57%
6	Pramerica Mutual Fund	250	2.57%
6	United Bank Of India	250	2.57%
7	BNP Paribas Mutual Fund	150	1.54%
8	Deutsche Mutual Fund	35	0.36%
	Total	9,735	100.00%

Top 10 Secured Redeemable Non-Convertible Debenture holders as on August 31, 2012

Sl. No.	Name of the NCD holder	Amount (₹ in Mn)	%
1	Life Insurance Corporation Of India	2,000	20.47%
2	United India Insurance Company Limited	800	8.19%
3	Indian Overseas Bank	750	7.68%
4	The Ratnakar Bank Ltd	743	7.61%
5	BNP Paribas Mutual Fund	500	5.12%
5	The South Indian Bank Ltd	500	5.12%
5	Union Bank Of India	500	5.12%
6	A P S R T C Employees Provident Fund Trust	300	3.07%
7	NPS Trust- A/C LIC Pension Fund Scheme - Central Govt.	235	2.41%
8	Food Corporation Of India CPF Trust	230	2.35%
9	Trustees Hindustan Steel Limited Contributory Provident Fund, Rourkela	210	2.15%
10	Syndicate Bank	200	2.05%
	Total	6968	71.34%

Top 10 Holders of Unsecured Subordinated Redeemable Non-Convertible Debentures as on August 31, 2012

Sl. No	Current Investor	Amount (₹ in Mn)	%
1	KSRTC Employees Contributory Provident Fund Trust	765	11.14%
2	Central Bank Of India	750	10.92%
3	Axis Bank Limited	733	10.67%
4	Yes Bank Limited	495	7.21%
5	Food Corporation Of India CPF Trust	370	5.39%
6	Rajasthan Rajya Vidyut Karamchari General Provident Fund	250	3.64%
7	A P S R T C Employees Provident Fund Trust	200	2.91%
	Air- India Employees Provident Fund	200	2.91%
	United India Insurance Company Limited	200	2.91%
8	Trust Capital Services (India) Pvt. Ltd.	155	2.26%
9	Trustees Hindustan Steel Limited Contributory Provident Fund, Rourkela	150	2.18%
10	Provident Fund Of The UTI Bank Ltd	140	2.04%
	Total	4,408	64.18%

Top 10 Holders of Long Term Infrastructure Bonds –ISIN – INE872A07PV5 as on August 31, 2012

Sl. No.	Name of NCD holder	No. of NCDs	%
1	Vivek Mohan Prabhu	293	0.8599
2	Nirmala Kamath	100	0.2935
3	Suresh Chandra Vrajlal Prajapati	75	0.2201
4	Manju Bhatnagar	70	0.2054
5	Prabir Choudhary	50	0.1467
6	Anjan Bhattacharyya	50	0.1467
7	Sushila Nayak	45	0.1321
8	Ratna Balabhadruni	30	0.088
9	Guhaprasath Sekar Rajagopal	30	0.088
10	Siddharth Prakash Phatarphod	30	0.088
Total		773	2.2684

Top 10 Holders of Long Term Infrastructure Bonds -ISIN – INE872A07PY9 as on August 31, 2012

Sl. No.	Name of NCD holder	No. of NCDs	%
1	Srividhya Krishnamurthy	150	0.1579
2	Viswanathan K	100	0.1053
3	Purnima J Patel	50	0.0526
4	Jayesh Babubhai Patel	50	0.0526
5	Arni Mallisetty Radhika	50	0.0526
6	Krishnaprema Kattirisetti	50	0.0526
7	Anjan Bhattacharyya	50	0.0526
8	Raman Agarwal	50	0.0526
9	Meenu Agarwal	50	0.0526
10	Gurnam Kaur	40	0.0421
Total		640	0.6735

Top 10 Holders of Long Term Infrastructure Bonds -ISIN – INE872A07PZ6 as on August 31, 2012

Sl. No.	Name of NCD holder	No. of NCDs	%
1	Smarajit Dey	200	0.7659
2	Subodh Prabhu	100	0.3830
3	Jogesh Bansilal Sharma	100	0.3830
4	Vasanti Namdev Mahadik	54	0.2068
5	Sujyoti Mukherjee	50	0.1915
6	J Paul Arockia Prakash	50	0.1915
7	Ratna Krishnamoorthy	50	0.1915
8	Nutan Mukherjee	40	0.1532
9	Suresh Moorthy	36	0.1379
10	Maria Augusta Rodrigues	30	0.1149
Total		710	2.7192

Top 10 Holders of Long Term Infrastructure Bonds -ISIN – INE872A07QA7 as on August 31, 2012

Sl. No.	Name of NCD holder	No. of NCDs	%
1	Mahesh A Ranka	100	0.1068
2	Radhakrishna S	100	0.1068
3	Ravi Manohar Bijani	100	0.1068
4	Vinita Chaudhary	100	0.1068
5	Sharad Kumar Venkta	100	0.1068
6	Siju Viswanath K E	100	0.1068
7	Radha S Krishna	100	0.1068
8	Kapil Sogani	50	0.0534
9	Ajit Kumar	50	0.0534
10	Animesh Samanta	50	0.0534
Total		850	0.9078

Long Term Debt–Equity Ratio:

The long term debt-equity ratio of our Company prior to this Issue is based on a total outstanding debt of ₹ 98,473.20 million and shareholder funds amounting to ₹ 25,820.10 million, which was 1.54 times, as on March 31, 2012. The long term debt-equity ratio post the Issue (assuming subscription of ₹ 1,500.00 million) will be 1.60 times, assuming total outstanding debt of ₹ 99,973.20 million and shareholders' fund of ₹ 25,820.10 million as on

March 31, 2012.

(₹ in million)

Particulars	Pre Issue as at March 31, 2012 (Audited)	Post Issue*
Debt		
Long Term	39808.30	41308.30
Short Term	58664.90	58664.90
	98,473.20	99,973.20
Shareholders Fund		
Share Capital	5032.40	5032.40
Reserves & Surplus		
Special Reserve under section 45-IC of Reserve		
Bank of India Act, 1934	1458.40	1458.40
General Reserve	13960.40	13960.40
Capital Reserve	194.50	194.50
Securities Premium Account	1975.40	1975.40
Debenture Redemption Reserve	950.40	950.40
Surplus in Profit and Loss Account	2248.60	2248.60
	20,787.70	20,787.70
Total Shareholders' Fund	25,820.10	25,820.10
Long Term Debt-Equity Ratio (Number of times)	1.54	1.60

* The debt-equity ratio post the Issue is indicative on account of the assumed inflow of ₹ 1,500 million from the proposed Issue in the secured debt category as on March 31, 2012. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

Note

1. 8,98,58,543 equity shares held by the promoter group representing 17.86% of the total share capital of the Company as on June 30, 2012 has been pledged or otherwise encumbered by the Company.
2. Our Company has not issued any debt securities issued for consideration other than cash, whether in whole or part, since its incorporation.
3. Our Company has not, since incorporation, issued any debt securities at a premium or at a discount, or in pursuance of an option.
4. For details of the outstanding borrowings of the Company as on March 31, 2012, see "Disclosure on Existing Financial Indebtedness" on page 95 of this Prospectus.

OBJECTS OF THE ISSUE

Issue Proceeds

The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for our various financing activities, to repay our existing loans and our business operations including for our capital expenditure and working capital requirements.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

Further, in accordance with the Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the same group as our Company or who is under the same management as our Company or any subsidiary of our Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

Further, the Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Interim Use of Proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008. Our Board shall monitor the utilization of the proceeds of the Issue. For the relevant quarters commencing from the financial year ending March 31, 2013, our Company will disclose in our quarterly financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

STATEMENT OF TAX BENEFITS

Statement of Possible Direct Tax Benefits available to SREI Infrastructure Finance Limited and its Debenture holders

The Board of Directors
SREI Infrastructure Finance Limited
“Vishwakarma”,
86 C Topsia Road (South)
Kolkata 700 046

Dear Sirs,

We hereby report that the enclosed annexure states the possible Direct Tax benefits available to SREI Infrastructure Finance Limited (the “Company”) and its debenture holders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its debenture holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its debenture holders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Company would face in the future. The Company may or may not choose to fulfill such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Company or its Debenture holders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any other person in respect of this statement.

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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

Anand Kumar Jhunjunwala
Partner
Membership No. 056613
Place: Kolkata
Date: August 22, 2012

Annexure: STATEMENTS OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

Under the current tax laws, the following tax benefits, interalia, will be available to the Debenture Holders. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Debenture Holder is advised to consider in his own case the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961('I.T. ACT')

I. To the Resident Debenture Holder

1. Interest on NCD received by Debenture Holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following :
 - a. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF') Debenture Holder does not or is not likely to exceed ₹ 5,000 in the aggregate during the Financial year and the interest is paid by an account payee cheque.
 - b. On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. (w.e.f. 01.06.2008).
 - c. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; **and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest**
 - d. (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A (1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A (1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the aggregate of interest income credited or paid or likely to be credited or paid during the Financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax, as may be prescribed in each year's Finance Act.

To illustrate, as on 01.04.2012, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹ 2,00,000; in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is ₹ 2,50,000; and in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is ₹ 5,00,000 for Financial Year 2012-13.
 - (ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A (1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.
 - (iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No. 15G with PAN/Form No. 15H with PAN/Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.
2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

3. Under section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration.

However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gains arising out of listed debentures would be subject to tax at the rate of 10 % computed without indexation.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

4. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.
5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

II. To the Non Resident Debenture Holder

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under :
 - (a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
 - (b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.
 - (c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
 - (d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of section 1151 of the I.T. Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act. In that case,
 - (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation
 - (b) Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
 - (c) Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act
3. Under Section 195 of the I.T. Act, the company is required to deduct the applicable tax at source i.e. 20% on investment income and 10% on any long-term capital gains as per section 115E, and at the normal rates for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.
4. In case of foreign companies, where the income paid or likely to be paid exceeds ₹ 1,00,00,000 a surcharge of 2% of such tax liability is payable. 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is also deductible.
5. The Finance Act, 2012 (by way of insertion of a new section 194LC in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% (as against 20%) on payment by way of interest paid by an Indian company to a non-resident (including a foreign company) in respect of borrowing made in foreign currency from sources outside India between July 1, 2012 and July 1, 2015, under a loan agreement approved by Central Government.
6. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate, containing prescribed particulars is a mandatory condition for availing benefits under any DTAA.
7. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.

III. To the Foreign Institutional Investors (FIIs)

1. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
2. Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD. In addition to the aforesaid tax, in case of foreign corporate FIIs where the income exceeds ₹ 1, 00, 00,000 a surcharge of 2% of such tax liability is also payable. A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is payable by all categories of FII's.
3. In accordance with and subject to the provisions of section 196D (2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.
4. The provisions at para II (6 and 7) above would also apply to FIIs.

IV. To the Other Eligible Institutions

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in

accordance with the provisions contained therein.

V. Exemption under Sections 54EC and 54F of the I.T. Act

1. Under section 54EC of the I.T Act, long term capital gains arising to the debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of ₹ 50 Lakhs during any financial year in the notified bonds. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.
2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the Debenture Holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Debenture Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

VI. Requirement to furnish PAN under I.T. Act

1. Sec.139A(5A)
 - a. Section 139A(5A) requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.
2. Sec. 206AA:
 - a. Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIIB ('deductee') to furnish his PAN to the deductor, failing which attracts tax shall be deducted at the higher of the following rates:
 - (i) at the rate specified in the relevant provision of the I.T. Act; or
 - (ii) at the rate or rates in force; or
 - (iii) at the rate of twenty per cent.
 - b. A declaration under Section 197A(1) or 197A(1A) 197A(IC) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case
 - c. Where a wrong PAN is provided, it will be regarded as non furnishing of PAN and Para (a) above will apply.

VII. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2) (vii) of the I.T. Act, where an individual or Hindu Undivided Family receives debentures from any person on or after 1st October, 2009:

- (i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole

of the aggregate fair market value of such debentures or;

- (ii) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax

However, this provision would not apply to any receipt:

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in Section 10(20) of the I.T. Act
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C)
- (g) from any trust or institution registered under section 12AA.

B. IMPLICATION UNDER THE WEALTH TAX ACT, 1957

Wealth-tax is not levied on investment in debentures under section 2(ea) of the Wealth-tax Act, 1957.

Notes

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957 (collectively referred to as direct tax laws") and does not cover benefits under any other law.
3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2013-14. Several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.
4. This statement is intended only to provide general information to the Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.
7. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.
8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE ISSUER AND THE INDUSTRY

INDUSTRY

The information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

GLOBAL ECONOMY

The outlook for the global economy is slowly improving again but is still very fragile. Global growth is projected to drop from about 4 percent in 2011 to about 3½ percent in 2012 because of weak activity during the second half of 2011 and the first half of 2012. Real GDP in many emerging and developing economies was somewhat weaker than expected, but growth surprised on the upside in the advanced economies. Real GDP growth in the emerging and developing economies is projected to slow from 6¼ percent in 2011 to 5¾ percent in 2012 but then to reaccelerate to 6 percent in 2013, helped by easier macroeconomic policies and strengthening foreign demand. However, the recovery will remain vulnerable to several major downside risks. (Source: *World Economic Outlook*, April 2012)

THE INDIAN ECONOMY

Overview

The Indian economy is the fourth largest economy in the world based on the purchasing power parity. It is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Also, the process of economic reforms initiated since 1991 has been providing an investor friendly environment through a liberalized policy framework spanning the whole economy. (Source: http://business.gov.in/indian_economy/index.php)

India's population is estimated to be approximately 1.176 billion with a Gross Domestic Product (GDP), on a purchasing power parity basis ("PPP"), of approximately US\$ 4,447.758 billion (₹ 198,325.5 billion) (Source: *National Commission on Population*, <http://populationcommission.nic.in/>).

However, in FY 2010 and 2011, India's GDP grew by 8.0 % and 8.5%, respectively. (Source: *Ministry of Statistics and Programme Implementation, India*)

(http://mospi.nic.in/Mospi_New/upload/PRESSNOTE-Q4%202010-11%2030%20May%202011.pdf, accessed on June 24, 2011)

The table below sets out the comparison between India's Real GDP Growth in 2010 and 2011, and its expected GDP growth during the 2012 and 2013 fiscal years, as compared to that of the European Union, United States of America, China, Japan and other Newly Industrialized Asian Economies²:

	Real GDP			
	Actual		Projected	
	2010	2011	2012	2013
Euro Area ¹	1.8	1.4	-0.3	0.9
United States	3.0	1.7	2.1	2.4
China	10.3	9.2	8.2	8.8
Japan	4.0	-0.7	2.0	1.7
India	10.1	7.2	6.9	7.3
Newly Industrialized Asian Economies ²	8.4	4.0	3.4	4.2

¹ The Euro Area is comprises Germany, France, Italy, Spain, Netherlands, Belgium, Greece, Austria, Portugal, Finland, Ireland, Slovak Republic, Slovenia, Luxembourg, Cyprus and Malta.

² Newly Industrialized Asian Economies comprises Korea, Taiwan Province of China, Hong Kong SAR and Singapore. (Source: *International Monetary Fund, World Economic Outlook, April 2012 ("IMF World Economic Outlook 2012")*)

The IMF believes that activity across Asia slowed during the last quarter of 2011, reflecting both external and

domestic developments. In India, domestic factors also contributed to the slowdown, as a deterioration in business sentiment weakened investment and policy tightening raised borrowing costs. While part of the expected slowdown to 7 per cent in 2012 is a cyclical response to higher interest rates and lower external demand, policy uncertainty and supply bottlenecks are playing a role and will need to be tackled in the near term to ensure that potential growth does not decline. (Source: IMF World Economic Outlook April 2012).

Salient features of our Indian economy in October 2011 are as follows:

- The overall growth of GDP at factor cost at constant prices, as per Revised Estimates, was 8.5 % in 2010-11 representing an increase from the revised growth of 8.0 % during 2009-10. The growth in real GDP is placed at 7.7 % in the first quarter of 2011-12.
- The cumulative rainfall received for the country as a whole, during the post monsoon season, 2011 (October–December), has been 49 % below the normal as on November 9, 2011.
- Food grains (rice and wheat) stocks held by FCI and State agencies were 56.33 million tonnes as on Sep 1, 2011.
- Overall growth in the Index of Industrial Production (IIP) was 1.9 % during September 2011 as compared to 6.1 % in September 2010. During April-September 2011-12, IIP growth was 5.0 % as compared to 8.2 % during 2010-11.
- Eight core Infrastructure industries grew by 2.3 % in September 2011 as compared to the growth of 3.3 % in September 2010. During April-September 2011-12, these sectors grew by 4.9 % as compared to 5.6 % during April-September 2010-11.
- Broad money (M3) (up to October 21, 2011) increased by 7.1 % as compared to 8.5 % during the corresponding period of the last year. The year-on-year growth, as on October 21, 2011 was 14.4 % as compared to 17.3 % last year.
- Exports, in US dollar terms increased by 36.4 % and imports increased by 17.2 %, during September 2011.
- Foreign Currency Assets stood at US\$ 282.5 billion at end October, 2011 as compared to US\$ 269.3 billion at end October, 2010.
- Rupee depreciated against US dollar, Pound Sterling, Japanese Yen and Euro in the month of October, 2011 over September, 2011.
- Year-on-year inflation in terms of Wholesale Price Index was 9.73 % for the month of October 2011 as compared to 9.08 % in the corresponding month last year.
- Gross tax revenue has increased by 14 % compared to the corresponding period last year with the main contributors being custom duties, taxes on income and service tax which have registered growth of 23 %, 16 % and 38 % respectively.
- As proportions of Budget Estimates, fiscal deficit and revenue deficit were at 68.0 % and 72.2 per cent respectively in April-September 2011.

(http://finmin.nic.in/stats_data/monthly_economic_report/2011/indoct11.pdf)

POLICY INITIATIVES AND ECONOMIC REFORMS IN INDIA

Since 1991, India has witnessed comprehensive reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

- *Industrial Policy Reforms:* Removal of capacity licensing and opening up most sectors to Foreign Direct Investment ("**FDI**");
- *Trade Policy Reforms:* Lowering of import tariffs across industries, minimal restrictions on imports; and
- *Monetary Policy and Financial Sector Reforms:* Lowering interest rates, relaxation of restrictions on fund movement and the introduction of private participation in insurance sector.

In addition, FDI has been recognized as one of the important drivers of economic growth in the country. The Government of India has taken a number of steps to encourage and facilitate FDI, and FDI is allowed in many key sectors of the economy, such as manufacturing, services, infrastructure and financial services. For many sub-sectors, 100% FDI is allowed on an automatic basis, without prior approval from the Foreign Investment Promotion Board.

FDI inflows into India have accelerated since FY 2007. From April 2000 through April 2011, FDI equity inflows

into the services sector (both financial and non-financial) of India amounted to ₹ 1,237.06 billion (US\$ 27,668 million). In addition, from April 2000 to April 2011, the cumulative amount of FDI equity inflows amounted to ₹ 5,945.69 billion (US\$ 132,837 million). FDI inflows into India were US\$ 37,838 million, US\$ 37,763 million and US\$ 27,024 million in FY 2009, 2010, 2011, respectively, and US\$ 3,121 million for April 2011. (*Source: Department of Industrial Policy and Promotion Fact Sheet, August 1991 to April 2011*)

Debt Market in India

(Source: <http://indiabudget.nic.in>)

The Indian debt market has two segments, namely, the Government securities market and corporate debt market.

Government securities market:

Secondary market yields on Government securities remained in a broad range during the year. Monetary policy, inflation concerns, and supply issues were the major factors influencing yields on government securities. Intra-year movements in yields on Government securities could be attributed to various factors. The upward movement in the month of April 2010 was mainly on account of supply pressure in the wake of front-loading of the market borrowings programme. In the month of May, concerns regarding high fiscal deficit receded due to higher-than-budgeted collections from auction of 3G and Broadband Wireless Access licenses. The improved sentiments drove down yields in the month of May. The impact of the improved sentiments, however, was offset by concerns of high inflation and policy tightening by the Reserve Bank. In the third quarter of the current financial year, tight liquidity conditions remained a major factor putting upward pressure on yields. The 10-year yield, which was at 7.87 % on 31 March 2010, went up to 7.94 % on December 31, 2010.

The table below indicates Tenor-wise Volumes of G-Sec (₹ Crore). The figures in italics show tenor-wise share (%) in total volumes

Tenor-wise Volumes of G-sec (₹ Crore)

	<5Y		5-7Y		8-10Y		11-15Y		16-20Y		20-30Y	
2009-10Q2	81088	<i>12</i>	240344	<i>36</i>	146333	<i>22</i>	164571	<i>25</i>	27698	<i>4</i>	6513	<i>1</i>
2009-10Q3	72591	<i>11</i>	137425	<i>21</i>	228195	<i>34</i>	205353	<i>31</i>	18440	<i>3</i>	5076	<i>1</i>
2009-10Q4	75120	<i>16</i>	121031	<i>26</i>	251773	<i>54</i>	6522	<i>1</i>	12153	<i>3</i>	3878	<i>1</i>
2010-11Q1	89037	<i>10</i>	168343	<i>19</i>	345248	<i>39</i>	260695	<i>29</i>	19149	<i>2</i>	12760	<i>1</i>
2010-11Q2	40606	<i>6</i>	120014	<i>17</i>	353362	<i>51</i>	156007	<i>22</i>	17734	<i>3</i>	10886	<i>2</i>
2010-11Q3	17310	<i>3</i>	144834	<i>28</i>	110684	<i>22</i>	208237	<i>40</i>	24798	<i>5</i>	8436	<i>2</i>
2010-11Q4	50622	<i>11</i>	41334	<i>9</i>	30310	<i>7</i>	292432	<i>66</i>	21993	<i>5</i>	7352	<i>2</i>
2011-12Q1	19747	<i>4</i>	46837	<i>9</i>	234252	<i>46</i>	196220	<i>38</i>	7611	<i>1</i>	5128	<i>1</i>
2011-12Q2	7594	<i>1</i>	58907	<i>8</i>	511956	<i>66</i>	173052	<i>22</i>	12499	<i>2</i>	6102	<i>1</i>

Source: CCIL Economic Research 2011-12 Q2

Corporate debt market:

Pursuant to the guidelines of the High Level Expert Committee on Corporate Bonds and Securitization (December 2005) and the subsequent announcement made in the Union Budget 2006-07, SEBI authorized BSE (January 2007), NSE (March 2007) and the Fixed Income Money Market and Derivatives Association of India (FIMMDA) (August 2007) to set up and maintain corporate bond reporting platforms for information related to trading in corporate bonds.

BSE and NSE put in place corporate bonds trading platforms in July 2007 to enable efficient price discovery in the market. This was followed by operationalization of a trade-by-trade based clearing and settlement system for over-the-counter trades in corporate bonds by the clearing houses of the exchanges. In view of these market developments, the RBI announced in its Second Quarter Review of the Annual Policy Statement for 2009-10 in October 2009 that the repo in corporate bonds could now be introduced. The RBI issued the Repo in Corporate Debt Securities (Reserve Bank of India) Directions, 2010, on January 8, 2010.

During FY 2012 up to October 2011, the yield on corporate debt paper with AAA rating for five-year maturity moved in the range of 8.12-9.02%. The spread between yield on five-year GoI bonds and corporate debt paper with AAA rating with five-year maturity, which was around 100 basis points in the beginning of 2011, narrowed to 65 basis points by the end of October 2011.

STRUCTURE OF INDIA'S FINANCIAL SERVICES INDUSTRY

The RBI is the central regulatory and supervisory authority for the Indian financial system. The Board for Financial Supervision ("**BFS**"), constituted in November 1994, is the principal body responsible for the enforcement of the RBI's statutory regulatory and supervisory functions. SEBI and the Insurance Regulatory Development Authority ("**IRDA**") regulate the capital markets and the insurance sector respectively.

A variety of financial institutions and intermediaries, in both the public and private sector, participate in India's financial services industry. These are:

- Commercial banks;
- Non-Banking Finance Companies ("**NBFCs**");
- Specialized financial institutions, such as the National Bank for Agriculture and Rural Development, the Export-Import Bank of India, the Small Industries development Bank of India and the Tourism Finance Corporation of India;
- Securities brokers;
- Investment banks;
- Insurance companies;
- Mutual funds; and
- Venture capital funds.

NON-BANKING FINANCE COMPANIES

The structure and operations of NBFCs are regulated by the RBI, within the framework of Chapter III B of the RBI Act and the directions issued by it under the RBI Act. As set out in the RBI Act, a "non-banking financial company" is defined as:

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
- (iii) such other non-banking institution or class of such institutions, as the bank may, with the previous approval of the central Government and by notification in the Official Gazette, specify.

Under the provisions of the RBI Act, it is mandatory for a NBFC to be registered with the RBI. For such registration with the RBI, a company incorporated under the Companies Act and which wishes to commence business as a NBFC, must have a minimum Net Owned Fund ("**NOF**") of ₹ 20,000,000. A NOF refers to funds (paid-up capital and free reserves, less accumulated losses, deferred revenue expenditure and other intangible assets) less, (i) investments in shares of subsidiaries/companies in the same group or all other NBFCs; and (ii) the book value of debentures/bonds/outstanding loans and advances, including hire-purchase and lease finance made to, and deposits with, subsidiaries/companies in the same group, in excess of 10% of the owned funds.

The registration process involves the submission of an application by the company in a prescribed format along with the necessary documents for the RBI's consideration. If the RBI is satisfied that the conditions set out in the RBI Act are fulfilled, it issues a "Certificate of Registration" to the company. There are two broad categories of NBFCs based on whether they accept public deposits, namely deposit-taking NBFCs (NBFCs-D) and non-deposit-taking NBFCs (NBFCs-ND). Only those NBFCs holding a valid Certificate of Registration with authorization to accept public deposits can accept and hold public deposits. In addition to having the minimum stipulated NOF, NBFCs should also comply with separate prudential norms prescribed for NBFCs-D and NBFCs-ND. The detailed regulations applicable to NBFCs are available at the RBI website of RBI (www.nbfc.rbi.org.in).

NBFCs are required to adhere to the Prudential Norms Directions which, amongst other requirements, prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans.

NBFCs are also required to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges in terms of the RBI circular dated May 24, 2007. In addition to the aforesaid, NBFCs are required to adopt an interest rate model for regulating the rates of interest charged by them in accordance with the Master Circular on Fair Practices Code dated July 1, 2010 issued by the RBI to all NBFCs. See the section titled "*Regulations and Policies*" on page 138 of this Prospectus.

Initially, NBFCs were classified into the following categories by the RBI:

- *equipment leasing companies* - any financial institution whose principal business is that of leasing equipment or the financing of equipment leasing;

- *hire-purchase companies* - any financial intermediary whose principal business relates to hire-purchase transactions or financing of hire-purchase transactions;
- *loan companies* - any financial institution whose principal business is that of providing finance, whether by making loans or advances or otherwise for any commercial activity other than its own (excluding any equipment leasing or hire-purchase finance activity); and
- *investment companies* - any financial intermediary whose principal business is that of buying and selling securities.

However, with effect from December 6, 2006, these types of NBFCs have been reclassified as follows:

- *asset finance companies* – NBFCs whose principal business is that of financing the physical assets which support various productive and economic assets in India. "Principal business" for this purpose means that the aggregate of financing real/physical assets supporting economic activity and income arising there from is not less than 60% of total assets and total income respectively;
- *investment companies* - NBFCs whose principal business is that of the acquisition of securities; and
- *loan companies* - NBFCs whose principal business is that of providing finance whether by making loans or advances or otherwise for any activity other than its own, but does not include an equipment leasing company or a hire-purchase finance company.

The above mentioned companies may be further classified into those accepting deposits or those not accepting deposits. In addition, and following the *Second Quarter Review of the Monetary Policy for the Year 2009-10*, the RBI introduced a fourth category of NBFCs known as "Infrastructure Finance Companies", which were defined as entities which hold a minimum of 75% of their total assets for the purposes of financing infrastructure projects. NBFCs have been further classified into the following categories w.e.f. December 2, 2011:

- *Asset Finance Company (AFC)*
- *Investment Company (IC)*
- *Loan Company (LC)*
- *Infrastructure Finance Company (IFC)*
- *Core Investment Company (CIC)*
- *Infrastructure Debt Fund- Non- Banking Financial Company (IDF-NBFC)*
- *Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI).*
- *Non-Banking Financial Company – Factor*

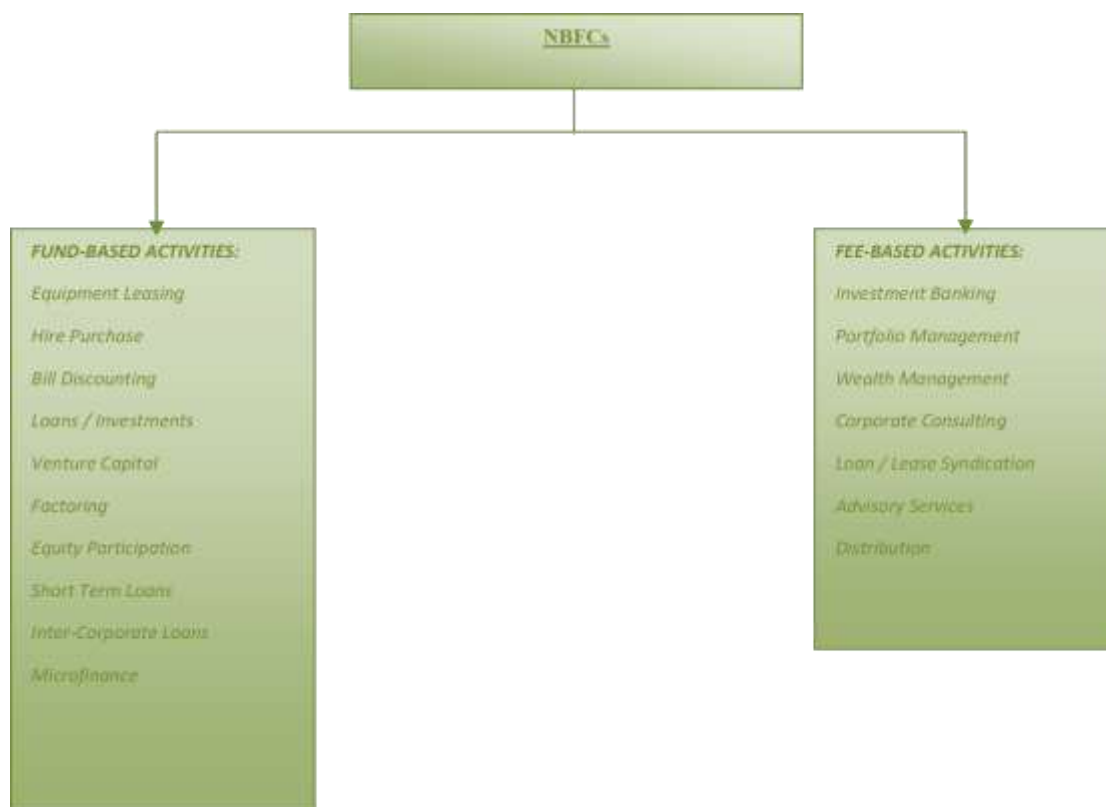
Policy Initiatives

The regulatory and supervisory framework of NBFCs continued to focus on prudential regulations with specific attention to the systemically important non-deposit-taking companies (NBFC-ND-SI). Some of the important developments in chronological order are as follows:

- Instances of NBFCs having made overseas investments without regulatory clearance of the Department of Non-Banking Supervision, RBI, which is a violation of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations 2004 and attracts penalty, were observed. Accordingly, it was reiterated that all NBFCs desirous of making any overseas investment must obtain 'No Objection' certificates (NoCs) from the Department of Non-Banking Supervision of RBI before making such investment. Further RBI has issued circular dated July 14, 2011 regarding opening of Branch/Subsidiaries/Joint Venture/ Representative Office or Undertaking abroad by NBFCs.
- NBFCs-ND-SI engaged predominantly in infrastructure financing had represented to the RBI that there should be a separate category of infrastructure financing NBFCs in view of the critical role played by them in providing credit to the infrastructure sector. As advised in the Second Quarter Review of Monetary Policy 2009-10, it was decided to introduce a fourth category of NBFCs as infrastructure finance companies (IFCs) satisfying certain criteria like a minimum of 75 % of their total assets in infrastructure loans, net owned funds of ₹ 3000 million or above, minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agency, and Capital to Risk (Weighted) Assets ("CRAR") of 15 % (with a minimum Tier I capital of 10 %). Such NBFCs would be allowed to exceed credit concentration norms of lending to single borrower by 10 % and to group borrowers by 15 % NBFCs having Foreign Direct investment (FDI) are required to submit certificates from their statutory auditors on half-yearly basis certifying compliance with existing terms and conditions of FDI. NBFCs were advised that such certificates may be submitted not later than one month from the close of the half year to which the certificate pertained.

- iii. All NBFCs excluding RNBCs may participate in the designated currency futures and options exchanges recognized by SEBI as clients, subject to RBI (Foreign Exchange Department) guidelines in the matter, only for the purpose of hedging their underlying forex exposures with appropriate disclosures in their balance sheets.
- iv. According to the Repo in Corporate Debt Securities (Reserve Bank) Directions 2010, dated January 8, 2010 issued by the RBI, NBFCs registered with the RBI (other than Government companies as defined in Section 617 of the Companies Act 1956) are eligible for participation in repo transactions in corporate debt securities. NBFCs participating in such repo transactions were advised to comply with the Directions and accounting guidelines issued by RBI.
- v. As announced in the Annual Policy 2010-2011, draft guidelines on Core Investment Companies (CIC) were placed on the RBI website on April 21, 2010. Based on feedback received from the market participants, the regulatory framework for CICs was announced. In order to bring more clarity in the interest of the system it was decided that investing in shares of other companies, even for the purpose of holding stake should also be regarded as carrying on the business of acquisition of shares in terms of Section 45I(c) (ii) of the RBI Act. CICs with an asset size of ₹ 1,000 million or more would be considered systemically important core investment companies (CICs-ND-SI) and would be required to obtain Certificate of Registration (COR) from the RBI under Section 45-IA of the RBI Act even if they had in the past been advised that registration was not required. Capital requirements, leverage ratio to be maintained, etc. have been prescribed for CICs-ND-SI. Certain exemptions from maintenance of statutory minimum NOF, prudential norms including requirements of capital adequacy, and exposure norms have been prescribed for those CICs-ND-SI. CICs-ND-SI were advised to submit annual certificates from their statutory auditors regarding compliance with these guidelines within one month from the date of finalization of their balance sheet.
- vi. In view of sub section (2) of Section 17 of the Credit Information Companies (Regulation) Act 2005, and Regulation 10 (a) (ii) of the Credit Information Companies Regulations 2006, NBFCs were advised that those NBFCs which had become member/ members of any new credit information company / companies may provide them the current data in the existing format. Such NBFCs may also provide historical data in order to enable the new credit information companies to validate their software and develop a robust database. However, care should be taken to ensure that no wrong data / history regarding borrowers is given to credit information companies.
- vii. As per extant norms of the External Commercial Borrowings policy, Infrastructure Finance Companies (IFCs), i.e. NBFCs categorized as IFCs by the RBI were permitted to avail of ECBs for on-lending to the infrastructure sector, as defined in the extant ECB policy, under the approval route. After a review undertaken in April-May 2010, as a measure of liberalization of the existing procedures, it has been decided to permit the IFCs to avail of ECBs, including outstanding ECBs, up to 50 % of their owned funds under the automatic route, subject to their compliance with the prudential guidelines already in place. ECBs by IFCs above 50 % of their owned funds would require the approval of the RBI and, therefore, be considered under the approval route.
- viii. SEBI vide its circular dated March 31, 2011 had increase the limit of Foreign Institutional Investor (FII) investment in corporate bonds issued by the Company in the infrastructure sector from exiting limit of USD 5 billion to USD 25 billion. Further SEBI vide its circular dated 26th August 2011 has recognized the NBFCs categorized as IFCs as eligible issuer for the purpose of FII investment under the said category.
- ix. The Finance Minister had in his budget speech for the year 2011-2012 announced the setting up of Infrastructure Debt Funds (IDFs), to facilitate the flow of long-term debt into infrastructure projects. The IDF will be set up either as a trust or as a company. A trust based IDF would normally be a Mutual Fund (MF) while a company based IDF would normally be a NBFC. The Reserve Bank had vide its Press Release dated September 23, 2011, issued broad parameters for banks and NBFCs to set up IDFs RBI had issued the detailed guidelines regarding IDF on November 21, 2011. All NBFCs, including IFCs registered with the Bank may sponsor IDFs to be set up as Mutual Funds. However, only IFCs can sponsor IDF-NBFCs. It has now been decided to allow investment on repatriation basis by eligible non-resident investors (as mentioned in Para 3 below) in (i) Rupee and Foreign currency denominated bonds issued by the IDFs set up as an Indian company and registered as NBFCs with the Reserve Bank of India and in (ii) Rupee denominated units issued by IDFs set up as SEBI registered domestic MFs, in accordance with the terms and conditions stipulated by the SEBI and the Reserve Bank of India from time to time. (Source: <http://indiabudget.gov.in/es2010-11/echap-05.pdf>)

The indicative list of commercial activities that NBFCs typically undertake in India are illustrated in the following diagram:



THE INFRASTRUCTURE FINANCE INDUSTRY IN INDIA

Providers of Infrastructure Finance

The primary providers of infrastructure finance in India are financial institutions, public sector banks & other public sector institutions, private banks, foreign banks and multilateral development institutions.

Financial institutions

Financial institutions provide medium and long-term financial assistance across various industries to establish new projects and for the expansion and modernization of existing facilities. These institutions provide both fund-based and non-fund based assistance in the form of loans, underwriting, direct subscription to shares, debentures and guarantees. The primary long-term lending institutions include India Infrastructure Finance Company Limited (IIFCL), IFCI Limited, Industrial Development Bank of India Limited and Small Industries Development Bank of India.

Specialized financial institutions

In addition, there are various specialized financial institutions which cater to the specific needs of various sectors. These include the National Bank for Agricultural and Rural Development, Export-Import Bank of India, IFCI Venture Capital Funds Limited (formerly the Risk Capital and Technology Finance Corporation Limited), Tourism Finance Corporation of India Limited, Housing and Urban Development Corporation Limited, Power Finance Corporation Limited, Infrastructure Leasing & Financial Services Limited, Rural Electrification Corporation Limited and Indian Railway Finance Corporation Limited.

State level financial institutions

State financial corporations, such as Maharashtra State Financial Corporation, Delhi Financial Corporation and Madhya Pradesh Financial Corporation, were set up to finance and promote small and medium term enterprises at a state level and they form an integral part of the institutional financing system. There are also state industrial development corporations operating at state level, which provide finance primarily to medium- to large-sized enterprises. These include Maharashtra Industrial Development Corporation, Gujarat Industrial Development Corporation and Madhya Pradesh Industrial Development Corporation

Public sector banks and other public sector institutions

Public sector banks make up the largest category of banks in the Indian banking system. The primary public sector banks operating in the infrastructure finance sector include IDBI Bank, State Bank of India, Punjab National Bank, Canara Bank and the Bank of Baroda. Other public sector entities, for example, the Life Insurance Corporation of India, also provide financing to the infrastructure sector.

Private sector banks

After completion of the first phase of the bank nationalization in 1969, the majority of Indian banks were public sector banks. Some existing private sector banks, which showed signs of an eventual default, were merged with state-owned banks. In July 1993, as part of the banking reform process and to induce competition in the banking sector, the RBI permitted entry by the private sector into the banking system resulting in the introduction of nine private sector banks which are collectively known as the "new" private sector banks. The primary private sector bank operating in the infrastructure financing sector is ICICI Bank.

Infrastructure Finance Companies ("IFCs")

In February 2010, the RBI introduced IFCs as a new category of infrastructure funding entities. Non-deposit taking NBFCs which satisfy the following conditions are eligible to apply to the RBI to seek IFC status:

- A minimum of 75% of its assets deployed in infrastructure loans;
- Net owned funds of at least ₹ 3,000 million;
- Minimum credit rating "A" or equivalent Credit Rating and Information Services of India Limited, Fitch Ratings India Private Limited, Credit Analysis and Research Limited, ICRA Limited or equivalent rating by any other accrediting agencies; and
- Capital to Risk (weighted) Assets Ratio of 15% (with a minimum Tier 1 capital of 10%).

IFCs enjoy benefits which include a lower risk weight on their bank borrowings (from a flat 100% to as low as 20% for AAA-rated borrowers), higher permissible bank borrowing (up to 20% of the bank's net worth compared to 15% for an NBFC that is not an IFC), access to external commercial borrowings (up to 50% of owned funds under the automatic route) and relaxation in their single party and group exposure norms. These benefits should enable a highly rated IFC to raise more funds, of longer tenors and at lower costs, and in turn to lend more to infrastructure companies.

Sectoral Focus

The Planning Commission estimates that approximately ₹ 20.5 trillion will be required in the 11th Five Year Plan. The major contributors are expected to be the electricity, roads, telecommunications, railways and irrigation sectors. The table below sets forth the details of these projected investments (the figures in brackets indicate the percentage of the total):

Sector	(₹ million at 2006-07 prices)			
	Tenth Plan		Eleventh Plan	
	Original Projections	Actual Investments	Original Projections	Revised Projection
Electricity (incl. NCE)	2,918,500	3,402,370	6,665,250	6,586,300
	(33.49)	(37.55)	(30.42)	(32.06)
Roads & Bridges	1,448,920	1,271,070	3,141,520	2,786,580
	(16.63)	(14.03)	(15.28)	(13.57)
Telecommunications	1,033,650	1,018,890	2,584,390	3,451,340
	(11.86)	(11.25)	(12.57)	(16.80)
Railways (incl. MRTS)	1,196,580	1,020,910	2,618,080	2,008,020
	(13.73)	(11.27)	(12.73)	(9.78)
Irrigation (incl. Watershed)	1,115,030	1,067,430	2,533,010	2,462,340
	(12.80)	(11.78)	(12.32)	(11.99)
Water Supply & Sanitation	648,030	601,080	1,437,300	1,116,890
	(7.44)	(6.63)	(6.99)	(5.44)
Ports (incl. Inland waterways)	140,710	229,970	879,950	406,470
	(1.61)	(2.54)	(4.28)	(1.98)
Airports	67,710	68,930	309,680	361,380
	(0.78)	(0.76)	(1.51)	(1.76)
Storage	48,190	56,430	223,780	89,660
	(0.55)	(0.62)	(1.09)	(0.44)
Oil & gas pipelines	97,130	323,670	168,550	1,273,060

	(1.11)	(3.57)	(0.82)	(6.20)
TOTAL	8,714,450	9,060,740	20,561,500	20,542,050

Power Sector

India has continuously experienced shortages in energy and peak power requirements. According to the Central Electricity Authority's ("CEA") monthly review of the power sector ("CEA Monthly Review") published in September 2011, the provisional total energy deficit and peak power deficit was approximately 6.6% and 13.9%, respectively. The shortages in energy and peak power have been primarily due to the sluggish progress in capacity addition. The Indian economy is based on planning through successive five year plans ("Five Year Plans") that set out targets for economic development in various sectors, including the power sector. During the 9th Five Year Plan (1997-2002) ("9th Plan"), capacity addition achieved was 19,015 Megawatt (MW), which was 47.5% of the 40,245 MW targeted under the 9th Plan. During the course of the 10th Five Year Plan (2002 to 2007) ("10th Plan"), capacity addition achieved was 21,180 MW, which was 51.6% of the 41,110 MW targeted under the 10th Plan. (Source: *White Paper on Strategy for 11th Plan, prepared by the CEA and the Confederation of Indian Industry, August 2007 (the "White Paper")*). The current revised capacity target for the 11th Five Year Plan (2007-2012) ("11th Plan") is 78,700 MW. As of July 31, 2011, capacity addition achieved over the 11th Plan has been 61.02% of the target addition or 48,028.91 MW. The total installed power generation capacity in India was 182344.62 MW as of September 30, 2011. (Source: *CEA Monthly Review (September 2011)*)

Roads Sector

A good road network is a critical infrastructure requirement for rapid growth. It provides connectivity to remote areas; provides accessibility to markets, schools, and hospitals; and opens up backward regions to trade and investment. Roads also play an important role in inter-modal transport development, establishing links with airports, railway stations, and ports. India having the 2nd largest road networks in the world with over 4.24 million km at present (Source: <http://infrastructure.gov.in/highways.htm>), consist of National Highways, Road Highways, Expressways, State Highways, Major District Roads, Other District Roads and Village Roads with the following length distribution:

National Highways/Expressways	70,934 km
State Highways	1,54,522 km
Major and Other District Roads	25,77,396 km
Rural Roads	14,33,577 km

(Source: *Annual Report 2010-11, MoRTH, GoI*)

(<http://www.indiainbusiness.nic.in/industryinfrastructure/infrastructure/road.htm>)

The National Highways are intended to facilitate medium and long distance inter-city passenger and freight traffic across the country. The State Highways are supposed to carry the traffic along major centers within the State. Other District Roads and Village Roads provide villages accessibility to meet their social needs as also the means to transport agriculture produce from village to nearby markets. Major District Roads provide the secondary function of linkage between main roads and rural roads.

(Source: http://www.dipp.nic.in/English/Investor/Investers_Gudlines/roads.pdf)

The Indian automobile industry is also booming and this is placing a huge demand for road infrastructure. According to the figures from the Society of Indian Automobile Manufacturers (SIAM) domestic car sales have increased by 26.17% in 2010-2011 i.e., about 15,513,156 automobiles has led the Government set up targets of building an average of 20 kilometres of roads per day (Source: *BK Chaturvedi Committee Report, 2009*). However, meeting these targets is imperative in accompanying the growing pace of the country. Therefore, the Indian Government has adopted the PPPs model for financing the projects as merely budgetary support was inadequate to assist the required growth. This has opened up business opportunities with attractive profitability with added benefits. Today the private sector involvement is driving the road sector and projects are offered on a Build, Operate and Transfer (BOT) basis. The projects are awarded through a competitive bidding process and after taking into consideration range of factors including companies' track records and their relevant financial and technical expertise. The advantages of securing these contracts are numerous – with the main incentive of owning the road for up to 30 years. This means companies have the right to collect and retain toll monies for that period and the profitability of tolled National Highways has made the sector extremely competitive.

Telecommunications Sector

The number of telephone subscribers in India increased from 846.32 million in Mar-11 to 885.99 million at the end of Jun-11, registering a sequential growth of 4.69% over the previous quarter as against 7.50% during the QE Mar-11. This reflects year-on-year (Y-O-Y) growth of 31.91% over the same quarter of last year. The overall Teledensity in India has reached 73.97 as on June 30, 2011. Subscription in Urban Areas grew from 564.08 million at the end of Mar-11 to 587.94 million at the end of June, 2011 taking the Urban Teledensity from 157.32 to 163.13. Rural

subscription increased from 282.23 million to 298.05 million, and the Rural Teledensity increased from 33.79 to 35.60. The share of Rural subscribers has further increased to 33.64% in total subscription from 33.35% at the end of March, 2011.

There are 20.33 million Internet subscribers at the end of June, 2011, as compared to 19.67 million at the end of March 2011, registering a growth of 3.33%. Apart from this, 346.67 million wireless subscribers have subscribed to Data services, as reported by the wireless service providers. The total Revenue of the Internet Services as reported by Internet Service Provider was ₹ 2,3503.4 million for the quarter ending Jun-11 as compared to ₹ 26,853.8 million for the quarter ending Mar-11, showing a decrease of 12.48%. This decline is on account of Bharat Sanchar Nigam Limited.

(Source: http://www.trai.gov.in/WriteReadData/trai/upload/Reports/56/Indicator_Report-Jun-11.pdf)

BUSINESS

OVERVIEW

When Srei entered the segment of infrastructure financing in 1989 even before the country's economy was liberalised, its role was limited to that of construction equipment financier. This was also the environment when the country's infrastructure segment was dominated by few players with negligible role for private sector players.

As the country opened up following economic liberalisation in 1991, opportunity widened for Srei to mobilise resource and fund a larger number of customers. Srei persisted and persevered through the ups and downs of the business cycles and today the Company is one of the prominent players in the infrastructure space with a 22-year track record of high performance and solid credentials.

Our Company was originally incorporated by the name Shri Radhakrishna Export Industries Limited on March 29, 1985 with the Registrar of Companies, New Delhi (registration number 21- 55352) in accordance with the Companies Act as a public limited company to undertake lease and hire purchase financing, bill discounting and manufacture and export of certain goods. Our Company obtained its certificate of commencement of business on April 9, 1985. Our Company's name was changed to Srei International Limited on May 29, 1992 and further changed to Srei International Finance Limited with effect from April 12, 1994 to reflect its focus on financial services. The name of our Company was further changed from Srei International Finance Limited to its existing name of Srei Infrastructure Finance Limited on August 31, 2004.

Our Company was initially registered with Reserve Bank of India on August 1, 1998 as a Non-Banking Financial Company (Registration No. 05.02773). Our Company used to accept public deposits and was classified as Asset Finance Company (NBFC-D-SI). In April 2010, the Company decided to convert itself in to non-deposit taking NBFC in order to qualify for registration as an Infrastructure Finance Company and hence the Company decided not to accept or renew public deposits w.e.f April 20, 2010. Currently our Company has been classified as Infrastructure Finance Company (NBFC-ND-SI) w.e.f March 31, 2011. On September 26, 2011 our Company was notified as a Public Financial Institution by the MCA vide notification bearing reference no. G. S. R. No 2223(E), dated September 26, 2011 issued under Section 4A of the Companies Act.

Our Company's equity shares are listed on National Stock Exchange of India Limited ('NSE'), BSE and Calcutta Stock Exchange Limited ('CSE'). Our Company made a GDR issue (of USD 35 million) in 2005 and the GDR are listed on the London Stock Exchange ('LSE').

The business model of our Company encompasses providing financial products and services for our customers engaged in infrastructure development and construction, with particular focus on power, road, telecom, port, oil and gas & special economic zone sectors in India with a medium to long term perspective. Our Company being an IFC, by accessing long term funding resources, can optimise its funding structure by way of issuing long term infrastructure NCDs, raising external commercial borrowings and issuing of debentures to Foreign Institutional Investors thereby expanding its financing operations while maintaining its competitive cost of funds.

We are among the few Indian NBFCs to have accessed the international market for funds and get listed on the London Stock Exchange. Many multilateral funding institutions including KfW & DEG Germany (Financial Institutions owned by the Government of Germany), FMO (Financial Institution owned by the Government of Netherlands), BIO (Financial Institution owned by the Government of Belgium), FINFUND (Financial Institution owned by the Government of Finland), Nordic Investment Bank, UPS Capital Business Credit, PROPARCO, etc. are among the lenders in Srei Group.

With a large customer base and over ₹ 307,643.50 million of Consolidated Assets Under Management, Srei Group has a pan-India presence with a network of 198 offices.

In over 22 years of operation, we have empowered large number of entrepreneurs through our bouquet of services in the infrastructure sector, infrastructure project finance, advisory and development, infrastructure equipment finance, Sahaj e-Village, venture capital, capital market, QUIPPO - equipment bank and insurance broking.

We are also increasing our presence overseas and currently operate two offices in Russia and one in Germany involved in leasing of construction equipment in that market.

Our disbursements have grown at a CAGR of 78.49% between fiscal 2009 and 2012. The total income of our Company on a standalone basis for fiscal 2012 and fiscal 2011 was ₹ 11,806.90 million and ₹ 7,462.40 million, respectively and the loans outstanding (gross of provisions) as at March 31, 2012 were ₹ 88,238.10 million and total disbursements for fiscal 2012 and fiscal 2011 were ₹ 62,608.50 million and ₹ 43,892.20 million respectively. Srei Group has registered a record ₹ 186,003.30 million in disbursements in the year 2011-12.

OPERATIONS OF SREI GROUP

Srei Group is involved in the following businesses which are categorised as Fund based, Fee based and Strategic Investments.

FUND BASED BUSINESS

Infrastructure Equipment Finance - Srei Equipment Finance Private Limited (Srei BNP Paribas)

Srei BNP Paribas, 50:50 joint venture between Srei Infrastructure Finance Limited and BNP Paribas Lease Group, entered into in the year 2007, is registered with the RBI as a non-deposit taking NBFC (Category - Asset Finance) and is in the business of equipment financing.

Srei BNP Paribas has emerged as one of the major equipment financiers in India by specialising in the infrastructure and construction equipment and continues to grow with consistency and follows prudent credit practises. It has some of the most robust relationships with its customers and manufacturer partners. Srei BNP Paribas has also expanded its business in Technology Equipment like Computer Hardware & Software and healthcare, Logistic Equipment and Pre-owned Equipment.

Srei BNP Paribas caters to customers ranging from first time users and buyers to large corporate construction houses and project developers. Srei BNP Paribas provides finance for infrastructure and construction equipment. Some of the equipment and machineries that Srei BNP Paribas finances include excavators, compactors, dozers, cranes, heavy dumpers, compressors, surface miners, motor graders, backhoe loaders, tool carriers, road building equipment, mechanical and sensor pavers, etc.

Catering to the equipment finance requirements of the infrastructure and mining industries, today we are among prominent players in this field in India.

Project Financing

The project finance segment of our Company provides customized financing to infrastructure projects and their sponsor companies. We seek to distinguish the products and services of our project finance segment from those of our competitors by customizing each of our offerings to the specific requirements of our customers and their projects, provide efficient transaction processing and management capabilities and act as a single point of contact for all of our customers' project financing requirements.

The company offers a complete range of financial services for infrastructure projects and is a niche player in the infrastructure space leveraging on its core expertise of Asset-financing. SIFL's financing approach and ability to offer a package of fund and non-fund facilities enables sponsors to procure key equipment in the early stages of project development and substantially reduce implementation time and risks. SIFL has financed bridges, approach roads, bypasses and roads, independent power projects, captive power projects and small-to-medium sized power projects and equipment in the power sector; port equipment, private berths and container handling jetties in the port sector.

As at June 30, 2012, our total loans were ₹ 95,902.50 million. As at March 31, 2012, our total outstanding loans were ₹ 88,238.10 million, and for the year ended March 31, 2012, we recorded total loan disbursements of ₹ 62,608.50 million, compared to total loans of ₹ 47,789.30 million as at March 31, 2011 and total disbursements of ₹ 43,892.20 million in fiscal 2011. From April 2008 to June 30, 2012, we made cumulative loan disbursements of ₹ 160,449.00 million.

Our loan products typically have a floating rate interest rate (linked to a benchmark such as our Company's own prime lending rate, or the prime lending rates of the lead banks in the consortium financing the project), or have a periodic interest rate and/or spread resets, depending on the structure of the project being financed and / or our customers' financing requirements for a project.

Infrastructure Project Development:

The Infrastructure Project Development (IPD) vertical at Srei sponsors PPP Business in Road sector in our country with a present portfolio of 5400 lane km. The projects are either already commissioned or under implementation in consortium with reputed domestic and acclaimed international partners under PPP framework. These projects are a diversified mix of annuity and toll-based projects and have been awarded by the National Highway Authority of India (NHAI) under National Highways Development Programme (NHDP), Ministry of Road Transport & Highways and various State Governments.

Currently IPD is managing Projects under joint management with various partners. The projects are situated in all corners of the country across the states of Orissa, Haryana, Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Arunachal Pradesh and Kerala.

IPD is determined to expand its business from Road and Highways Infrastructure Concessions to other core infrastructure verticals of Port Development, Urban Infrastructure, Railways, Power Transmission & Distribution and Water Infrastructure projects in PPP space and are participating in several bidding in these areas.

International Business Operations

The Company has leasing operations in Russia.

The Company's Russian business, ZAO Srei Leasing, has been operational for over five years and is involved in leasing of infrastructure equipment in that market. ZAO Srei Leasing has started to scale up business with access to funding lines from various financial institutions.

The Company will continue to enhance its Russian operations and develop its advisory services in various other countries. The Company has also come across various interesting business opportunities in various African countries in the Infrastructure and Infrastructure enabling sectors which the Company is in the process of exploring.

FEE BASED BUSINESS

As part of our products and services, we provide a variety of advisory services to infrastructure companies and sponsors. The financial advisory services segment was started in order to complement the business of our project finance segment and diversify the revenues of our Company to include fee-based income. Owing to our specialized sector-specific knowledge and experience, our financial advisory services segment is able to leverage off of the existing relationships in the industry when advising our customers on projects and /or other financial services. The Infrastructure advisory services segment of our Company provides the following services:

Project Advisory

The Infrastructure Project Advisory Division of your Company has, through successful implementation of a number of projects, gained professional strength in all major areas of Infrastructure like Power: Generation, Transmission and Distribution; and also in conventional and non-conventional energy, Transport, particularly Mass Rapid Transport System (MRTS) including Bus Rapid Transport (BRT), Metrorail, Monorail & Comprehensive mobility plans for cities, Urban Development like Integrated City Development including Roads, Water Supply, Sewerage Treatment, Multi-level car parking, Urban Renewal, etc. The Advisory division has also entered into the services of Social Infrastructure Sector including Education and Healthcare services. It continues to provide services in conceptualization of projects, in preparing feasibility reports, Detailed Project Reports and in financial structuring particularly of different PPP models.

Investment Banking

Srei Capital Markets Limited is one of the esteemed merchant bankers in India to provide a wide gamut of services from IPOs, Delisting, Buy-Back, Open Offers, NCD / NCD Placement to private placements of Equity, Debt Syndication and M&A Advisory.

Venture Capital

We have come a long way since starting operations by financing construction equipment. As a prominent player in the infrastructure financing space and to complete the value chain for our clients, we decided to offer our services in the equity space as well. Srei Venture Capital Ltd (SVCL), the wholly owned subsidiary of Srei Infrastructure Finance Limited, is one of the venture capital players in the country with primary focus on managing investments in the infrastructure sector.

Insurance Broking

Srei Insurance Broking is one of the insurance broking companies of India that facilitates insurance services for corporates and individuals. We have expertise in assessing the insurance requirements of large and medium enterprises as well as individuals; recommending to them optimal products available in the market; and ensuring faster settlement of claims.

STRATEGIC INVESTMENTS

Our Company's focus on infrastructure funding has given it a deep understanding of this sector, arising from its involvement in a range of projects spanning the infrastructure space and its close association with companies operating in this segment. In the process, it has added to its intellectual capital, created a range of relationships in local and international financial markets, and developed a customer base of small and medium sized businesses that it has supported over the years. Our Company's aggregate strategic investments as on March 31, 2012 were ₹ 20,267 Million. All of these, taken together, provide opportunities for investment that add value both to our Company and the investee companies, and provides our Company with building blocks for future growth.

Since Our Company focuses on the long term core business of its strategic investment, it believes that the value embedded in these investments will be unlocked from time to time opportunistically and reflected in its enterprise valuation over a period of time as the infrastructure story in India unfolds

OUR FUNDING STRUCTURE

Our Company is an NBFC-ND-SI. Accordingly, our Company does not accept deposits, and as such, we rely on equity (in the form of shareholders' funds) and loan funds (in the form of various secured and unsecured borrowings) in order to meet our capital and funding requirements. Of these funding sources, secured loans remain the most significant source of funding across all three of our core finance business groups. Secured loans represented 66.15% of the total source of funds of our Company as at March 31, 2012 and the corresponding figures as at March 31, 2011, 2010, 2009, and 2008 stood at 57.61%, 65.63%, 56.52% and 37.87% respectively.

As a general principle, we prefer to borrow long-term funds from a diversified lender base and we accordingly aim to develop our balance sheet by matching such funds with the maturities of our assets and interest rate structure. We believe that a diversified lender profile ensures that we are not overly dependent on any one source or a few financial institutions. In light of this, and our growing funding requirements, we have made conscious efforts to diversify our lender base to include a larger number of different types of banks (public sector banks, domestic private banks and foreign banks) and financial institutions (principally in the form of debt placed through retail and institutional participation).

Our Company has been classified as an IFC, which allows it to raise capital through an infrastructure NCD offering only available to notified IFCs and to select other notified institutions. Such an infrastructure NCD offers certain tax benefits to investors, provided that NCD is issued with maturity of 10 years and subject to a five year lock-in of investors in the NCDs.

The following table sets out the standalone funding structure of our Company as at March 31, 2012, 2011, 2010, 2009 and 2008, respectively:

(₹ in million, except percentages)

Source of Funding	As at March 31		As at March 31							
	2012	% of Total Funding	2011	% of Total Funding	2010	% of Total Funding	2009	% of Total Funding	2008	% of Total Funding
SHAREHOLDERS' FUNDS	25,820.10	20.77%	25,531.30	32.55%	7,901.00	18.25%	6,948.60	34.10%	6,580.80	42.39%
Secured Loan Funds:	82,220.00	66.15%	45,185.60	57.61%	28,407.10	65.63%	11,516.10	56.52%	5,877.80	37.87%
Debtentures	6,948.90	5.59%	170.00	0.22%	-	0.00%	-	0.00%	-	0.00%
Term Loans	30,683.20	24.69%	22,402.20	28.56%	20,716.40	47.86%	10,227.60	50.20%	5,802.90	37.38%
-Domestic Banks	20,801.10	16.74%	12,192.50	15.55%	13,170.20	30.43%	3,000.00	14.72%	-	0.00%
-Foreign Banks	3,816.00	3.07%	4,459.00	5.69%	4,489.00	10.37%	5,072.00	24.89%	4,002.00	25.78%
-Foreign Financial Institutions	6,066.10	4.88%	5,750.70	7.33%	3,057.20	7.06%	2,155.60	10.58%	1,800.90	11.60%
Working Capital Facilities from Banks	44,586.30	35.87%	22,608.80	28.83%	7,643.90	17.66%	1,243.20	6.10%	-	0.00%
Public Deposits	1.60	0.00%	4.60	0.01%	46.80	0.11%	45.30	0.22%	74.90	0.48%
Unsecured Loan Funds :	16,253.20	13.08%	7,710.80	9.83%	6,975.10	16.12%	1,910.00	9.37%	3,064.10	19.74%
Debtentures	-	-	780.00	0.99%	3,050.00	7.05%	-	0.00%	-	0.00%
Subordinated NCDs	6,552.70	5.27%	3,131.70	3.99%	2,710.60	6.26%	789.60	3.88%	868.60	5.60%
Short Term Loans and Advances	9,700.50	7.80%	3,799.10	4.84%	1,214.50	2.81%	1,120.40	5.50%	2,195.50	14.14%
-Domestic Financial Institution	-	-	500.00	0.64%	-	0.00%	-	0.00%	-	0.00%
-Domestic Bank	1,500.00	1.21%	-	0.00%	-	0.00%	1,000.00	4.91%	-	0.00%
-Commercial Paper	6,575.80	5.29%	2,497.30	3.18%	1,199.50	2.77%	-	0.00%	-	0.00%
-Others	1,624.70	1.31%	801.80	1.02%	15.00	0.03%	120.40	0.59%	2,195.50	14.14%
TOTAL SOURCE OF FUNDS	124,293.30	100.00%	78,427.70	100.00%	43,283.20	100.00%	20,374.70	100.00%	15,522.70	100.00%

OUR LOAN PORTFOLIO AND POLICIES

Our Company is currently an NBFC with the classification of IFC. By nature of its business, our Company is primarily exposed to industries related to infrastructure development. Our Company has in place a proper and elaborate credit policy manual and guidance manual for credit appraisal, processing, operations, disbursement, accounting, recovery and risk management. The objectives of the said policies are:

- Improve the risk adjusted returns of our Company from lending operations thereby improving profitability by its professional and pragmatic approach
- Improve the quality of the loan assets
- Achieve credit growth, while complying with all statutory and regulatory framework and guidelines
- Expand the clientele base
- Minimize and mitigate the magnitude of credit and market risks
- Diversify the Credit Risk
- Developing a thorough and complete understanding of the markets, products and clients it serves

The policy is formally reviewed & updated at least on an annual basis by the Credit Department and approved by the Central Credit & Investment Committee (CC&IC).

Lending Policies

As such, our Company maintains its own internal credit policies and approval processes, which, at a holistic level is an embodiment of our Company's approach to sanctioning, managing and monitoring credit risk and aims at making the systems and controls effective. The policies apply to all credit facilities within our Company. The policy is guided by the best practices of commercial prudence and the highest standards of ethical norms including the RBI directives on Fair Practices Code for Lenders.

Investment and Credit Approval Process

Credit authority has the power to approve new credit limits as well as increase or extend the existing credit limits. The authority for approval of credit proposals (including investments), within limits stipulated, is delegated by the Board of Directors to Committees such as the CC&IC. The authorities would exercise their powers within the framework of the norms prescribed by the Board of Directors from time to time. Before a credit facility (both secured as well unsecured) is provided, various approvals are required to be obtained at different stages of the credit sanctioning and disbursement process, keeping in view the specific requirements of the transactions. The approval process is done by adhering to separate stages which are pre-sanction and post-sanction. It is only after obtaining the approval of CC&IC, the sanction letter is prepared for verification by the Legal Department before disbursement. It is always ensured that the prospective borrower has fulfilled all the pre disbursement and pre commitment conditions. At this stage, compliance to KYC and AML Policy of the Company is also ensured.

Eligibility

Public sector and private sector companies, public-private sector SPVs under PPP initiatives, partnership firms, unincorporated joint ventures (but only where the joint venture partners are incorporated entities) and trusts and societies (aimed at establishing educational or medical facilities, or for commercial purposes) are eligible borrowers from our Company.

Repayment Schedule

The repayment of loans and facilities is normally fixed on a case-by-case basis, depending on the nature of the project, its projected cash flows and the maturity profile of our Company's own funding mix. A pre-payment premium may be charged in case of early repayment of the facility.

Security

The project assets typically form the security for the credit facilities we provide. The details of the security to be charged in favour of our Company, are stipulated by the CC&IC and suitably reflected in the security documents in the credit approval process. The security package for each facility is structured in such a manner so as to adequately cover the risks associated with the facility.

Appropriate processes to create enforceable security in the form of a mortgage and / or hypothecation are rigorously followed. The margin requirements for different types of security are decided by the CC&IC from time to time, and

exceptions, if any, will be handled in accordance with the policies of our Company. The main Security Agreements are the Hypothecation Deed and / or the Indenture of Mortgage.

Documentation

Legal documents increase the clarity and predictability of our Company's rights in the event of litigation or bankruptcy. Key credit mitigants are often incorporated in the legal documents, such as loan agreements, collateral agreements, etc. Documentation standards vary by product. Terms and conditions are influenced by market convention as well as creditworthiness of the counterpart. The Legal Department along with business team is responsible for the negotiation, preparation and execution of loan agreements, collateral agreements and other agreements/documents (if any). Business group is involved in the process of establishing and communicating credit terms to the Legal Department. In addition, the Legal Department performs an analysis regarding the legal enforceability of netting rights under the document. This analysis takes into consideration the legal structure of the counterpart, jurisdictional issues of the counterpart country and governing laws of the agreement. Legal Department endorses the level of risk mitigation provided by the terms in the document and the level of legal certainty. The process attempts to ensure that:

- The borrower's / guarantor's obligation to the Company is clearly established by the documents
- The charge created on the borrower's / third party's assets as security for the debt is maintained and enforceable
- The Company's right to enforce recovery of the debt through court of law is not allowed to become time-barred under the Law of Limitation

In addition, we also ensure that comprehensive insurance of the secured assets is in place, and that such insurance policies are kept updated and valid. The insurance policies are typically issued to our infrastructure customers, and assigned in favour of our Company and any co-financiers sharing the security on a pari passu basis, where applicable, as the loss-payees.

Concentration of Total Exposure

As an NBFC, and in accordance with RBI norms, our policy is to limit our Exposure to a single "group" of borrowers (based on a commonality of management and effective control) and a single "borrower" to the prescribed percentages of our owned funds (which comprises share capital and free reserves), respectively.

As a result of our Company being classified as an IFC by the RBI, (i) in lending to (a) our single borrower limit for loans has been increased by an additional 10% of our Company's owned fund and (b) our single group limit for loans has been increased by an additional 15% of our Company's owned fund; (ii) in lending and investing (loans/investments taken together) by (a) 5% of our owned fund to a single party; and (b) 10% of our owned fund to a single group of parties.

Classification of Assets

Our Company classifies its assets (including leases) in accordance with RBI guidelines. In accordance with these guidelines, assets are regarded as "non-performing" if any amount of interest or principal remains overdue for more than 180 days.

Accordingly, the assets of our Company are classified as follows:

Class of Asset	Definition
Standard Assets:	Assets that do not display any problems or which do not carry more than the normal risk attached to the business of the borrower.
Sub-standard Assets:	(a) Assets that are non-performing for a period not exceeding 18 months. (b) An asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms
Doubtful Assets:	Assets which remains a sub-standard asset for a period exceeding 18 months.
Loss Assets:	Assets where loss has been identified and the amount has been written off, wholly or partly. Such an asset is considered "not recoverable" and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value.

Provisioning and Write-off Policies

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.

Our Company categorizes its assets based on the classification prescribed by the RBI. The table below sets out the provisioning requirements applied for loans, advances and other credit facilities provided by our Company:

Class of Asset	Provisioning Requirement
Sub-standard Assets:	A general provision of 10% of the total outstanding amount.
Doubtful Assets:	<ul style="list-style-type: none"> 100% provision to the extent to which the loan is not covered by the realizable value of the security to which we have valid recourse.
	<ul style="list-style-type: none"> For the secured portion, depending upon the period for which the asset has remained doubtful, provision is made at the following rates:
	<ul style="list-style-type: none"> Up to one year: 20%
	<ul style="list-style-type: none"> Up to three years: 30%
	<ul style="list-style-type: none"> More than three years: 50%
Loss Assets:	The entire asset is written-off. If the assets are permitted to remain on our books for any reason, 100% of the outstanding amount.

The Company also maintains a provision of 0.25% on standard assets as per applicable RBI guidelines.

Non-Performing Assets

The following table sets out information about the non-performing assets Portfolio of our Company as at March 31, 2012, 2011, 2010, 2009 and 2008, respectively:

	As at March 31,				
	2012	2011	2010	2009	2008
	<i>(in ₹ million)</i>				
Total Loans:					
Gross NPAs	1099.70	-	-	-	-
Less: Provision for NPAs	110.00	-	-	-	-
Net NPAs	989.70	-	-	-	-
Gross NPA Ratio * (%)	0.87%	-	-	-	-
Net NPA Ratio * (%)	0.78%	-	-	-	-

*On total assets

RISK MANAGEMENT

Our Company being in the financing industry, has always been cautious and focused to keep its risks well under manageable levels. While doing business, our Company is exposed to various risks and endeavours to identify and manage them effectively by adopting best industry and regulatory practices, as inability to manage them may have serious repercussions. Our Company promotes a high degree of awareness in identifying its business risks and adopting internal control measures to reduce them to an acceptable level.

A robust risk management framework is in place to manage and mitigate risks present at all levels and across all aspects of its functioning, including business, strategic, operational, market, credit, liquidity, reputation and processes, among others. Gaining knowledge and experience of the various micro and macro operating fundamentals and situations under which the Company operates is the first step of risk management. With this knowledge, the Company identifies various factors that are affecting its operations or may be a potential threat in the future. Risk quantification, integration and assessment are the next steps of risk management at SREI. Based on these, strategic decisions are taken and implemented to mitigate risks and maintain the required risk-return profile.

Post decision making, the management continuously monitors these risks to determine the effectiveness of the risk management framework. An overview of some of the major risks to the Company has been evaluated below.

Credit Risk

Risk explanation

This is the financial risk that results in a loss to the Company owing to non-payment of financial obligation by its borrowers in accordance with agreed terms. The Company's direct lending, leasing business and derivatives transactions are subject to these risks.

Risk mitigation

Equipment financing – The Company undertakes a stringent credit appraisal system for financing, as its customers belong to micro, small and medium enterprise (MSME) category. Its multi-check credit appraisal system analyses the transaction in details along with tracking the entrepreneur's credit worthiness. Also, the Company maintains a close relationship with the borrower, which helps in closely tracking their business operations and providing timely assistance to address the business uncertainties.

Project finance – Srei provides finance to various infrastructure projects as both sole lender and consortium lender. Each project / transaction is analysed in great detail by a team of highly qualified and experienced professional to understand the various risk attached with it. After understanding the risk profile, suitable mitigants are identified and then lending decision is taken on the basis of risk return analysis and our risk appetite.

The company has a well-documented Credit Risk Management Policy which is formally reviewed and updated at least annually by the Risk Management Committee of the Board (RMCB).

Liquidity & Funding Risk

Risk explanation

The Company's ability to meet its financial obligations in a timely manner and have adequate funding options, whenever required, are critical for maintaining a constant business cycle.

Risk mitigation

Srei regularly maps its assets and liabilities position, cash-flow situation and market conditions, which help it determine the average liquidity position that the Company needs to maintain at any given point. It also aligns the various payment dates with receipts to achieve the maximum possible liquidity. Strong credit worthiness and relationship with a large number of domestic and international banks ensure adequate funding arrangement for the Company. The Company's excellent track record with zero default and sound lending practices make it a preferred borrower. Post-merger with Quippo, additional equity base has resulted in improved capital adequacy and increased borrowing ability.

Market Risk

Risk explanation

Financing business is strongly driven by market factors such as interest rates, foreign exchange rates, market prices, equity prices and credit spreads which are highly fluctuating in nature. Inability to control these factors can lead to reduced profitability for the Company.

Risk mitigation

Majority of Company's assets and liabilities are floating in nature. Any mismatch in the form of a basis risk between the benchmark used on the liabilities against the ones on the assets is continuously monitored by ALCO and strategies are made to manage them. For foreign currency exposure, proper hedging strategies are in place and if required, open position is kept on the basis of our view on interest rate movement. A cap for the open position is also defined and it is regularly monitored, so that appropriate action for hedging can be taken, if required.

Residual Value Risk

Risk explanation

If the amount realized on disposing of leased assets or re-letting them at the end of the leased term is less than the amount projected at the lease inception, then it may lead to losses to the firm.

Risk mitigation

An experienced and knowledgeable team, along with a robust operating process, ensures that lease period is less than economic life of the leased equipment in lease transactions. The team regularly scrutinizes the residual value exposure by evaluating the recoverability of the residual value of the leased equipment at the lease inception. This provides opportunity of re-letting the leased assets and also evaluating their projected disposal value at the end of the period. The company makes impairment provisions if and when required. The Company also has options to use the leased assets in-house, should there be erosion in its market value.

Legal and Compliance Risk

Risk explanation

The inability of the Company to meet rules and regulations of the jurisdiction in which Srei operates, involvement in illegal contractual agreements resulting in disputes, illegal infringement of assets or any other legal matter may lead to losses.

Risk mitigation

The Company has competent teams, who are conversant with the local regulatory environment. These teams keep themselves updated of all relevant regulations, makes sure that the Company adheres to them and in case of any change in the regulatory environment, appropriate steps are taken in the Company. Srei's qualified and experienced legal team is involved in each transaction from the documentation to the final closure. The team makes sure that all documents are properly reviewed. The legal team works closely with the business teams to ensure that the transactions are based on unambiguous legal opinions; it provides legal support in cases of customer default, facilitating faster resolution.

Business Processing Risk

Risk explanation

The Company may incur monetary and productive time loss on account of an operational error or breakdowns or any kind of malfunction in the corporate systems.

Risk mitigation

Srei, over the years, has developed a very systematic, defined and stringent operating processes and policies that direct functioning of all the departments within the organization. The process also has a proper operations control mechanism whereby all the transactions and events are cross-checked to mitigate business processing risk.

Information Security Risk

Risk explanation

Business loss for the Company owing to unauthorized access, use, disclosure, disruption or modification of information and data systems.

Risk mitigation

The Company has a robust information technology set-up with proper security measures being adopted to prevent any unauthorized use of information and its disclosure. The system also has features like off-site disaster recovery system that prevents any loss of data. Standard globally accepted security features covering firewalls, encryption technologies and spam-guards are also in place. All the documentation and processes in the system are password-protected with appropriate document back-up management systems. The system is also capable of generating reports on deviations and / or irregularities which is checked by the internal audit team and necessary actions are being taken.

Reputation Risk

Risk explanation

Any misconduct by Srei's stakeholders or negligence by the Company to follow environmental norms, undertake social responsibility and follow proper governance may hamper goodwill and reputation.

Risk mitigation

Srei has a stringent policy to mitigate the risk arising from this issue. Regular reviews are conducted to improve its policies and procedures to safeguard itself against reputation and operational risks. Srei has a clean credit history with not a single instance of the Company failing to meet any of its financial obligations or not adopting proper governance measures.

Sustainability Risk

Risk explanation

Srei's financing activities make it highly susceptible to this risk. Inability of the Company to identify a business model whereby the economic benefits are always higher than the environmental and social benefits may lead to huge losses and even termination of the business in the long run.

Risk mitigation

Srei's robust risk management framework assesses the environmental and social impact of projects financed by it. Srei's environmental and social management system screens all medium and large projects for categorization based on the sensitivity of the environmental issues involved. Small projects, which mainly involve individual financing, are assessed informally by verbal questioning for environmental impact. Srei's environment policy is based on the guidelines and norms of best international practices, also referred to as IFC standards and incorporates requirements under Indian environmental rules and regulations. The Company regularly reviews its environmental and social policies.

The following table sets out an analysis of the maturity profile of certain of our Company's interest-bearing assets and interest-bearing liabilities across time buckets as at March 31, 2012:

(₹ million)

	One month	Over one month-two months	Over two months up to three months	Over three months up to six months	Over six months up to one year	Over one year-Three years	Over three years-five years	Over five years	Total
LIABILITIES:									
Borrowings from Banks:									
March 31, 2012	7,886.40	1,394.10	7,306.8	15,340.10	15,587.70	15,669.30	10,123.10	3,971.70	77,279.20
Market Borrowings:									
March 31, 2012	22.30	243.60	0.10	266.40	1,787.50	4,220.30	6,527.30	1,573.80	14,641.30
ASSETS:									
Advances:									
March 31, 2012	7,474.50	1,943.80	7,487.40	24,245.30	20,511.20	14,926.60	10,151.50	4,591.20	91,331.50
Investments:									
March 31, 2012	244.60					49.00		26,172.30	26,465.90

OUR BUSINESS SUPPORT SERVICES

We believe that the commercial success of our diverse finance operations is largely dependent upon strong and seamless business support services. As such, the following are the key elements of business support to our Company:

Credit Analysis & Risk Management

Our Company has evolved and adopted comprehensive Investment & Credit Policy as well Risk Management Policy that guide our credit analysis and risk management processes. While preliminary screening is done by the executive management, all the credit and investment decisions are taken by the Central Credit & Investment Committee ("CC&IC"), the Risk Committee ("RC") periodically reviews the various risk parameters that could affect our assets Portfolio quality. RC is being headed by an Independent Director and CCI is being headed by the CMD.

Further, we have a dedicated Credit Risk - team that evaluates credit proposals at pre-approval stage, and suggest due risk mitigation measures in consultation with business groups so as to strengthen the credit proposals. Our Company has evolved an internal rating model, which is akin to that in usage with the external rating agencies in terms of both methodology and rating scales. Accordingly, all credit proposals are duly evaluated and their internal ratings presented to the CCI as an input for its decision-making process. Also, these internal ratings are periodically reviewed, based on operational performance and external developments, if any. We have a dedicated Asset Management Group for regular assessment and review of the Portfolio.

Legal

We have an in-house legal department, with a dedicated team of qualified and experienced advocates, lawyers and consultants who specialize in various aspects of a NBFCs' operations. The legal department extends its services to all the operational and business heads of our Company, and provides advice on all legal and commercial issues and in the drafting of various agreements which we may enter into from time to time. The legal department is also

responsible for monitoring and advising management with respect to changes in legislation, statutory rules and regulations, judicial precedent set by courts, updates of current legal practices, and news, journals and reviews regarding the industry. The legal department also provides advice on the means and modes of recovery of outstanding loans, and initiating recovery proceedings.

Internal Audit and Compliance

Our audit and compliance department is responsible for evaluating the effectiveness of governance, risk management and controls within the organization as a whole, as well as ensuring compliance with respect to RBI and other Indian statutory guidelines and regulations. Our audit team carries out various types of audits, such as concurrent audits, operational and management audits, compliance audits and special assurance audits. Reports are disseminated by the audit team to the business departments directly or indirectly related to the audit. The audit team provides suggestions to the audit committee on the composition of the panel of external audit firms for conducting audits.

Treasury

Treasury performs the functions of procurement, deployment, disbursement, collection and disposal of funds. The responsibility of treasury department is classified into borrowing and underlying research; money market research; ratings, compliance with RBI directives, contractual obligations agreed with the Debenture Trustees, management information systems and compliance documentation.

To cater to the growing complexities in terms of product structures and also to meet control and reporting requirements, we have put in place an automated treasury software solution. This enables monitoring of the debt position on a daily basis and also provides critical reports for decision-making. This software solution also caters to the daily cash management activity, thereby ensuring efficient management of funds. A separate software solution has also been implemented which meets the ALM requirements and provides value added reports such as statements of structural liquidity and interest rate sensitivity reports.

Secretarial Department

The Secretarial department is responsible for the compliances with the provisions of Companies Act, Listing Agreements and investor servicing. With a view to meet the applicable regulatory compliances, the Secretarial department interacts regularly with Registrar and Share Transfer Agents (RTA), Debenture Trustees and external regulatory agencies like MCA, SEBI, Stock Exchanges and Depositories.

Corporate Accounts Department

The corporate accounts department is responsible for accounts and assessing and computing direct and indirect taxation in respect of our Company. Our office administration is managed by a dedicated administration department.

Information Technology

We believe that the IT department performs a crucial function in creating and maintaining scalable, cost-effective and sustainable operating models for our business. We have built, and continue to enhance, our IT systems in order to create competitive advantages for our organization, and enable us to achieve and maintain optimum levels of customer service and operational efficiency.

We have appropriate systems and processes to manage the timeliness, accuracy and reliability of our operational data and information. Our IT department is responsible for the efficient functioning and maintenance of our systems, and IT hardware requirements. In addition, our IT department is also responsible for the maintenance and management of our networking technologies and various business applications including data management systems which we believe will enhance service delivery to our customers and meet our operational requirements.

COMPETITION

We face competition from the full spectrum of public sector banks, private sector banks (including foreign banks), financial institutions and other NBFCs who are active in infrastructure.

LITIGATION

There are legal proceedings and claims pending against us which have arisen in the ordinary course of business. A brief discussion of such litigation is set in the section titled "Outstanding Litigation and Statutory Defaults" on page 131 of this Prospectus.

HISTORY AND MAIN OBJECTS

Our Company was originally incorporated by the name Shri Radha Krishna Export Industries Limited on March 29, 1985 with the Registrar of Companies, New Delhi (registration number 21-55352) in accordance with the Companies Act as a public limited Company to undertake lease and hire purchase financing, bill discounting and manufacture and export of certain goods. Our Company obtained its Certificate of Commencement of business on April 9, 1985. Our Company's name was changed to Srei International Limited on May 29, 1992 and further changed to Srei International Finance Limited with effect from April 12, 1994 to reflect its focus on financial services. The name of our Company was further changed from Srei International Finance Limited to its existing name Srei Infrastructure Finance Limited on August 31, 2004.

Our Company had its Registered Office at New Delhi on its incorporation and subsequently the Registered Office of the Company was shifted from Union Territory New Delhi to the State of West Bengal as confirmed by Company Law Board vide its certificate no. C/53/17/91-LLB dated March 17, 1992 and vide Special Resolution dated July 25, 1990, in order to envisage the smooth running of our Company and convenience of the Board. The history of shifting of our registered office is as under:

Date	Original Office Location	New Office Location
September 14, 1985	2881 Hardhiyan Singh Road, Karol Bagh, New Delhi 110 005	19 B.D.D.A Market, Jhandelwala, New Delhi 110055
November 16, 1987	19 B.D.D.A Market, Jhandelwala, New Delhi 110055	G-8 Lawrance Road, New Delhi
May 5, 1992	G-8 Lawrance Road, New Delhi	Shree Ganesh Centre, 216 AJC Bose Road , Kolkata 700 017
March 28, 1998	Shree Ganesh Centre, 216 AJC Bose Road, Kolkata 700 017	'Vishwakarma', 86-C Topsia Road (South), Kolkata 700 046

Our Company was registered with Reserve Bank of India on August 1, 1998 as a Deposit taking Non-Banking Financial Company (Registration No. 05.02773). Our Company used to accept public deposits and was engaged in the business of asset financing in the infrastructure sector. Subsequently vide Registration Certificate no. A-05.02773 dated May 15, 2007, RBI reclassified our Company as an Asset Finance Company Deposit Taking under section 45-IA of the RBI Act, 1934. Vide Registration Certificate no. B-05.02773 dated May 11, 2010, our Company was reclassified as an Asset Finance Company Non- Deposit Taking under section 45-IA of the RBI Act, 1934. Subsequently on March 31, 2011, our Company was accorded the Infrastructure Finance Company – Non-Deposit Taking (“**IFC**”) status by RBI. With this, our Company became the fifth institution of India to get this status. On September 26, 2011 we were notified as a public financial institution by the MCA vide notification bearing reference no. S.O. 2223(E), dated September 26, 2011 issued under Section 4A of the Companies Act. Currently our Company is a non-deposit accepting systematically important non-banking financial company (“NBFC-ND-SI”) more particularly being an IFC and PFI.

In July 1992, our Company came out with an initial public offering of its' equity shares of ₹ 10 each for cash at par aggregating to ₹ 22.40 million. Subsequently, our Company also came out with a Rights issue of equity shares of ₹ 10 each in the ratio of 1:1 at a premium of ₹ 10 per share aggregating to ₹ 82.8 million in November, 1993. Thereafter, our Company entered the capital market again with a public issue of 17% Convertible Preference Shares aggregating to ₹ 1,000 million with warrants attached in March-April, 1996 wherein Convertible Preference Shares aggregating to ₹ 250 million were issued to the promoter and the friends, relatives and associates of the promoter. In July, 2000, our Company came out with an issue of Unsecured Subordinated NCDs with Detachable tradable Warrants aggregating to ₹ 540 million on Rights Basis in the ratio of 1:10. Further, in December 2011, our Company came out with the first tranche of an issue of long term infrastructure bonds aggregating upto ₹ 3,000 million.

In 2010-11, Quippo Infrastructure Equipment Limited (‘Quippo’) was amalgamated into and with our Company with the objective to enhance its net worth and reinforce its books with Quippo’s investments. Our Company’s equity shares are listed on NSE, BSE and CSE and the GDR are listed on the LSE. The Srei Group has registered ₹ 144,000 million in disbursements in the year 2010-11. We are among the few Indian NBFCs to have accessed the international market for funds and get listed on the London Stock Exchange.

Pursuant to a Scheme of Arrangement (‘**the Scheme**’) approved by the shareholders and sanctioned by the Hon’ble High Court at Calcutta on January 28, 2008, all business, assets and liabilities pertaining to the project finance business and asset based financing business of our Company, including its shareholding in Srei Insurance Broking Private Limited (formerly Srei Insurance Services Limited), were transferred to Srei Equipment Finance Private Limited (formerly Srei Infrastructure Finance Development Private Limited) (‘**SEFPL**’), a 50:50 joint venture company between our Company and BNP Paribas Lease Group (a group company of BNP Paribas S.A.) in accordance with Sections 391 to 394 and other relevant provisions of the Companies Act with effect from January 1, 2008 (‘**Appointed Date**’). The Scheme became operative from April 2, 2008 (‘**Effective Date**’) and the transfer in terms of the Scheme took place on and from the Effective Date.

Following the Scheme our Company is now into a strategic equipment financing business (i.e. equipment of more than ₹ 150 million), project financing, advisory, venture capital and investment banking business.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

- To Carry on and undertake the business of financing industrial enterprises including those engaged in and providing infrastructure facility and setting up of projects and also to provide by way of lease, leave and license, or hire purchase basis or on deferred payment basis or on any other basis, all types of plant, equipments, machinery, vehicles, vessels, ships, all electrical and electronic equipments and any other movable and immovable equipment and/or properties whether in India or abroad, for industrial, commercial or other uses, to acquire or assist in acquisition or transfer or assist in transfer of receivables of all description, to set up, run, manage or provide services in connection with one or more securitisation transactions or vehicles, to sponsor mutual fund, asset reconstruction company, or any other vehicles for financial activities in accordance with the applicable laws, rules and regulations for the time being in force, and generally to carry on the business as financiers, to originate, transfer, manage, arbitrage or otherwise deal in loans or any other financial instrument or asset in any form or manner and to form, promote and assist companies, syndicates and partnerships to promote and finance industrial enterprises, projects of all kinds and descriptions and to carry on the business of factoring, bills discounting, cross border leasing, consultancy services of all kinds and descriptions and to undertake any business, transactions or operations carried or undertaken by a financial company or institution.*

Subsidiaries, Sub-Subsidiaries & Joint Ventures

A list of our Subsidiaries, Sub-Subsidiaries and Joint Ventures as on date is as follows:

Sl. No.	Name of the Entity	Holding (%)	Registered Address	Activity undertaken by the entity
Subsidiaries				
1	Srei Capital Markets Limited	100	‘Vishwakarma’, 86C Topsia Road (S), Kolkata - 700 046	Merchant Banking
2	Srei Venture Capital Limited	100	‘Vishwakarma’, 86C Topsia Road (S), Kolkata - 700 046	Venture Capital
3	Srei Forex Limited	100	‘Mirania Gardens’, 10B Topsia Road (E), Kolkata - 700046	
4	Srei Infrastructure Advisors Limited	100	‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046	Infrastructure Advisory Services
5	Global Investment Trust Limited	100	‘Vishwakarma’, 86C Topsia Road (S), Kolkata - 700 046	Trusteeship Functions
6	Srei Insurance Broking Private Limited	51	‘Vishwakarma’, 86C Topsia Road (S), Kolkata - 700 046	Composite Insurance Broking
7	Controlla Electrotech Private Limited	100	Y 10/EP, Sector - V, Salt Lake Electronics Complex, Kolkata -700 091	
8	Quippo Valuers & Auctioneers Private Limited	100	D-2, 5th Floor, Southern Park Saket Place, Saket New Delhi – 110 017	Asset Disposal
9	Quippo Construction Equipment Limited	100	NAC Campus, NAC Road, Cyberabad, Kondapur Post, Hyderabad, Andhra Pradesh – 500 032	Renting of Construction Equipments
10	Quippo Oil & Gas Infrastructure	99.90	D-2, 5th Floor, Southern	Onshore drilling

Sl. No.	Name of the Entity	Holding (%)	Registered Address	Activity undertaken by the entity
	Limited		Park, Saket Place, Saket, New Delhi – 110 017	services and renting of Oil work over / drilling Rigs
11	Quippo Energy Private Limited	100	D-2, 5th Floor, Southern Park, Saket Place, Saket, New Delhi – 110 017	Gas based integrated Energy solutions on rental basis
12	Srei Mutual Fund Asset Management Private Limited	100	‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046	Asset Management
13	Srei Mutual Fund Trust Private Limited	100	‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046	Trusteeship Function
14	IIS International Infrastructure Services GmbH	92.54	Rostocker Str. 1, 50374 Efrstadt, Germany	Leasing and renting of movable assets used for Infrastructure Projects
15	Mumbai Futuristic Economic Zone Private Limited	100	D-2, 5th Floor, Southern Park, Saket Place, Saket, New Delhi – 110 017	Special Economic Zones
Sub-Subsidiaries				
16	Srei Advisors PTE. Limited (Subsidiary of IIS International Infrastructure Services GmbH)	100	190 Middle Road, #16-01 Fortune Centre Singapore (188979)	Capital Market Advisory Services
17	Zao Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH)	64.20	Russian Federation, 121087, Moscow, Barklay Str., Bld. 6, Constr 3	Lease Financing
18	Cyberabad Trustee Company Private Limited (Subsidiary of Srei Venture Capital Limited)	51	1st Floor, Parisrama Bhavan, Fateh Maidan Road, Hyderabad – 500 004	Trusteeship Functions
19	Hyderabad Information Technology Venture Enterprises Limited, (Subsidiary of Srei Venture Capital Limited)	51	1st Floor, Parisrama Bhavan, Fateh Maidan Road, Hyderabad – 500 004	Venture Capital Fund
20	Bengal Srei Infrastructure Development Limited, (Subsidiary of Srei Infrastructure Advisors Limited)	51	‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046	Advisory services for development of Infrastructure Projects
21	Quippo Prakash Marine Holdings Pte Limited, (Subsidiary of Quippo Oil & Gas Infrastructure Limited)	51	1 Commonwealth Lane, # 06-16, One Commonwealth, Singapore - 149544	Engaged in acquiring and managing the operation of Derrick Pipe Lay Barge
22	Quippo Prakash Pte Limited, (Subsidiary of Quippo Prakash Marine Holdings Pte Limited)	73.90	1 Commonwealth Lane, # 06-16, One Commonwealth, Singapore - 149544	Ship Management Services
23	Quippo Energy Middle East Limited, (Subsidiary of Quippo Energy Private Limited)	100	Post Box 21708, Dubai, UAE	Manufacturing, dealing in any forms of Infrastructure with Energy generation, distribution and transmission related equipments, products and services.

Sl. No.	Name of the Entity	Holding (%)	Registered Address	Activity undertaken by the entity
24	Quippo Energy Yemen Limited, (Subsidiary of Quippo Energy Private Limited)	100	Yemen	Gas Energy Conversion
25	Quippo Mauritius Private Limited, (Subsidiary of Quippo Energy Private Limited)	100	C/o. Port Louis Management Services Ltd., 3rd Floor, Harbour Front Building, President John Kennedy Street, Port Louis, Republic of Mauritius	To engage in global business as permitted under the Financial Services Act, 2007, and any other laws for the time being in force in the Republic of Mauritius
26	Quippo Energy Nigeria Private Limited, (Subsidiary of Quippo Mauritius Private Limited)	100	6, Broad Street, 6th Floor, NCR Building, Lagos, Nigeria	Power Generation
Joint Venture of Subsidiaries				
27	SICOM Srei Maharashtra Infrastructure Pvt. Ltd. (Joint Venture between Srei Infrastructure Advisors Limited and SICOM Limited)	50	51 – L & 51 – K, Bhulabhai Desai Road, Mumbai – 400 026	Creation and modernization of various infrastructure facilities with Advisory Services in and outside the State of Maharashtra
28	NAC Infrastructure Equipment Ltd. (Joint Venture Company between Quippo Construction Equipment Limited, L&T Finance Holdings Limited, Nagarjuna Construction Company Limited & National Academy of Construction)	50	NAC Campus, NAC Road, Cyberabad, Kondapur Post, Hyderabad – 500 032	Equipment on rental basis
29	Srei (Mauritius) Infrastructure Development Company Limited (Joint Venture Company between Srei Infrastructure Advisors Limited and The State Investment Corporation Limited of Mauritius)	50	Mauritius	Implementation of Infrastructure Projects related to the JV
30	Aalat LLC (Joint Venture Company between IIS International Infrastructure Services, GmbH and Waha Capital PJSC)	49	United Arab Emirates, Abu Dhabi	Leasing and trading of equipments
Joint Venture				
31	Srei Equipment Finance Private Limited	50	‘Vishwakarma’, 86C Topsia Road (S), Kolkata - 700 046	Infrastructure equipment finance

Material Agreements

Other than the agreements in relation to this Issue, the Company has not entered into material agreements, more than two years before the date of this Prospectus, which are not in the ordinary course of business.

OUR MANAGEMENT

Board of Directors

The general control, superintendence, direction and management of the affairs and business of our Company is vested in the Board of Directors which exercises all powers and does all acts and things which may be done by us under the Memorandum and Articles of Association of our Company.

The details of Board of Directors as on the date of filing of this Prospectus are as follows:

Name of Directors	DIN	D.O.B. Age	Residential Address	Other Directorships
Salil K. Gupta Chief Mentor	00651223	August 14, 1928 83 years	538, Jodhpur Park, Kolkata – 700068	1. Corporate Health Check Services Private Limited 2. Jagaran Microfin Private Limited
Hemant Kanoria Chairman & Managing Director	00193015	August 05, 1962 50 years	“Kanoria House”, 3 Middle Road, Hastings, Kolkata – 700022	1. Srei Venture Capital Limited 2. Srei Capital Markets Limited 3. Kolkata Mass Rapid Transit Private Limited 4. Texmaco Rail & Engineering Limited 5. Srei Equipment Finance Private Limited 6. Viom Networks Limited 7. DPSC Limited 8. Zao Srei Leasing, Russia 9. Indian Chamber of Commerce
Sunil Kanoria Vice Chairman	00421564	May 04, 1965 47 years	“Kanoria House”, 3 Middle Road, Hastings, Kolkata – 700022	1. Srei Equipment Finance Private Limited 2. DPSC Limited 3. Viom Networks Limited 4. Upper Ganges Sugar & Industries Limited 5. Viom Infra Networks (Maharashtra) Limited 6. Zao Srei Leasing, Russia
Saud Ibne Siddique Joint Managing Director	01873293	May 02, 1958 54 years	Flat No. 1A, 1st Floor, Rameswara Apartments, 19A, Sarat Bose Road, Kolkata - 700 020	1. Srei Venture Capital Limited 2. Srei Capital Markets Limited 3. Emerging Africa Infrastructure Fund (EAIF), Africa
S. Rajagopal Non-Executive & Independent Director	00022609	March 10, 1940 72 years	“VARENYA”, 1043, 10th Main Road, Judicial Officers Layout, GKVK Post, Bangalore – 560065	1. Srei Venture Capital Limited 2. GMR Tambaram Tindivanam Expressways Private Limited 3. GMR Tuni - Anakapalli Expressways Private Limited 4. National Trust Housing Finance Limited 5. GMR Energy Limited 6. Zylog Systems Limited 7. Vivek Limited 8. Zylog Systems (India) Limited 9. GMR Kamalanga Energy Limited 10. GMR Hyderabad Vijayawada Expressways Private Limited 11. Wisdomleaf Technologies Private Limited 12. GMR Chattisgarh Energy Limited 13. Careercubicle Technologies Private Limited 14. GMR Kishangarh Udaipur Ahmedabad Expressways Limited

Name of Directors	DIN	D.O.B. Age	Residential Address	Other Directorships
V. H. Pandya Non-Executive & Independent Director	00031857	December 08, 1933 78 years	Flat no. 1202, 12th floor, Park Side II, Bldg., Raheja Estate, Wing "B", Kulupwadi Road no. 1 Borivili (East), Mumbai – 400 066	1. GIC Asset Management Company Limited 2. Libord Finance Limited 3. Aegis Logistics Limited
Dr Satish C. Jha Non-Executive & Independent Director	00247427	April 1, 1934 78 years	G-61, P.O. Palam Vihar, Gurgaon – 122 017, Haryana	1. Walchand Peoplefirst Limited 2. Srei Venture Capital Limited
S. K. Deb Non-Executive & Independent Director	03524764	October 22, 1947 64 years	43-B, Jatindra Mohan Avenue, Kolkata - 700 005	Nil
S. Chatterjee Non-Executive & Independent Director	00048249	December 24, 1946 65 years	South City Apartments 17K, Tower - 1, SVC – 2 375, Prince Anwar Shah Road Kolkata - 700068	1. Sahaj e-Village Limited

Profile of Directors

Salil Kumar Gupta, Chief Mentor

He has more than fifty four years of experience. He is the former Chairman of West Bengal Industrial Development Corporation Ltd., a leading state financial institution. He was also the former President of The Institute of Chartered Accountants of India.

Hemant Kanoria, Chairman & Managing Director

He has over thirty two years of experience in industry, trade and financial services. He is presently the Chairman of Federation of Indian Chambers of Commerce and Industry ("FICCI") National Committee on Infrastructure, and is also a Member of FICCI National Executive Committee and Council Member of Indo-German Chamber of Commerce. He is the former President of the Calcutta Chamber of Commerce and former member of Board of Governors of Indian Institute of Management, Calcutta and Member of Regional Direct Taxes Advisory Committee, Government of India.

Sunil Kanoria, Non Executive Director, Vice Chairman

A Chartered Accountant, he has more than twenty four years of experience in the financial services industry. He is presently the Vice President of The Associated Chambers of Commerce & Industry of India (ASSOCHAM), Member of the Central Direct Taxes Advisory Committee and a Governing body member of the Construction Industry Development Council (CIDC). He has served as President of Merchants' Chamber of Commerce, Federation of Indian Hire Purchase Association (FIHPA) and Hire Purchase & Lease Association (HPLA) and has also served as a Member on Planning Commission's Working Group on Construction for the Tenth Five Year Plan.

Saud Ibne Siddique, Joint Managing Director

He has over twenty eight 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. He was a member of the top management of Hyflux Ltd. in Singapore, one of the leading water infrastructure companies of Asia. He also previously worked with Swiss Bank Corporation in New York on structured financing and asset securitisation transactions. He is a member of Board of Directors and Chairman of the Audit Committee of the Emerging Africa Infrastructure Fund (EAIF). The EAIF, a USD 700 million fund, is sponsored by a prestigious group of investors including UK, Dutch, German, Swedish and Swiss government entities and leading private global banks. He has been a visiting faculty at the Indian Institute of Management, Calcutta.

V.H. Pandya, Independent Director

He is an Economics and Law graduate and an associate of the Indian Institute of Bankers. He has spent over forty eight years in the banking and financial industry, holding offices with India's Central Bank - Reserve Bank of India (RBI), the Capital Markets Regulator - Securities and Exchange Board of India (SEBI) and the Industrial Development Bank of India (IDBI).

S. Rajagopal, Independent Director

He has more than thirty nine years of experience in the banking industry. He is the former Chairman & Managing

Director of Bank of India and the former Chairman of Indian Bank.

Satish C. Jha, Independent Director

He was a Former Director and Chief Economist of Asian Development Bank, Manila and President of Bihar Council of Economic Development. He was also a Member of the Economic Advisory Council to the Prime Minister and Chairman, Special Task Force on Bihar.

Shyamalendu Chatterjee, Independent Director

He has over forty five years of experience in Commercial and Investment Banking. He was the Executive Director of UTI Bank Limited, Mumbai. He has extensive exposure in the area of International Banking having worked in SBI, London for three years and in Washington D. C. for five years. He has expertise in the areas of Corporate Finance, International Business, Retail Banking, Project Financing and Balance Sheet Management, among others.

Sujitendra Krishna Deb, Independent Director

He is a Chartered Accountant with over forty one years of experience in the Assurance and Business Advisory services of a Big Four Firm in India, where he was a partner for little over last two decades; working experience in Due Diligence Review, Valuation and Internal Audits, among others.

Relationship between the Directors

None of our present Directors are related to each other except Hemant Kanoria and Sunil Kanoria, who are brothers.

Remuneration of the Directors

Each of the Non-Executive Independent Director is paid ₹ 20,000 as sitting fees for attending each meeting of the Board of Directors of our Company, and ₹ 15,000 as sitting fees for attending each meeting of the Audit Committee and ₹ 10,000 for attending each meeting of the other committees of our Company thereof. The Non-Executive Directors of our Company are also paid remuneration by way of commission on the net profits of our Company.

Terms of Appointment of Managing Director and Compensation payable to him

Mr Hemant Kanoria was reappointed as Chairman & Managing Director of our Company for a further period of five (5) years w.e.f April 1, 2010 and his remuneration was fixed vide a resolution of the Board of Directors of our Company dated January 28, 2010 and an agreement dated August 9, 2010. The agreement may be terminated by either party by giving clear three months' notice. Salient features of his remuneration inter alia include:

1. Salary: In the scale of ₹ 1,000,000/- to ₹ 3,000,000/- (Rupees One Million only to Rupees Three Million only) per month with authority to the Board to fix the salary within the abovementioned scale from time to time. The annual increments will be merit-based and take into account the Company's performance. (The present salary of Mr Kanoria is fixed at ₹ 1,000,000/- (Rupees One Million only) per month w.e.f. April 1, 2010.)
2. Commission: 1 % (One per cent) of the net profits of the Company as per Audited Profit and Loss Account per year or such other amount as may be decided by the Board in its absolute discretion for each financial year (or part thereof), restricted to 50% of annual basic salary, subject, however, that the total remuneration (i.e. Salary, Commission and Perquisites) in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 269, 309, 310 & 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may for the time being be in force.
3. Ex-gratia: Ex-gratia payment of 1 (One) month's salary per annum or such other higher sum as may be decided by the Board of the Company.
4. Perquisites: In addition to the aforesaid, the Chairman & Managing Director shall be entitled to the following perquisites:
 - i) Housing: Fully furnished residential accommodation or house rent allowance at the rate of 60% (sixty per cent) of salary or such other suitable amount as may be decided by the Board of Directors
 - ii) Expenses pertaining to gas, electricity, water and other utilities will be borne / reimbursed by the Company.
 - iii) Company shall provide such furniture and furnishings as may be required by the Chairman & Managing Director.
 - iv) Medical Reimbursement: Reimbursement of actual medical expenses incurred in India and / or abroad and including hospitalization, nursing home and surgical charges for self and family.
 - v) Leave Travel Concession: Reimbursement of actual travelling expenses, for proceeding on leave, once in a year in respect of self and family.
 - vi) Club Fees: Reimbursement of membership fees for clubs in India and / or abroad, including admission and life membership fees.
 - vii) Personal Accident Insurance: Payment of premium in respect of one Personal Accident Insurance Policy.
 - viii) Contribution to Provident Fund, Superannuation Fund and Annuity Fund: The Company's contribution to Provident Fund or Superannuation Fund or Annuity Fund as per the rules of the Company, applicable for senior executives of the Company or such higher contribution as may be decided by the Board.

- ix) Gratuity: Entitled for Gratuity as per the rules of the Company.
- x) Leave: Entitled for leave with full pay or encashment thereof as per the rules of the Company.
- xi) Other Perquisites: Subject to overall ceiling on remuneration prescribed in Schedule XIII to the Companies Act, 1956, the Chairman & Managing Director may be given any other allowances, performance incentives, benefits and perquisites as the Board of Directors may from time to time decide.

Terms of Appointment of Joint Managing Director and Compensation payable to him

Mr Saud Ibne Siddique was appointed as the Joint Managing Director of our Company for a period of three years w.e.f April 1, 2009 and his remuneration was fixed by resolution of the Board of Directors of our Company dated January 29, 2009 and an agreement dated September 12, 2009. The same was approved by the members of our Company at the Annual General Meeting held on September 12, 2009. Mr Saud Siddique has been re-appointed as the Joint Managing Director of our Company for a further period of three years w.e.f April 1, 2012 till March 31, 2015 and his remuneration was fixed by a circular resolution of the Board of Directors of our Company dated March 28, 2012 and an agreement dated August 10, 2012. The agreement may be terminated by either party by giving clear ninety days' notice. Salient features of his remuneration inter alia, include:

1. Salary : In the scale of ₹ 1,000,000 to ₹ 3,000,000 per month, or such other higher amount as may be permissible under the provisions of the Companies Act, 1956 read with Schedule XIII of the said Act, and as may be decided by the Board of Directors of the Company from time to time. (The present salary of Mr Siddique is fixed at ₹ 20,00,000 per month.
2. Annual Incentive: A fixed annual incentive of ₹ 10,000,000 (Rupees Ten Million only) would be paid on an annual basis on the completion of the year.
3. Participation in the Company's future ESOP programme as per rules laid down by the Company.
4. Perquisites: In addition to the aforesaid, the Joint Managing Director shall be entitled to the following perquisites:
 - i) Reimbursements (Medical and Others): Reimbursement of actual medical and other expenses incurred up to a maximum of one month's basic salary,
 - ii) Leave Travel Concession: Reimbursement of actual travelling expenses, for proceeding on leave, once in a year in respect of self and family, restricted to an amount equivalent to one month's salary per annum.
 - iii) Leave: Entitled for leave 30 days annually with full pay or encashment thereof as per the rules of the Company.
 - iv) Contribution to Provident Fund, Superannuation Fund and Annuity Fund: The Company's contribution to Provident Fund or Superannuation or Annuity Fund as per the rules of the Company, applicable for Senior Executives of the Company.
 - v) Gratuity: Gratuity at a rate of half month's salary for each completed year of service or at such higher rate to be decided by the Board not exceeding 1 (One) month's salary for each completed year of service as per the Rules of the Company.

Borrowing Powers of the Board of Directors

Subject to the Memorandum and Articles of Association of our Company, the Shareholders at the Annual General Meeting held on July 30, 2011, have passed a resolution under Section 293(1) (d) of the Act which prescribed the maximum monetary limit for the purpose of borrowing by the Board of Directors of our Company. The aggregate value of the NCDs offered under this Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 200,000 million.

The Issue of NCDs offered under this Prospectus is being made pursuant to the resolution passed by the Board of Directors at its meeting held on August 10, 2012.

Nature of interest of the Directors

No Director of our Company has any interest in the appointment of the Debenture Trustee to the Issue. No Director of our Company has any interest in any property acquired by our Company within preceding two years of the date of this Prospectus or proposed to be acquired by it.

All Directors may be deemed to be interested in the contracts, agreements / arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership in which they are a partner. Directors with an interest in other companies are mentioned in this Prospectus.

Except as stated otherwise in this Prospectus, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Prospectus in which the Directors are interested, directly or indirectly, and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in the Board of Directors in the last three years

Sr. No.	Name of Director	Designation	Nature of Change	Date of Change
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Sr. No.	Name of Director	Designation	Nature of Change	Date of Change
1	Prasad Kumar Pandey	Whole Time Director	Retirement	March 31, 2009
2	Shyamalendu Chatterjee	Whole Time Director	Resignation as Whole Time Director	March 31, 2009
3	Saud Ibne Siddique	Joint Managing Director	Change in Designation	April 1, 2009
4	Shyamalendu Chatterjee	Director	Appointment as Additional Director	April 29, 2009
5	Shyamalendu Chatterjee	Director	Appointed as Director after his cessation as Additional Director	September 12, 2009
6	Somabrata Mandal	Director	Resignation	September 12, 2009
7	Satish C. Jha	Director	Appointment	January 28, 2010
8	Daljit Mirchandani	Director	Resignation	August 9, 2010
9	Avinder Singh Bindra	Director	Appointment	January 25, 2011
10	Kishore Kumar Mohanty	Whole Time Director	Resigned as Whole Time Director and continued as Director	January 31, 2011
11	Sujitendra Krishna Deb	Director	Appointment	May 19, 2011
12	Kishore Kumar Mohanty	Director	Resignation	June 7, 2011
13	Avinder Singh Bindra	Director	Resignation	February 7, 2012
14	Saud Ibne Siddique	Joint Managing Director	Reappointment	April 1, 2012
15	Shyamalendu Chatterjee	Director	Change in Designation to Independent Director	April 1, 2012

Shareholding of Directors in our Company

Sr. No.	Name of the shareholders	Total shares held	
		Number	As a percentage of total number of shares
1	Hemant Kanoria	4,21,732	0.08
2	Sunil Kanoria	18,02,714	0.36

As per the Articles of Association of our Company, the Directors are not required to hold any qualification shares in our Company.

Details of various committees of our Company

The Board has constituted committees of Directors, each of which functions in accordance with the relevant provisions of the Companies Act, the RBI Directions for NBFCs and the Equity Listing Agreements. These are (i) Audit Committee, (ii) Committee of Directors; (iii) Asset Liability Management Committee (iv) Central Credit & Investment Committee (v) Compensation Committee, (vi) Risk Committee, (vii) Share Transfer and Investors' Relations Committee and (viii) Nomination Committee. The details of these committees are as follows:

AUDIT COMMITTEE

Purpose

1. Review of adequacy of internal control systems
2. Review of annual financial statements
3. Ensuring proper disclosure in the Financial Statements
4. Recommending the re-appointment of external auditors, fixation of their remuneration and other related matters.

Members

1. Mr Salil K. Gupta – Chairman
2. Mr Sunil Kanoria
3. Mr V. H. Pandya
4. Mr S. Rajagopal
5. Mr Sujitendra Krishna Deb
6. Mr Shyamalendu Chatterjee
7. Mr Sandeep Lakhota - Secretary
8. Head of Internal Audit - Invitee
9. Mr Sanjeev Sancheti, CFO - Invitee

COMMITTEE OF DIRECTORS

Purpose

1. To carry out functions delegated by the Board from time to time regarding day-to-day general management of the company.

Members

1. Mr Hemant Kanoria - Chairman
2. Mr Sunil Kanoria
3. Mr Saud Siddique
4. Mr Sandeep Lakhotia - Secretary

ASSET LIABILITY MANAGEMENT (ALCO) COMMITTEE

Purpose

1. For ensuring adherence to the limits set by the Board as well as for deciding the Business strategy of the Company (on the assets and liabilities side), in line with the Company's budget and decided risk management objectives.

Members

1. Mr Sunil Kanoria - Chairman
2. Mr Saud Siddique
3. Mr Shyamalendu Chatterjee
4. Mr Sanjeev Sancheti
5. Mr Sandeep Lakhotia
6. Mr S. B. Tiwari - Secretary

CENTRAL CREDIT & INVESTMENT COMMITTEE

Purpose

1. Sanction of all Credit and Investment related matters

Members

1. Mr Hemant Kanoria - Chairman
2. Mr Sunil Kanoria
3. Mr Saud Siddique
4. Mr Ganesh P. Bagree - Secretary

COMPENSATION COMMITTEE

Purpose

1. To review the structure, design and implementation of the Compensation policy of the Company.
2. To review and recommend compensation payable to the executive directors and other senior management members, including pension rights.
3. To administer and superintend the Company's Stock option schemes and also to review, on a periodical basis, the effectiveness thereof.

Members

1. Mr Salil. K. Gupta –Chairman
2. Mr Sunil Kanoria
3. Mr Shyamalendu Chatterjee
4. Mr Sujitendra Krishna Deb
5. Mr Sandeep Lakhotia – Secretary
6. HR Head - Invitee

RISK COMMITTEE

Purpose

1. To identify and assess various risks across all entities in the Srei Group and suggest measures to minimize and/or mitigate the significant risks.

Members

1. Mr Shyamalendu Chatterjee- Chairman
2. Mr Saud Siddique
3. Mr Sujitendra Krishna Deb
4. Mr Ashwini Kumar - Secretary

SHARE TRANSFER AND INVESTORS' RELATIONS COMMITTEE

Purpose

1. To attend to all the formalities relating to share transfer and redressal of shareholder and investors complaints of any nature.

Members

1. Mr Salil K. Gupta – Chairman
2. Mr Hemant Kanoria
3. Mr Sunil Kanoria
4. Mr Sandeep Lakhota - Secretary
5. RTA Official– Invitee

NOMINATION COMMITTEE

Purpose

Ensuring “fit and proper” status of existing/proposed Directors of the Company in terms of RBI Circular on Corporate Governance.

Members

1. Mr Salil K. Gupta – Chairman
2. Mr Sunil Kanoria
3. Mr Shyamalendu Chatterjee
4. Mr Sandeep Lakhota - Secretary

STOCK MARKET DATA FOR OUR EQUITY SHARES/DEBENTURES

The stock market data for the Equity Shares/non-convertible debentures issued by our Company listed on the NSE and /or BSE are set forth below. The debentures for which data is not stated are infrequently traded on the respective stock exchange(s).

1. Equity Shares

Our Company's Equity Shares are listed on the BSE, NSE and CSE. As our Company's shares are actively traded on the NSE and BSE, stock market data has been given separately for each of these Stock Exchanges. So far as CSE is concerned, our Company's Equity Shares are either infrequently traded or not traded on CSE.

1. *The high and low closing prices recorded on NSE (as applicable) during the last three years (or such lesser period as may be applicable) and the number of equity shares traded on the days the high and low prices were recorded are stated below.*

NSE						
Year ended March 31	High ₹	Date of High	Volume on date of high (no of equity shares)	Low ₹	Date of Low	Volume on date of low (no of equity shares)
2012	55.60	15.04.2011	2115529	21.90	30.11.2011	1212836
2011	141.85	08.11.2010	3221593	35.75	10.02.2011	1731668
2010	94.00	20.01.2010	1943903	24.65	01.04.2009	3773902

Source: www.nseindia.com

2. *The high and low prices and volume of equity shares traded on the respective dates during the last six months are as follows:*

NSE						
Month	High ₹	Date of High	Volume on date of high (no of equity shares)	Low ₹	Date of Low	Volume on date of low (no of equity shares)
July 2012	25.65	06.07.2012	577602	19.05	26.07.2012	1525421
June 2012	24.55	29.06.2012	1217070	18.85	04.06.2012	359528
May 2012	26.30	03.05.2012	1618252	18.85	23.05.2012	630469
April 2012	28.20	18.04.2012	570805	24.50	26.04.2012	420462
					27.04.2012	353968
March 2012	33.00	14.03.2012	2209673	24.50	29.03.2012	2036794
Feb 2012	38.00	24.02.2012	1433435	29.40	27.02.2012	1467334

Source: www.nseindia.com

3. *The high and low closing prices recorded on BSE (as applicable) during the last three years (or such lesser period as may be applicable) and the number of equity shares traded on the days the high and low prices were recorded are stated below.*

BSE						
Year ended March 31	High ₹	Date of High	Volume on date of high (no of equity shares)	Low ₹	Date of Low	Volume on date of low (no of equity shares)
2012	55.60	15.04.2011	742753	21.90	30.11.2011	147481
2011	141.90	08.11.2010	784330	35.65	10.02.2011	495848
2010	94.20	20.01.2010	829071	24.55	01.04.2009	1930354

Source: www.bseindia.com

4. *The high and low prices and volume of equity shares traded on the respective dates during the last six months are as follows:*

BSE						
Month	High ₹	Date of High	Volume on date of high (no of equity shares)	Low ₹	Date of Low	Volume on date of low (no of equity shares)
July 2012	25.35	03.07.2012	190591	19.20	26.07.2012	136893
June 2012	24.50	29.06.2012	330447	18.90	04.06.2012	94647
May 2012	26.35	03.05.2012	301366	18.85	23.05.2012	227439
April 2012	28.25	18.04.2012	170252	24.50	26.04.2012 27.04.2012	64084 84953
March 2012	33.00	14.03.2012	593910	24.65	29.03.2012	343042
Feb 2012	37.15	22.02.2012	1319535	29.25	27.02.2012	478804


Source: www.bseindia.com

2. Debentures

Debt securities issued by the Company, which are listed on BSE are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

OUR PROMOTER

The Promoter of our Company is Mr Hemant Kanoria

Name of the Promoter	Mr Hemant Kanoria
Photo of the promoter	
Designation	Chairman & Managing Director
PAN No.	AKSPK3708R
Voter Id No	H2G3787363
Driving License No.	WB – 012009716492

Mr Hemant Kanoria has over thirty two years of experience in industry, trade and financial services. He is the Chairman of the National Committee on Infrastructure of Federation of Indian Chambers of Commerce and Industry (FICCI), Member of FICCI National Executive Committee and Council Member of Indo-German Chamber of Commerce. He is the former President of Calcutta Chamber of Commerce, former member of Board of Governors of Indian Institute of Management, Calcutta and former member of Regional Direct Taxes Advisory Committee.

SECTION V: FINANCIAL INFORMATION

Sl. No.	Particulars	Page No.
1	Examination report on Reformatted Unconsolidated and Consolidated Summary Financial Statements as at and for the financial years ended March 31, 2008, 2009, 2010, 2011 and 2012 as issued by the Statutory Auditors	92
2	Reformatted Unconsolidated Summary Financial Statements as at and for the years ended for the financial years ended March 31, 2008, 2009, 2010, 2011 and 2012	F1-F55
3	Reformatted Consolidated Summary Financial Statements as at and for the financial years ended March 31, 2008, 2009, 2010, 2011 and 2012	F56-F97

AUDITORS' REPORT

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

Dear Sir,

Re: *Proposed Public Issue by SREI Infrastructure Finance Limited (the "Company") of Secured, Redeemable, Non Convertible Debentures aggregating to ₹ 1,500 million (the "Issue")*

1. We, Haribhakti & Co., have examined the Reformatted Financial Information of Srei Infrastructure Finance Limited (the "Company") as at and for the year ended March 31, 2012, 2011, 2010, 2009 and 2008 annexed to this report and initialled by us for identification purposes only. The said financial information has been prepared by the Company in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations") as amended from time to time, issued by the Securities and Exchange Board of India, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement with you in accordance with our engagement letter dated 17th July, 2012 in connection with the Company's Proposed Issue of Secured, Redeemable, Non-Convertible Debentures. The preparation of such Reformatted Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

2. **Financial Information as per Audited Financial Statements**

We have examined the attached 'Statements of Assets and Liabilities - Reformatted' of the Company as at March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure I), 'Statement of Profits and Losses - Reformatted' of the Company for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure II), and 'Statement of Cash Flows - Reformatted' of the Company for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure III), collectively referred to as 'Standalone Financial Information - Reformatted'. We report that the Standalone Financial Information - Reformatted have been prepared by the Management from the audited financial statements of the Company for the year ended March 31, 2012; March 31, 2011; March 31, 2010; March 31, 2009 and March 31, 2008 and from the books of accounts underlying such audited financial statements of the Company, which were approved by the Board of Directors on May 14, 2012; May 19, 2011; May 11, 2010; June 12, 2009 and June 16, 2008 respectively. The financial statements of the Company for the financial year ended March 31, 2012 and March 31, 2011 respectively have been audited by us and in respect of which we have issued audit opinion dated May 14, 2012 and May 19, 2011 respectively to the Board of Directors of the Company and adopted by the members. The financial statements of the Company for the financial years ended March 31, 2010, 2009 and 2008 was audited by Deloitte Haskins & Sells, Chartered Accountants in respect of which they have issued audit opinion dated May 11, 2010; June 12, 2009 and June 16, 2008 respectively to the Board of Directors of the Company and adopted by the members. Based on our examination of these Standalone Financial Information - Reformatted, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Notes to the Accounts given in Annexure IV and V respectively to this report.
 - ii. The figures of earlier years have been regrouped (but not restated retrospectively for change in any accounting policy), wherever necessary, to conform to the classification adopted for the Standalone Financial Information - Reformatted.
 - iii. There are no extraordinary items that need to be disclosed separately in the Standalone Financial Information - Reformatted.
 - iv. There is no qualification in the auditor's report on the Audited Standalone financial statements for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 that requires adjustments to the Standalone Financial Information - Reformatted.
3. We have also examined the 'Statements of Consolidated Assets and Liabilities - Reformatted' of the Company as at March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure VI), 'Statement of Consolidated

Profits and Losses - Reformatted' of the Company for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure VII), and 'Statement of Consolidated Cash Flows - Reformatted' of the Company for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure VIII), collectively referred to as 'Consolidated Financial Information - Reformatted'. We report that the Consolidated Financial Information - Reformatted have been prepared by the Management from the audited consolidated financial statements of the Company for the year ended March 31, 2012: March 31, 2011; March 31, 2010; March 31, 2009 and March 31, 2008 and from the books of accounts underlying such audited consolidated financial statements of the Company, which were approved by the Board of Directors on May 14, 2012; May 19, 2011; May 11, 2010; June 12, 2009 and June 16, 2008 respectively. The Consolidated financial statements for the financial year March 31, 2012 and March 31, 2011 respectively have been audited by us and in respect of which we have issued audit opinion dated May 14, 2012 and May 19, 2011 respectively to the Board of Directors of the Company and adopted by the members. The consolidated financial statements of the Company for the financial years ended March 31, 2010, 2009 and 2008 by Deloitte Haskins & Sells, Chartered Accountants in respect of which they have issued audit opinion dated May 11, 2010; June 12, 2009 and June 16, 2008 respectively to the Board of Directors of the Company and adopted by the members. Based on our examination of these Consolidated Financial Information - Reformatted, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Notes to the Accounts given in Annexure IX and X respectively to this report.
 - ii. The figures of earlier years have been regrouped (but not restated retrospectively for change in any accounting policy), wherever necessary, to conform to the classification adopted for the Consolidated Financial Information - Reformatted.
 - iii. There are no extraordinary items that need to be disclosed separately in the Consolidated Financial Information - Reformatted.
 - iv. There are no qualification in the auditor's report on the Consolidated Financial Statements for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 that requires adjustments to the Consolidated Financial Information - Reformatted.
4. We have examined these Standalone Financial Information - Reformatted and Consolidated Financial Information - Reformatted, prepared by the Company and approved by the Committee of Directors of the Company, in accordance with the Guidance Note on "Reports in Company Prospectuses (Revised)" issued by the Institute of Chartered Accountants of India, except that these financial information have not been adjusted for changes in accounting policies, retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods and for adjustments of amounts pertaining to previous years in the respective financial years to which they relate.
 5. In the preparation and presentation of the Standalone Financial Information - Reformatted and Consolidated Financial Information - Reformatted based on the audited Financial Statements as referred to in paragraph 2, 3 and 4 above, no adjustments have been made for any events occurring subsequent to the dates of the audit reports specified in paragraph 2 & 3 above.
 6. We have not audited any standalone and consolidated financial statements of the Company as of any date or for any period subsequent to March 31, 2012. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2012.
 7. Other Financial Information of the Company:

At the Company's request, we have also examined the following information relating to the Company as at and for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 proposed to be included in the Prospectus as approved by the Board of Directors annexed to this report:

- i. Statements of Accounting Ratios (Standalone) as at and for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure XI)
- ii. Statement of Secured and Unsecured Loans and Statement of Financial Indebtedness as at March 31, 2012 (Annexure XII)
- iii. Statement of the Dividend as at and for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure XIII)

- iv. Statement of Tax Shelter as at and for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure XIV)
 - v. Capitalization statement as at March 31 2012 (Annexure XV)
 - vi. Statements of Accounting Ratios (Consolidated) as at and for each of the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 (Annexure XVI).
8. Based on our examination of these Financial Information (Standalone and Consolidated) - Reformatted, we state that in our opinion, the 'Financial Information (Standalone and Consolidated) - Reformatted and 'Other Financial Information' of the Company mentioned above, as at and for each of the financial years ended 31st March, 2012, 2011, 2010, 2009 and 2008 have been prepared in accordance with Paragraph B(1) of Part II B of Schedule II of the Companies Act, 1956 and the SEBI Regulations.
9. This report should not, in any way, be construed as a re-issuance or redating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
10. This report is intended solely for your information and for inclusion in the Letter of Offer, in connection with the Proposed Issue of Secured, Redeemable, Non Convertible Debentures and is not to be used, referred to or distributed for any other purpose without our prior written consent.
11. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

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

Anand Kumar Jhunjhunwala
Partner
Membership No. 056613

Place: Kolkata
Date: August 22, 2012

Srei Infrastructure Finance Ltd (Standalone)

Statement of Assets and Liabilities, As Reformatted

 Annexure - I
 ₹ In Mio

	Note	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
A Non-Current Assets						
(a) Fixed Assets						
- Tangible Assets	12	4,350.90	3,919.40	829.30	803.00	44.40
- Intangible Assets	12	8.40	6.20	1.80	0.50	-
- Capital work in Progress		627.80	91.10	14,003.00	359.40	-
		4,987.10	4,016.70	14,834.10	1,162.90	44.40
(b) Non-Current Investments	13.1	26,221.30	25,055.10	7,073.30	4,805.10	3,281.80
(c) Deferred Tax Assets		-	-	-	-	-
(d) Long-Term Loans and Advances						
- Loan Assets	14	26,651.10	19,946.60	14,289.40	5,339.20	1,264.60
- Other Long-Term Advances	15	1,121.10	303.10	327.40	1,217.20	406.30
(e) Other Non-Current Assets		636.50	838.00	521.30	-	-
Total		59,617.10	50,159.50	37,045.50	12,524.40	4,997.10
B Current Assets						
(a) Current Investments	13.2	220.00	-	-	-	-
(b) Trade Receivables	17	335.50	464.10	36.50	72.20	-
(c) Cash and Bank Balances	18	1,493.60	226.50	525.50	2,970.80	842.10
(d) Short-Term Loans and Advances						
- Loan Assets	14	2,766.40	4,370.90	1,376.40	1,552.10	379.90
- Other Advances	19	1,345.10	1,493.90	1,591.20	166.40	10,340.20
(e) Other Current Assets						
- Current Maturities of Long-Term Loan Assets	14	58,820.60	23,471.80	3,649.90	2,920.70	52.40
- Other Current Assets	20	2,434.40	391.10	172.60	563.60	8.90
Total		67,415.60	30,418.30	7,352.10	8,245.80	11,623.50
C Non-Current Liabilities						
(a) Long-Term Borrowings	4	31,965.40	16,218.90	19,057.30	7,578.60	6,499.60
(b) Deferred Tax Liabilities (Net)	5	798.80	679.00	344.00	-	-
(c) Other Long-Term Liabilities	6	83.20	100.00	120.60	79.40	8.30
(d) Long-Term Provisions	7	361.70	144.80	19.90	25.50	29.90
Total		33,209.10	17,142.70	19,541.80	7,683.50	6,537.80
D Current Liabilities						
(a) Short-Term Borrowings	8	58,664.90	27,649.90	12,797.60	5,399.70	2,257.40
(b) Trade Payables	9	26.60	25.70	1.80	5.60	1.00
(c) Other Current Liabilities						
- Current Maturities of Long-Term Borrowings	4	7,842.90	9,027.60	3,527.30	447.80	184.90
- Others	10	1,162.00	717.10	448.40	132.00	878.90
(d) Short-Term Provisions	11	307.10	483.50	179.70	153.00	179.80
Total		68,003.50	37,903.80	16,954.80	6,138.10	3,502.00
E Networth (A+B-C-D)		25,820.10	25,531.30	7,901.00	6,948.60	6,580.80

Statement of Assets and Liabilities, As Reformatted

₹ In Mio

Description	Note	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Networth Represented by Sources of Funds						
Shareholders' Funds						
Share Capital	2	5,032.40	5,032.40	1,162.90	1,162.90	1,162.90
Reserves and Surplus	3	20,787.70	20,498.90	6,738.10	5,607.70	5,239.90
Money received against share warrants		-	-	-	178.00	178.00
		25,820.10	25,531.30	7,901.00	6,948.60	6,580.80

Particulars	Note	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
INCOME						
Revenue from Operations	21	11,767.80	7,457.00	4,700.70	3,222.70	4,649.40
Other Income	22	39.10	5.40	1.60	41.60	648.90
Total		11,806.90	7,462.40	4,702.30	3,264.30	5,298.30
EXPENSES						
Finance Cost	23	9,480.00	4,350.50	2,497.60	1,948.10	3,053.20
Employee Benefit Expenses	24	417.60	302.20	196.80	143.80	256.10
Administrative and Other Expenses	24	450.10	387.80	396.30	583.50	319.80
Depreciation and Amortisation Expense		154.00	180.80	101.40	76.90	361.20
Total		10,501.70	5,221.30	3,192.10	2,752.30	3,990.30
Profit before Bad Debts, Provisions & Tax		1,305.20	2,241.10	1,510.20	512.00	1,308.00
Bad Debts/Advances written off		5.00	0.10	28.90	8.30	-
Stock for Trade Written-off		-	-	-	-	34.70
Provision for Bad & Doubtful Debts		3.70	-	-	-	-
Provision for Non-Performing Assets		110.00	-	-	-	137.10
Contingent Provisions against Standard Assets		98.60	119.60	-	-	-
Difference Between the Value of Assets and Liabilities Transferred Pursuant to Scheme of Arrangement		-	-	-	-	3.10
		217.30	119.70	28.90	8.30	174.90
Profit Before Tax		1,087.90	2,121.40	1,481.30	503.70	1,133.10
Tax Expense :						
Current Tax		176.00	418.50	219.00	21.10	53.10
Mat Credit Entitlement		(4.90)	-	(219.00)	(21.10)	-
Deferred Tax		119.80	335.00	344.00	-	-
Total Tax for current year		290.90	753.50	344.00	-	53.10
Profit After Tax for current year		797.00	1,367.90	1,137.30	503.70	1,080.00
Income tax in respect of earlier years		217.40	24.90	22.40	0.10	0.40
Profit After Tax		579.60	1,343.00	1,114.90	503.60	1,079.60
Earnings per equity share (Basic and Diluted) (in ₹) (Par Value ₹ 10/- per Equity Share)		1.15	5.80	5.33	2.41	5.35

Cash Flow Statement, As Reformatted

Annexure - III

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. Cash Flows from Operating Activities					
Net Profit Before Tax	1,087.90	2,121.40	1,481.30	503.70	1,133.10
Adjustment for :					
Depreciation and Amortisation	154.00	180.80	101.40	76.90	361.20
Bad Debts/ Stock for Trade written off	5.00	0.10	28.90	8.30	39.80
Provision for Non- Performing Assets	-	-	-	-	137.10
Contingent Provisions against Standard Assets	98.60	119.60	-	-	-
Provision for Premium on Unsecured Subordinated Bonds	8.80	8.80	8.80	8.80	8.80
Loss on sale of Fixed Assets(net)	5.30	-	-	-	1.40
Profit on sale of Fixed Assets	-	-	-	(35.40)	-
Interest & Finance Charges	9,471.20	4,341.70	2,488.80	1,939.30	3,044.40
Income from Trade Investments	-	(2.80)	(118.50)	(245.20)	-
Profit on sale of Investments(net)	-	(7.00)	(112.30)	(9.40)	(12.70)
Liabilities No Longer Required written back	-	(4.40)	-	-	(642.30)
Dividend Income	(2.80)	(4.00)	(14.30)	(6.20)	(2.30)
Difference Between the Value of Assets and Liabilities Transferred under Scheme of Arrangement	-	-	-	-	3.10
Provision for Diminution in value of Stock for Trade	1.60	9.00	0.70	0.50	-
Provision for diminution in value of Investments	-	-	13.80	21.60	-
Operating Profit before Working Capital Changes	10,829.60	6,763.20	3,878.60	2,262.90	4,071.60
Adjustments for:					
(Increase) / Decrease in Receivables/Others	(42,124.60)	(15,057.20)	(23,667.30)	(3,443.60)	(4,626.50)
(Increase) / Decrease in Current Investments / Stock for Trade	(220.00)	(34.10)	2.60	2.50	45.80
(Increase) / Decrease in Financial Assets	-	-	-	-	(13,883.10)
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	(64.40)	(104.80)	40.10	39.90	(155.00)
(Decrease) / Increase in Trade Payables	230.40	57.20	268.90	(657.30)	1,305.20
Cash Generated from Operations	(31,349.00)	(8,375.70)	(19,477.10)	(1,795.60)	(13,242.00)
Interest Paid (net of foreign exchange fluctuation)	(9,093.40)	(4,174.90)	(2,418.30)	(1,966.00)	(3,197.80)
Direct Taxes paid	(988.00)	(339.40)	(214.80)	(56.20)	(25.60)
Net Cash (Used in) / Generated from Operating Activities	(41,430.40)	(12,890.00)	(22,110.20)	(3,817.80)	(16,465.40)
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets	(1,147.40)	(3,319.10)	(129.00)	(854.00)	(900.00)
Proceeds from Sale of Fixed Assets	17.70	-	-	53.40	36.80
Amount received towards transfer of business under Scheme of Arrangement	-	-	-	3,750.00	-
(Increase) in Investments (Other than Subsidiary)	(631.60)	(1,341.70)	(2,168.20)	(1,301.50)	(1,653.90)
(Increase) of Investments in Subsidiary	(35.50)	(199.00)	(1.50)	(4.50)	(173.40)
Investments in Joint Venture	(499.10)	-	-	(229.50)	-
Income from Trade Investments	-	2.80	118.50	245.20	-
Dividend Received	2.80	4.00	14.30	6.20	2.30
Net Cash (Used) / Generated in Investing Activities	(2,293.10)	(4,853.00)	(2,165.90)	1,665.30	(2,688.20)
C. Cash Flows from Financing Activities					
Issue of Equity Capital (including premium)	-	-	-	-	720.00
Issue of Equity Warrants (Net)	-	-	-	-	178.00
Increase/ (Decrease) in Debentures (net)	9,419.90	(2,100.00)	4,971.00	(79.00)	6,238.90
Increase/ (Decrease) in Working Capital facilities (net)	21,977.60	14,964.90	6,400.70	1,243.20	11,414.40
Increase/ (Decrease) in Other Loans (net)	13,951.80	4,649.30	10,634.90	3,320.00	1,401.80
Dividend Paid	(377.10)	(139.30)	(116.00)	(139.40)	(108.90)
Dividend Tax Paid	(61.20)	(23.10)	(19.70)	(23.70)	(18.50)
Net Cash (Used) / Generated in Financing Activities	44,911.00	17,351.80	21,870.90	4,321.10	19,825.70
Net Increase / (Decrease) in Cash & Cash Equivalents	1,187.50	(391.20)	(2,405.20)	2,168.60	672.10
Cash & Cash Equivalents at the beginning of the year	71.60	450.50	2,855.70	687.10	49.70
Less: Cash and Bank balance transferred as per Scheme of Arrangement	-	-	-	-	34.70
Add: Cash & Cash Equivalents acquired on Amalgamation	-	12.30	-	-	-
Cash & Cash Equivalents at the end of the year	1,259.10	71.60	450.50	2,855.70	687.10

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.

1 Significant Accounting Policies**1.1 Basis of Preparation****Financial Year: 2011-12**

The financial statements 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 Standard 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.

Financial Year: 2010-11, 2009-10, 2008-09 & 2007-08

The financial statements 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 Standard 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 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

During 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. The Company has also reclassified the previous years figures in accordance with the requirements applicable in the current year.

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'.

Srei Infrastructure Finance Limited

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. 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

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 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.

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:

Financial Year: 2011-12

	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

Financial Year: 2010-11

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	45-61 years
ii)	Furniture & Fixtures	16 years
iii)	Computers	4-6 years
iv)	General Plant & Machinery	21 years
v)	Motor Vehicles	11 years
vi)	Intangible Assets	3-6 years
II	Assets for Operating Lease	
vii)	Aeroplane / Aircraft	9 years
viii)	Oil Rig	9 years
ix)	Gas Genset	10 years

Srei Infrastructure Finance Limited

Financial Year: 2009-10

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	61 years
ii)	Furniture & Fixtures	16 years
iii)	Computers	6 years
iv)	General Plant & Machinery	21 years
v)	Intangible Assets	6 years
II	Assets for Operating Lease	
vi)	Aeroplanes / Aircraft	9 years
vii)	Oil Rig	9 years
viii)	Gas Gensets	10 years
ix)	Intangible Assets	3-6 years

Financial Year: 2008-09

	Asset category	
I	Assets for Own Use	
i)	Buildings	1.63%
ii)	Furniture & Fixtures	6.33%
iii)	Motor Vehicles	9.50%
iv)	Computers	16.21%
v)	General Plant & Machinery	4.75%
vi)	Intangible Assets	upto 6 years
II	Assets for Operating Lease	
vii)	Aeroplanes / Aircraft	11.11% (based on estimated useful life of 9 years)
viii)	Oil Rig	11.31%

Financial Year: 2007-08

	Asset category	
I	Assets for Own Use	
i)	Buildings	1.63%
ii)	Furniture & Fixtures	6.33%
iii)	Motor Vehicles	9.50%
iv)	Computers	16.21%
v)	General Plant & Machinery	4.75%
vi)	Intangible Assets	upto 6 years
II	Assets for Operating Lease	
vii)	Aeroplanes / Aircraft	5.60%
viii)	Ships	10.00%
ix)	Earthmoving Equipments	11.31%
x)	Motor Vehicles	16.21%
xi)	Plant & Machinery	4.75%
xj)	Wind Mills	5.28%

Financial Year: 2011-12, 2010-11, 2009-10, 2008-09 & 2007-08

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.

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iii) Impairment of Fixed Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment, based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

1.4 Capital Work in Progress

Capital work in progress is stated at cost and includes development and other expenses, including interest during construction period.

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

Assets given on operating leases are included in fixed assets. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred afterwards, are recognised in the Statement of Profit and Loss as they are incurred.

1.7 Investments

Investments that are intended to be held for not more than a year are classified as current 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.

1.8 Stock for Trade

Stock for Trade is carried at lower of cost and market price, determined category-wise.

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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 instalments fallen due and are net of unmatured / unearned finance charges, amounts received, assets not paid for, etc.

1.10 Provisioning / Write-off of assets

Financial Year: 2011-12

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.

Financial Year: 2010-11

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 provided based on management's best estimate.

Financial Year: 2009-10, 2008-09 & 2007-08

Provisions for non performing assets are considered in the financial statements according to Prudential Norms prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Companies. Additional provision as per the norms of Foreign Financial Institutions (FFI) has also been made as follows:

Loan Assets:

Asset Classification	Arrear period	Provision as per RBI	Provision as per FFI	Provision adopted by the Company
		% of Portfolio	% of Portfolio	% of Portfolio
Standard	Upto 90 days	Nil	Nil	Nil
	91 to 180 days	Nil	20	20
Sub-Standard	181 to 360 days	10	50	50
	361 to 365 days	10	100	100
	More than 12 months to 24 months	10	100	100
Doubtful (Unsecured)	More than 24 months	100	100	100
Doubtful (Secured)	More than 24 months to 36 months	20	100	100
	More than 36 months to 60 months	30	100	100
	Above 60 months	50	100	100
Loss	As per Management discretion	100	100	100

Operating Lease Assets:

Asset Classification	Arrear period	Provision as per RBI	Provision as per FFI	Provision adopted by the Company
		% of Portfolio	% of Portfolio	% of Portfolio
Standard	Upto 90 days	Nil	Nil	Nil
	91 to 180 days	Nil	20	20
	181 to 360 days	Nil	50	50
	361 to 365 days	Nil	100	100
Sub- Standard	More than 12 months to 24 months	10	100	100
	More than 24 months to 30 months	40	100	100
Doubtful	More than 30 months to 36 months	40	100	100
	More than 36 months to 48 months	70	100	100
	More than 48 months	100	100	100
Loss	As per Management discretion	100	100	100

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Financial Year: 2009-10 & 2008-09

Provision for other debts arising from services is considered in the financial statements according to the Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

Financial Year: 2011-12, 2010-11, 2009-10, 2008-09 & 2007-08

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 and Balances

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

Financial Year: 2011-12 & 2010-11

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.

Financial Year: 2009-10, 2008-09 & 2007-08

In respect of Derivative contracts, premium paid, gains/losses on settlement and provisions for losses determined in accordance with principles of prudence, on category wise basis, are recognised in the Profit & Loss account.

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) Loans:

- 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) Fees on processing of loans are recognised when a binding obligation for granting loan has been entered into.
- c) 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.
- d) 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'.
- e) Income arising from co-branded arrangements is accounted on accrual basis over the life of the contract as provided under respective arrangements.

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B) Leases:

Financial Year: 2011-12 & 2010-11

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.

Financial Year: 2009-10, 2008-09 & 2007-08

It is recognised as rentals, as accrued over the period of lease, net of value added tax, if applicable.

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) **Financial Year: 2011-12 & 2010-11**
Long-Term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.

Financial Year: 2009-10, 2008-09 & 2007-08
Short term employee benefits based on expected obligation on undiscounted basis are recognised as expense in the Profit and Loss account of the period in which the related service is rendered.
- 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.

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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.

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 Government /Semi-Government Grants

Grants in the nature of Capital Investment are treated as Capital Reserve.

1.21 Prior Period and Extra Ordinary Items

Prior Period and Extra Ordinary items having material impact on the financial affairs of the Company are disclosed separately.

1.22 Miscellaneous Expenditure

Financial Year: 2007-08

Expenses incurred on issue of Equity Shares & Global Depository Receipts (GDRs), which are amortised over a period of ten years.

2. SHARE CAPITAL

Annexure - V

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)
Authorised										
Equity Shares, ₹ 10/- par value per share	710,000,000.00	7,100.00	710,000,000.00	7,100.00	400,000,000.00	4,000.00	400,000,000.00	4,000.00	400,000,000.00	4,000.00
Preference Shares, ₹ 100/- par value per share	10,000,000.00	1,000.00	10,000,000.00	1,000.00	30,000,000.00	3,000.00	30,000,000.00	3,000.00	30,000,000.00	3,000.00
Issued and subscribed										
Equity Shares, ₹ 10/- par value per share	503,559,160.00	5,035.60	503,559,160.00	5,035.60	116,617,625.00	1,166.20	116,617,625.00	1,166.20	116,617,625.00	1,166.20
Fully Paid-up										
Equity Shares, ₹ 10/- par value per share	503,086,333.00	5,030.90	503,086,333.00	5,030.90	116,144,798.00	1,161.40	116,144,798.00	1,161.40	116,144,798.00	1,161.40
Forfeited Shares (472,827 Equity Shares)	472,827.00	1.50	472,827.00	1.50	472,827.00	1.50	472,827.00	1.50	472,827.00	1.50
Total		5,032.40		5,032.40		1,162.90		1,162.90		1,162.90

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, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the financial year	503086333	50,309	116144798	11,614	116144798	11,614	116144798	11,614	108943598	10,894
Add: Issued as fully paid-up Equity Shares pursuant to exercise of options by the holder of detachable trade warrants.	-	-	-	-	-	-	-	-	1200	0
Add: Issued as fully paid-up Equity Shares pursuant to exercise of conversion options by the holder of warrants.	-	-	-	-	-	-	-	-	7200000	720
Add: Issued as fully paid-up bonus shares by capitalisation of Securities Premium	-	-	92915839	9,292	-	-	-	-	0	-
Add: Allotment pursuant to Scheme of Amalgamation, without payment being received in Cash	-	-	294025696	29,403	-	-	-	-	0	-
At the end of the financial year	503086333	50,309	503086333	50,309	116144798	11,614	116144798	11,614	116144798	11,614

Srei Infrastructure Finance Ltd (Standalone)

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, 31st March, 2011, 31st March, 2010, 31st March, 2009 & 31st March, 2008.

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 financial year 2011-12 is ₹ 0.50 (2010-11: ₹ 0.75, 2009-10: ₹ 1.20, 2008-09: ₹ 1.00 and 2007-08: ₹ 1.20).

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, 2012)

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 92,915,839 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 294,025,696 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 48,600,000 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 Shareholders holding more than 5% equity shares each, are set out below:

Name of the Shareholders	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Deigratia International Pte Limited	147937030	29.41	167937030	33.38	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Opulent Venture Capital Trust	57974595	11.52	57974595	11.52	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Srei Growth Trust *	48600000	9.66	48600000	9.66	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Adisri Investment Private Limited (formerly Adisri Investment Limited)	38992840	7.75	38992840	7.75	21662689	18.65	21662689	18.65	21662689	18.65
Adhyatma Commercial Private Limited	34705703	6.90	10395000	2.07	5775000	4.97	5775000	4.97	-	-
Fidelity Investment Trust Fidelity Series Emerging Markets Fund	31414121	6.24	12098588	2.40	-	-	-	-	-	-
Bharat Connect Limited	12960000	2.58	12960000	2.58	7200000	6.20	7200000	6.20	7200000	6.20
Sanlam Asset Management (Ireland) Limited A/C Sanlam Universal Funds Plc	-	-	-	-	3665521	3.16	9677279	8.33	5006213	4.31
T Rowe Price International Inc A/C T Rowe Price International New Asia Fund	-	-	-	-	-	-	9577473	8.25	10217702	8.80
Arisaig Partners (Asia) Pte Ltd. A/C Arisaig India Fund Limited	-	-	-	-	-	-	2146704	1.85	8156150	7.02

*Held in the name of Trustees

3. RESERVES AND SURPLUS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Capital Reserves					
Opening balance	194.50	194.50	16.50	16.50	16.50
Add :- Addition during the year	-	-	178.00	-	-
Closing balance	194.50	194.50	194.50	16.50	16.50
Securities Premium Reserve					
Opening balance	1,975.40	2,904.60	2,904.60	2,904.60	2,256.60
Add :- Addition during the year	-	-	-	-	648.00
Less: Issuance of Bonus shares	-	(929.20)	-	-	-
Closing balance	1,975.40	1,975.40	2,904.60	2,904.60	2,904.60
Bond/Debt Redemption Reserve					
Opening balance	647.80	425.00	430.00	219.20	226.60
Add: Addition during the year (refer note 3.1)	381.80	302.00	74.20	290.00	214.10
Less: Transfer to Surplus, on repayment of Bond/Debt	(79.20)	(79.20)	(79.20)	(79.20)	(221.50)
Closing balance	950.40	647.80	425.00	430.00	219.20
Special Reserve (Reserve Fund as per Section 45-IC of the Reserve Bank of India Act, 1934)					
Opening balance	1,341.70	1,072.70	844.70	742.70	522.70
Add: Addition during the year	116.70	269.00	228.00	102.00	220.00
Closing balance	1,458.40	1,341.70	1,072.70	844.70	742.70
General Reserve					
Opening balance	13,960.40	173.40	143.40	143.40	117.40
Add: Addition on account of Amalgamation	-	13,787.00	30.00	-	30.00
Less: Adjustment for employee benefits	-	-	-	-	(4.00)
Closing balance	13,960.40	13,960.40	173.40	143.40	143.40
Surplus					
Opening balance	2,379.10	1,967.90	1,268.50	1,213.50	539.60
Add: Net profit after tax transfer from Statement of Profit and Loss	579.60	1,343.00	1,114.90	503.60	1,079.60
Amount available for appropriation	2,958.70	3,310.90	2,383.40	1,717.10	1,619.20
Appropriations:					
Proposed dividend	251.50	377.30	139.40	116.10	139.40
Corporate dividend tax on proposed dividend	39.30	62.70	23.10	19.70	23.70
General Reserve	-	-	30.00	-	30.00
Special Reserve	116.70	269.00	228.00	102.00	220.00
Bond/Debt Redemption Reserve (net)	302.60	222.80	(5.00)	210.80	(7.40)
Closing balance	2,248.60	2,379.10	1,967.90	1,268.50	1,213.50
Total Reserves and Surplus	20,787.70	20,498.90	6,738.10	5,607.70	5,239.90

3.1 Bond / Debt Redemption Reserve

The Company has created Bond / Debt Redemption Reserve (31st March, 2012 : ₹ 3,797 lakh , 31st March, 2011 : ₹ 3,020 lakh, 31st March, 2010 : ₹ 742 lakh, 31st March, 2009 : ₹ 2900 lakh, 31st March, 2008 : ₹ 2141 lakh) towards redemption of Unsecured Subordinated Bonds / Debentures / Debt (Tier II Capital). Debt Redemption Reserve of (31st March, 2012 : ₹ 792 lakh , 31st March, 2011 : ₹ 792 lakh, 31st March, 2010 : ₹ 792 lakh, 31st March, 2009 : ₹ 792 lakh, 31st March, 2008 : ₹ 792 lakh) has been reversed due to repayment of Bond / Debt during the year.

The Company has also created Bond / Debt Redemption Reserve of (31st March, 2012 : ₹ 21 lakh) towards redemption of Long-Term Infrastructure Bonds, which were raised during the Financial Year 2011-12.

4. LONG-TERM BORROWINGS (Non- Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Secured					
Bonds/Debentures					
Long-Term Infrastructure Bonds (refer note 4.1)	248.90	-	-	-	-
Non-Convertible Debentures (refer note 4.2 & 8.5)	6,530.00	170.00	-	-	-
Term Loans (refer note 4.3)					
From Banks					
- Rupee Loans	10,599.80	6,454.50	9,184.50	-	-
- Foreign Currency Loans	2,544.20	1,114.70	4,489.00	5,072.00	4,002.00
From Financial Institutions					
Rupee Loans					
- Foreign Currency Loans	5,533.60	5,317.30	2,647.00	1,793.30	1,700.80
Deposits					
Public Deposits (refer note 4.4)	-	1.60	5.20	2.70	7.20
Other Loans					
Buyer's Credit from Banks - Foreign Currency Loans (refer note 4.5)	-	108.10	-	-	-
(A)	25,456.50	13,166.20	16,325.70	6,868.00	5,710.00
B. Unsecured					
Bonds/Debentures					
Non-Convertible Debentures (refer note 4.7 & 8.5)	-	-	100.00	-	-
Subordinated bonds/debentures (Tier II Capital) (refer note 4.6)	6,500.00	3,052.70	2,631.60	710.60	789.60
Deposits					
Inter-Corporate Deposits	8.90	-	-	-	-
(B)	6,508.90	3,052.70	2,731.60	710.60	789.60
Total (A+B)	31,965.40	16,218.90	19,057.30	7,578.60	6,499.60

4. LONG-TERM BORROWINGS (Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Secured					
Bonds/Debentures					
Non-Convertible Debentures (<i>refer note 4.2 & 8.5</i>)	170.00	-	-	-	-
Term Loans (<i>refer note 4.3</i>)					
From Banks					
- Rupee Loans	5,692.60	4,238.00	3,035.70	-	-
- Foreign Currency Loans	1,271.80	3,344.30	-	-	-
From Financial Institutions					
Rupee Loans					
- Foreign Currency Loans	532.50	433.40	410.20	362.30	100.10
Deposits					
Public Deposits (<i>refer note 4.4</i>)	-	2.90	2.40	6.50	5.80
Other Loans					
Buyer's Credit from Banks - Foreign Currency Loans (<i>refer note 4.5</i>)	123.30	-	-	-	-
(A)	7,790.20	8,018.60	3,448.30	368.80	105.90
B. Unsecured					
Bonds/Debentures					
Non-Convertible Debentures (<i>refer note 4.7 & 8.5</i>)	-	430.00	-	-	-
Subordinated bonds/debentures (Tier II Capital) (<i>refer note 4.6</i>)	52.70	79.00	79.00	79.00	79.00
Term Loans					
From Financial Institutions (<i>refer note 4.8</i>)	-	500.00	-	-	-
(B)	52.70	1,009.00	79.00	79.00	79.00
Total (A+B)	7,842.90	9,027.60	3,527.30	447.80	184.90

Srei Infrastructure Finance Ltd (Standalone)

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

2011-12

During the year, the Company has raised ₹ 2489 lakh (Previous year: ₹ Nil) 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.

Maturity profile and rate of interest of these Bonds are as set out below:

(₹ in Lakh)

Rate of Interest	Maturity Profile		Total
	2016-17	2012-16	
8.90%	1,291.00	-	1,291.00
9.15%	1,198.00	-	1,198.00
Total	2,489.00	-	2,489.00

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

2011-12

(₹ in Lakh)

Rate of Interest	Maturity Profile*						Total
	2021-22	2016-17	2015-16	2014-15	2013-14	2012-13	
9.75% ¹	-	-	-	-	-	1,700.00	1,700.00
10.80% ²	-	6,668.00	6,666.00	6,666.00	-	-	20,000.00
10.90% ²	-	-	-	-	5,000.00	-	5,000.00
11.00% ²	-	-	-	-	30.00	-	30.00
11.40% ²	-	-	-	670.00	-	-	670.00
11.75% ²	-	29,300.00	-	-	-	-	29,300.00
11.90% ²	4,000.00	-	-	-	-	-	4,000.00
Total	4,000.00	35,968.00	6,666.00	7,336.00	5,030.00	1,700.00	60,700.00

* Includes current maturities

¹ Secured against Receivables of the Company.

² Secured against Receivables of the Company and mortgage of immovable property.

All the above debentures are redeemable at par.

2010-11

(₹ in Lakh)

Rate of Interest	Maturity Profile					Total
	2016-17	2015-16	2014-15	2012-13	2011-12	
9.75% ¹	-	-	-	1,700.00	-	1,700.00
Total	-	-	-	1,700.00	-	1,700.00

¹ Secured against Receivables of the Company and redeemable at par.

4.3 Term Loans

2011-12

(₹ in Lakh)

Category	Maturity Profile*				Total
	Beyond 5 years	3-5 years	1-3 years	0-1 years	
From Banks - Rupee Loans ¹	259.00	33,425.00	72,314.00	56,926.00	162,924.00
From Banks - Foreign Currency Loans	13,739.00	10,940.00	763.00	12,718.00	38,160.00
From Financial Institutions - Foreign Currency Loans ²	11,737.00	20,066.00	23,533.00	5,325.00	60,661.00
Total	25,735.00	64,431.00	96,610.00	74,969.00	261,745.00

* 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 ₹ 2111 lakh (Previous year ₹ 2372 lakh) guaranteed by subsidiary company.

² Includes loans of ₹ 14,333 lakh (Previous year ₹ 13,713 lakh) guaranteed by Export Import Bank of the United States.

2010-11

(₹ in Lakh)

Category	Maturity Profile*				Total
	Beyond 5 years	3-5 years	1-3 years	0-1 years	
From Banks - Rupee Loans ¹	691.00	5,310.00	58,544.00	42,380.00	106,925.00
From Banks - Foreign Currency Loans	-	-	11,147.00	33,443.00	44,590.00
From Financial Institutions - Foreign Currency Loans ²	18,864.00	18,881.00	15,428.00	4,334.00	57,507.00
Total	19,555.00	24,191.00	85,119.00	80,157.00	209,022.00

* 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 ₹ 2372 lakh (Previous year ₹ Nil) guaranteed by subsidiary company.

² Includes loans of ₹ 13,713 lakh million (Previous year ₹ 14,700 lakh) guaranteed by Export Import Bank of the United States.

Srei Infrastructure Finance Ltd (Standalone)
2009-10

(₹ in Lakh)

Category	Maturity Profile*				Total
	Beyond 5 years	3-5 years	1-3 years	0-1 years	
From Banks - Rupee Loans	-	17,798.00	74,047.00	30,357.00	122,202.00
From Banks - Foreign Currency Loans	-	-	44,890.00	-	44,890.00
From Financial Institutions - Foreign Currency Loans ¹	8,013.00	9,395.00	9,062.00	4,102.00	30,572.00
Total	8,013.00	27,193.00	127,999.00	34,459.00	197,664.00

* 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 loans of ₹ 14700 lakh (Previous year ₹ Nil) guaranteed by Export Import Bank of the United States.

2008-09

(₹ in Lakh)

Category	Maturity Profile*				Total
	Beyond 5 years	3-5 years	1-3 years	0-1 years	
From Banks - Foreign Currency Loans	-	12,680.00	38,040.00	-	50,720.00
From Financial Institutions - Foreign Currency Loans	3,441.00	7,246.00	7,246.00	3,623.00	21,556.00
Total	3,441.00	19,926.00	45,286.00	3,623.00	72,276.00

* 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.

2007-08

(₹ in Lakh)

Category	Maturity Profile*				Total
	Beyond 5 years	3-5 years	1-3 years	0-1 years	
From Banks - Foreign Currency Loans	-	40,020.00	-	-	40,020.00
From Financial Institutions - Foreign Currency Loans	5,574.00	5,717.00	5,717.00	1,001.00	18,009.00
Total	5,574.00	45,737.00	5,717.00	1,001.00	58,029.00

* Includes current maturities

The above Term Loans are secured by charge on specific assets covered by Financial assets/ hypothecation agreements and receivables arising therefrom and counter guarantees from directors in certain cases.

Modification of charge on the assets is yet to be made consequent to the transfer of business, assets and liabilities pertaining to the project finance business and asset based financing business including the Company's shareholding in SIBPL to SEFPL as per Scheme of Arrangement as enumerated in Note 27 below.

4.4 Public Deposits
2011-12

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, 2012 is ₹ 88 lakh (₹ 250 lakh as at 31st March, 2011).

2010-11

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, 2011 is ₹ 250 lakh (₹ Nil as at 31st March, 2010).

2009-10, 2008-09 & 2007-08

Public Deposits are secured by pledge of certain Government Securities as per RBI Circular dated 04.01.2007.

4.5 Buyer's credit from Banks (Foreign Currency Loan)
2011-12 & 2010-11

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.

Srei Infrastructure Finance Ltd (Standalone)
4.6 Unsecured Subordinated bonds/ debentures (Tier II Capital)
2011-12

During the year ended 31st March, 2012, the Company raised subordinated debt qualifying for Tier II capital amounting to ₹ 35,000 lakh (31st March, 2011: ₹ 5,000 lakh). The following table sets forth the details of the outstanding 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%	-	-	20,000.00	-	-	-	20,000.00
10.50%	-	5,000.00	-	-	-	527.00	5,527.00
11.40%	10,000.00	-	-	-	-	-	10,000.00
11.75%	-	-	-	1,000.00	85.00	-	1,085.00
11.85%	-	-	-	-	2,000.00	-	2,000.00
11.90%	21,915.00	-	-	-	-	-	21,915.00
12.00%	-	-	-	-	5,000.00	-	5,000.00
Total	31,915.00	5,000.00	20,000.00	1,000.00	7,085.00	527.00	65,527.00

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.

2010-11

During the year ended 31st March, 2011, the Company raised subordinated debt qualifying for Tier II capital amounting to ₹ 5,000 lakh (31st March, 2010: ₹ 20,000 lakh). The following table sets forth the details of the outstanding as at 31st March, 2011:

(₹ in Lakh)

Rate of Interest	Maturity Profile						Total
	2021-22	2020-21	2019-20	2016-17	2012-13	2011-12	
10.20%	-	-	20,000.00	-	-	-	20,000.00
10.50%	-	5,000.00	-	-	527.00	789.00	6,316.00
12.00%	-	-	-	5,000.00	-	-	5,000.00
Total	-	5,000.00	20,000.00	5,000.00	527.00	789.00	31,316.00

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.

2009-10

During the year ended 31st March, 2010, the Company raised subordinated debt qualifying for Tier II capital amounting to ₹ 20,000 lakh (31st March, 2009: Nil). The following table sets forth the details of the outstanding as at 31st March, 2010:

(₹ in Lakh)

Rate of Interest	Maturity Profile*					Total
	2019-20	2016-17	2012-13	2011-12	2010-11	
10.50% ¹	-	-	527.00	789.00	790.00	2,106.00
10.20%	20,000.00	-	-	-	-	20,000.00
12.00%	-	5,000.00	-	-	-	5,000.00
Total	20,000.00	5,000.00	527.00	789.00	790.00	27,106.00

* Includes current maturities

¹ 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.

2008-09

Following table sets forth the details of the outstanding as at 31st March, 2009:

(₹ in Lakh)

Rate of Interest	Maturity Profile*						Total
	2016-17	2012-13	2011-12	2010-11	2009-10	2008-09	
10.50% ¹	-	527.00	789.00	790.00	790.00	790.00	2,896.00
12.00%	-	5,000.00	-	-	-	-	5,000.00
Total	-	5,000.00	527.00	789.00	790.00	790.00	7,896.00

* Includes current maturities

¹ 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.

2007-08

During the year ended 31st March, 2008, the Company raised subordinated debt qualifying for Tier II capital amounting to ₹ Nil (31st March, 2007: ₹ 5,000 lakh). The following table sets forth the details of the outstanding as at 31st March, 2008:

(₹ in Lakh)

Rate of Interest	Maturity Profile*						Total
	2016-17	2012-13	2011-12	2010-11	2009-10	2008-09	
10.50% ¹	-	527.00	789.00	790.00	790.00	790.00	3,686.00
12.00%	5,000.00	-	-	-	-	-	5,000.00
Total	5,000.00	527.00	789.00	790.00	790.00	790.00	8,686.00

* Includes current maturities

¹ 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 Ltd (Standalone)

4.7 Non-Convertible Debentures - Unsecured

2010-11

(₹ in Lakh)

Rate of Interest	Maturity Profile					Total
	2016-17	2015-16	2014-15	2012-13	2011-12	
7.60%	-	-	-	-	1,000	1,000.00
7.75%	-	-	-	-	2,300	2,300.00
8.10%	-	-	-	-	1,000	1,000.00
Total	-	-	-	-	4,300.00	4,300.00

All the above debentures are redeemable at par.

2009-10

(₹ in Lakh)

Rate of Interest	Maturity Profile				Total
	2016-17	2012-13	2011-12	2010-11	
8.10%	-	-	1,000.00	-	1,000.00
Total	-	-	1,000.00	-	1,000.00

All the above debentures are redeemable at par.

4.8 Term Loans - Unsecured

2010-11

(₹ in Lakh)

Category	Maturity Profile				Total
	Beyond 5 years	3-5 years	1-3 years	0-1 years	
From Financial Institutions - Foreign Currency Loans				5,000.00	5,000.00
Total	-	-	-	5,000.00	5,000.00

5. DEFERRED TAX LIABILITIES (Net)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Depreciation on Fixed Assets	659.80	522.20	168.80	134.10	-
Deferred Revenue Expenditure	269.50	205.90	228.90	1.40	-
Unabsorbed Depreciation (to the extent of deferred tax liability)	-	-	(51.40)	(135.50)	-
Others	(130.50)	(49.10)	(2.30)	-	-
Total	798.80	679.00	344.00	-	-

6. OTHER LONG-TERM LIABILITIES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Interest Accrued but not due on Borrowings	0.50	0.20	0.40	0.20	0.80
Capital Advances	-	7.50	7.50	7.50	7.50
Security Deposits & Retentions	82.70	92.30	112.70	71.70	-
	83.20	100.00	120.60	79.40	8.30

7. LONG-TERM PROVISIONS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Provision for Employee Benefits (Non-Current Portion) (refer note 38)					
Gratuity	12.00	8.90	3.10	1.80	2.10
Unavailed Leave	21.60	14.40	7.80	7.70	4.80
(A)	33.60	23.30	10.90	9.50	6.90
Others					
Provision for Non-Performing Assets (refer note 7.1)	110.00	-	-	-	-
Contingent Provisions against Standard Assets (refer note 7.1)	218.10	119.50	-	-	-
Provision for Premium on Unsecured Subordinated Bonds	-	2.00	9.00	16.00	23.00
(B)	328.10	121.50	9.00	16.00	23.00
Total (A+B)	361.70	144.80	19.90	25.50	29.90

7.1 Nature of certain provisions and their movement year-on-year.

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 w.e.f Financial Year 2010-11.

The following table sets forth the movement of aforesaid Provisions year-on-year:

(₹ in lakh)

Particulars	Provisions for NPAs		Contingent Provisions against	
	Year ended		Year ended	
	31/03/12	31/03/11	31/03/12	31/03/11
Opening balance	-	-	1,195	-
Provision made during the year	1,100	-	986	1,195
Closing balance	1,100	-	2,181	1,195

8. SHORT-TERM BORROWINGS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Secured					
Loans repayable on demand					
Working Capital Facilities from banks (Rupee Loan) (refer note 8.1)	14,900.00	14,300.00	3,950.00	-	-
Other Loans					
Working Capital Facilities from banks (Rupee Loan) (refer note 8.1)	29,364.60	8,200.60	3,307.80	1,198.20	-
Short-Term Loans from Banks (refer note 8.2)					
- Rupee Loans	4,000.00	1,500.00	950.00	3,000.00	-
- Foreign Currency Loans	508.70	-	-	-	-
Buyer's credit from Banks - Foreign Currency Loan (refer note 4.5)	198.40	-	386.10	45.00	-
Deposits					
Public Deposits (refer note 4.4)	1.60	0.10	39.20	36.10	61.90
(A)	48,973.30	24,000.70	8,633.10	4,279.30	61.90
B. Unsecured					
Loans repayable on demand					
- Loans and advances from related parties	-	-	-	-	2,195.50
Deposits					
Inter Corporate Deposits					
- From Related Parties	109.00	177.50	-	-	-
- From Others	1,506.80	624.40	15.00	120.40	-
Other Loans :					
Non-Convertible Debentures (refer note 8.4 & 8.5)	-	350.00	2,950.00	-	-
Rupee Loan from Banks	1,500.00	-	-	1,000.00	-
Commercial Papers (refer note 8.3)					
- From Banks	-	96.50	-	-	-
- From Others	6,575.80	2,400.80	1,199.50	-	-
(B)	9,691.60	3,649.20	4,164.50	1,120.40	2,195.50
Total (A+B)	58,664.90	27,649.90	12,797.60	5,399.70	2,257.40

8.1 Working capital facilities

2011-12

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 of agreements and operating lease agreements with customers and receivables arising therefrom, ranking pari passu (excluding assets specifically charged to others). As per the prevalent practice, these facilities are renewed on a year-to-year basis and therefore, are revolving in nature.

2010-11

Working Capital facilities from banks are secured by hypothecation of assets covered by loan assets/ hypothecation/ Operating Lease agreements and receivables arising therefrom ranking pari passu (excluding assets which are specifically charged to others).

2009-10

Working Capital facilities from banks are secured by hypothecation of assets covered by loan assets/ hypothecation/ Operating Lease agreements and receivables arising therefrom ranking pari passu (excluding assets which are specifically charged to others).

2008-09

Working Capital facilities from banks are secured by hypothecation of assets covered by loan assets/ hypothecation/ Operating Lease agreements and receivables arising there from ranking pari passu (excluding assets which are specifically charged to others).

8.2 Short-Term Loans

2011-12

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

2010-11

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

2009-10

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

Short term Rupee Loan from Banks include ₹ Nil (Previous Year ₹ 30,000 lakh) guaranteed by the directors.

2008-09

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

Short term Rupee Loan from Banks include ₹ 30,000 lakh (Previous Year ₹ NIL) guaranteed by the directors.

8.3 Commercial Papers

2011-12

Face value of Commercial Paper outstanding as at 31st March, 2012 is ₹ 67,850 lakh (as at 31st March 2011 ₹ 26,120 lakh). Face value of maximum outstanding at any time during the year ended 31st March, 2012 was ₹ 207,850 lakh (Previous year ₹ 63,500 lakh). Face value of Commercial Paper repayable within one year is ₹ 67,850 lakh (Previous year ₹ 2,6120 lakh).

2010-11

Face value of Commercial Paper outstanding as at 31st March, 2011 amounts to ₹ 26,120 lakh (as at 31st March 2010 ₹ 12,500 lakh). Face value of Maximum outstanding at any time during the year ended 31st March, 2011 was ₹ 63,500 Million (Previous year: ₹ 18,000 lakh).

Srei Infrastructure Finance Ltd (Standalone)**2009-10**

Face value of Commercial Paper outstanding as at 31st March, 2010 amounts to ₹ 12,500 lakh (as at 31st March 2009 Rs. Nil). Face value of Maximum outstanding at any time during the year ended 31st March, 2010 was ₹ 18,000 lakh (Previous year: Rs. Nil).

8.4 Non-Convertible Debentures - Unsecured**2010-11**

(₹ in Lakh)

Rate of Interest	Maturity Profile	Total
	2011-12	
7.60%	1,000	1,000
8.55%	1,000	1,000
9.50%	1,500	1,500
Total	3,500	3,500

2009-10

(₹ in Lakh)

Rate of Interest	Maturity Profile				Total
	2016-17	2012-13	2011-12	2010-11	
6.15%	-	-	-	5,000.00	5,000.00
6.20%	-	-	-	1,500.00	1,500.00
6.90%	-	-	-	17,000.00	17,000.00
7.50%	-	-	-	1,000.00	1,000.00
8.15%	-	-	-	5,000.00	5,000.00
Total	-	-	-	29,500.00	29,500.00

All the above debentures are redeemable at par.

8.5 Non-Convertible Debentures - Private Placement**2009-10**

Company has issued on private placement basis Non-Convertible debentures (NCDs) aggregating to ₹ 637,300 lakh (Previous Year: ₹ 43,500 lakh) during the year.

2008-09

Company has issued on private placement basis Non-Convertible debentures aggregating to ₹ 43,500 lakh (Previous Year Rs. NIL). There is no outstanding position as on 31.03.09.

9. TRADE PAYABLES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Trade Payables					
Due to Micro, Small and Medium Enterprises ¹	-	-	-	-	-
Due to others	26.60	25.70	1.80	5.60	1.00
	26.60	25.70	1.80	5.60	1.00

2011-12, 2010-11, 2009-10 and 2008-09

¹The 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, 2012, 31st March, 2011, 31st March, 2010 and 31st March, 2009 as micro, small or medium enterprises. Consequently, the interest paid/ payable by the company to such Suppliers, during financial year 2011-12, 2010-11, 2009-10 & 2008-09 was Nil.

2007-08

¹There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2008. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

10. OTHER CURRENT LIABILITIES - OTHERS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Interest Accrued but not due on Borrowings	686.80	308.10	125.30	39.20	49.50
Advance from Customers	31.20	-	138.20	-	-
Statutory Liabilities	60.00	91.50	37.80	35.60	2.50
Security Deposits & Retentions	172.30	149.00	0.60	-	-
Payable to Employees	23.40	13.50	8.20	10.80	6.90
Commission Payable to Directors	11.00	11.00	7.10	7.10	5.50
Unclaimed Dividend	3.90	3.70	3.60	3.50	3.50
Unclaimed Matured Public Deposits and Interest Accrued thereon	3.80	5.00	6.60	7.70	10.50
Refundable Share Application Money	-	-	-	-	22.00
Liability for Operating Expenses	169.60	134.30	119.50	28.10	3.30
Loss payable on Forward Exchange Contracts	-	1.00	1.50	-	775.20
	1,162.00	717.10	448.40	132.00	878.90

11. SHORT-TERM PROVISIONS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Provision for Employee Benefits (Current Portion) (refer note 38)					
Gratuity	-	-	-	-	-
Unavailed leave	4.00	2.00	1.40	1.40	0.90
(A)	4.00	2.00	1.40	1.40	0.90
Others					
Proposed Dividend	251.50	377.30	139.40	116.10	139.40
Provision for Corporate Dividend Tax	40.80	62.70	23.10	19.70	23.70
Provision for Premium on Unsecured Subordinated Bonds	10.80	15.80	15.80	15.80	15.80
Provision for Taxation (net of Advance tax/Tax deducted at source)	-	25.70	-	-	-
(B)	303.10	481.50	178.30	151.60	178.90
Total (A+B)	307.10	483.50	179.70	153.00	179.80

Srei Infrastructure Finance Ltd (Standalone)

Schedules to the Statement of Assets and Liabilities, As Reformatted

Schedule 12
Fixed Assets

In Mio

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block				
	As of 31.03.2012	As of 31.03.2011	As of 31.03.2010	As of 31.03.2009	As of 31.03.2008	As of 31.03.2012	As of 31.03.2011	As of 31.03.2010	As of 31.03.2009	As of 31.03.2008	As of 31.03.2012	As of 31.03.2011	As of 31.03.2010	As of 31.03.2009	As of 31.03.2008
I. Tangible Assets:															
Assets for Own use:															
Freehold Land	215.80	238.20	22.40	22.40	40.40	-	-	-	-	-	215.80	238.20	22.40	22.40	40.40
Buildings	1,215.80	1,199.00	4.90	4.90	4.90	34.40	12.20	1.10	1.00	1.00	1,181.40	1,186.80	3.80	3.90	3.90
Leasehold Improvements	203.20	110.10	2.10	-	-	13.80	2.60	-	-	-	189.40	107.50	2.10	-	-
Furniture & Fixtures	85.30	60.70	7.60	1.90	-	7.40	3.30	1.00	0.20	-	77.90	57.40	6.60	1.70	-
Computers	15.30	9.40	4.50	3.30	-	5.40	2.70	1.00	0.30	-	9.90	6.70	3.50	3.00	-
Office Equipment	60.80	34.40	9.50	1.00	0.10	5.40	1.60	0.50	0.10	-	55.40	32.80	9.00	0.90	0.10
Motor Vehicles	4.30	2.30	-	-	-	0.30	-	-	-	-	4.00	2.30	-	-	-
Total A	1,800.50	1,654.10	51.00	33.50	45.40	66.70	22.40	3.60	1.60	1.00	1,733.80	1,631.70	47.40	31.90	44.40
Assets for Operating Lease:															
Aeroplane/Aircrafts	198.70	198.70	198.70	198.70	-	90.30	67.90	43.60	21.20	-	108.40	130.80	155.10	177.50	-
Plant & Machinery	2,859.90	2,425.40	758.70	648.70	-	351.20	268.50	131.90	55.10	-	2,508.70	2,156.90	626.80	593.60	-
Total B	3,058.60	2,624.10	957.40	847.40	-	441.50	336.40	175.50	76.30	-	2,617.10	2,287.70	781.90	771.10	-
Total I (A+B)	4,859.10	4,278.20	1,008.40	880.90	45.40	508.20	358.80	179.10	77.90	1.00	4,350.90	3,919.40	829.30	803.00	44.40
II. Intangible Assets:															
Software	12.90	7.50	2.00	0.50	-	4.50	1.30	0.20	-	-	8.40	6.20	1.80	0.50	-
Total II	12.90	7.50	2.00	0.50	-	4.50	1.30	0.20	-	-	8.40	6.20	1.80	0.50	-
Total Fixed Assets = (I+II)	4,872.00	4,285.70	1,010.40	881.40	45.40	512.70	360.10	179.30	77.90	1.00	4,359.30	3,925.60	831.10	803.50	44.40

13.1 NON-CURRENT INVESTMENTS

Particulars	Face value (₹)	Quantity					₹ in Mio				
		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Trade Investments - at cost unless otherwise stated											
I. In Equity Instruments (Unquoted)											
(a) In Subsidiaries											
Srei Capital Markets Ltd.	10	5050000	5050000	5050000	5050000	5050000	50.50	50.50	50.50	50.50	50.50
Srei Forex Ltd.											
(Net of provision for other than temporary diminution aggregating (31st March, 2012 : ₹ 50 lakh 31st March, 2011: ₹ 50 lakh, 31st March, 2010: ₹ 50 lakh, 31st March, 2009: ₹ 50 lakh)	10	500000	500000	500000	500000	500000	-	-	-	-	5.00
Srei Insurance Broking Pvt. Limited (subsidiary w.e.f. 31st March, 2012)	10	1275000	-	-	-	-	14.40	-	-	-	-
Srei Venture Capital Ltd.	10	250000	250000	250000	250000	250000	2.50	2.50	2.50	2.50	2.50
Global Investment Trust Ltd.	10	50000	50000	50000	50000	50000	0.50	0.50	0.50	0.50	0.50
Srei Infrastructure Advisors Ltd.	10	500000	500000	500000	500000	50000	5.00	5.00	5.00	5.00	0.50
Srei Sahaj e-Village Ltd.	10	9510000	9510000	510000	510000	510000	95.10	95.10	5.10	5.10	5.10
Srei Equipment Finance Pvt. Ltd. (formerly Srei Infrastructure Development Finance Limited)	10	-	-	-	-	2050000	-	-	-	-	20.50
Controlla Electrotech Pvt. Ltd.	10	35305	35305	35305	35305	-	70.80	70.80	70.80	70.80	-
IIS International Infrastructure Services GmbH, Germany	**	**	**	**	**	**	339.00	339.00	339.00	339.00	339.00
Srei Mutual Fund Asset Management Pvt. Ltd.	10	13000000	11000000	100000	-	-	130.00	110.00	1.00	-	-
Srei Mutual Fund Trust Pvt. Ltd.	10	50000	50000	50000	-	-	0.50	0.50	0.50	-	-
Quippo Oil & Gas Infrastructure Ltd.	10	29970000	29940000	-	-	-	1,042.00	1,040.90	-	-	-
Quippo Construction Equipment Ltd.	10	50000	50000	-	-	-	9.60	9.60	-	-	-
Quippo Energy Pvt. Ltd.	10	1000000	1000000	-	-	-	2,019.00	2,019.00	-	-	-
Mumbai Futuristic Economic Zone Pvt. Ltd.	10	10000	10000	-	-	-	804.70	804.70	-	-	-
Quippo Valuers & Auctioneers Pvt. Ltd.	10	200000	200000	-	-	-	23.20	23.20	-	-	-
Subtotal- (a)							4606.80	4571.30	474.90	473.40	423.60
(b) In Joint Ventures											
Srei Equipment Finance Pvt. Ltd.	10	26610000	25000000	25000000	25000000	-	749.10	250.00	250.00	250.00	-
Subtotal- (b)							749.10	250.00	250.00	250.00	0.00
(c) Others											
TN (DK) Expressways Ltd.	10	13000	13000	13000	13000	13000	0.10	0.10	0.10	0.10	0.10
Madurai Tuticorin Expressways Ltd.	10	19500	19500	19500	19500	19500	0.20	0.20	0.20	0.20	0.20
Guruvayoor Infrastructure Pvt. Ltd.	10	20010000	20010000	20010000	20010000	20010000	200.10	200.10	200.10	200.10	200.10
Jaora-Nayagaon Toll Road Co. Pvt. Ltd.	10	2800	2800	2800	2800	-	-	-	-	-	-
Mahakaleshwar Tollways Pvt. Ltd.	10	5000	5000	5000	-	-	0.10	0.10	0.10	-	-
Diana Capital Ltd.	10	-	-	87500	-	-	-	-	17.50	-	-
Viom Networks Ltd.	10	61075688	60734888	6451613	-	-	13,847.70	13,782.40	1,000.00	-	-
Orbis Power Venture Private Limited	10	-	-	8500	-	-	-	-	0.10	-	-
Nagpur Seoni Expressway Ltd.	10	4800000	4800000	4800000	4800000	-	48.00	48.00	48.00	48.00	-
India Power Corporation Ltd.	1	959310000	959310000	-	-	-	0.10	0.10	-	-	-
Maharashtra Border Check Post Network Ltd.	10	2500	2500	-	-	-	-	-	-	-	-
Kurukshetra Expressway Pvt. Ltd.	10	4900	4900	-	-	-	-	-	-	-	-
Shree Jagannath Expressways Pvt. Ltd.	10	4800	4800	-	-	-	-	-	-	-	-
Orissa Steel Expressways Pvt. Ltd.	10	5000	5000	-	-	-	0.10	0.10	-	-	-
Ghaziabad Aligarh Expressway Pvt. Ltd.	10	5000	5000	-	-	-	0.10	0.10	-	-	-
Potin Pangin Highway Pvt. Ltd.	10	5000	-	-	-	-	0.10	-	-	-	-
Suratgarh Bikaner Toll Road Company Pvt. Ltd.	10	5000	-	-	-	-	0.10	-	-	-	-
Solapur Tollways Pvt. Ltd.	10	4900	-	-	-	-	-	-	-	-	-
Royal Infrasoft Pvt. Ltd.	10	100000	100000	-	-	-	1.00	1.00	-	-	-
Quippo Infrastructure Equipment Ltd.	10	-	-	14000000	14000000	14000000	-	-	185.20	185.20	185.20
Quippo Telecom Infrastructure Ltd.	10	77550000	77550000	-	-	-	-	-	-	-	-
Subtotal- (c)							14097.70	14032.20	1451.30	433.60	385.60
Total I (Subtotal a+b+c)							19453.60	18853.50	2176.20	1157.00	809.20

13.1 NON-CURRENT INVESTMENTS

Particulars	Face value (₹)	Quantity					₹ in Mio				
		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
II. In Preference Shares (Unquoted)											
In Subsidiaries											
Quippo Construction Equipment Ltd.,	100	9961	9961	9961	9961	-	-	-	-	-	-
0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019											
Quippo Energy Pvt. Ltd.,	100	2353	2353	2353	2353	-	-	-	-	-	-
0.1% Non-convertible Cumulative Redeemable Preference Shares, 2019											
Total II							0.00	0.00	0.00	0.00	0.00
III. Interest in a Beneficiary Trust											
Srei Growth Trust (represented by Trustees)	-	-	-	-	-	-	185.20	185.20	-	-	-
Total III							185.20	185.20	0.00	0.00	0.00
IV. In Units of Trusts and Schemes of Venture Funds											
India Global Competitive Fund	100	3875000	3875000	3875000	3375000	5500000	387.50	387.50	387.50	337.50	550.00
Infrastructure Project Development Fund	100	13589900	13319900	13219900	13219900	10299500	1,359.00	1,332.00	1,322.00	1,322.00	1,030.00
Infrastructure Project Development Capital	100	22208130	17182130	9987800	6247800	-	2,220.80	1,718.20	998.80	624.80	-
Medium and Small Infrastructure Fund	100	280000	280000	700000	700000	700000	28.00	28.00	70.00	70.00	70.00
Bharat Opportunity Fund	100	-	-	-	770000	-	-	-	-	77.00	-
Prithvi Infrastructure Fund	100	11705910	11499000	9999000	-	-	1,170.60	1,149.90	999.90	-	-
Sunshine Fund	100	-	-	2250500	2250500	2250500	-	-	225.10	225.10	225.10
Infra Construction Fund	100	11615800	11456800	5898800	-	-	1,161.60	1,145.70	589.90	-	-
Total IV							6327.50	5761.30	4593.20	2656.40	1875.10
Total A (Trade Investments) (II+III+IV)							25966.30	24800.00	6769.40	3813.40	2684.30
B. Other Investments - at cost unless otherwise stated											
V. In Equity Instruments (Quoted)											
New Era Urban Amenities Ltd.											
(Net of provision for other than temporary diminution aggregating (31st March, 2012 : ₹ 0.01 lakh , 31st March, 2011: ₹ 0.01 lakh, 31st March, 2010: ₹ 0.01 lakh)	10	100	100	100	100	100	-	-	-	-	-
Alpic Finance Ltd.											
(Net of provision for other than temporary diminution aggregating (31st March, 2012 : ₹ 0.01 lakh , 31st March, 2011: ₹ 0.01 lakh, 31st March, 2010: ₹ 0.01 lakh , 31st March, 2009: ₹ 0.01 lakh)	10	100	100	100	100	100	-	-	-	-	-
Apple Finance Ltd.											
(Net of provision for other than temporary diminution aggregating (31st March, 2012 : ₹ 0.02 lakh , 31st March, 2011: ₹ 0.02 lakh, 31st March, 2010: ₹ 0.02 lakh, 31st March, 2009: ₹ 0.02 lakh)	10	100	100	100	100	100	-	-	-	-	-
HDFC Bank Ltd.	2	2010	402	402	402	11667	0.10	0.10	0.10	0.10	0.10
CRISIL Ltd.	1	2000	200	200	200	200	-	-	-	-	-
GAIL India Ltd.	10	-	-	-	66000	44000	-	-	-	18.90	18.90
Future Glass Ltd.											
(Net of provision for other than temporary diminution aggregating (31st March, 2012 : ₹ 218.35 lakh , 31st March, 2011: ₹ 218.35 lakh, 31st March, 2010: ₹ 218.35 lakh, 31st March, 2009: ₹ 166.31 lakh)	10	8006030	8006030	8006030	8006030	8006030	-	-	-	5.20	21.80
Indian Metal & Ferro Alloys Ltd.	10	119615	119615	165596	642182	35	16.70	16.70	23.20	107.60	-
ICICI Bank Ltd.(net of provision for diminution(31st March, 2011: ₹ 86.01 lakh , 31st March, 2010: ₹ 86.01 lakh)	10	-	-	10000	445419	445419	-	-	9.50	449.10	449.10
IDFC Ltd.	10	91000	91000	91000	91000	91000	18.30	18.30	18.30	18.30	18.30
Kotak Mahindra Bank Ltd.	10	500	500	500	500	500	-	-	-	-	-
Mahanagar Telephone Nigam Ltd.	10	-	-	140000	140000	140000	-	-	18.30	18.30	18.30
Century Plyboards (India) Ltd.	10	-	-	-	1725000	-	-	-	-	98.50	-
Mahindra & Mahindra Ltd.	10	-	-	-	10000	10000	-	-	-	6.50	6.50
Power Grid Corporation of India Ltd.	10	8000	8000	14000	16000	160000	0.90	0.90	1.70	18.00	18.00
Steel Authority of India Ltd.	10	-	-	-	85000	85000	-	-	-	18.30	18.30
Tata Steel Ltd.	10	3500	3500	4000	4000	4000	2.50	2.50	2.80	2.80	2.80
Total V							38.50	38.50	73.90	761.60	572.10

13.1 NON-CURRENT INVESTMENTS

Particulars	Face value (₹)	Quantity					₹ in Mio				
		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
VI. In Equity Instruments (Unquoted)											
New India Co-operative Bank Ltd.	10	573	573	573	573	573	-	-	-	-	-
National Stock Exchange of India Ltd.	10	57200	57200	57200	57200	-	206.20	206.20	206.20	206.20	-
ABG Kolkata Container Terminal Pvt. Ltd.	10	1200	1200	-	-	-	-	-	-	-	-
Total VI							206.20	206.20	206.20	206.20	0.00
VII. In Government or Trust securities (Quoted)											
10.65% Andhra Pradesh Power Finance Corporation Loan, 2013	100000	-	-	120	120	120	-	-	12.10	12.10	12.10
7.77% Karnataka State Development Loan, 2015	100	57500	57500	57500	57500	57500	5.80	5.80	5.80	5.80	5.80
7.77% Tamilnadu State Development Loan, 2015	100	16020	16020	16020	16020	16020	1.60	1.60	1.60	1.60	1.60
11.50% Tamilnadu Industrial Investment Corporation, 2008	1000	-	-	-	-	1500	-	-	-	-	1.60
8.40% Transmission Corporation of Andhra Pradesh Ltd., 2014	1000000	1	1	1	1	1	1.00	1.00	1.00	1.00	1.00
11.50% West Bengal Finance Corporation, 2011	100	-	-	6066	6066	6066	-	-	0.70	0.70	0.70
11.50% West Bengal Finance Corporation, 2010	100	-	-	9099	9099	9099	-	-	1.00	1.00	1.00
9.10% West Bengal Infrastructure Development Finance Corporation Ltd., 2016	1000000	2	2	2	2	2	2.00	2.00	2.00	2.00	2.00
Less: Amortisation of premium/discount on Government securities							10.40	10.40	24.20	24.20	25.80
							0.10	0.10	0.40	0.40	0.50
Total VII							10.30	10.30	23.80	23.80	25.30
VIII. In Government or Trust securities (Unquoted)											
National Savings Certificate (Lodged with Sales Tax authorities)	15000						-	-	-	-	-
Total VIII							0.00	0.00	0.00	0.00	0.00
IX. In Mutual Funds (Quoted)											
Morgan Stanley Mutual Fund	10	2000	2000	2000	2000	2000	-	-	-	-	-
Unit Trust of India	10	400	400	400	400	400	-	-	-	-	-
Total IX							0.00	0.00	0.00	0.00	0.00
Total B (Other Investments) (V+VI+VII+VIII+IX)							255.00	255.00	303.90	991.60	597.40
Total Non-current Investments (A+B)							26221.30	25055.00	7073.30	4805.00	3281.70
Aggregate amount of quoted non-current investments							49.00	49.00	97.80	785.60	597.60
Aggregate market value of quoted non-current investments							65.90	100.90	187.10	387.70	478.30
Aggregate amount of unquoted non-current investments							26172.30	25006.00	6975.50	4019.40	2684.10
Aggregate provision for diminution in value of non-current investments							26.80	26.80	35.40	21.60	-

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

All the Investments mentioned above are fully paid-up

Face Value are based on status as on 31st Mar 2012.

13.2 CURRENT INVESTMENTS

Particulars	Face value (₹)	Quantity					₹ in Mio				
		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Other investments (fully paid-up)											
In Bonds and Debentures (Unquoted)											
9.9% YES Bank Limited Unsecured Redeemable NCD Tier II, 2022	1000000	220	-	-	-	-	220.00	-	-	-	-
Total Current Investments							220.00	0.00	0.00	0.00	0.00
Aggregate amount of unquoted current investments							220.00	0.00	0.00	0.00	0.00

Srei Infrastructure Finance Ltd (Standalone)

14. LOAN ASSETS (Non- Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Considered Good, unless otherwise stated					
Secured: ¹					
Loans to Related parties	5,162.60	3,677.00	121.00	-	-
Loans to Others	21,344.50	16,172.00	12,967.60	5,138.30	1,264.60
(A)	26,507.10	19,849.00	13,088.60	5,138.30	1,264.60
Unsecured:					
Loans to Related parties	27.20	-	130.00	135.90	-
Loans to Others	116.80	97.60	1,070.80	65.00	-
(B)	144.00	97.60	1,200.80	200.90	-
Total (A+B) ²	26,651.10	19,946.60	14,289.40	5,339.20	1,264.60

LOAN ASSETS (Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Considered Good, unless otherwise stated					
Secured: ¹					
Loans to Related parties	322.00	370.00	120.50	-	-
Loans to Others	58,349.80	22,981.20	3,512.10	2,920.70	52.40
(A)	58,671.80	23,351.20	3,632.60	2,920.70	52.40
Unsecured:					
Loans to Related parties	23.80	48.00	-	-	-
Loans to Others	125.00	72.60	17.30	-	-
(B)	148.80	120.60	17.30	-	-
Total (A+B) ²	58,820.60	23,471.80	3,649.90	2,920.70	52.40

LOAN ASSETS (Short Term)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Considered Good, unless otherwise stated					
Secured: ¹					
Loans to Related parties	-	331.20	329.50	-	-
Loans to Others	2,665.00	3,681.50	698.80	1,429.60	379.90
(A)	2,665.00	4,012.70	1,028.30	1,429.60	379.90
Unsecured:					
Loans to Related parties	-	0.20	19.00	22.50	-
Loans to Others	101.40	358.00	329.10	100.00	-
(B)	101.40	358.20	348.10	122.50	-
Total (A+B)²	2,766.40	4,370.90	1,376.40	1,552.10	379.90

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 Includes Non-Performing Assets of ₹ 10,997 Lakh (As at 31st March, 2011: Nil, As at 31st March, 2010: Nil, As at 31st March, 2009: Nil and As at 31st March, 2008: Nil).

15. OTHER LONG-TERM ADVANCES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, Considered Good					
Advances					
Capital Advances	28.50	4.10	-	-	-
Advance to Vendors for Operating Expenses	4.00	0.10	-	-	-
Advance to Related parties (refer note 46)	-	-	-	-	34.50
Employee Advances	4.30	8.00	-	-	0.10
Advance - Others	-	-	-	-	57.90
Advance against investments	-	0.10	-	-	0.50
Security Deposits					
To Related parties (refer note 46)	240.00	240.00	241.00	248.30	-
To Others	1.60	6.40	5.10	864.20	243.60
Share Application Money	-	38.00	-	-	-
Contribution to Corpus of Trusts (Related Parties) (refer note 46)	0.10	0.10	-	-	-
Prepaid Expenses	7.90	6.30	3.20	-	-
Advance Tax (net of provision for tax)	834.70	-	78.10	104.70	69.70
	1,121.10	303.10	327.40	1,217.20	406.30

16. OTHER NON-CURRENT ASSETS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, Considered Good					
Fixed Deposit Account with original maturity of more than twelve months (Under Lien)	9.80	25.00	-	-	-
Unamortised Ancillary Borrowing Costs	591.10	416.40	521.30	-	-
Interest Accrued but not due	0.30	367.60	-	-	-
Income Accrued but not due	35.30	29.00	-	-	-
	636.50	838.00	521.30	-	-

17. TRADE RECEIVABLES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Sundry Debtors (Secured)					
Other Debts					
Considered Good	-	-	3.60	26.70	-
	-	-	3.60	26.70	-
Sundry Debtors (Unsecured)					
Outstanding for more than Six Months					
Considered Good	-	127.40	-	-	-
Considered Doubtful	24.50	-	-	-	-
Less: Provision for Doubtful Debts	(3.70)	-	-	-	-
	20.80	127.40	-	-	-
Other Debts					
Considered Good	314.70	336.70	32.90	45.50	-
	335.50	464.10	32.90	45.50	-
Total (A+B)	335.50	464.10	36.50	72.20	-

18. CASH AND BANK BALANCES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Cash and Cash Equivalents:					
Cash on Hand	0.50	0.20	0.70	0.40	0.30
Balances with Banks - in Current Account	544.20	13.20	446.20	601.80	35.30
Cheques on Hand ¹	677.40	-	-	-	-
Fixed Deposits with banks (having original maturity of 3 months or less) ²	33.10	54.50	-	2,250.00	648.00
Unclaimed Dividend Account	3.90	3.70	3.60	3.50	3.50
	1,259.10	71.60	450.50	2,855.70	687.10
B. Other Bank Balances :					
Fixed Deposits with banks (having original maturity of more than 3 months) ³	244.30	179.90	75.00	115.10	155.00
Less: Non-current portion of other bank balances disclosed separately under 'Other Non-Current Assets'	(9.80)	(25.00)	-	-	-
	234.50	154.90	75.00	115.10	155.00
Total (A+B)	1,493.60	226.50	525.50	2,970.80	842.10

¹ Cheques on Hand as at 31st March, 2012 have been realised subsequently.² At 31st March, 2012, it includes deposits under lien with banks as security amounting to ₹ 331 lakh (At 31st March, 2011: ₹ 545 lakh, At 31st March, 2010: Nil, At 31st March, 2009: Nil and At 31st March, 2008: Nil).³ At 31st March, 2012, it includes deposits under lien with banks as security amounting to ₹ 2,345 lakh (At 31st March, 2011: ₹ 1,549 lakh, At 31st March, 2010: ₹ 750 lakh, At 31st March, 2009: ₹ 130 lakh and At 31st March, 2008: Nil).

19. OTHER SHORT-TERM ADVANCES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, Considered Good Advances					
Capital Advances	-	-	-	-	6,300.00
Advance to Vendors for Operating Expenses	67.90	39.60	116.50	28.90	25.60
Employee Advances	3.50	6.90	10.40	7.30	5.10
Receivable from Related party	-	-	-	-	3,750.00
Advance - Others	-	-	29.80	79.50	0.30
Advance to Related parties	43.80	-	-	-	48.10
Advance against investments	-	-	-	0.40	200.60
Security Deposits					
To Related parties	-	-	9.60	-	-
To Others	1,216.70	1,182.50	1,180.00	9.80	0.50
Share Application Money	-	0.30	-	17.60	10.00
Prepaid Expenses	8.30	24.50	4.80	1.80	-
MAT Credit Entitlement	4.90	240.10	240.10	21.10	-
	1,345.10	1,493.90	1,591.20	166.40	10,340.20

20. OTHER CURRENT ASSETS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unamortised Ancillary Borrowing Costs	225.90	173.10	163.10	2.30	-
Interest Accrued but not due	1,728.10	187.10	8.40	6.30	1.50
Income Accrued but not due	5.10	4.70	-	-	-
Stock for Trade (refer Annexure I To Notes To Financial Statements)	24.60	26.20	1.10	4.40	7.40
Gains receivable on Derivative Contracts	450.70	-	-	550.60	-
	2,434.40	391.10	172.60	563.60	8.90

Schedules to the Statement of Profit & Loss, As Reformatted

21. REVENUE FROM OPERATIONS

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Income from Loans	10,360.90	6,027.30	3,859.60	1,091.90	3,718.50
Income from Leases	443.30	242.80	89.80	199.30	633.50
Fee Based Income	666.10	1,054.20	485.20	740.60	93.30
Assignment Income	267.00	-	-	890.00	-
Income from Long-Term Trade Investments	-	2.80	118.50	245.20	24.00
Interest from Long-Term Trade Investments	-	-	-	-	-
Profit on Sale of Long-Term Trade Investments (net)	-	7.00	112.30	9.40	12.70
Profit on Sale of Stock for Trade (net)	-	99.50	4.20	11.30	90.80
Interest from Stock for Trade	0.20	2.60	3.40	7.90	-
Dividend Income	2.80	4.00	14.30	6.20	2.30
Interest received from Govt. Securities/Banks	27.50	16.80	13.40	20.40	74.30
	11,767.80	7,457.00	4,700.70	3,222.20	4,649.40

22. OTHER INCOME

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Liabilities No Longer Required Written Back	-	4.40	-	-	642.30
Profit on sale of Fixed Assets	-	-	-	35.40	-
Other Non-Operating Income	39.10	1.00	1.60	6.20	6.60
	39.10	5.40	1.60	41.60	648.90

23. FINANCE COST

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Interest Expense:					
Interest on Bonds & Debentures	696.20	562.50	364.60	134.30	709.60
Interest on Term Loans	3,202.10	2,477.00	2,170.20	1,367.10	1,883.20
Interest on Public Deposits	0.30	2.30	4.30	4.80	8.00
Interest on Working Capital Facilities	3,346.00	853.00	217.20	55.00	288.80
Finance charges on Commercial Papers	1,234.20	232.70	17.50	-	-
Other Interest	113.40	79.30	5.10	18.00	28.80
Other Borrowing Costs:					
Amortisation of ancillary Borrowing costs	268.70	228.10	126.40	4.00	84.70
Amortisation of Premium on Unsecured subordinated bonds	8.80	8.80	8.80	8.80	8.80
Other Finance Charges	58.90	42.80	38.70	2.30	51.50
Applicable net (gain)/loss on foreign currency transactions and translations	551.40	(136.00)	(455.20)	353.80	(10.20)
	9,480.00	4,350.50	2,497.60	1,948.10	3,053.20

24. EMPLOYEE BENEFIT EXPENSES

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Salaries, Allowances, Commission & Bonus	384.60	275.30	178.50	132.90	229.20
Contribution to Provident and Other Funds	26.30	22.80	15.60	9.90	20.60
Staff Welfare Expenses	6.70	4.10	2.70	1.00	6.30
	417.60	302.20	196.80	143.80	256.10

25. ADMINISTRATIVE & OTHER EXPENSES

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Communication Expenses	8.60	6.90	5.90	4.10	27.20
Legal & Professional Fees	131.90	132.00	218.20	453.80	52.00
Electricity Charges	11.40	9.10	4.70	1.10	9.90
Rent	60.20	68.70	44.30	15.00	23.10
Rates and Taxes	14.60	15.40	2.10	1.50	2.30
Brokerage and Service Charges	1.10	0.10	0.80	1.10	16.30
Auditors' Remuneration (refer note 25.1)	5.70	5.00	3.80	2.70	4.20
Repairs - Building	7.90	3.50	6.90	0.10	1.20
- Machinery	23.80	11.10	2.00	1.50	9.00
- Others	28.00	12.90	12.10	6.00	13.70
Travelling and Conveyance	83.60	64.50	55.00	49.30	87.40
Directors' Fees	1.50	0.70	0.90	1.00	0.80
Insurance	4.90	1.60	1.10	0.20	1.00
Printing and Stationery	8.20	7.90	6.20	4.50	11.30
Advertisement, Subscription and Donation	42.90	34.80	10.60	10.50	15.30
Provision for Diminution in value of Stock for Trade	1.60	9.00	0.70	0.50	-
Provision for Diminution in Value of Long Term Investment	-	-	13.80	21.60	-
Loss on sale of Fixed Assets	5.30	-	-	-	1.40
Miscellaneous Expenses	8.90	4.60	7.20	9.00	43.70
	450.10	387.80	396.30	583.50	319.80

25.1 Auditors' Remuneration

₹ In Mio

Particulars	Year ended 31.03.2012 *	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
As Auditor	4.00	3.00	2.60	2.60	1.80
For taxation matters	-	-	0.50	-	-
For Other Services	1.60	1.80	0.60	-	2.30
For Reimbursement of Expenses	0.10	0.20	0.10	0.10	0.10
	5.70	5.00	3.80	2.70	4.20
* Including Service Tax					

26. EARNINGS PER EQUITY SHARE

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Profit after tax attributable to Equity Shareholders (₹ in lakh)	579.60	1,343.00	1,114.90	503.60	1,079.60
Weighted average number of Equity Shares (Basic)	50,308,633.30	23,161,603.30	20,906,063.70	20,906,063.70	20,187,978.20
Weighted average number of Potential Equity Shares	-	-	-	-	0.60
Weighted average number of Equity Shares (Diluted)	50,308,633.30	23,161,603.30	20,906,063.70	20,906,063.70	20,187,978.80
Nominal Value of Equity per share (₹)	10.00	10.00	10.00	10.00	10.00
Basic Earnings per share (₹)*	1.15	5.80	5.33	2.41	5.35
Diluted Earnings per share (₹)*	1.15	5.80	5.33	2.41	5.35

* Adjusted for issuance of Bonus shares

Srei Infrastructure Finance Ltd (Standalone)

27 . Scheme of Arrangement

2007-08 & 2008-09

- (i) The Board of Directors of the Company on 31st May, 2007 had given its consent for the execution of a Joint Venture Agreement, Share Subscription Agreement and Shareholders Agreement in connection with the formation of a joint venture with BNP Paribas Lease Group (a wholly owned subsidiary of BNP Paribas S.A.) ('BPLG') In accordance with these agreements, the Company has been allotted 22,950,000 equity shares of ₹.10 each at par in SREI Equipment Finance Private Ltd (formerly known as SREI Infrastructure Development Finance Ltd) ('SEFPL'). and BPLG has been allotted 25,000,000 equity shares of ₹. 10 each at a premium of Rs. 300 per share in SEFPL on the Effective Date i.e. 2nd April 2008, being the date of filing of the Order of the Hon'ble High Court at Calcutta with the Registrar of Companies, West Bengal. Consequently, SEFPL has become a joint venture between the Company and BPLG with effect from 2nd April 2008.
- (ii) Pursuant to the Scheme of Arrangement ('the Scheme') approved by the shareholders and sanctioned by the Hon'ble High Court at Calcutta vide Order of 28th January 2008, all business, assets and liabilities pertaining to the project finance business and asset based financing business of the Company including its shareholding in SREI Insurance Broking Private Ltd ('SIBPL') (formerly known as SREI Insurance Services Ltd) were transferred to SEFPL as a going concern on a slump sale basis, pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 with effect from 1st January 2008 ('Appointed Date') and accordingly, the Scheme has been given effect from 1st January,2008.
- (iii) The Scheme was sanctioned by the Hon'ble High Court at Calcutta as approved by the Shareholders without any modification, alteration or change. As per the Scheme of Arrangement, the 'Effective Date' is the date on which all conditions and matters referred to in the Scheme have been fulfilled, wherein the Scheme becomes operative and effective from the 'Effective Date'. All conditions and matters prescribed in the Scheme were fulfilled on 2nd April 2008. Accordingly the transfer in terms of the Scheme takes place from the 'Effective Date' being 2nd April 2008.
- (iv) The consideration for the transfer of all business, assets and liabilities pertaining to the project finance business and asset based financing business of the Company amounting to ₹.3,750,000,000/- against the net book value of assets and liabilities of ₹.3,753,136,469/- was received by the Company from SEFPL on 3rd April 2008.
- (v) The shortfall of ₹.3,136,469/- being the difference between the net book value of assets and liabilities transferred and the consideration has been debited to the Statement of Profit and Loss for the financial year 2007-08.
- (vi) Pursuant to the Scheme of Arrangement, with effect from the Appointed Date upto and including the Effective Date, the Company shall be deemed to have been carrying on all business and activities relating to business, assets and liabilities pertaining to the project finance business and asset based financing business including its shareholding in SIBPL, in trust for SEFPL. Accordingly all business and activities relating to business, assets and liabilities pertaining to the project finance business and asset based financing business including its shareholding in SIBPL have been carried on in Trust by the Company for SEFPL from 1st January 2008 being the Appointed Date upto 2nd April 2008 being the Effective Date.

Pending completion of relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme, such assets and liabilities remain included in the books of SEFPL under the name of the Company.

Further, during the financial year 2008-09, pending completion of certain formalities, certain transactions and documents pertaining to and reported in the books of accounts of SEFPL, were executed in the name of SIFL.

- 28 . Pursuant to the Scheme of Arrangement all business, assets and liabilities pertaining to the existing project finance business and asset based financing business including the Company's shareholding in SIBPL were transferred to SEFPL. As a result, Deferred Tax liability created in earlier years in accordance with Accounting Standard 22 notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 of ₹. 6,427 Lacs ceases to be of such nature and has been credited to the Profit and Loss Account in the financial year 2007-08.

Srei Infrastructure Finance Ltd (Standalone)

29. Discontinuing Operations

2007-08

The disclosures in terms of the AS – 24 ‘Discontinuing Operations’ issued by the Central Government under Companies (Accounting Standards) Rules, 2006 are as follows:-

- a) The discontinued operations comprise of existing project finance business and asset based financing business of the Company. This relates to the single business segment namely “Assets Finance”.
- b) During the year, the Scheme was announced, approved and executed. The date of the Initial Disclosure Event was 31st May, 2007, the Appointed Date as per Scheme was 1st January 2008 and the Effective Date of the Scheme is 2nd April 2008.
- c) Disclosures in respect of the Ordinary Activities of continuing and discontinuing operations are as under:

(₹ in lakhs)

	31.03.2008		31.03.2007	
	Continuing	Discontinuing	Continuing	Discontinuing
Total Assets	166,206	-	23,898	376,311
Total Liabilities	100,398	-	3,005	349,501
Total Income	3,125	49,626	1,613	38,394
Total Expenditure	5,875	35,545	141	31,287
Net Cash Flows				
Net Cash Flow from Operating Activities	(10,255)	(152,848)	440	(135,095)
Net Cash Flow from Investing Activities	(19,050)	(7,833)	(3,923)	(20,163)
Net Cash Flow from Financing Activities	27,402	170,855	(2,056)	160,926

- d) Net selling price relating to transfer of business, assets and liabilities pertaining to the project finance business and asset based financing business including its shareholding in SIBPL aggregates to ₹.375 Crores. The Company has received the sale proceeds of ₹. 375 Crores on 3rd April 2008. The carrying value of net assets on the Appointed Date i.e. 1st January, 2008 was ₹.375.31 Crores.
- e) As indicated in Note No II 1 (iii), the Effective Date being 2nd April 2008, the transfer in terms of clause 4.3 of the Scheme duly approved by the Hon’ble High Court at Calcutta is to take place from the ‘Effective Date’ i.e. 2nd April 2008. Accordingly, Capital Gains tax on the transfer of business, assets and liabilities pertaining to the project finance business and asset based financing business including its shareholding in SIBPL, which arises in the year in which the transfer takes place, will accrue in 2008-09.

30. Scheme of Amalgamation

2010-11

The Board of Directors of the Company at its meeting held on 28th January, 2010 had, based on the recommendation of the Committee of Independent Directors, approved amalgamation of Quippo Infrastructure Equipment Limited (Transferor Company) into and with the Company in terms of a Scheme of Amalgamation (the Scheme) under Sections 391 to 394 of the Companies Act, 1956. The Scheme was approved by the Equity Shareholders of the Company in the meeting held on 31st May, 2010, convened by the Hon’ble High Court at Calcutta (the Court).

Pursuant to the sanction of the scheme by the Court vide its Order made on January 18, 2011, all the assets, rights, obligations, liabilities and the entire business of the Transferor Company were transferred to and vested in the Company, as a going concern with effect from 1st April, 2010 (‘Appointed Date’) and accordingly, the sanctioned Scheme has been given effect to in these financial statements. The Transferor Company alongwith its subsidiaries had been primarily engaged in the business of infrastructure equipment rental and matters incidental and ancillary thereto.

Srei Infrastructure Finance Ltd (Standalone)

As per the Scheme of Amalgamation, the Effective Date is the date on which all the conditions and matters referred to in the Scheme are fulfilled and the Scheme becomes operative and effective from the Effective Date. All the conditions and matters prescribed in the Scheme were fulfilled on 4th March, 2011. Accordingly, the Scheme became effective from 4th March, 2011. Pending completion of relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme, in the Company's name, such assets and liabilities remain included in the books of the Company in the name of the Transferor.

In accordance with the Scheme and as per the sanction by the Court:

- a) The Company has issued and allotted 92,915,839 equity shares of ₹ 10/- each fully paid up as bonus shares to the pre-amalgamation equity shareholders of the Company in the ratio of 4:5, by way of capitalisation of Securities Premium on 5th March, 2011.
- b) Further, the Company has issued and allotted 294,025,696 equity shares of ₹ 10/- each fully paid up as consideration for the amalgamation to the shareholders of the Transferor Company on 5th March, 2011.
- c) A Trust in the name of "Srei Growth Trust" has been settled by the Company on 4th March, 2011 to inter alia, receive equity shares of the Company in exchange of the Company's shareholding in the Transferor Company. The Company, in lieu of its shareholding in the Transferor Company, is entitled to be allotted equity shares of itself on amalgamation. However, since a company cannot hold its own shares, the Company settled the aforesaid Trust to hold such shares. Consequently, 48,600,000 equity Shares of the Company of ₹10/- each fully paid up were issued and allotted to Srei Growth Trust, which is holding such shares in trust for the benefit of the Company and/or the shareholders of the 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 'Investments' in the Balance Sheet.
- d) Accounting for Amalgamation:

The amalgamation of Transferor Company with the Company has been accounted for on the basis of the Purchase Method as stated in the Accounting Standard (AS) -14 on 'Accounting for Amalgamations' as below:

 - (i) All assets and liabilities of the Transferor Company were transferred to and vested in the Company at their respective fair values as on 31st March 2010, w.e.f. 1st April, 2010.
 - (ii) Excess of the fair value of net assets taken over by the Company, over the paid up value of Equity Shares issued & allotted to the shareholders of the Transferor Company, being ₹ 137,870 Lakh has been credited to General Reserves of the Company. Had the Scheme, sanctioned by the Court, not prescribed this accounting treatment, this amount would have been credited to Capital Reserve, with no impact on net profit for the year.
 - (iii) Inter Company balance of ₹ 100 Lakh on account of loan given by the Company to the Transferor Company has been cancelled.
 - (iv) The Authorised Share Capital of the Company has increased from ₹ 70,000 Lakh to ₹ 81,000 Lakh divided into 710,000,000 Equity Shares of ₹ 10/- each and 10,000,000 Preference Shares of ₹ 100/- each.

31 . Contingent Liabilities And Commitments (to the extent not provided for)

Particulars	As at 31st March, (₹ in lakh)				
	2012	2011	2010	2009	2008
Contingent Liabilities					
Bank Guarantees ¹	1,707	1,929	4,575	3,088	1,315
Corporate Guarantee to Banks	13,815	4,795	1,095	5,180	2,981
Disputed Income Tax ²	3,654	2,364	1,878	749	-
Fringe Benefit Tax ³	226	226	-	-	-
Total	19,402	9,314	7,548	9,017	4,296
Commitments					
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	2,782	1,010	757	77	-
Uncalled liability on partly paid-up shares, held as Stock for Trade	-	1	-	-	-
Other Commitments (refer note 32)					

¹ Includes ₹ 892 lakh (31st March, 2011: ₹ 1,017 lakh, 31st March, 2010: ₹ 1612 lakh, 31st March, 09: ₹ 2856 lakh, 31st March, 2008: ₹ 1315 lakh) issued on Company's behalf by a Joint Venture Company.

Srei Infrastructure Finance Ltd (Standalone)

2011-12

² Certain Assessment Orders disallowing Special Reserve (created as per Section 45-IC of the RBI Act, 1934) and Debt Redemption Reserve for the purpose of determining tax liability as per the provision of Section 115JB, Disallowances under section 14A, Disallowance of Provision for NPA, Disallowance of Provision for earned leave encashment, matters relating to deduction u/s 36(i)(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 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.

2010-11

² The Assessment Orders disallowing Special Reserve (created as per Section 45IC of the RBI Act, 1934) and Debt Redemption Reserve for the purpose of determining tax liability as per the provision of Section 115JB, Disallowances under section 14A, Disallowance of Provision for NPA, Provision for earned leave encashment and Interest on certain loans under the normal provisions of the Income Tax Act 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.

2009-10

² The Assessment Orders disallowing Special Reserve (created as per Section 45IC of the RBI Act, 1934) and Debt Redemption Reserve for the purpose of determining tax liability as per the provision of Section 115JB, Disallowances under section 14A, Disallowance of Provision for NPA, Provision for earned leave encashment and Interest on certain loans under the normal provision of the Income Tax Act 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.

32 . The Company has entered into Options/Swaps/Forward contracts (being derivative instruments) which are not intended for trading or speculation, for the purpose of hedging currency and interest rate related risks. Options, Swaps and Forward contracts outstanding as at year end are as follows:

(Amount in lakh)											
Category	Currency	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
		No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency
Options /Swaps	USD/INR	7	USD 967.6	7	USD 1207.2	7	USD 1278.6	7	USD 1350	8	USD 1392.42
Options /Swaps	EUR/USD	-	-	-	-	-	-	-	-	3	EUR 100
Options /Swaps	EUR/INR	1	EUR 150	-	-	-	-	-	-	-	-
Options /Swaps	JPY/USD	1	JPY 8020	-	-	-	-	-	-	-	-
Options /Swaps	USD/CHF	-	-	-	-	-	-	-	-	5	USD 330
Options /Swaps	USD/YEN	-	-	-	-	-	-	-	-	1	USD 50
Forwards	USD/INR	4	USD 32	1	USD 0.59	2	USD 19.4	-	-	-	-
Forwards	EUR/INR	-	-	1	EUR 5.4	4	EUR 38.2	-	-	-	-
Interest Rate Swaps	USD/INR	6	USD 981.8	-	-	-	-	-	-	2	INR 6000

Foreign currency exposures, which are not hedged by derivative instruments, amount to ₹ 44,253 lakh as at 31st March, 2012 (31st March, 2011: ₹ 48,267 lakh, 31st March, 2010: ₹ 18,066 lakh, 31st March, 2009: ₹ 3,804 lakh, 31st March, 2008: ₹ Nil).

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33. C.I.F. Value Of Imports

(₹ in lakh)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Operating Lease Assets	1,254	535	17,518	11,231	-
Total	1,254	535	17,518	11,231	-

34. Expenditure In Foreign Currency

(₹ in lakh)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Finance Charges	18,526	10,521	8,015	15,509	9,281
Professional / Consultation Fees	6	23	223	285	71
Staff Welfare	-	-	9	-	-
On Other Matters	440	409	295	136	84
Total	18,972	10,953	8,542	15,930	9,436

35. Earnings In Foreign Currency

(₹ in lakh)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Fee Based Income	14	142	47	7	-
Income from Loans	103	95	-	-	60
Other Income (conference participation fee received)	-	1	-	-	-
Total	117	238	47	7	60

36. 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	As at 31st March,				
	2012	2011	2010	2009	2008
Number of Non-Resident Shareholders	10	9	9	12	14
Number of shares held (Equity shares of ₹ 10/- par value, per share)	175,437,126	143,451	143,451	166,175	177,538

(₹ in lakh)

Particulars	2011-12	2010-11	2009-10	2008-09	2007-08
Dividend Remitted	1,316	2	1	2	2
Related Year	2010-11	2009-10	2008-09	2007-08	2006-07

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37. Leases

a. In the capacity of Lessee

- (i) The Company has certain cancellable operating lease arrangements for office premises, 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 ₹ 592 lakh (2010-11: ₹ 677 lakh, 2009-10: ₹ 433 lakh, 2008-09: ₹ 126 lakh, 2007-08: ₹ 211 lakh).

Some of the above cancellable lease agreements have escalation clause of 5% p.a. 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 year ended on 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March, 2009 and 31st March, 2008.

- (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 (2010-11: ₹ 10 lakh, 2009-10: ₹ 10 lakh, 2008-09: ₹ 24 lakh and 2007-08: ₹ 20 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:

Particulars	As at 31st March,				
	2012	2011	2010	2009	2008
Not later than 1 year	10	10	10	14	20
Later than 1 year but not later than 5 years	36	37	39	34	5
Later than 5 years	104	112	121	129	-
Total	150	159	170	177	25

- (iii) Sub lease payments received (or receivable) recognised in the Statement of Profit and Loss for the year is ₹ 1,701 lakh (2010-11: ₹ 1,451 lakh, 2009-10: ₹ 642 lakh, 2008-09: ₹ 464 lakh, 2007-08: Nil). Future minimum sublease payments expected to be received under non-cancellable subleases as at 31st March, 2012 is ₹ 887 lakh (31st March, 2011: ₹ 1,327 lakh, 31st March, 2010: Nil, 31st March, 2009: Nil and 31st March, 2008: Nil).

b. In the capacity of Lessor

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 ₹ 1,514 lakh (2010-11: Nil, 2009-10: Nil, 2008-09: Nil and 2007-08: Nil).

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

Particulars	As at 31st March,				
	2012	2011	2010	2009	2008
Not later than 1 year	680	2,180	680	435	-
Later than 1 year but not later than 5 years	966	13,107	2,286	1,737	-
Later than 5 years	-	30,000	41	-	-
Total	1,646	45,287	3,007	2,172	-

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38. 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 recognized in the Statement of Profit and Loss are as follows:

(₹ in lakhs)

Particulars	Gratuity					Leave	
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2012	Year ended 31.03.2011
Current service cost	57	41	27	15	33	79	107
Interest cost	15	9	6	3	5	8	6
Expected return on plan assets	(9)	(7)	(5)	(2)	(5)	-	-
Past Service Cost	-	10	16	-	-	-	-
Other Adjustments	-	-	-	-	(2)	-	-
Net actuarial losses/(gains)	(2)	30	(3)	6	33	41	25
Net benefit expense	61	83	41	22	64	128	138
Actual return on plan assets	9.15%	9.15%	9.15%	9.15%	9.15%	N.A.	N.A.

- (b) Net Liability recognized in the Balance Sheet is as follows:

(₹ in lakhs)

Particulars	Gratuity					Leave	
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2012	As at 31 st March, 2011
Defined benefit obligation	228	190	100	59	36	255	183
Fair value of plan assets	(108)	(101)	(69)	(41)	(15)	-	-
Net liability	120	89	31	18	21	255	183
- Non-Current	120	89	31	18	21	215	160
- Current	-	-	-	-	-	40	23

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

(₹ in lakhs)

Particulars	Gratuity					Leave	
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2012	Year ended 31.03.2011
Opening defined benefit obligation	190	100	59	36	63	183	104
Interest cost	15	9	6	3	5	8	6
Current service cost	57	41	27	15	33	79	107
Benefit paid	(32)	-	(4)	-	(6)	(56)	(59)
Settlement Cost / (Credit)	-	-	-	-	(85)	-	-
Actuarial losses/(gains)	(2)	30	(4)	5	26	41	25
Plan Amendments	-	10	16	-	-	-	-
Closing defined benefit obligation	228	190	100	59	36	255	183

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

(₹ in lakhs)

Particulars	Gratuity				
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008
Opening fair value of plan assets	101	69	41	15	55
Expected return on plan assets*	9	7	5	2	5
Acquisition / Settlement Adjustment	-	-	-	-	(36)
Contribution by the Company	30	25	27	25	3
Benefits paid	(32)	-	(4)	-	(6)
Actuarial (losses) / gains	-	-	(1)	(1)	(6)
Closing fair value of plan assets	108	101	68	41	15

* Determined based on government bond rate

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

(₹ in lakhs)

Particulars	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008
Discount rate (%)	8.70%	8.40%	8.30%	8.00%	8.70%
Return on Plan Assets (Gratuity Scheme)	9.15%	9.15%	9.15%	9.15%	9.15%
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

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

(₹ in lakhs)

Particulars	Gratuity					Leave	
	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009	31 st March 2008	31 st March 2012	31 st March 2011
Defined benefit obligation	228	190	100	59	36	255	183
Fair value of plan assets	108	101	69	41	15	-	-
Deficit	120	89	31	18	21	255	183
Experience adjustments on plan liabilities – gain/ (loss)	(6)	(32)	0	0	(22)	(47)	(26)
Experience adjustments on plan assets – gain/(loss)	(0)	0	(1)	(1)	(6)	-	-
Actuarial gain/(loss) due to change on assumptions	9	2	4	5	5	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 lakhs)

Particulars	For the year ended 31 st March,				
	2012	2011	2010	2009	2008
Provident fund	200	143	104	28	26
Employee state insurance	1	1	0	0	4
Total	201	144	104	28	30

(i) The amount provided for defined benefit plan is as follows:

Besides, ₹ 14 lakh for FY 2009-08 and ₹ 1 lakh for FY 2009-10 has been paid to "Srei International Finance Provident Fund Trust" towards Company's share of shortfall between the return from the investments of the trust and the Government notified interest rate.

39 . Performance wise classification of assets and total provision made thereon:

2009-10

Loan Assets:

(₹ in Lakhs)

Asset Classification	Arrear Period	Book Value as at March 31, 2010	Provisions as at March 31, 2010		Total Provision as at March 31, 2010
			As per		
			Reserve Bank of India	Additional provision as per Foreign Financial Institution	
Standard	Upto 90 days	193,157	-	-	-
	91 to 180 days	-	-	-	-
	Sub Total	193,157	-	-	-
Sub-Standard	181 to 360 days	-	-	-	-
	361 to 365 days	-	-	-	-
	More than 12 months to 24 months	-	-	-	-
Doubtful (Unsecured)	Sub Total	-	-	-	-
	More than 24 months	-	-	-	-
	Doubtful (Secured)	More than 24 months to 36 months	-	-	-
More than 36 months to 60 months		-	-	-	-
Above 60 Months		-	-	-	-
Loss	Sub Total	-	-	-	-
	As per Management discretion	-	-	-	-
	Sub Total	-	-	-	-
Grand Total		193,157	-	-	-

Operating Lease Assets

(₹ in Lakhs)

Operating Lease Assets	Asset Classification	Arrear Period	Outstanding as at March 31, 2010	Provisions as at March 31, 2010		Total Provision as at March 31, 2010
				As per		
				Reserve Bank of India	Additional provision as per Foreign Financial Institution	
Standard	Upto 90 days	36	-	-	-	
	91 to 180 days	-	-	-	-	
	181 to 360 days	-	-	-	-	
	361 to 365 days	-	-	-	-	
	Sub Total	36	-	-	-	
Sub-Standard	More than 12 months to 24 months	-	-	-	-	
	More than 24 months to 30 months	-	-	-	-	
	Sub Total	-	-	-	-	
Doubtful	More than 30 months to 36 months	-	-	-	-	
	More than 36 months to 48 months	-	-	-	-	
	Above 48 months	-	-	-	-	
	Sub Total	-	-	-	-	
Loss	As per Management discretion	-	-	-	-	
	Sub Total	-	-	-	-	
Grand Total		36	-	-	-	

2008-09

Loan Assets:

(₹ in Lakhs)

Loan Assets:			(in Lakhs)		Provisions as at March 31, 2009		Total Provision as at March 31, 2009
Asset Classification	Arrear Period	Book Value as at March 31, 2009	As per				
			Reserve Bank of India	Additional provision as per Foreign Financial Institution			
Standard	Upto 90 days	97,870	-	-	-		
	91 to 180 days	-	-	-	-		
	Sub Total	97,870	-	-	-		
Sub-Standard	181 to 360 days	-	-	-	-		
	361 to 365 days	-	-	-	-		
	More than 12 months to 24 months	-	-	-	-		
	Sub Total	-	-	-	-		
Doubtful (Unsecured)	More than 24 months	-	-	-	-		
	months	-	-	-	-		
Doubtful (Secured)	More than 24 months to 36 months	-	-	-	-		
	months	-	-	-	-		
	More than 36 months to 60 months	-	-	-	-		
	months	-	-	-	-		
	Above 60 Months	-	-	-	-		
	Sub Total	-	-	-	-		
Loss	As per Management discretion	-	-	-	-		
	Sub Total	-	-	-	-		
Grand Total		97,870	-	-	-		

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Operating Lease Assets (₹ in Lakhs)					
Asset Classification	Arrear Period	Outstanding as at March 31, 2009	Provisions as at March 31, 2009		Total Provision as at March 31, 2009
			Reserve Bank of India	As per Additional provision as per Foreign Financial Institution	
Standard	Upto 90 days	267	-	-	-
	91 to 180 days	-	-	-	-
	181 to 360 days	-	-	-	-
	361 to 365 days	-	-	-	-
	Sub Total	267	-	-	-
Sub-Standard	More than 12 months to 24 months	-	-	-	-
	More than 24 months to 30 months	-	-	-	-
	Sub Total	-	-	-	-
	Sub Total	-	-	-	-
Doubtful	More than 30 months to 36 months	-	-	-	-
	More than 36 months to 48 months	-	-	-	-
	Above 48 months	-	-	-	-
	Sub Total	-	-	-	-
	Sub Total	-	-	-	-
Loss	As per Management discretion	-	-	-	-
Grand Total		267	-	-	-

2007-08

Financial Assets:

(₹ in Lakhs)					
Asset Classification	Arrear Period	Book Value as at March 31, 2008	Provisions as at March 31, 2008		Total Provision as at March 31, 2008
			Reserve Bank of India	As per Additional provision as per Foreign Financial Institution	
Standard	Upto 90 days	16,969	-	-	-
	91 to 180 days	-	-	-	-
	Sub Total	16,969	-	-	-
	Sub Total	-	-	-	-
Sub-Standard	181 to 360 days	-	-	-	-
	361 to 365 days	-	-	-	-
	More than 12 months to 24 months	-	-	-	-
	Sub Total	-	-	-	-
Doubtful (Unsecured)	More than 24 months	-	-	-	-
Doubtful (Secured)	More than 24 months to 36 months	-	-	-	-
	More than 36 months to 60 months	-	-	-	-
	Above 60 Months	-	-	-	-
	Sub Total	-	-	-	-
	Sub Total	-	-	-	-
Loss	As per Management discretion	-	-	-	-
Grand Total		16,969	-	-	-

Operating Lease Assets (₹ in Lakhs)					
Asset Classification	Arrear Period	Outstanding as at March 31, 2008	Provisions as at March 31, 2008		Total Provision as at March 31, 2008
			Reserve Bank of India	As per Additional provision as per Foreign Financial Institution	
Standard	Upto 90 days	-	-	-	-
	91 to 180 days	-	-	-	-
	181 to 360 days	-	-	-	-
	361 to 365 days	-	-	-	-
	Sub Total	-	-	-	-
Sub-Standard	More than 12 months to 24 months	-	-	-	-
	More than 24 months to 30 months	-	-	-	-
	Sub Total	-	-	-	-
	Sub Total	-	-	-	-
Doubtful	More than 30 months to 36 months	-	-	-	-
	More than 36 months to 48 months	-	-	-	-
	Above 48 months	-	-	-	-
	Sub Total	-	-	-	-
	Sub Total	-	-	-	-
Loss	As per Management discretion	-	-	-	-
Grand Total		-	-	-	-

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**40 . Fringe Benefits Tax
2009-10**

The Company has challenged constitutional validity of Fringe Benefits Tax before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability against Fringe Benefits Tax till 31st March, 2009. However, consequent upon abolition of Fringe Benefit Tax from Financial Year 2009-10, no liability arises for the year.

2008-09 & 2007-08

The Company has challenged constitutional validity of Fringe Benefits Tax before the Hon'ble High Court at Calcutta and the Hon'ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability against Fringe Benefits Tax.

41 . Service-Tax on hire purchase and leasing transactions

2007-08

The levy of service-tax on hire purchase and leasing transactions introduced with effect from 16.07.2001 has been challenged by Trade Associations, before the Hon'ble High Courts of Calcutta and Madras and a stay has been obtained by the Company. Pending disposal of writ petitions, the Company is not recognizing service-tax on the aforesaid transactions.

42 . 2010-11

The Company has been classified by RBI as 'Infrastructure Finance Company – Non Deposit Taking' within the overall classification of 'Non Banking Finance Company' w.e.f. 31st March, 2011.

43 . 2009-10

The Company is a Non Banking Finance Company (NBFC) and being currently classified as Asset Finance Company (Deposit Taking). In terms of Reserve Bank of India (RBI) Circular DNBS.PD.CC.No.168/03.02.089/2009-10 dated 12th February, 2010, the Company has approached RBI for change in classification as Infrastructure Finance Company (IFC) based on the asset pattern for the year ended 31st March, 2009. However the Company has been advised by RBI to convert into non deposit taking NBFC in order to qualify for classification as IFC in terms of the captioned circular. Accordingly, the Company has complied with the steps advised by RBI and has requested RBI for change in classification as Infrastructure Finance Company.

As a result, the Company has decided that it would not accept any further public deposits or renew the maturing deposits in any manner w.e.f. 20th April, 2010.2

44 . 2008-09

The Company is a Non Banking Finance Company and was being classified as "Asset Finance Company" on the basis of the criteria set forth by the Reserve Bank of India in circular number DNBS.PD.CC No 85/03.02.089/2006-07 dated 06-12-2006. Based on the asset/income pattern for the year ended 31-03-2009, the company will now apply to RBI for change in classification to "Loan Company".

45 . 2009-10

The Board of Directors of the Company during the Financial Year 2009-10, at its meeting held on 28th January, 2010 has, based on the recommendation of the Committee of Independent Directors, approved amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with the Company in terms of a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956. The Appointed Date of the amalgamation shall be 1st April, 2010.

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46. Related Party Disclosures
Related Parties:

Subsidiaries & Step-down Subsidiaries:	Country of Origin	As at 31st March,				
		2012	2011	2010	2009	2008
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 (Subsidiary w.e.f 27.11.09)	India	√	√	√	-	-
Srei Mutual Fund Trust Private Limited (Subsidiary w.e.f 27.11.09)	India	√	√	√	-	-
DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f 29.01.2010)	India	-	-	-	-	-
IIS International Infrastructure Services GmbH, Germany	Germany	√	√	√	√	√
Orbis Power Venture Private Limited(w.e.f 02.01.2010 and ceased to be a subsidiary w.e.f 31.03.2010)	India	-	-	-	-	-
Srei Forex Limited	India	√	√	√	√	√
Srei Insurance Broking Private Limited (ceased to be Step-down Subsidiary w.e.f 02/04/2008 and became a Subsidiary again w.e.f. 31.03.2012)	India	√	-	-	-	√
Srei Sahaj e-Village Limited	India	√	√	√	√	√
Srei Equipment Finance Private Limited (Formerly Srei Infrastructure Development Finance Ltd.)(ceased to be subsidiary w.e.f 2nd April,2008)	India	-	-	-	-	√
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited w.e.f 25.09.2008)(ceased to be subsidiary of Srei Capital Markets Ltd. I.e. 25.09.08)	India	√	√	√	√	√
Quippo Infocomm Limited (subsidiary of Srei Infrastructure Advisors Limited w.e.f 17.07.2008 and ceased to be a subsidiary of Srei Infrastructure Advisors Limited w.e.f 16.07.2011)	India	-	√	√	√	-
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Venture Capital Limited)	India	√	√	√	√	√
Cyberabad Trustee Company Pvt. Limited (Subsidiary of Srei Venture Capital Limited)	India	√	√	√	√	√
ZAO Srei Leasing, Russia (Subsidiary of IIS International Infrastructure Services GmbH, Germany)	Russia	√	√	√	√	√
Srei Advisors Pte Limited, Singapore (Subsidiary of IIS International Infrastructure Services GmbH, Germany w.e.f 25.02.10)	Singapore	√	√	√	-	-
# Quippo Valuers and Auctioneers Private Limited (Subsidiary w.e.f 31.03.2011)	India	√	√	-	-	-
# Quippo Oil & Gas Infrastructure Limited	India	√	√	-	-	-
# Quippo Energy Private Limited	India	√	√	-	-	-
# Quippo Construction Equipment Limited	India	√	√	-	-	-
# Mumbai Futuristic Economic Zone Private Limited	India	√	√	-	-	-
# Quippo Prakash Marine Holdings Pte. Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited)	Singapore	√	√	-	-	-
# Quippo Prakash Pte. Limited (Subsidiary of Quippo Prakash Marine Holdings Pte. Limited)	Singapore	√	√	-	-	-
# Quippo Holding Cooperatief U.A. (Subsidiary of Quippo Oil & Gas Infrastructure Limited, liquidated on 13.02.2012)	Netherlands	√	√	-	-	-
# Quippo International B.V. (Subsidiary of Quippo Holding Cooperatief U.A., liquidated on 13.02.2012)	Netherlands	√	√	-	-	-
# Quippo Energy Middle East Limited (Subsidiary of Quippo Energy Private Limited)	Dubai	√	√	-	-	-
# Quippo Energy Yemen Limited (Subsidiary of Quippo Energy Private Limited)	Yemen	√	√	-	-	-
# Kasco Steel Limited(ceased to be a subsidiary of Quippo Construction Equipment Limited w.e.f. 22.09.2011)	India	√	√	-	-	-
# Quippo Mara Infrastructure Limited (Subsidiary of Quippo International B.V., Ceased to be Sub-subsidiary w.e.f. 13.02.2012 on account of liquidation of its holding company)	British Virgin Islands	√	√	-	-	-
Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited w.e.f. 05.03.2012)	Mauritius	√	-	-	-	-
Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited w.e.f. 22.03.2012)	Nigeria	√	-	-	-	-
Associate Company:	Country of origin	2011-12	2010-11	2009-10	2008-09	2007-08
Quippo Infrastructure Equipment limited (Formerly Quipo Infrastructure Equipment Ltd.)(ceased to be an associate on 30.09.2008)	India	-	-	-	√	√
Joint Venture:	Country of origin	2011-12	2010-11	2009-10	2008-09	2007-08
Srei Equipment Finance Private Limited A1(became Joint Venture Company with BNP Paribas Lease Group w.e.f 2nd April,2008)	India	√	-	√	√	-
# Quippo Valuers and Auctioneers Private Ltd.(Formerly GoIndustry Quippo Valuers and Auctioneers Private Ltd.)upto 30.03.2011	India	-	-	-	-	-

Srei Infrastructure Finance Ltd (Standalone)

Trusts:	Country of origin	2011-12	2010-11	2009-10	2008-09	2007-08
Srei Mutual Fund Trust (w.e.f 07.08.2010)	India	√	√	-	-	-
Srei Growth Trust (w.e.f 04.03.2011)	India	√	√	-	-	-

Key Management Personnel (KMP):		2011-12	2010-11	2009-10	2008-09	2007-08
Name	Designation					
Hemant Kanoria	Chairman & Managing Director (w.e.f 14th May, 2008)	√	√	√	√	√
Saud Ibne Siddique	Joint Managing Director w.e.f 01.04.2009	√	√	√	-	-
Prasad Kumar Pandey	Whole time Director (retired on 31.03.2009)	-	-	-	√	√
Shyamalendu Chatterjee	Whole time Director (Resigned on 31.03.2009 as a Wholetime Director, Appointed as Non-Executive Director w.e.f 29.04.2009)	-	-	-	√	√
Kishore Kumar Mohanty	Whole time Director (upto 31.01.2011)	-	√	√	√	√
Sanjeev Sancheti	Chief Financial Officer	√	√	√	√	√

Enterprises over which KMP and their relatives have significant influence	2011-12	2010-11	2009-10	2008-09	2007-08
Viom Networks Limited (w.e.f. 18.11.2011)	√	-	-	-	-

Pursuant to the Scheme of 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 January 18, 2011 and effective w.e.f. March 04, 2011, these Companies have become subsidiaries and/or step down subsidiaries of the Company.

Similarly, Quippo Valuers and Auctioneers Private Limited (Formerly GoIndustry Quippo Valuers and Auctioneers Private Limited) (QVAPL) which was a 50:50 joint venture between Quippo and Go Industry Limited, UK became a Joint Venture between the Company and Go Industry Limited, UK w.e.f. March 04, 2011. Thereafter, the entire shareholding of Go Industry Limited, UK has been acquired by the Company and consequently, QVAPL has become a 100% subsidiary of the Company w.e.f. March 31, 2011. The name has been changed to "Quippo Valuers and Auctioneers Private Limited" w.e.f. April 16, 2011.

√ Related party as on year end date.

Summary of Transactions with Related Parties

(₹ in Lakh)

Name of related party & Nature of relationship	Nature of Transactions & Outstanding balances	2011-12	2010-11	2009-10	2008-09	2007-08
(A) Subsidiaries:						
Srei Sahaj e-Village Limited	Loan Advanced	14,550	8,690	7,210	830	220
	Refund of Loan Advanced	11,992	4,380	1,500	-	-
	Interest Received on Loan	1,479	1,173	745	166	28
	Business Auxiliary Services rendered	-	-	1	-	-
	Recovery of Rent	20	20	21	-	-
	Rent Received	23	-	-	-	-
	Recovery of Bank Guarantee Charges	13	11	52	-	-
	Bank Guarantee Arranged	-	45	2,572	-	-
	Bank Guarantee Closed	-	2,617	-	-	-
	Purchase of Services	9	-	-	-	-
	Equity Contribution	-	900	-	-	56
	Guarantee in the form of Put option to bank against Loan facility	6,000	-	-	-	-
	Corporate Guarantee issued by the Company	-	-	-	6,000	2,981
	Corporate Guarantee issued by the Company - Closed	2,981	-	6,000	-	-
	Corporate Guarantee issued by the Company - Outstanding	-	2,981	2,981	8,981	2,981
	Balance Receivable-Loan	13,753	11,195	6,885	1,175	345
	Bank Guarantee Outstanding	-	-	2,572	-	-
	Balance Receivable-Interest accrued but not due	72	103	-	-	-
	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	120	20	367	510	1,839
	Refund of Loan Advanced	30	209	403	685	1,439
	Interest Received on Loan	2	-	-	-	-
	Consultancy Fees Paid	10	-	43	-	-
	Balance Receivable-Loan	90	-	189	225	400
	Balance Receivable-Interest accrued but not due	2	-	-	-	-
Srei Venture Capital Limited	Loan given	-	6	325	-	-
	Refund of Loan Advanced	-	6	325	-	-
	Interest Received on Loan	-	0.20	23	-	-
	Advance given	400	-	-	26	-
	Refund of Advance	-	-	-	26	-
	Balance Receivable-Advance	400	-	-	-	-
	Balance Receivable-Others	23	-	-	-	-
	Purchase of units of Trust	270	-	-	-	-
Srei Infrastructure Advisors Limited	Loan advanced	-	1	1	66	-
	Subscription to Equity Shares	-	-	-	45	-
	Refund of Loan Advanced	2	8	58	-	-
	Interest Received on Loan	0.11	0.25	8	4	-
	Business Auxiliary Services rendered	0.12	1	1	-	-
	Balance Receivable-Loan	-	2	9	70	-
Bengal Srei Infrastructure Development Limited	Loan advanced	182	33	33	150	-
	Refund of Loan Advanced	150	-	26	40	-
	Interest Received on Loan	22	18	14	5	-
	Balance Receivable-Loan	182	150	117	115	-
	Balance Receivable-Interest accrued but not due	17	-	-	-	-

Srei Infrastructure Finance Ltd (Standalone)

Global Investment Trust Limited	Loan advanced	-	-	-	1	-
	Refund of Loan Advanced	-	-	-	2	-
	Fixed Assets Purchased	-	-	3	-	-
	Loan write off	-	-	-	-	-
	Balance Receivable-Loan	-	-	-	-	1
Srei Forex Limited	Loan advanced	0.20	0.20	1.00	3	-
	Business Auxiliary Services rendered	0.05	0.05	0.05	-	-
	Loan write off	0.20	0.20	1.00	83	-
	Balance Receivable - Loan	-	-	0.05	-	80
Srei Mutual Fund Trust Private Limited	Subscription to Equity Shares	-	-	5	-	-
Srei Mutual Fund Asset Management Private Limited	Subscription to Equity Shares	200	1,090	10	-	-
	Deposit Received	395	1,000	-	-	-
	Deposit Refunded	265	40	-	-	-
	Interest on Deposit Paid	85	52	-	-	-
	Balance Payable-Deposit	1,090	960	-	-	-
	Balance Payable-Interest accrued but not due	6	-	-	-	-
Controlla Electrotech Private Limited	Security deposit paid	-	-	-	2,411	-
	Security deposit Refund received	-	11	-	-	-
	Rent Paid	8	8	8	6	-
	Business Auxiliary Services rendered	0.05	0.05	0.10	-	-
	Balance Receivable-Deposit	2,400	2,400	2,411	2,411	-
	Corporate Guarantee issued by Subsidiary – Outstanding	2,500	-	-	-	-
		-	-	-	-	-
Orbis Power Venture Private Limited	Loan advanced	-	-	13,020	-	-
	Loan Processing Fees Received	-	-	260	-	-
	Refund of Loan Advanced	-	-	138	-	-
	Interest Received on Loan	-	-	13	-	-
Quippo Infocomm Limited (ceased to be a subsidiary of Srei Infrastructure Advisors Limited w.e.f 16.07.2011)	Loan advanced	100	235	-	-	-
	Interest Received on Loan	10	14	-	-	-
	Balance Receivable-Loan	-	235	-	-	-
	Balance Receivable-Interest accrued but not due	-	13	-	-	-
Quippo Energy Private Limited	Deposit Received	480	55	-	-	-
	Deposit Refunded	1,145	-	-	-	-
	Rent Received	246	31	-	-	-
	Balance Received - Others	17	-	-	-	-
	Interest on Deposit	9	15	-	-	-
	Buyers Credit on LC facility arranged by the Company	1,917	1,081	-	-	-
	Buyers Credit Facility Charges	22	4	-	-	-
	Suppliers Credit on LC facility arranged by the Company - Closed	1,847	-	-	-	-
		-	-	-	-	-
	Balance Payable-Deposit	165	830	-	-	-
	Balance Payable-Interest accrued but not due	-	13	-	-	-
	Buyers Credit outstanding on LC facility arranged by the Company	3,217	1,081	-	-	-
		-	-	-	-	-
	Suppliers Credit outstanding on LC facility arranged by the Company	-	1,847	-	-	-
		-	-	-	-	-
	Corporate Guarantee issued by the Company -Outstanding	5,495	5,495	-	-	-
		-	-	-	-	-
	Balance Receivable	-	17	-	-	-
Quippo Oil & Gas Infrastructure Limited	Loan advanced	4,425	100	-	-	-
	Refund of Loan Advanced	500	97	-	-	-
	Rent Received	1,514	-	-	-	-
	Interest Received on Loan	773	362	-	-	-
	Guarantee in the form of Put Option to Bank against loan facility	4,000	-	-	-	-
		-	-	-	-	-
	Bank Guarantee Closed	308	-	-	-	-
	Balance Receivable-Loan	8,835	4,910	-	-	-
	Balance Receivable-Others	132	-	-	-	-
	Bank Guarantee Outstanding	-	308	-	-	-
	Corporate Guarantee issued by the Company -Outstanding	1,900	1,900	-	-	-
		-	-	-	-	-
	Outstanding Guarantee in the form of Put option to bank against Loan facility	4,000	-	-	-	-
Quippo Construction Equipment Limited	Loan advanced	5,850	350	-	-	-
	Refund of Loan Advanced	5,411	-	-	-	-
	Interest Received on Loan	1,994	1,651	-	-	-
	LC facility charges	23	-	-	-	-
	Suppliers Credit on LC facility arranged by the Company	15,545	-	-	-	-
		-	-	-	-	-
	Suppliers Credit on LC facility arranged by the Company closed during the year	8,174	-	-	-	-
	Suppliers Credit outstanding on LC facility arranged by the Company	7,096	-	-	-	-
		-	-	-	-	-
	Balance Receivable-Loan	17,052	16,579	-	-	-
Quippo Valuers and Auctioneers Private Limited	Balance Payable-Interest accrued but not due	-	325	-	-	-
	Corporate Guarantee issued by the Company -Outstanding at year end	3,006	-	-	-	-
		-	-	-	-	-
	Deposit Received	50	-	-	-	-
	Deposit Refunded	200	-	-	-	-
	Interest on Deposit Paid	16	14	-	-	-
	Business Auxiliary Services rendered	60	-	-	-	-
	Balance Payable-Deposit	-	150	-	-	-
		-	-	-	-	-

Srei Infrastructure Finance Ltd (Standalone)

Mumbai Futuristic Economic Zone Private Limited	Deposit Received	145	-	-	-	-
	Deposit Refunded	145	-	-	-	-
	Loan advanced	1,894	4,303	-	-	-
	Interest on Deposit Paid	1	-	-	-	-
	Interest Received on Loan	1,550	619	-	-	-
	Balance Receivable-Loan	11,989	10,095	-	-	-
	Balance Receivable-Interest accrued but not due	75	52	-	-	-
IIS International Infrastructure Services GmbH	Loan advanced	462	-	-	-	-
	Subscription to Equity Shares	-	-	-	-	1,933
	Refund of Loan Advanced	229	-	-	-	-
	Interest Received on Loan	12	-	-	-	-
	Balance Receivable-Loan	238	-	-	-	-
	Balance Receivable-Interest accrued but not due	2	-	-	-	-
	Balance Receivable-Others	38	-	-	-	-
Hyderabad Information Technology Venture Enterprises Limited	Consultancy Fees Received	2	-	-	-	-

(B) Joint Venture:

Srei Equipment Finance Private Limited	Security Deposit received	54	669	35	717	-
	Security Deposit paid	-	7	24	72	-
	Security Deposit refund received	50	96	-	-	-
	Security Deposit refunded	7	-	-	-	-
	Advance paid	-	270	-	-	-
	Refund of advance received	-	270	-	-	-
	Rent paid	-	211	104	36	-
	Rent received	1,388	999	642	464	-
	Loan advanced	-	-	43,544	46,997	-
	Refund of Loan Advanced	-	-	43,544	46,997	-
	Loan received	-	-	-	5,937	21,955
	Refund of Loan received	-	-	-	27,991	-
	Interest Received on Loan	-	-	1,600	2,083	-
	Interest paid on Loan	-	-	-	49	99
	Transfer as per Scheme of Arrangement	-	-	-	-	37,531
	Amount receivable towards transfer as per Scheme of Arrangement	-	-	-	-	37,500
	Amount received towards transfer as per Scheme of Arrangement	-	-	-	37,500	-
	Balance Payable-Loan	-	-	-	-	21,955
	Balance Receivable-Interest accrued but not due	-	-	-	-	99
	Balance Payable-Security Deposit	1,425	1,421	752	717	-
	Balance Receivable-Security Deposit	-	7	96	72	-
	Equity Contribution	4,991	-	-	2,295	-
	Purchase of Investment	143	-	-	-	-

(C) Associate:

Quippo Infrastructure Equipment Limited	Sale of Assets	-	-	-	-	3
	Interest Received on Loan	-	-	-	637	932
	Loan advanced	-	-	-	4,183	7,063

(D) Trusts:

Srei Growth Trust	Contribution to corpus	0.25	0.25	-	-	-
	Income Received	364	-	-	-	-
	Dividend Paid	364	-	-	-	-
Srei Mutual Fund Trust	Contribution to corpus	1	1	-	-	-

(E) Key Management Personnel:

Hemant Kanoria	Remuneration	163	178	87	103	81
	Commission	60	60	36	36	30
	Dividend paid	3	3	2	2	3
Saud Ibne Siddique	Remuneration	339	325	335	-	-
Kishore Kumar Mohanty (Upto 31.01.2011)	Remuneration	-	76	64	65	43
	Dividend paid	-	2	1	1	-
Prasad Kumar Pandey	Remuneration	-	-	-	47	39
	Dividend Paid	-	-	-	1	-
Shyamalendu Chatterjee	Remuneration	-	-	-	46	41
Sanjeev Sancheti	Remuneration	73	66	48	41	14
	Loan advanced	5	-	-	-	-
	Refund of Loan Advanced	4	-	-	-	-
	Interest received on Loan	0.21	-	-	-	-
	Balance Receivable-Loan	1	-	-	-	-

(E) Enterprises over which KMPs and their relatives have significant influence:

Viom Networks Limited (w.e.f. 18.11.2011)	Deposit Received	76	-	-	-	-
	Rent received	306	-	-	-	-
	Balance Receivable-Others	6	-	-	-	-
	Balance Payable-Deposit	660	-	-	-	-

Srei Infrastructure Finance Ltd (Standalone)

- 47 Assets for Operating lease include gross value of assets pending to be leased out, amounting to ₹ Nil (31st March, 2011: ₹ 6,487 lakh , 31st March, 2010: Nil, 31st March, 09: Nil, 31st March, 2008: Nil)
- 48 Loans & Advances include Loan of ₹ 3,175 lakh (31st March, 2011: ₹ 1,199 lakh, 31st March, 2010: ₹ 3,793 lakh, 31st March, 09: ₹ 2,528 lakh, 31st March, 2008: Nil)) due from a private company having at least one common director with the Company.
- 49 Details of loans/advances to Subsidiary Companies: (Refer Note 46)

₹ In Lakh

Name of the Company	Maximum Amount Outstanding during					Amount Outstanding as at 31st March,				
	2011-12	2010-11	2009-10	2008-09	2007-08	2012	2011	2010	2009	2008
Srei Capital Markets Limited	90	216	412	742	489	90	-	189	225	400
Srei Sahaj e-Village Limited	14,324	11,356	8,794	1,231	445	13,753	11,195	6,885	1,175	345
Srei Infrastructure Advisors Limited	2	9	66	70	-	-	2	9	70	-
Bengal Srei Infrastructure Development Limited	182	150	127	150	-	182	150	117	115	-
Global Investment Trust Ltd.	-	-	-	2	4	-	-	-	-	1
Controlla Electrotech Private Limited	2,400	2,411	2,431	2,411	-	2,400	2,400	2,411	2,411	-
Srei Forex Limited	0.20	0.20	1	83	80	-	-	-	-	80
Srei Venture Capital Limited	423	6	332	64	-	423	-	-	-	-
Quippo Infrastructure Equipment Ltd.	-	-	-	11,882	-	-	-	-	-	-
Srei Mutual Fund Asset Management Private Limited	-	-	7	-	-	-	-	-	-	-
Orbis Power Venture Private Limited	-	-	13,000	-	-	-	-	-	-	-
Quippo Energy Private Limited	3,217	1,098	-	-	-	3,217	1,098	-	-	-
Quippo Infocomm Limited	335	235	-	-	-	-	235	-	-	-
Quippo Oil & Gas Infrastructure Limited	8,967	5,007	-	-	-	8,967	4,910	-	-	-
Quippo Construction Equipment Limited	18,401	16,604	-	-	-	17,052	16,579	-	-	-
Mumbai Futuristic Economic Zone Private Limited	13,508	10,095	-	-	-	11,989	10,095	-	-	-
IIS International Infrastructure Services GmbH	481	-	-	-	-	276	-	-	-	-

2011-12

The outstanding Loans and Advances are interest bearing except that of Controlla Electrotech Private Limited and Srei Venture Capital Limited.

2010-11

Loans and Advances to Srei Capital Markets Limited and Srei Infrastructure Advisors Ltd are receivable on demand. The outstanding loans and advances are interest bearing except that of Controlla Electrotech Private Ltd.

2009-10

The amounts are repayable on demand except that of Controlla Electrotech Private Ltd., Bengal Srei Infrastructure Development Ltd. and Srei Sahaj e-Village Ltd. The outstanding loans and advances are interest bearing except that of Srei Capital Markets Ltd. and Controlla Electrotech Private Ltd.

2008-09

The amounts are repayable on demand except that of Controlla Electrotech Private Ltd., Bengal Srei Infrastructure Development Ltd. and Srei Sahaj e-Village Ltd. The loans and advances are interest bearing except that of Srei Capital Markets Ltd. and Controlla Electrotech Private Ltd.

2007-08

The amounts are repayable on demand and are interest free except for loan to SREI Sahaj e-Village Ltd.

- 50 . 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
Srei Equipment Finance Private Ltd.	India	50%

The aggregate of the Company's share in the above venture is:

(₹ in lakh)

Particulars	As at 31st March,			
	2012	2011	2010	2009
Current & Non-Current Liabilities	574,106	435,939	323,148	298,788
Current & Non-Current Assets	644,187	491,183	371,847	343,130
Contingent Liabilities	9,583	12,090	7,729	4,026
Capital Commitments (Net of Advances)	2,091	3,530	8	56
Particulars	2011-12	2010-11	2009-10	2008-09
Income	91,058	62,086	46,568	47,782
Expenses (Including Depreciation & Taxation)	81,209	55,542	42,212	44,654

51 . Asset under Management

(i) Securitisation

In terms of Reserve Bank of India Guidelines on securitisation of assets issued on 1st February 2006, details of financial assets securitised are as under:

Particulars	31.03.2010	31.03.2009	31.03.2008
Total number of contracts securitised during the year	-	1.00	621.00
Book Value of contracts securitised (on date of securitisation)	-	6,019.00	34,819.00
Sale consideration (on date of securitisation)	-	6,026.00	34,767.00
(Loss)/Gain on securitisation (on date of securitisation)*	-	7.00	52.00
Subordinated assets as on balance sheet date	-	-	-
Bank/Other deposits provided as collateral as on balance sheet date	-	-	-
Guarantee against securitised contracts	-	Nil	Nil

* Gain from securitisation is amortised over the life of the contracts and loss is charged off upfront in Statement of Profit And Loss.

(ii) Assignment of Receivables

2008-09

collateral against these contracts is outstanding at the year end.

2007-08

books of account. The Company has provided corporate guarantee as separately stated under para 31 above and bank deposits of ₹ Nil as collateral against these contracts

(iii) Co-Branded Arrangements:

Agreements with Banks/Financial Institutions to make disbursements on their behalf amount to ₹.Nil Lakh during the financial year 2008-09 (31st March,2008 : ₹3,543 lakh).

(iv) 2008-09 & 2007-08

There are no contracts outstanding in terms of foregoing paragraph 40(i,ii,iii,iv) above as on 31st March,2009 & 31st March,2008.

52 As notified by the Ministry of Corporate Affairs of the Government of India, revised Schedule VI under the Companies Act, 1956 is applicable to all financial statements for the

53 Figures pertaining to the previous year have been rearranged/regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

ANNEXURE I TO NOTES TO FINANCIAL STATEMENTS

Stock for Trade as at 31st March, 2012

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in lakh)	
Bala Techno Industries Ltd.	10	5000	1	-
Hotline Glass Ltd.	10	110609	12	-
Kamala Tea Co. Ltd.	10	25000	11	11
Shanghi Polyesters Ltd.	10	2000	0 [@]	-
IDBI Bank	10	60000	104	63
Karur Vysya Bank	10	6259	26	23
Can Fin Homes Ltd.	10	132201	211	149
Quippo Telecom Infrastructure Ltd.	10	25929041	0*	0#
L.D.Textile Industries Ltd.	10	42000	0*	0#
Shentracon Chemicals Ltd.	10	99400	0*	0#
India Lead Ltd.	10	418668	0*	0#
Mega Marketshare Resources Ltd.	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Ltd.	10	1210	0*	0#
Standard Chrome Limited	10	300	0*	0#
Kanel Oil & Export Ltd.	10	3100	0*	0#
Kesoram Textiles Ltd.	10	20	0*	0#
NEPC Agro Foods Ltd.	10	1333	0*	0#
			365	246
Less: Provision for diminution			119	
Total			246	

[@] Book value ₹ 19,800;

* Book value ₹.1; # Valued at ₹.1

Stock for Trade as at 31st March, 2011

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in lakh)	
Bala Techno Synthetics Ltd.	10	5000	1	0
Hotline Glass Ltd.	10	110609	12	0
Kamala Tea Co. Ltd.	10	25000	11	11
Shanghi Polyester Ltd.	10	2000	0	0
IDBI Bank	10	60000	104	85
Karur Vysya Bank	10	4400	23	18
Karur Vysya Bank -Partly paid (Refer Note II 28 of Schedule 18)	10	1859	2	6
Can Fin Homes Limited	10	132201	211	142
Quippo Telecom Infrastructure Ltd.	10	25929041	0*	0#
L.D.Textile Industries Ltd.	10	42000	0*	0#
Shentracon Chemicals Ltd.	10	99400	0*	0#
India Lead Ltd.	10	418668	0*	0#
Mega Marketshare Resources Ltd.	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Ltd.	10	1210	0*	0#
Standard Chrome Limited	10	300	0*	0#
Kanel Oil & Export Ltd.	10	3100	0*	0#
Kesoram Textiles Ltd.	10	20	0*	0#
NEPC Agro Foods Ltd.	10	1333	0*	0#
			364	
Less: Provision for diminution			102	
Total			262	

* Book value ₹.1; # Valued at ₹.1

ANNEXURE I TO NOTES TO FINANCIAL STATEMENTS

Stock for Trade as at 31st March, 2010

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in lakh)	
Bala Techno Synthetics Ltd.	10	5000	1	0
Hotline Glass Ltd.	10	110609	12	0
Kamala Tea Co. Ltd.	10	25000	11	31
Shanghi Polyester Ltd.	10	2000	0*	0#
L.D.Textile Industries Ltd.	10	42000	0*	0#
Shentracon Chemicals Ltd.	10	99400	0*	0#
India Lead Ltd.	10	418668	0*	0#
Mega Marketshare Resources Ltd.	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Ltd.	10	1210	0*	0#
Standard Chrome Limited	10	300	0*	0#
Kanel Oil & Export Ltd.	10	3100	0*	0#
Kesoram Textiles Ltd.	10	20	0*	0#
NEPC Agro Foods Ltd.	10	1333	0*	0#
			24	
Less: Provision for diminution			13	
Total			11	

* Book value ₹.1; # Valued at ₹.1

Stock for Trade as at 31st March, 2009

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in lakh)	
Bala Techno Synthetics Ltd.	10	5000	1	1
Hotline Glass Ltd.	10	110609	12	1
Kamala Tea Co. Ltd.	10	25000	11	30
Shanghi Polyester Ltd.	10	2000	0	0
Shriram Asset Management Company Ltd.	10	15000	2	2
Dwarikesh Sugar Mills Ltd.	10	25000	23	10
L.D.Textile Industries Ltd.	10	42000	0*	0#
Shentracon Chemicals Ltd.	10	99400	0*	0#
India Lead Ltd.	10	418668	0*	0#
Mega Marketshare Resources Ltd.	10	6000	0*	0#
PAAM Pharmaceuticals (Delhi) Ltd.	10	1210	0*	0#
Standard Chrome Limited	10	300	0*	0#
Kanel Oil & Export Ltd.	10	3100	0*	0#
Kesoram Textiles Ltd.	10	20	0*	0#
NEPC Agro Foods Ltd.	10	1333	0*	0#
			49	44
Less: Provision for diminution			5	
Total			44	

* Book value ₹.1; # Valued at ₹.1

Stock for Trade as at 31st March, 2008

Equity Shares: Trade	Face Value	Quantity	Cost	Value
	(₹)	(Nos.)	(₹ in lakh)	
EQUITY SHARES:				
Bala Techno Synthetics Ltd.	10	5000	0.96	0.27
Hotline Glass Ltd.	10	110609	11.59	2.43
Diana Tea Company Ltd.	10	508235	48.42	73.44
Kamala Tea Co. Ltd.	10	25000	11.26	30.06
Shanghi Polyester Ltd.	10	2000	0.2	0.11
Shriram Asset Management Company Ltd.	10	15000	1.5	3.03
Total			73.93	109.34

Srei Infrastructure Finance Ltd. (Consolidated)

Statement of Assets and Liabilities, As Reformatted

 Annexure - VI
₹ In Mio

	Note	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
A Non-Current Assets						
(a) Fixed Assets						
- Tangible Assets	11	18,691.10	14,458.70	3,046.50	3,110.70	4,311.80
- Intangible Assets	11	159.40	159.10	124.30	28.00	25.50
- Capital work in Progress		1,902.10	776.20	14,166.70	471.90	-
		20,752.60	15,394.00	17,337.50	3,610.60	4,337.30
(b) Goodwill		4,398.80	4,253.40	62.20	62.20	5.70
(c) Non-Current Investments	12	21,005.10	20,314.40	6,707.40	4,438.20	3,218.90
(d) Deferred Tax Assets		318.30	358.30	8.40	2.20	6.20
(e) Long-Term Loans and Advances						
- Financial Assets	13	30,789.60	24,623.10	19,231.50	17,375.20	27,858.80
- Loan Assets	14	22,345.70	16,865.50	14,038.40	5,203.30	1,264.60
- Other Long-Term Advances	15	1,817.80	2,280.30	428.80	1,367.00	1,077.90
(f) Other Non-Current Assets	16	4,647.40	2,572.60	1,163.80	840.50	1,651.20
Total		106,075.30	86,661.60	58,978.00	32,899.20	39,420.60
B Current Assets						
(a) Inventories		131.80	169.20	100.70	240.10	228.70
(b) Current Investments		220.00	-	-	-	-
(c) Trade Receivables	17	3,469.10	2,336.10	1,076.20	737.50	111.20
(d) Cash and Bank Balances	18	4,087.70	1,689.80	2,474.70	4,183.60	1,485.80
(e) Short-Term Loans and Advances						
- Financial Assets	13	4,054.40	4,656.50	3,928.80	4,234.50	7,150.30
- Loan Assets	14	4,446.30	5,371.40	1,027.90	1,529.60	379.90
- Other Advances	19	2,074.50	889.40	1,857.00	531.30	7,075.50
(f) Other Current Assets						
- Current Maturities of Long-Term Financial Assets	13	15,880.70	13,639.80	10,815.10	9,318.30	12,387.40
- Current Maturities of Long-Term Loan Assets	14	58,474.80	23,205.60	3,529.40	2,920.70	52.40
- Other Current Assets	20	3,123.10	554.30	412.50	1,280.00	143.30
Total		95,962.40	52,512.10	25,222.30	24,975.60	29,014.50
C Non-Current Liabilities						
(a) Long-Term Borrowings	4	57,275.80	42,360.10	36,306.30	18,798.60	35,119.30
(b) Deferred Tax Liabilities (Net)		1,405.30	1,015.00	736.30	274.30	114.10
(c) Other Long-Term Liabilities	5	714.10	439.70	114.20	49.00	25.10
(d) Long-Term Provisions	6	1,239.10	942.30	530.50	471.10	513.90
Total		60,634.30	44,757.10	37,687.30	19,593.00	35,772.40
D Current Liabilities						
(a) Short-Term Borrowings	7	82,121.80	40,714.90	20,415.40	15,293.20	19,098.50
(b) Trade Payables	8	4,384.90	2,917.30	2,892.90	1,541.90	2,977.60
(c) Other Current Liabilities						
- Current Maturities of Long-Term Borrowings	4	19,760.90	16,863.40	8,827.60	8,688.90	1,228.50
- Others	9	2,103.70	1,718.50	1,056.60	884.10	1,868.70
(d) Short-Term Provisions	10	332.60	784.00	187.70	158.80	184.80
Total		108,703.90	62,998.10	33,380.20	26,566.90	25,358.10
E Minority Interest		912.80	737.90	236.10	221.10	76.20
F Networth (A+B-C-D-E)		31,786.70	30,680.60	12,896.70	11,493.80	7,228.40

Statement of Assets and Liabilities, As Reformatted

₹ In Mio

Description	Note	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Networth Represented by Sources of Funds						
Shareholders' Funds						
Share Capital	2	5,032.40	5,032.40	1,162.90	1,162.90	1,162.90
Reserves and Surplus	3	26,754.30	25,648.20	11,733.80	10,152.90	5,887.50
Money received against share warrants		-	-	-	178.00	178.00
		31,786.70	30,680.60	12,896.70	11,493.80	7,228.40

Particulars	Note	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
INCOME						
Revenue from Operations	21	24,339.00	16,316.70	10,104.90	8,641.90	7,536.30
Other Income	22	124.30	64.20	25.20	79.90	660.30
Total		24,463.30	16,380.90	10,130.10	8,721.80	8,196.60
EXPENSES						
Finance Cost	23	15,650.30	8,300.80	5,343.60	5,268.40	4,635.00
Employee Benefit Expenses	24	1,718.00	1,234.40	718.40	584.80	450.30
Administrative and Other Expenses	25	2,231.80	1,931.10	907.30	1,109.80	694.40
Depreciation/Amortisation and Impairment Expense		1,650.30	1,240.90	432.80	365.80	490.10
Total		21,250.40	12,707.20	7,402.10	7,328.80	6,269.80
Profit before Bad Debts, Provisions & Tax		3,212.90	3,673.70	2,728.00	1,393.00	1,926.80
Bad Debts/Advances written off (net of recovery)		512.10	350.70	530.40	92.30	190.80
Stock for Trade Written-off		-	-	-	-	34.70
Provision for Bad & Doubtful Debts		36.70	48.50	-	-	-
Provision for Non-Performing Assets		179.50	161.20	21.00	251.30	173.60
Contingent Provisions against Standard Assets		116.90	223.60	-	-	-
		845.20	784.00	551.40	343.60	399.10
Profit Before Tax		2,367.70	2,889.70	2,176.60	1,049.40	1,527.70
Tax Expense :						
Current Tax		546.60	826.70	343.70	70.10	80.70
Mat Credit Entitlement		(18.90)	(9.40)	(219.00)	(71.10)	(16.20)
Fringe Benefit tax expense		-	-	-	4.60	1.50
Deferred Tax		367.40	(20.30)	461.90	219.90	114.00
Total Tax for current year		895.10	797.00	586.60	223.50	180.00
Profit After Tax for current year		1,472.60	2,092.70	1,590.00	825.90	1,347.70
Income tax in respect of earlier years		241.10	130.90	22.00	0.20	0.40
Profit After Tax before share of results of Associate and Minority Interests		1,231.50	1,961.80	1,568.00	825.70	1,347.30
Share of loss of Associates		-	-	-	-	(23.20)
Profit After Tax before Minority Interests		1,231.50	1,961.80	1,568.00	825.70	1,324.10
Minority Interests		113.40	169.40	9.40	4.90	4.70
Net profit		1,118.10	1,792.40	1,558.60	820.80	1,319.40
Pre Acquisition Profit/(Loss)		-	47.40	-	-	5.20
Minority Interest of Pre Acquisition (Profit)/ Loss		(3.90)	(47.40)	-	(0.40)	2.70
Profit After Tax after adjustment of Minority Interests		1,114.20	1,792.40	1,558.60	820.40	1,327.30

Cash Flow Statement, As Reformatted

Annexure - VIII

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. Cash Flows from Operating Activities					
Net Profit Before Tax	2,367.70	2,889.70	2,176.60	1,049.40	1,527.70
Adjustment for:					
Depreciation/Amortisation and Impairment	1,650.30	1,240.90	432.80	365.80	490.10
Bad Debts/Advances written off (net of recovery)	512.10	350.70	530.40	92.30	190.80
Provision for Bad & doubtful debts	36.70	48.50	-	-	-
Contingent Provision against Standard Assets	116.90	223.60	-	-	-
Provision for Non-Performing Assets	179.50	161.20	21.00	251.30	173.60
Provision for Premium on Unsecured Subordinated Bonds	8.80	8.80	8.80	8.80	8.80
(Profit)/ Loss on sale of Fixed Assets(net)	55.60	94.30	10.20	(26.10)	2.30
Finance Cost	15,641.50	8,292.00	5,334.80	5,259.70	4,626.20
Income from Trade Investments	-	(2.80)	(118.50)	(245.20)	-
Liabilities No Longer Required written back	22.90	(11.30)	(0.40)	-	(642.40)
Investment written off	1.20	-	-	-	-
Fixed Assets written off	0.30	-	-	-	-
Dividend Income	(4.80)	(4.60)	(14.50)	(6.70)	(2.30)
Provision for Diminution in value of Stock for Trade	1.60	9.00	0.70	0.50	-
Provision for Diminution in value of Investments	-	4.50	13.80	16.60	-
Operating Profit before Working Capital Changes	20,590.30	13,304.50	8,395.70	6,766.40	6,374.80
Adjustments for:					
(Increase) / Decrease in Receivables/Others	(46,385.70)	(11,669.70)	(22,994.00)	(3,824.60)	(9,377.20)
(Increase) / Decrease in Stock for Trade	37.40	(58.30)	2.60	2.50	-
(Increase) / Decrease in Financial Assets	(6,166.60)	(10,605.80)	(3,047.40)	16,468.50	(15,333.80)
(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	(2,686.00)	(477.00)	(0.90)	281.20	(1,169.20)
(Decrease) / Increase in Trade Payables	1,637.40	(486.60)	1,656.00	(2,522.80)	3,782.80
Cash Generated from Operations	(32,973.20)	(9,992.90)	(15,988.00)	17,171.20	(15,722.60)
Interest Paid	(15,140.20)	(8,051.50)	(5,575.20)	(5,503.60)	(3,995.30)
Direct Taxes paid	(1,435.70)	(580.90)	(276.80)	(96.30)	(102.10)
Net Cash (Used in) / Generated from Operating Activities	(49,549.10)	(18,625.30)	(21,840.00)	11,571.30	(19,820.00)
B. Cash Flows from Investing Activities					
Purchase of Fixed Assets	(7,167.10)	(5,698.90)	(562.10)	580.60	(651.40)
Proceeds from Sale of Fixed Assets	102.30	94.80	11.30	221.80	174.40
(Increase) / Decrease in Investments (net)	(842.10)	(1,424.20)	(2,296.80)	(1,235.90)	(1,804.00)
Income from Trade Investments	-	2.80	118.50	245.20	-
Dividend Received	4.80	4.60	14.50	6.70	2.30
Net Cash (Used) / Generated in Investing Activities	(7,902.10)	(7,020.90)	(2,714.60)	(181.60)	(2,278.70)
C. Cash Flows from Financing Activities					
Issue of Equity Capital (including premium)	-	-	-	3,758.20	810.30
Issue of Equity Warrants (Net)	-	-	-	-	178.00
Increase / (Decrease) in Debentures (net)	12,533.50	296.00	6,505.30	(5,861.40)	6,613.10
Increase / (Decrease) in Working Capital facilities (net)	34,069.20	21,261.20	5,481.90	(1,576.10)	5,492.20
Increase / (Decrease) in in Other Loans (net)	12,661.20	3,790.20	10,781.40	(5,228.10)	9,873.40
Dividend Paid	(374.50)	(139.30)	(116.20)	(139.60)	(108.90)
Dividend Tax Paid	(61.30)	(23.20)	(19.80)	(23.70)	(18.50)
Net Cash (Used) / Generated in Financing Activities	58,828.10	25,184.90	22,632.60	(9,070.70)	22,839.60
Net Increase / (Decrease) in Cash & Cash Equivalents	1,376.90	(461.30)	(1,922.00)	2,319.00	740.90
Cash & Cash Equivalents at the beginning of the year	1,064.70	1,274.90	3,196.90	877.90	137.00
Add: Cash & Cash Equivalents acquired on Amalgamation	-	251.10	-	-	-
Cash & Cash Equivalents at the end of the year	2,441.60	1,064.70	1,274.90	3,196.90	877.90

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.

Srei Infrastructure Finance Limited (Consolidated)

Significant Accounting Policies

Annexure - IX

1 Significant Accounting Policies

1.1 Basis of Preparation

Financial Year: 2011-12

The consolidated financial statements 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 Standard 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.

Financial Year: 2010-11, 2009-10, 2008-09 & 2007-08

The consolidated financial statements 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 Standard 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 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

During 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. The Company has also reclassified the previous years figures in accordance with the requirements applicable in the current year.

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'.

Srei Infrastructure Finance Limited (Consolidated)

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. 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, associate and joint venture) trusts and Joint Venture (including its subsidiary) 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.

Srei Infrastructure Finance Limited (Consolidated)

- 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

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 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.

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:

Financial Year: 2011-12

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	45 - 61 years
ii)	Furniture & Fixtures	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	
viii)	Aircrafts	9 - 18 years
ix)	Earthmoving Equipments	3 - 9 years
x)	Motor Vehicles	3 - 6 years
xi)	Plant and Machinery	10 - 30 years
xii)	Computers	3 - 6 years
xiii)	Furniture & Fixtures	3 - 16 years

Srei Infrastructure Finance Limited (Consolidated)

Financial Year: 2010-11

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	45 - 61 years
ii)	Furniture & Fixtures	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	
viii)	Aeroplane & Aircraft	9 - 18 years
ix)	Earthmoving Equipment	3 - 9 years
x)	Motor Vehicles	3 - 6 years
xi)	Plant and Machinery	10 - 21 years
xii)	Wind Mills	19 years
xiii)	Computers	3 - 6 years
xiv)	Furniture & Fixtures	3 - 16 years
xv)	Oil Rig	9 years
xvi)	Gas Genset	10 years
xvii)	Intangible Assets	3 - 6 years

Financial Year: 2009-10

	Asset category	Estimated Useful Life
I	Assets for Own Use	
i)	Buildings	61 years
ii)	Furniture & Fixtures	16 years
iii)	Motor Vehicles	11 years
iv)	Computers	6 years
v)	General Plant & Machinery	21 years
vi)	Intangible Assets	6 years
II	Assets for Operating Lease	
vii)	Aeroplane & Aircraft	9 - 18 years
viii)	Ships	10 years
ix)	Earthmoving Equipments	3 - 9 years
x)	Motor Vehicles	3 - 6 years
xi)	Plant and Machinery	21 years
xii)	Wind Mills	19 years
xiii)	Computers	3 - 6 years
xiv)	Furniture & Fixtures	3 - 5 years
xv)	Solar Equipments	5 years
xvi)	Oil Rig	9 years
xvii)	Gas Genset	10 years
xviii)	Intangible Assets	3 - 6 years

Srei Infrastructure Finance Limited (Consolidated)

Financial Year: 2008-09

	Asset category	
I	Assets for Own Use	
i)	Buildings	1.63%
ii)	Furniture & Fixtures	6.33%
iii)	Motor Vehicles	9.50%
iv)	Computers	16.21%
v)	General Plant & Machinery	4.75%
vi)	Intangible Assets	upto 6 years
II	Assets for Operating Lease	
vii)	Aeroplanes / Aircraft	5.60% & 11.11% (based on estimated useful life)
viii)	Ships	10.00%
ix)	Earthmoving Equipments	11.31%
x)	Motor Vehicles	16.21%
xi)	Plant and Machinery	4.75%
xii)	Wind Mills	5.28%
xiii)	Oil Rig	11.31%
xiv)	Computers	16.21%

Financial Year: 2007-08

	Asset category	
I	Assets for Own Use	
i)	Buildings	1.63%
ii)	Furniture & Fixtures	6.33%
iii)	Motor Vehicles	9.50%
iv)	Computers	16.21%
v)	General Plant & Machinery	4.75%
vi)	Intangible Assets	upto 6 years
II	Assets for Operating Lease	
vii)	Aeroplanes / Aircraft	5.60%
viii)	Ships	10.00%
ix)	Earthmoving Equipments	11.31%
x)	Motor Vehicles	16.21%
xi)	Plant & Machinery	4.75%
xi)	Wind Mills	5.28%

Financial Year: 2011-12, 2010-11, 2009-10, 2008-09 & 2007-08

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.

Srei Infrastructure Finance Limited (Consolidated)

iii) Impairment of Fixed Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment, based on internal/external factors. An impairment loss is 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

Assets given on operating leases are included in fixed assets. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred afterwards, are recognised in the Statement of Profit and Loss as they are incurred.

Srei Infrastructure Finance Limited (Consolidated)

1.8 Investments

Investments that are intended to be held for not more than a year are classified as current 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 Year: 2011-12 & 2010-11

Financial Assets are valued at net investment amount including installments fallen due and are net of unmatured/unearned finance charges etc.

Financial Year: 2009-10, 2008-09 & 2007-08

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.

1.12 Provisioning / Write-off of assets

Financial Year: 2011-12

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.

Srei Infrastructure Finance Limited (Consolidated)

Financial Year: 2010-11

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 provided based on management's best estimate.

Financial Year: 2009-10, 2008-09 & 2007-08

Provisions for non performing assets are considered in the financial statements according to Prudential Norms prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Companies. Additional provision as per the norms of Foreign Financial Institutions (FFI) has also been made as follows:

Loan Assets:

Asset Classification	Arrear period	Provision as per RBI	Provision as per FFI	Provision adopted by the Company
		% of Portfolio	% of Portfolio	% of Portfolio
Standard	Upto 90 days	Nil	Nil	Nil
	91 to 180 days	Nil	20	20
Sub-Standard	181 to 360 days	10	50	50
	361 to 365 days	10	100	100
Doubtful (Unsecured)	More than 12 months to 24 months	10	100	100
	More than 24 months	100	100	100
Doubtful (Secured)	More than 24 months to 36 months	20	100	100
	More than 36 months to 60 months	30	100	100
Loss	Above 60 months	50	100	100
	As per Management discretion	100	100	100

Operating Lease Assets:

Asset Classification	Arrear period	Provision as per RBI	Provision as per FFI	Provision adopted by the Company
		% of Portfolio	% of Portfolio	% of Portfolio
Standard	Upto 90 days	Nil	Nil	Nil
	91 to 180 days	Nil	20	20
	181 to 360 days	Nil	50	50
	361 to 365 days	Nil	100	100
Sub-Standard	More than 12 months to 24 months	10	100	100
	More than 24 months to 30 months	40	100	100
Doubtful	More than 30 months to 36 months	40	100	100
	More than 36 months to 48 months	70	100	100
Loss	More than 48 months	100	100	100
	As per Management discretion	100	100	100

Srei Infrastructure Finance Limited (Consolidated)

Financial Year: 2009-10 & 2008-09

Provision for other debts arising from services is considered in the financial statements according to the Prudential Norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

Financial Year: 2011-12, 2010-11, 2009-10, 2008-09 & 2007-08

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 and Balances

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 1.6 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

Financial Year: 2011-12 & 2010-11

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.

Financial Year: 2009-10, 2008-09 & 2007-08

In respect of Derivative contracts, premium paid, gains/losses on settlement and provisions for losses determined in accordance with principles of prudence, on category wise basis, are recognised in the Profit & Loss account.

Srei Infrastructure Finance Limited (Consolidated)

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) Financial Assets & Loans:

- 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) Fees on processing of loans are recognised when a binding obligation for granting loan has been entered into.
- c) 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.
- d) 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'.
- e) Income arising from co-branded arrangements is accounted on accrual basis over the life of the contract as provided under respective arrangements.

B) Leases:

Financial Year: 2011-12 & 2010-11

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.

Financial Year: 2009-10, 2008-09 & 2007-08

It is recognised as rentals, as accrued over the period of lease, net of value added tax, if applicable.

ii) Income from IT Infrastructure and 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.

Srei Infrastructure Finance Limited (Consolidated)

iv) Income from Equipment Rental

Financial Year: 2011-12 & 2010-11

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) **Financial Year: 2011-12 & 2010-11**
Long-Term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.

Financial Year: 2009-10, 2008-09 & 2007-08

- Short term employee benefits based on expected obligation on undiscounted basis are recognised as expense in the Profit and Loss account of the period in which the related service is rendered.
- d) Actuarial gains/losses are charged to the Statement of Profit and Loss and are not deferred.

Srei Infrastructure Finance Limited (Consolidated)

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

Financial Year: 2011-12 & 2010-11

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.

Financial Year: 2009-10, 2008-09 & 2007-08

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' 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 financial statements.

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.

Srei Infrastructure Finance Limited (Consolidated)

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.

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 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 Financial Statements

2. SHARE CAPITAL

Annexure - X

Particulars	As at 31st March, 2012		As at 31st March, 2011		As at 31st March, 2010		As at 31st March, 2009		As at 31st March, 2008	
	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)	No. of Shares	Amount (₹ In Millions)
Authorised										
Equity Shares, ₹ 10/- par value per share	710,000,000	7,100.00	710,000,000	7,100.00	400,000,000	4,000.00	400,000,000	4,000.00	400,000,000	4,000.00
Preference Shares, ₹ 100/- par value per share	10,000,000	1,000.00	10,000,000	1,000.00	30,000,000	3,000.00	30,000,000	3,000.00	30,000,000	3,000.00
Issued and subscribed										
Equity Shares, ₹ 10/- par value per share	503,559,160	5,035.60	503,559,160	5,035.60	116,617,625	1,166.20	116,617,625	1,166.20	116,617,625	1,166.20
Fully Paid-up										
Equity Shares, ₹ 10/- par value per share	503,086,333	5,030.90	503,086,333	5,030.90	116,144,798	1,161.40	116,144,798	1,161.40	116,144,798	1,161.40
Forfeited Shares (472,827 Equity Shares)	472,827	1.50	472,827	1.50	472,827	1.50	472,827	1.50	472,827	1.50
Total		5,032.40		5,032.40		1,162.90		1,162.90		1,162.90

3. RESERVES AND SURPLUS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Capital Reserves					
Opening balance	210.40	197.90	19.90	18.40	16.50
Add :- Addition during the year	3.60	12.50	178.00	1.50	1.90
Closing balance	214.00	210.40	197.90	19.90	18.40
Securities Premium Reserve					
Opening balance	6,030.90	6,957.40	6,957.40	3,199.20	2,460.90
Add :- Addition during the year	127.50	2.70	-	3,758.20	738.30
Less: Issuance of Bonus shares	-	(929.20)	-	-	-
Closing balance	6,158.40	6,030.90	6,957.40	6,957.40	3,199.20
Bond/Debt Redemption Reserve					
Opening balance	1,053.10	630.30	563.60	382.20	226.60
Add: Addition during the year	793.40	532.30	66.70	373.60	377.10
Less: Transfer/Adjustment	(110.80)	(109.50)	-	(192.20)	(221.50)
Closing balance	1,735.70	1,053.10	630.30	563.60	382.20
Foreign Currency Translation Reserve					
Opening balance	(6.50)	(33.60)	(40.40)	18.10	0.80
Add: Addition during the year	119.50	27.10	6.80	(58.50)	17.30
Closing balance	113.00	(6.50)	(33.60)	(40.40)	18.10
Special Reserve (Reserve Fund as per Section 45-IC of the Reserve Bank of India Act, 1934)					
Opening balance	1,646.10	1,246.30	931.20	790.90	522.70
Add: Addition during the year	313.90	399.80	315.10	140.30	268.20
Closing balance	1,960.00	1,646.10	1,246.30	931.20	790.90
General Reserve					
Opening balance	13,680.30	173.70	143.70	143.40	117.40
Add: Addition on account of Amalgamation	-	13,787.00	-	-	26.00
Add: Transferred from Surplus/(Deficit) balance in the statement of	-	0.20	-	-	-
(Less)/Add: Adjusted during the year	0.40	(280.60)	30.00	0.30	-
Closing balance	13,680.70	13,680.30	173.70	143.70	143.40
Surplus					
Opening balance	3,033.90	2,561.80	1,577.50	1,335.30	626.60
Less: Adjustment on account of adoption of AS-15 (revised) Employee Benefits	-	-	-	-	(1.50)
Less: Adjustment on account of Amalgamation	-	(57.00)	-	-	-
Add: Net profit after tax transfer from Statement of Profit and Loss	1,114.20	1,792.40	1,558.60	820.40	1,327.30
Amount available for appropriation	4,148.10	4,297.20	3,136.10	2,155.70	1,952.40
Appropriations:					
Proposed dividend	251.50	377.80	139.40	116.30	139.60
Corporate dividend tax on proposed dividend	39.30	62.80	23.10	19.80	23.70
General Reserve	-	0.20	30.00	0.30	30.00
Special Reserve	313.90	399.70	315.10	164.70	268.20
Profit on sale of Investment in Subsidiaries	(31.20)	-	-	-	-
Adjustment due to conversion of Subsidiary into Joint Venture	-	-	-	14.20	-
Profit on sale of Investment in Associate	(0.50)	-	-	-	-
Bond/Debt Redemption Reserve (net)	682.60	422.80	66.70	262.90	155.60
Closing balance	2,892.50	3,033.90	2,561.80	1,577.50	1,335.30
Total Reserves and Surplus	26,754.30	25,648.20	11,733.80	10,152.90	5,887.50

4. LONG-TERM BORROWINGS (Non- Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Secured					
Bonds/Debentures					
Foreign Guaranteed Local Currency Bonds	-	-	18.70	37.50	-
Long-Term Infrastructure Bonds	248.90	-	-	-	-
Non-Convertible Debentures	9,359.70	4,175.10	2,924.60	1,015.10	9,039.50
Term Loans					
From Banks					
- Rupee Loans	16,525.20	14,138.40	15,831.10	3,570.10	10,587.30
- Foreign Currency Loans	12,515.60	10,251.20	8,633.50	5,783.60	10,522.70
From Financial Institutions					
- Rupee Loans	330.70	444.30	415.90	3,211.40	-
- Foreign Currency Loans	6,450.90	6,351.80	3,886.20	3,456.60	1,966.60
Deferred Payment Liabilities	-	-	-	0.10	-
Deposits					
Public Deposits	-	1.60	5.20	2.70	7.20
Other Loans					
Buyer's Credit from Banks - Foreign Currency Loans	220.30	451.20	-	-	283.90
(A)	45,651.30	35,813.60	31,715.20	17,077.10	32,407.20
B. Unsecured					
Bonds/Debentures					
Non-Convertible Debentures	-	-	100.00	-	-
Subordinated Perpetual debentures (Tier I Capital)	187.50	-	-	-	-
Subordinated bonds/debentures (Tier II Capital)	9,090.00	5,177.60	4,131.60	1,210.60	2,073.60
Zero Coupon Redeemable Convertible Bonds	225.20	179.50	-	-	-
0.1% Non-Convertible Cumulative Redeemable Preference Shares	7.30	7.30	-	-	-
Term Loans					
From Banks :					
Rupee Loans					
-Subordinated loans from banks (Tier II Capital)	1,250.00	-	-	-	-
-Other term loans from banks	275.00	625.00	-	-	-
Foreign Currency Loans					
-Other term loans from banks	-	201.90	-	-	-
From Other Parties:					
Foreign Currency Loans					
-Subordinated loans from financial institution (Tier II Capital)	-	-	247.80	313.50	-
-Other term loans from financial institution	227.80	72.70	-	-	-
Loans Repayable on Demand:					
Others					
Foreign Currency Loans	352.80	282.50	-	-	-
Deposits					
Inter Corporate Deposits	8.90	-	-	-	-
Other loans and advances:-					
From Banks					
Foreign Currency Loans	-	-	26.30	75.70	-
From other parties					
Foreign Currency Loans from financial institution	-	-	85.40	121.70	638.50
(B)	11,624.50	6,546.50	4,591.10	1,721.50	2,712.10
Total (A+B)	57,275.80	42,360.10	36,306.30	18,798.60	35,119.30

4. LONG-TERM BORROWINGS (Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Secured					
Bonds/Debentures					
Foreign Guaranteed Local Currency Bonds	-	18.80	18.80	18.70	150.00
Non-Convertible Debentures	3,126.90	1,216.50	181.80	1,194.80	-
Term Loans					
From Banks					
- Rupee Loans	11,393.00	8,806.50	6,441.40	5,077.40	12.60
- Foreign Currency Loans	3,819.70	4,975.20	1,135.90	563.00	526.00
From Financial Institutions					
Rupee Loans	115.20	187.30	143.00	83.80	-
- Foreign Currency Loans	769.30	533.50	728.90	554.00	453.90
Deferred Payment Liabilities	-	-	0.10	0.20	1.20
Deposits					
Public Deposits	-	2.90	2.40	6.50	5.80
Other Loans					
Buyer's Credit from Banks - Foreign Currency Loans	332.00	4.80	0.20	-	-
(A)	19,556.10	15,745.50	8,652.50	7,498.40	1,149.50
B. Unsecured					
Bonds/Debentures					
Non-Convertible Debentures	-	430.00	-	-	-
Subordinated bonds/debentures (Tier II Capital)	52.70	79.00	79.00	79.00	79.00
Term Loans					
From Banks					
Rupee Loans					
Subordinated loans from banks (Tier II Capital)	-	-	-	-	-
Other term loans from banks	100.00	25.10	-	-	-
Foreign Currency Loans					
Subordinated loans from banks (Tier II Capital)	-	-	-	-	-
Other term loans from banks	-	-	-	-	-
From other parties					
Rupee Loans					
Subordinated loans from financial institution (Tier II Capital)	-	-	30.30	33.60	-
Other term loans from financial institution	21.50	500.00	-	-	-
Foreign Currency Loans					
Subordinated loans from financial institution (Tier II Capital)	-	-	-	-	-
Other term loans from financial institution	-	56.80	-	-	-
Loans Repayable on Demand:					
Others					
Foreign Currency Loans	30.60	27.00	-	-	-
Other loans and advances:-					
From Banks					
Rupee Loans	-	-	-	375.00	-
Foreign Currency Loans	-	-	41.50	46.30	-
From other parties					
Rupee Loan from financial institution	-	-	-	625.00	-
Foreign Currency Loans from financial institution	-	-	24.30	31.60	-
(B)	204.80	1,117.90	175.10	1,190.50	79.00
Total (A+B)	19,760.90	16,863.40	8,827.60	8,688.90	1,228.50

5. OTHER LONG-TERM LIABILITIES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Acceptances	48.60	154.70	-	-	-
Interest Accrued but not due on Borrowings	0.50	0.20	0.40	0.20	0.80
Capital Advances	0.90	7.50	7.50	7.50	7.50
Security Deposits & Retentions	648.50	246.80	104.60	41.30	-
Payable on Derivative Contracts	15.60	30.50	1.70	-	16.80
	714.10	439.70	114.20	49.00	25.10

6. LONG-TERM PROVISIONS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Provision for Employee Benefits (Non-Current Portion)					
Gratuity	34.50	27.20	15.00	10.50	10.40
Unavailed Leave	67.80	48.20	14.80	14.70	12.20
(A)	102.30	75.40	29.80	25.20	22.60
Others					
Provision for Non-Performing Assets	796.40	641.30	491.70	429.90	468.30
Contingent Provisions against Standard Assets	340.40	223.60	-	-	-
Provision for Premium on Unsecured Subordinated Bonds	-	2.00	9.00	16.00	23.00
(B)	1,136.80	866.90	500.70	445.90	491.30
Total (A+B)	1,239.10	942.30	530.50	471.10	513.90

7. SHORT-TERM BORROWINGS

₹ In Mio					
Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Secured					
Bond/debentures:-					
Non-convertible Debentures	-	500.00	1,166.50	1,925.00	-
Term loans:-					
From Banks					
Rupee Loans	5,236.60	2,028.60	1,454.20	3,750.00	-
Foreign Currency Loans	508.70	320.60	-	-	-
From other financial institutions					
Foreign Currency Loans	-	254.50	-	-	-
Loans repayable on demand					
Working Capital Facilities from banks					
- Rupee Loans	27,985.50	19,395.90	7,285.50	553.50	1,868.80
- Foreign Currency Loans	-	-	-	126.80	-
Other Loans					
Short-Term Loans from Banks					
Cash Credit					
Rupee Loan	31.50	19.60	500.90	334.60	-
Deposits					
Public Deposits	1.60	0.10	39.20	36.10	61.90
Other Loans					
Working Capital Facilities	36,881.70	13,043.90	4,235.20	6,021.60	6,894.00
Buyer's credit from banks - Foreign Currency Loan	1,313.70	236.10	647.00	150.20	-
	71,959.30	35,799.30	15,328.50	12,897.80	8,824.70
B. Unsecured					
Bond/Debentures	-	-	-	-	-
Non-convertible Debentures	-	445.00	3,365.00	-	-
Term loans					
From Banks					
Rupee Loans	-	-	-	250.00	10,250.00
Foreign Currency Loans	-	2.80	-	-	-
From other parties					
Rupee Loans					
Other term loans from financial institution	-	-	-	1,025.00	-
Deposits					
Inter Corporate Deposits					
- From Others	1,506.80	639.40	15.00	120.40	23.80
Other Loans :					
Rupee Loan from Banks	1,500.00	1,250.00	-	1,000.00	-
Commercial Papers					
- From Banks	-	-	141.00	-	-
- From Others	7,155.70	2,578.40	1,565.90	-	-
(B)	10,162.50	4,915.60	5,086.90	2,395.40	10,273.80
Total (A+B)	82,121.80	40,714.90	20,415.40	15,293.20	19,098.50

8. TRADE PAYABLES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Trade Payables					
Due to Micro, Small and Medium Enterprises					
For Services	3,308.40	2,331.90	2,808.70	1,498.00	2,961.80
Acceptances	968.10	547.90	78.40	42.00	-
Due to others					
Operating Lease	7.40	16.10	0.30	-	-
Employees	101.00	21.40	5.50	1.90	15.80
	4,384.90	2,917.30	2,892.90	1,541.90	2,977.60

9. OTHER CURRENT LIABILITIES - OTHERS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Interest Accrued but not due on Borrowings	1,131.00	626.80	384.10	606.20	824.90
For Capital Goods	209.30	-	0.50	-	-
Advance from Customers	103.50	173.20	200.00	84.00	167.00
Bank overdraft	2.50	5.80	145.50	-	-
Advance from parties	31.20	-	-	-	-
Payable to Employees	22.60	16.10	17.10	24.80	6.90
Interest swap	1.90	13.00	-	-	-
Statutory Liabilities	148.70	305.70	50.50	47.30	14.40
Security Deposits & Retentions	73.40	168.20	9.40	2.60	-
Forward contract payable	48.30	9.50	5.50	-	-
Commission Payable to Directors	20.80	17.50	7.10	10.30	5.50
Unclaimed Dividend	3.90	3.70	3.60	3.50	3.50
Unclaimed Matured Public Deposits and Interest Accrued thereon	3.80	5.00	6.60	7.70	10.50
Refundable Share Application Money	-	-	-	-	22.00
Liability for Operating Expenses	302.80	357.40	225.20	96.80	38.80
Loss payable on Forward Exchange Contracts	-	16.60	1.50	0.90	775.20
	2,103.70	1,718.50	1,056.60	884.10	1,868.70

10. SHORT-TERM PROVISIONS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Provision for Employee Benefits (Current Portion)					
Gratuity	5.10	7.80	0.10	0.10	0.10
Unavailed leave	11.60	12.60	9.30	6.90	5.60
(A)	16.70	20.40	9.40	7.00	5.70
Others					
Provision for Doubtful Vendor Advances	12.80	0.70	-	-	-
Provision towards customer claims	-	30.80	-	-	-
Proposed Dividend	251.50	377.80	139.40	116.30	139.60
Provision for Corporate Dividend Tax	40.80	62.80	23.10	19.70	23.70
Provision for Premium on Unsecured Subordinated Bonds	10.80	15.80	15.80	15.80	15.80
Provision for Taxation (net of Advance tax/Tax deducted at source)	-	275.70	-	-	-
(B)	315.90	763.60	178.30	151.80	179.10
Total (A+B)	332.60	784.00	187.70	158.80	184.80

Schedules to the Statement of Assets and Liabilities, As Reformatted

Note 11

Fixed Assets

₹ In Mio

Particulars	Gross Block					Accumulated Depreciation/Amortisation					Net Block				
	As of 31.03.2012	As of 31.03.2011	As of 31.03.2010	As of 31.03.2009	As of 31.03.2008	As of 31.03.2012	As of 31.03.2011	As of 31.03.2010	As of 31.03.2009	As of 31.03.2008	As of 31.03.2012	As of 31.03.2011	As of 31.03.2010	As of 31.03.2009	As of 31.03.2008
I. Tangible Assets:															
Assets for Own use:															
Land- Freehold	216.90	249.00	23.50	23.50	40.80	-	-	-	-	-	216.90	249.00	23.50	23.50	40.80
Land - Leasehold	14.70	14.70	-	-	-	0.10	0.10	-	-	-	14.60	14.60	-	-	-
Buildings	1,486.40	1,468.90	248.40	250.10	70.40	54.60	27.40	7.40	3.40	14.00	1,431.80	1,441.50	241.00	246.70	56.40
Leasehold Improvements	227.10	130.90	2.10	-	-	23.10	9.00	-	-	-	204.00	121.90	2.10	-	-
Furniture and Fixtures	286.50	226.90	129.00	115.00	124.20	66.80	46.50	24.30	11.50	32.70	219.70	180.40	104.70	103.50	91.50
Motor Vehicles	82.80	18.50	8.20	8.00	21.90	10.80	5.60	2.10	1.10	8.90	72.00	12.90	6.10	6.90	13.00
Machinery	1,314.80	1,264.50	19.40	19.90	0.20	466.10	434.00	2.20	0.90	-	848.70	830.50	17.20	19.00	0.20
Equipment	8,645.60	8,035.20	-	-	-	1,874.10	1,452.70	-	-	-	6,771.50	6,582.50	-	-	-
Computer	329.80	278.20	139.30	119.50	129.80	126.60	80.90	48.60	26.00	67.50	203.20	197.30	90.70	93.50	62.30
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Assets	-	-	-	-	52.50	-	-	-	-	-	-	-	-	-	52.50
Total A	12,604.60	11,686.80	569.90	536.00	439.80	2,622.20	2,056.20	84.60	42.90	123.10	9,982.40	9,630.60	485.30	493.10	316.70
Assets for Operating Lease:															
Aeroplane/Aircrafts	239.00	239.00	305.80	305.80	240.60	100.80	75.90	58.80	29.70	30.00	138.20	163.10	247.00	276.10	210.60
Ships	-	-	-	-	195.80	-	-	-	-	40.60	-	-	-	-	155.20
Earthmoving Equipments	1,240.00	432.60	332.90	326.10	793.90	307.70	146.20	98.90	55.60	170.20	932.30	286.40	234.00	270.50	623.70
Motor Vehicles	2,343.50	1,036.20	826.00	786.90	1,720.10	781.00	489.20	320.80	171.30	452.30	1,562.50	547.00	505.20	615.60	1,267.80
Plant & Machinery	5,880.50	3,781.20	1,671.80	1,559.50	1,873.50	697.20	463.60	243.40	116.20	135.70	5,183.30	3,317.60	1,428.40	1,443.30	1,737.80
Computers	941.90	484.80	93.20	12.90	-	171.40	59.30	11.40	0.80	-	770.50	425.50	81.80	12.10	-
Furniture and Fixtures	148.60	103.40	75.00	-	-	26.70	14.90	10.20	-	-	121.90	88.50	64.80	-	-
Total B	10,793.50	6,077.20	3,304.70	2,991.20	4,823.90	2,084.80	1,249.10	743.50	373.60	828.80	8,708.70	4,828.10	2,561.20	2,617.60	3,995.10
Total I (A+B)	23,398.10	17,764.00	3,874.60	3,527.20	5,263.70	4,707.00	3,305.30	828.10	416.50	951.90	18,691.10	14,458.70	3,046.50	3,110.70	4,311.80
II. Intangible Assets:															
Assets for Own use															
Computer Softwares	173.20	135.20	48.70	33.40	37.70	85.90	50.20	9.90	5.70	12.90	87.30	85.00	38.80	27.70	24.80
Tenancy Rights	0.40	0.40	0.40	0.40	1.00	0.40	0.30	0.20	0.10	0.30	-	0.10	0.20	0.30	0.70
Total C	173.60	135.60	49.10	33.80	38.70	86.30	50.50	10.10	5.80	13.20	87.30	85.10	39.00	28.00	25.50
Assets for Operating Lease:															
Software	117.10	96.60	89.30	-	-	45.00	22.60	4.00	-	-	72.10	74.00	85.30	-	-
Total D	117.10	96.60	89.30	-	-	45.00	22.60	4.00	-	-	72.10	74.00	85.30	-	-
Total II (C+D)	290.70	232.20	138.40	33.80	38.70	131.30	73.10	14.10	5.80	13.20	159.40	159.10	124.30	28.00	25.50
Total Fixed Assets = (I+II)	23,688.80	17,996.20	4,013.00	3,561.00	5,302.40	4,838.30	3,378.40	842.20	422.30	965.10	18,850.50	14,617.80	3,170.80	3,138.70	4,337.30

Srei Infrastructure Finance Ltd. (Consolidated)

12 NON-CURRENT INVESTMENTS

Particulars	₹ in Mio				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Investment in Associates	-	-	-	-	461.90
In Government, Government guaranteed securities, bonds & units	10.40	10.50	24.30	24.30	24.30
In Other Securities	20,994.70	20,303.90	6,683.10	4,413.90	2,732.70
	21,005.10	20,314.40	6,707.40	4,438.20	3,218.90

13. FINANCIAL ASSETS (Non- Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Secured, Considered Good	30,789.60	24,623.10	19,231.50	17,375.20	27,858.80
Total	30,789.60	24,623.10	19,231.50	17,375.20	27,858.80

FINANCIAL ASSETS (Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Secured, Considered Good	15,880.70	13,639.80	10,815.10	9,318.30	12,387.40
Total	15,880.70	13,639.80	10,815.10	9,318.30	12,387.40

FINANCIAL ASSETS (Short term)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Secured, Considered Good	4,054.40	4,656.50	3,928.80	3,946.70	7,150.30
Total	4,054.40	4,656.50	3,928.80	3,946.70	7,150.30

14. LOAN ASSETS (Non Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Secured, Considered Good	22,228.80	16,767.90	12,967.60	5,138.30	1,264.60
(A)	22,228.80	16,767.90	12,967.60	5,138.30	1,264.60
Unsecured	116.90	97.60	1,070.80	65.00	-
(B)	116.90	97.60	1,070.80	65.00	-
Total (A+B)	22,345.70	16,865.50	14,038.40	5,203.30	1,264.60

Srei Infrastructure Finance Ltd. (Consolidated)

LOAN ASSETS (Current Maturities)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Secured, Considered Good	58,349.80	23,133.00	3,512.10	2,920.70	52.40
(A)	58,349.80	23,133.00	3,512.10	2,920.70	52.40
Unsecured	125.00	72.60	17.30	-	-
(B)	125.00	72.60	17.30	-	-
Total (A+B)	58,474.80	23,205.60	3,529.40	2,920.70	52.40

LOAN ASSETS (Short Term)

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Secured, Considered Good	4,344.90	5,013.40	698.80	1,429.60	379.90
(A)	4,344.90	5,013.40	698.80	1,429.60	379.90
Unsecured	101.40	358.00	329.10	100.00	-
(B)	101.40	358.00	329.10	100.00	-
Total (A+B)	4,446.30	5,371.40	1,027.90	1,529.60	379.90

15. OTHER LONG-TERM ADVANCES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, Considered Good					
Advances					
Capital Advances	702.90	717.90	0.40	1.40	18.60
Advance to Vendors for Operating Expenses	3.90	0.10	-	-	0.10
Employee Advances	5.90	10.20	1.60	0.90	1.80
Advance against investments	2.30	2.40	2.30	2.30	0.50
Security Deposits - to Others	34.20	1,223.80	318.20	1,197.30	847.90
Balances with Revenue Authorities	1.00	18.50	1.00	-	-
Share Application Money	-	38.00	0.20	-	-
Contribution to Corpus of Trusts	0.20	0.20	0.10	-	-
Prepaid Expenses	231.90	265.00	14.40	10.90	12.70
Advance Tax (net of provision for tax)	819.40	-	90.60	154.10	127.80
Other Advances	16.10	4.20	-	0.10	68.50
	1,817.80	2,280.30	428.80	1,367.00	1,077.90

16. OTHER NON-CURRENT ASSETS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, Considered Good					
Fixed Deposit Account with original maturity of more than twelve months (Under Lien)	3,151.80	1,486.80	435.10	647.30	1,307.30
Unamortised Ancillary Borrowing Costs	591.10	416.40	702.90	165.30	286.40
Income Accrued but not due	35.30	28.90	-	-	-
Interest Accrued but not due	1.30	357.70	1.00	6.00	7.00
Miscellaneous Expenditure to the extent not written off or adjusted	5.60	9.80	20.90	21.90	48.20
Gains receivable on Derivative Contracts	862.30	273.00	-	-	-
Advance against investments	-	-	-	-	2.30
Other Advances	-	-	3.90	-	-
	4,647.40	2,572.60	1,163.80	840.50	1,651.20

17. TRADE RECEIVABLES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Sundry Debtors (Secured)					
Other Debts					
Considered Good	-	-	3.60	26.70	-
(A)	-	-	3.60	26.70	-
Sundry Debtors					
Outstanding for more than Six Months					
Unsecured, Considered Good	1,478.70	1,123.40	587.40	181.50	22.10
Unsecured, Considered Doubtful	59.70	40.80	8.80	7.70	12.20
Less: Provision for Doubtful Debts	(35.10)	(40.30)	(7.50)	(5.70)	(9.80)
	1,503.30	1,123.90	588.70	183.50	24.50
Outstanding for a period less than six months					
Secured, Considered Good	-	-	-	-	-
Unsecured, Considered Good	1,965.80	1,212.20	483.90	500.60	86.70
(B)	3,469.10	2,336.10	1,072.60	710.80	111.20
Total (A+B)	3,469.10	2,336.10	1,076.20	737.50	111.20

18. CASH AND BANK BALANCES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
A. Cash and Cash Equivalents:					
Cash on Hand	13.40	9.60	5.30	5.70	23.80
Balances with Banks - in Current Account	1,614.20	818.80	990.90	910.40	177.70
Cheques on Hand	677.40	67.10	-	-	-
Fixed Deposits with banks (having original maturity of 3 months or less)	132.70	165.50	275.10	2,277.30	672.90
Unclaimed Dividend Account	3.90	3.70	3.60	3.50	3.50
(A)	2,441.60	1,064.70	1,274.90	3,196.90	877.90
B. Other Bank Balances :					
Fixed Deposits with banks (having original maturity of more than 3 months but less than 12 months)	465.20	576.70	211.40	199.90	168.70
Fixed Deposits with banks (having original maturity of more than 12 months)	1,180.90	48.40	988.40	786.80	439.20
(B)	1,646.10	625.10	1,199.80	986.70	607.90
Total (A+B)	4,087.70	1,689.80	2,474.70	4,183.60	1,485.80

19. OTHER SHORT-TERM ADVANCES

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unsecured, Considered Good Advances					
Capital Advances	-	-	-	-	6,300.00
Advance to Vendors for Operating Expenses	136.80	82.00	150.30	117.80	92.90
Employee Advances	33.00	26.70	31.10	14.30	13.10
Advance against investments	-	-	-	0.40	200.60
Advance against insurance	0.10	-	-	-	-
Security Deposits - to Others	1,282.50	32.30	1,209.00	22.80	7.50
Share Application Money	-	0.30	0.50	22.40	30.80
Gratuity Fund	-	0.80	-	-	-
Prepaid Expenses	201.00	258.10	37.00	9.30	48.40
Balance with Revenue Authorities	334.80	223.30	102.60	185.00	349.40
MAT Credit Entitlement	30.90	261.80	272.70	79.20	16.20
Other Advances	55.40	4.10	53.80	80.10	16.60
	2,074.50	889.40	1,857.00	531.30	7,075.50

20. OTHER CURRENT ASSETS

₹ In Mio

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Unamortised Ancillary Borrowing Costs	225.90	173.10	114.80	128.80	103.50
Interest Accrued but not due	1,736.50	196.30	15.20	21.00	22.80
Income Accrued but not due	8.10	8.20	0.70	-	-
Stock for Trade	24.60	26.20	1.10	4.40	7.40
Gains receivable on Derivative Contracts	774.50	-	92.20	1,110.10	-
Derivative Asset Forward	222.40	4.10	-	-	-
Other Receivables	126.90	142.10	166.80	11.60	1.00
Miscellaneous Expenditure to the extent not written off or adjusted	4.20	4.30	21.70	4.10	8.60
	3,123.10	554.30	412.50	1,280.00	143.30

Schedules to the Statement of Profit & Loss, As Reformatted

21. REVENUE FROM OPERATIONS

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Income from Loans/ Financial Assets	18,114.10	11,250.50	8,157.20	5,598.00	5,974.30
Income from Leases	1,311.70	769.20	481.90	568.50	944.40
Income from I T Infrastructure and CSC Services	617.30	542.60	459.70	298.00	0.10
Fee Based Income	789.50	1,210.00	602.20	865.90	376.60
Income from Equipment Rental	2,945.60	2,321.50	-	-	-
Assignment Income	267.00	-	-	890.00	-
Income from Long-Term Trade Investments	-	2.80	118.50	245.20	-
Income from Stock for Trade	0.20	2.60	12.10	-	-
Profit on Sale of Long-Term Trade Investments (net)	-	7.00	112.30	9.40	20.50
Profit on Sale of Stock for Trade (net)	-	99.50	4.20	39.30	90.80
Interest from Long-Term Trade Investments	-	-	-	0.50	24.00
Interest from Stock for Trade	-	-	-	7.90	-
Dividend Income	4.80	4.60	14.50	6.70	2.30
Interest received from Govt. Securities/Banks	288.80	106.40	142.30	112.50	103.30
	24,339.00	16,316.70	10,104.90	8,641.90	7,536.30

22. OTHER INCOME

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Liabilities No Longer Required Written Back	22.90	11.30	0.40	-	642.40
Profit on sale of Fixed Assets (net)	-	-	-	26.10	-
Other Non-Operating Income	101.40	52.90	24.80	53.80	17.90
	124.30	64.20	25.20	79.90	660.30

23. FINANCE COST

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Interest Expense:					
Interest on Bonds & Debentures	1,282.70	1,266.40	862.40	754.30	985.40
Interest on Term Loans	6,503.00	4,690.40	4,000.70	3,054.90	2,063.10
Interest on Public Deposits	0.30	2.30	4.30	4.80	8.00
Interest on Working Capital Facilities	4,756.30	1,446.30	604.60	626.10	469.30
Finance charges on Commercial Papers	1,729.60	335.20	-	-	-
Other Interest	104.40	77.60	10.10	-	115.70
Other Borrowing Costs:					
Other Finance Charges	617.20	609.10	412.30	168.30	812.70
Applicable net (gain)/loss on foreign currency transactions and translations	648.00	(135.30)	(559.60)	651.20	172.00
Amortisation of Premium on Unsecured subordinated bonds	8.80	8.80	8.80	8.80	8.80
	15,650.30	8,300.80	5,343.60	5,268.40	4,635.00

24. EMPLOYEE BENEFIT EXPENSES

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Salaries, Allowances, Commission & Bonus	1,608.50	1,144.60	669.80	547.80	410.00
Contribution to Provident and Other Funds	73.60	69.30	37.90	28.00	29.90
Staff Welfare Expenses	35.90	20.50	10.70	9.00	10.40
	1,718.00	1,234.40	718.40	584.80	450.30

25. ADMINISTRATIVE & OTHER EXPENSES

₹ In Mio

Particulars	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Communication Expenses	45.80	120.10	31.20	23.90	38.20
Outsourced Manpower Expenses	72.40	63.90	-	-	-
Site & Site Mobilisation Expenses	198.90	183.60	-	-	-
Legal & Professional Fees	396.70	401.60	353.60	607.30	195.10
Power & Fuel	148.40	57.30	19.30	9.90	12.20
Rent	147.60	135.70	86.60	65.30	50.10
Equipment Hire & Leasing	52.60	29.80	-	-	-
Rates and Taxes	72.10	47.50	28.30	28.70	19.90
Brokerage and Service Charges	82.80	49.20	15.30	16.90	68.20
Auditors' Remuneration	17.80	12.60	7.00	6.00	11.40
Repairs - Building	7.90	3.70	7.10	1.10	2.50
- Machinery	232.10	197.00	17.60	15.40	14.00
- Others	115.80	53.10	40.60	32.20	21.00
Travelling and Conveyance	284.50	227.50	158.20	145.00	131.60
Directors' Fees	2.10	1.20	1.60	1.50	1.10
Insurance	64.90	54.70	5.30	5.80	1.50
Printing and Stationery	24.70	19.70	16.70	15.90	16.30
Advertisement, Subscription and Donation	129.10	50.70	27.10	35.30	23.10
Provision for Diminution in Value of Long Term Investment	-	4.50	13.80	16.60	-
Provision for Diminution in value of Stock for Trade	1.60	9.00	0.70	0.50	-
Provision for Customer Claims	1.70	30.90	-	-	-
Provision for Diminution in Inventories	18.30	-	-	-	-
Loss on sale of Fixed Assets (net)	55.60	94.30	10.20	-	23.00
Investment written off	1.20	-	-	-	-
Fixed Assets written off	0.30	-	-	-	-
Expenses for Liquidation of overseas Subsidiary	5.00	-	-	-	-
Miscellaneous Expenses written off	4.30	22.80	7.20	4.30	2.00
Miscellaneous Expenses	47.60	60.70	59.90	78.20	63.20
	2,231.80	1,931.10	907.30	1,109.80	694.40

Srei Infrastructure Finance Ltd. (Consolidated)

26 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 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.

27 The details of subsidiaries (including their subsidiaries and joint ventures), associates and joint venture (including its subsidiary) are as follows:–

Name of the Company	Country of incorporation	% Holding As at 31st March, 2012	% Holding As at 31st March, 2011	% Holding As at 31st March, 2010	% Holding As at 31st March, 2009	% Holding As at 31st March, 2008
Subsidiaries						
Srei Capital Markets Limited	India	100	100	100	100	100
Srei Venture Capital Limited	India	100	100	100	100	100
Srei Infrastructure Advisors Limited	India	100	100	100	100	100
Global Investment Trust Limited	India	100	100	100	100	100
Controlla Electrotech Private Limited (w.e.f. 06.06.2008)	India	100	100	100	100	-
Srei Mutual Fund Asset Management Private Limited (w.e.f 27.11.2009)	India	100	100	100	-	-
Srei Mutual Fund Trust Private Limited (w.e.f 27.11.2009)	India	100	100	100	-	-
IIS International Infrastructure Services GmbH	Germany	92.54	92.54	92.54	92.54	92.54
Srei Forex Limited	India	100	100	100	100	100
Srei Insurance Broking Private Limited (w.e.f. 31.03.2012)	India	51	-	-	-	-
Srei Sahaj e-Village Limited	India	95.10	95.10	51	51	51
# Quippo Valuers and Auctioneers Private Limited. (Formerly GoIndustry Quippo Valuers and Auctioneers Private Limited)(w.e.f 31.03.2011)	India	100	100	-	-	-
# Quippo Oil & Gas Infrastructure Limited	India	99.90	99.80	-	-	-
Orbis Power Venture Private Ltd.	India		*	17	-	-
# Quippo Energy Private Limited	India	100	100	-	-	-
Srei Equipment Finance Pvt. Limited (SEFPL)	India			-	-	100
# Quippo Construction Equipment Limited	India	100	100	-	-	-
# Mumbai Futuristic Economic Zone Private Limited	India	100	100	-	-	-
Sub-Subsidiaries						
Quippo Infocomm Limited (ceased to be a Subsidiary of Srei Infrastructure Advisors Limited w.e.f. 16.07.2011)	India	-	100	100	100	-
Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited w.e.f. 25.09.2008) (Ceased to be subsidiary of Srei Capital Markets Ltd. w.e.f. 25.09.2008)	India	51	51	51	51	51
Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Venture Capital Limited)	India	51	51	51	51	51
Srei Insurance Broking Private Limited (Subsidiary of Srei Equipment Finance Private Limited)	India	-	-	-	-	100
Cyberabad Trustee Company Pvt. Limited (Subsidiary of Srei Venture Capital Limited)	India	51	51	51	51	51
ZAO Srei Leasing (Subsidiary of IIS International Infrastructure Services GmbH)	Russia	64.20	57.14	63.49	63.49	88.89
Srei Advisors Pte Limited (Subsidiary of IIS International Infrastructure Services GmbH w.e.f 25.02.2010)	Singapore	100	100	85	-	-
DPSC Ltd. (Subsidiary of Orbis Power Venture Private Ltd. w.e.f 29.01.2010)	India	-	**	58.88	-	-
# Quippo Prakash Marine Holdings Pte. Limited (Subsidiary of Quippo Oil & Gas Infrastructure Limited)	Singapore	51	51	-	-	-
# Quippo Prakash Pte. Limited (Subsidiary of Quippo Prakash Marine Holdings Pte. Limited)	Singapore	73.90	73.90	-	-	-
# Quippo Holding Cooperatief U.A. (Subsidiary of Quippo Oil & Gas Infrastructure Limited, Liquidated on 13.02.2012)	Netherlands	-	91	-	-	-
# Quippo International B.V. (Subsidiary of Quippo Holding Cooperatief U.A., Liquidated on 13.02.2012)	Netherlands	-	100	-	-	-
# Quippo Mara Infrastructure Limited (Subsidiary of Quippo International B.V., Ceased to be a Sub-subsidiary w.e.f. 13.02.2012 on account of liquidation of its holding company)	British Virgin Islands	-	50.10	-	-	-
# 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	-	-	-
# Kasco Steel Limited (Ceased to be a subsidiary of Quippo Construction Equipment Limited w.e.f. 22.09.2011)	India	-	68	-	-	-
Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited w.e.f. 05.03.2012)	Mauritius	100	-	-	-	-
Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited w.e.f. 22.03.2012)	Nigeria	100	-	-	-	-

Srei Infrastructure Finance Ltd. (Consolidated)

Associate						
Quippo Infrastructure Equipment Ltd. (ceased to be associate w.e.f 30.09.2008)	India	-	-	16.85	16.85	16.85
Joint Venture (including its subsidiary)						
Srei Equipment Finance Pvt. Limited (SEFPL)	India	50	50	50	50	-
Srei Insurance Broking Pvt. Limited (Ceased to be a Subsidiary of SEFPL w.e.f. 30.03.2012)	India	-	100	100	100	-
# Quippo Valuers and Auctioneers Private Limited. (Formerly GoIndustry Quippo Valuers and Auctioneers Private Limited) (upto 31.03.2011)	India	-	-	-	-	-
Joint Venture of Subsidiary						
Srei (Mauritius) Infrastructure Development Company Limited (JV between Srei Infrastructure Advisors Limited and The State Investment Corporation Limited of Mauritius) w.e.f. 06.11.2008	Mauritius	50	50	50	50	-
Aalat LLC (JV between IIS International Infrastructure Services GmbH and Waha Capital PJSC) w.e.f. 30.12.2009	United Arab Emirates, Abu Dhabi	49	49	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)	India	50	50	-	-	-
SICOM Srei Maharashtra Infrastructure Private Limited (JV between Srei Infrastructure Advisors Limited and SICOM Limited) w.e.f 27.08.2010	India	50	50	-	-	-
Associate of Subsidiary						
Spice Internet Service Provider Private Ltd. (Associate of Srei Sahaj e-Village Ltd. w.e.f 16.03.2010 and ceased to Associate w.e.f 20.08.2010)	India	-	-	49	-	-

* Ceased to be subsidiary w.e.f 31st March 2010

** Ceased to be subsidiary w.e.f 31st March 2010

2010-11

Pursuant to the Scheme of 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 January 18, 2011 and effective w.e.f. March 04, 2011, these Companies have become subsidiaries and/or step down subsidiaries of the Company.

Similarly, Quippo Valuers and Auctioneers Private Limited (Formerly GoIndustry Quippo Valuers and Auctioneers Private Limited) (QVAPL) which was a 50:50 joint venture between Quippo and Go Industry Limited, UK became a Joint Venture between the Company and Go Industry Limited, UK w.e.f. March 04, 2011. Thereafter, the entire shareholding of Go Industry Limited, UK has been acquired by the Company and consequently, QVAPL has become a 100% subsidiary of the Company w.e.f. March 31, 2011. The name has been changed to "Quippo Valuers and Auctioneers Private Limited" w.e.f. April 16, 2011.

28 Scheme of Amalgamation**2010-11**

The Board of Directors of the Company at its meeting held on 28th January, 2010 had, based on the recommendation of the Committee of Independent Directors, approved amalgamation of Quippo Infrastructure Equipment Limited (Transferor Company) into and with the Company in terms of a Scheme of Amalgamation (the Scheme) under Sections 391 to 394 of the Companies Act, 1956. The Scheme was approved by the Equity Shareholders of the Company in the meeting held on 31st May, 2010, convened by the Hon'ble High Court at Calcutta (the Court).

Pursuant to the sanction of the scheme by the Court vide its Order made on 18th January, 2011, all the assets, rights, obligations, liabilities and the entire business of the Transferor Company were transferred to and vested in the Company, as a going concern with effect from 1st April, 2010 ('Appointed Date') and accordingly, the sanctioned Scheme has been given effect to in these financial statements. The Transferor Company alongwith its subsidiaries had been primarily engaged in the business of infrastructure equipment rental and matters incidental and ancillary thereto.

As per the Scheme of Amalgamation, the Effective Date is the date on which all the conditions and matters referred to in the Scheme are fulfilled and the Scheme becomes operative and effective from the Effective Date. All the conditions and matters prescribed in the Scheme were fulfilled on 4th March, 2011. Accordingly, the Scheme became effective from 4th March, 2011. Pending completion of relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme, in the Company's name, such assets and liabilities remain included in the books of the Company in the name of the Transferor Company.

In accordance with the Scheme and as per the sanction by the Court:

- The Company has issued and allotted 92,915,839 equity shares of ₹ 10/- each fully paid up as bonus shares to the pre-amalgamation equity shareholders of the Company in the ratio of 4:5, by way of capitalisation of Securities Premium on 5th March, 2011.
- Further, the Company has issued and allotted 294,025,696 equity shares of ₹ 10/- each fully paid up as consideration for the amalgamation to the shareholders of the Transferor Company on 5th March, 2011.
- A Trust in the name of "Srei Growth Trust" has been settled by the Company on 4th March, 2011 to inter alia, receive equity shares of the Company in exchange of the Company's shareholding in the Transferor Company. The Company, in lieu of its shareholding in the Transferor Company, is entitled to be allotted equity shares of itself on amalgamation. However, since a company cannot hold its own shares, the Company settled the aforesaid Trust to hold such shares. Consequently, 48,600,000 equity Shares of the Company of ₹ 10/- each fully paid up were issued and allotted to Srei Growth Trust, which is holding such shares in trust for the benefit of the Company and/or the shareholders of the 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 'Investments' in the Balance Sheet.

Srei Infrastructure Finance Ltd. (Consolidated)

- (d) Accounting for Amalgamation:
The amalgamation of Transferor Company with the Company has been accounted for on the basis of the Purchase Method as stated in the Accounting Standard (AS) -14 on 'Accounting for Amalgamations' as below:
- (i) All assets and liabilities of the Transferor Company were transferred to and vested in the Company at their respective fair values as on 31st March 2010, w.e.f. 1st April, 2010.
 - (ii) Excess of the fair value of net assets taken over by the Company, over the paid up value of Equity Shares issued & allotted to the shareholders of the Transferor Company, being ₹ 137,870 Lakh has been credited to General Reserves of the Company. Had the Scheme, sanctioned by the Court, not prescribed this accounting treatment, this amount would have been credited to Capital Reserve, with no impact on net profit for the year.
 - (iii) Inter Company balance of ₹ 100 Lakh on account of loan given by the Company to the Transferor Company has been cancelled.
 - (iv) The Authorised Share Capital of the Company has increased from ₹ 70,000 Lakh to ₹ 81,000 Lakh divided into 710,000,000 Equity Shares of ₹ 10/- each and 10,000,000 Preference Shares of ₹ 100/- each.

29 Scheme of Arrangement

2008-09 & 2007-08

The Board of Directors of the Company on 31st May, 2007 had given its consent for the execution of a Joint Venture Agreement, Share Subscription Agreement and Shareholders Agreement in connection with the formation of a joint venture with BNP Paribas Lease Group (a wholly owned subsidiary of BNP Paribas S.A.) ('BPLG') In accordance with these agreements, the Company has been allotted 22,950,000 equity shares of ₹ 10 each at par in SREI Equipment Finance Private Ltd (formerly known as SREI Infrastructure Development Finance Ltd) ('SEFPL'). and BPLG has been allotted 25,000,000 equity shares of ₹ 10 each at a premium of ₹ 300 per share in SEFPL on the effective date i.e. 2nd April 2008, being the date of filing of the Order of the Hon'ble High Court at Calcutta with the Registrar of Companies, West Bengal. Consequently, SEFPL has become a joint venture between the Company and BPLG with effect from 2nd April 2008.

Pursuant to the Scheme of Arrangement ('the Scheme') approved by the shareholders and sanctioned by the Hon'ble High Court at Calcutta vide Order of 28th January 2008, all business, assets and liabilities pertaining to the project finance business and asset based financing business of the Company including its shareholding in SREI Insurance Broking Private Ltd ('SIBPL') (formerly known as SREI Insurance Services Ltd) were transferred to SEFPL as a going concern on a slump sale basis, pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 with effect from 1st January 2008 ('Appointed Date') and accordingly, the Scheme has been given effect to in these accounts.

The Scheme was sanctioned by the Hon'ble High Court at Calcutta as approved by the Shareholders without any modification, alteration or change. As per the Scheme of Arrangement, the 'Effective Date' is the date on which all conditions and matters referred to in the Scheme have been fulfilled, wherein the Scheme becomes operative and effective from the 'Effective Date'. All conditions and matters prescribed in the Scheme were fulfilled on 2nd April 2008. Accordingly the transfer in terms of the Scheme takes place from the 'Effective Date' being 2nd April 2008.

30 2011-12

The audited financial statements of IIS International Infrastructure Services GmbH (IIS), Quippo Prakash Marine Holdings Pte. Ltd., Quippo Energy Middle East Limited and management accounts of Srei (Mauritius) Infrastructure Development Corporation Ltd., Quippo Energy Yemen Limited, Quippo Prakash Pte. Limited and Aalat LLC up to 31st March, 2012 have been prepared in accordance with International Financial Reporting Standards, generally followed in the country of their incorporation. Differences in accounting policies arising there from are not material.

The audited financial statements of ZAO Srei Leasing (ZAO) and Srei Advisors Pte Ltd. subsidiaries of IIS is prepared upto 31st December every year. Management accounts for the period 1st January, 2011 to 31st March, 2011 and 1st January, 2012 to 31st March, 2012 have been used for consolidation with IIS. The audited financial statements of ZAO have been prepared in accordance with International Financial Reporting Standards, generally followed in the country of their incorporation. Differences in accounting policies arising there from are not material.

Quippo Mauritius Private Ltd. (subsidiary of Quippo Energy Private Ltd.) and Quippo Energy Nigeria Private Ltd. (subsidiary of Quippo Mauritius Private Ltd.) was formed during the year without any receipt of Equity Contribution as per the law applicable in the country of its incorporation. Upto 31st March 2012, both the Companies were yet to start its operations and there were no transactions in the Company during the year ended on that date. Therefore, no financial statement of these Companies were available for consolidation.

Srei Infrastructure Finance Ltd. (Consolidated)

2010-11

The audited financial statements of IIS International Infrastructure Services GmbH (IIS), Quippo Prakash Marine Holdings Pte. Ltd. and management accounts of Quippo Prakash Pte. Ltd., Srei (Mauritius) Infrastructure Development Corporation Ltd., Quippo Holding Cooperatief U.A., Quippo International B.V., Quippo Energy Middle East Limited and Quippo Energy Yemen Limited up to 31st March 2011 have been prepared in accordance with International Financial Reporting Standards, generally followed in the country of their incorporation. Differences in accounting policies arising there from are not material.

The audited financial statements of ZAO Srei Leasing (ZAO), a subsidiary of IIS is prepared upto 31st December every year. Management accounts for the period 1st January, 2010 to 31st March, 2010 and 1st January 2011 to 31st March 2011 have been used for consolidation with IIS. The audited financial statements of ZAO have been prepared in accordance with International Financial Reporting Standards, generally followed in the country of their incorporation. Differences in accounting policies arising there from are not material.

The audited financial statements of Srei Advisors Pte Ltd., subsidiary of IIS and Aalat LLC, Joint Venture of IIS is prepared upto 31st December every year. The first audited financial of Srei Advisors Pte Ltd. and Aalat LLC, since incorporation was prepared upto 31st December, 2010. Management accounts for the period 1st January 2011 to 31st March 2011 has been used for consolidation with IIS. The audited financial statements of Srei Advisors Pte Ltd. and Aalat LLC have been prepared in accordance with International Financial Reporting Standards, generally followed in the country of their incorporation. Differences in accounting policies arising there from are not material.

Quippo Mara Infrastructure Limited (QMIL), a subsidiary of Quippo International B.V. was formed without any receipt of Equity Contribution as per the law applicable in the country of its incorporation. Upto 31st March 2011, QMIL was yet to start its operations and there were no transactions in the Company during the year ended on that date. Therefore, no financial statement of QMIL was available for consolidation.

2009-10

The audited financial statements of IIS International Infrastructure Services GmbH (IIS) and management accounts of Srei (Mauritius) Infrastructure Development Corporation Ltd. up to 31st March 2010 have been prepared in accordance with International Financial Reporting Standards. Differences in accounting policies arising there from are not material.

The audited Balance Sheet of ZAO SREI Leasing (ZAO), subsidiary of IIS is prepared upto 31st December every year. Management accounts for the period 1st January, 2009 to 31st March, 2009 and 1st January 2010 to 31st March 2010 has been used for consolidation with IIS. The accounts of ZAO have been prepared in accordance with International Financial Reporting Standards. Differences in accounting policies arising there from are not material.

Srei Mutual Fund Trust Private Ltd, Srei Mutual Fund Asset Management Private Ltd., Srei Advisors Pte Ltd., Aalat LLC and Spice Internet Service Provider Private Ltd. have not been consolidated since the amounts involved in respect of the same are not material and the first financial year of these companies have not yet ended.

Orbis Power Venture Private Ltd. and its subsidiary, DPSC Ltd. have not been considered for consolidation since the control was intended to be temporary. Orbis Power Venture Private Limited became the subsidiary of the Company w.e.f. 2nd January, 2010 and it ceased to be a subsidiary w.e.f. 31st March, 2010.

2008-09

The audited financial statements of IIS International Infrastructure Services GmbH (IIS) and Srei (Mauritius) Infrastructure Development Corporation Ltd. up to 31st March 2009 have been prepared in accordance with International Financial Reporting Standards. Differences in accounting policies arising there from are not material.

The audited Balance Sheet of ZAO SREI Leasing (ZAO), subsidiary of IIS is prepared upto 31st December every year. Management Accounts for the period 1st January, 2008 to 31st March, 2008 and 1st January 2009 to 31st March 2009 has been used for consolidation with IIS. The accounts of ZAO have been prepared in accordance with International Financial Reporting Standards. Differences in accounting policies arising there from are not material.

Quippo Infrastructure Equipment Ltd. (QIEL) ceased to be an associate of the Company with effect from 30th September, 08. In the absence of financial statements of QIEL, the same has not been consolidated for that period. The effect of the same is not considered to be material.

2007-08

The audited financial statements of IIS International Infrastructure Services GmbH (IIS) upto 31st March, 2008 have been prepared in accordance with International Financial Reporting Standards. Differences in accounting policies arising therefrom are not material.

The audited Balance Sheet of ZAO SREI Leasing (ZAO), subsidiary of IIS is prepared upto 31st December every year. Management Accounts for the period 1st January, 2007 to 31st March, 2007 and 1st January 2008 to 31st March 2008 has been used for consolidation with IIS. The accounts of ZAO have been prepared in accordance with International Financial Reporting Standards. Differences in accounting policies arising therefrom are not material.

Total assets of IIS including its subsidiary amount to ₹ 24,011 lacs (previous year ₹ 6,697 lacs) as at 31st March 2008 and total Revenue for the year ended 31st March 2007 amounts to ₹ 2,498 lacs (previous year Revenue ₹ 661 lacs).

During the year, two companies namely Hyderabad Information Technology Venture Enterprises Ltd. and Cyberabad Trustee Company Pvt. Ltd. became subsidiaries of the Company through its subsidiary i.e. SREI Venture Capital Ltd and accordingly have been considered for consolidation.

Quippo Infrastructure Equipment Ltd. (QIEL), associate of the Company presented unaudited consolidated financial statements, as certified by Management, for the first time in the financial year 2007-08. Accordingly, such consolidated financial statements have been considered for the purposes of consolidation by the Company.

Srei Infrastructure Finance Ltd. (Consolidated)

- 31 2011-12**
The Share Capital of Srei Mutual Fund Asset Management Private Limited, a wholly owned subsidiary of the Company has been increased to ₹ 1,300 lakh as on March 31, 2012 consequent upon infusion of fresh capital aggregating to ₹ 200 lakh by the Company.
- 32 2010-11**
Company's shareholding in Srei Sahaj e-Village Ltd. has increased to 95.10% during the year on infusion of fresh capital. Srei Advisors Pte. Limited, Singapore has become a wholly owned subsidiary of IIS International Infrastructure Services GmbH, Germany, a subsidiary of the Company, w.e.f. March 10, 2011 consequent upon acquisition of balance 15% shareholding. The Share Capital of Srei Mutual Fund Asset Management Private Limited, a wholly owned subsidiary of the Company has been increased to ₹ 1,100 Lakhs as on March 31, 2011 consequent upon infusion of fresh capital aggregating to ₹ 1,090 lakhs by the Company.
- 33 2009-10**
During the year, the Company has invested 100% equity stake in Srei Mutual Fund Asset Management Private Ltd. and Srei Mutual Fund Trust Private Ltd. and accordingly have become subsidiaries of the Company w.e.f. 27th November, 2010.

34 Contingent Liabilities And Commitments (to the extent not provided for)

(₹ in lakh)

Particulars	As at 31st March,				
	2012	2011	2010	2009	2008
Contingent Liabilities					
Bank Guarantees	3,309	3,183	5,079	3,512	663
Bank Guarantees against receivables securitised/assigned	4,324	6,835	4,060	-	-
Corporate Guarantee	-	-	-	-	4,151
Guarantee against co-branded agreements	-	11	40	88	690
Guarantee against receivable assigned	-	5	85	599	3,668
Legal Cases	-	-	-	28	-
Disputed Tax demands	13,814	12,831	5,149	3,664	6,465
Letter of Credit	-	-	-	-	22
Fringe Benefit Tax	285	299	299	-	-
Claim against the company but not acknowledged as debts	476	46	3	-	-
Others	-	-	-	-	19
Total	22,208	23,210	14,715	7,891	15,678
Commitments					
Estimated amount of capital contracts remaining to be executed and not provided for (Net of advances)	5,193	8,062	761	163	760
Uncalled liability on partly paid-up shares, held as Stock for Trade	-	1	-	-	-
Commitment on account of derivative contract (refer note 32)	-	-	-	-	-
Other Commitments	1,770	-	-	-	-

- 35** 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,				
		2012	2011	2010	2009	2008
Options /Swaps	EUR/INR	EUR 187	EUR 54	73	90	-
Options /Swaps	JPY/USD	JPY 8,020	-	27,196	27,196	54,393
Options /Swaps	SGD/USD	SGD 175	SGD 175	-	-	-
Options /Swaps	USD/INR	USD 2,246	USD 2,532	2,306	1,975	2,342
Options /Swaps	YEN/USD	YEN 19,201	YEN 25,130	-	-	-
Options /Swaps	EUR/USD	-	-	-	-	100
Options /Swaps	USD/CHF	-	-	-	-	330
Options /Swaps	USD/YEN	-	-	-	-	50
Forwards	CHF/INR	CHF 2	-	-	-	-
Forwards	EUR/INR	EUR 112	EUR 47	45	6	-
Forwards	SGD/INR	SGD 3	-	3	-	-
Forwards	USD/INR	USD 182	USD 113	64	9	-
Forwards	JPY/INR	-	-	1,715	-	-
Forwards	GBP/INR	-	-	2	-	-
Interest Rate Swaps	INR	-	-	-	-	6,000
Interest Rate Swaps	EUR	EUR 25	-	-	-	-
Interest Rate Swaps	USD	USD 2,306	USD 797	80	-	-

- 36 2008-09**
During the year, the Company has acquired 100% equity stake in Controlla Electrotech Private Ltd. (CEPL) and accordingly has become a subsidiary of the Company w.e.f. 6th June 2008. The impact of the inclusion of the acquired Company in the consolidated financial statements is given below :

(₹ in lakh)

Particulars	2009
Net Fixed Assets	2,377
Net Current Assets	27
Loans/ Borrowings	-
Income	1
Expenses (Including Depreciation & Taxation)	36
Contingent Liabilities	-
Capital Commitments (Net of Advances)	-

37 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,			
	2012	2011	2010	2009
EQUITY AND LIABILITIES				
Shareholders’ Funds				
Share capital	2,661	2,500	2,500	2,500
Reserves and surplus	67,420	52,744	46,199	41,842
	70,081	55,244	48,699	44,342
Non-current liabilities				
Long-term borrowings	175,699	197,367	165,078	101,683
Deferred tax liabilities (Net)	5,567	3,044	3,923	2,683
Other long-term liabilities	4,970	3,470	359	90
Long-term provisions	7,004	6,581	4,398	4,390
	193,240	210,462	173,758	108,846
Current liabilities				
Short-term borrowings	233,078	123,039	71,170	95,590
Trade payables	33,067	27,433	27,488	11,988
Other current liabilities			-	-
- Current maturities of long-term borrowings	106,840	68,178	47,589	76,312
- Other current liabilities	6,020	3,097	3,067	6,021
Short-term provisions	1,861	3,730	76	31
	380,866	225,477	149,390	189,942
TOTAL	644,187	491,183	371,847	343,130
ASSETS				
Non-Current Assets				
Fixed Assets				
Tangible Assets	62,007	26,305	19,232	19,990
Intangible Assets	858	884	945	104
Deferred Tax Asset (Net)	-	-	-	-
Non current investments	-	-	-	-
Long-term Loans and Advances			-	-
Financial Assets	307,896	246,230	183,830	167,068
Other Long-term Advances	2,790	2,299	2,847	3,378
Other Non-Current Assets	41,764	19,544	7,383	13,968
	415,315	295,262	214,237	204,508
Current Assets				
Trade Receivables	1,277	268	329	236
Cash and Bank Balances	21,859	9,271	14,022	9,248
Short-term Loans and Advances				
Financial Assets	40,544	46,565	31,764	32,575
Other Advances	346	499	980	1,206
Other Current Assets				
Current Maturities of Long-term Financial Assets	158,807	136,398	108,151	93,183
Other Current Assets	6,039	2,920	2,364	2,174
	228,872	195,921	157,610	138,622
TOTAL	644,187	491,183	371,847	343,130
Particulars	2011-12	2010-11	2009-10	2008-09
STATEMENT OF PROFIT AND LOSS				
INCOME				
Revenue from operations	91,036	61,939	46,448	47,584
Other income	22	147	120	198
TOTAL	91,058	62,086	46,568	47,782
EXPENDITURE				
Employee Benefits Expense	5,124	3,362	2,193	2,305
Finance cost	52,196	32,765	26,799	32,005
Depreciation/Amortisation/Impairment	7,834	4,027	3,106	2,711
Administrative and Other expenses	5,431	3,920	2,656	2,576
Miscellaneous Expenditure written off	43	218	73	41
TOTAL	70,628	44,292	34,827	39,638
PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX	20,430	17,794	11,741	8,144
Bad debts written off (net of recovery)	4,884	5,112	5,017	917
Provision for Non Performing Assets	131	971	-	1,934
Contingent provisions against standard assets	182	1,041	-	-
PROFIT BEFORE TAX	15,233	10,670	6,724	5,293
Provision for Tax	5,384	4,126	2,368	2,165
PROFIT AFTER TAX	9,849	6,544	4,356	3,128
Proportionate Share in Reserves of Joint Venture:				
Capital Reserves	16	18	16	16
Debt Redemption Reserve	7,853	4,053	2,053	1,336
Special Reserve as per Reserve Bank of India Directions	5,016	3,043	1,735	865
Securities Premium Account	42,330	37,500	37,500	37,500
Statement of Profit and Loss	12,205	8,130	4,895	2,125
TOTAL	67,420	52,744	46,199	41,842
Contingent Liabilities	9,583	12,090	7,729	4,026
Capital Commitments (Net of Advances)	2,091	3,530	8	56

38 Financial Assets
2010-11

Financial Assets at the commencement of the year included certain long term project loans aggregating to ₹ 5,375 lakhs, being share of the Company in Joint Venture, given in earlier years. Against the above, during the year, the Joint Venture Company has recovered an amount of ₹ 5,000 lakhs and the balance amount of ₹ 375 lakhs considered as doubtful of recovery has been provided for in their accounts.

2009-10

Financial Assets includes certain long term project loans amounting to ₹ 5375 lakh, being share of the Company in Joint Venture. There has been considerable delay in executing these projects; the Joint Venture is in the process of assessing the status of these projects. However in view of the Joint Venture, the principal amounts in these loans are recoverable as per the respective loan agreements.

39 Segment Reporting

2011-12

Segment wise details (information provided in respect of revenue items for the year ended 31st March, 2012 and in respect of assets/ liabilities as at 31st March, 2012 – 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	214,619	139,067	29,726	23,273	6,468	6,093	250,813	168,433
Segment Result before Interest & Finance Charges								
	169,412	105,631	10,947	7,410	(179)	(1,136)	180,180	111,905
Interest & Finance Charges	148,863	77,673	6,709	4,839	931	496	156,503	83,008
Tax Expenses							11,362	9,279
Net Profit After Tax							12,315	19,618
Segment Assets	1,870,021	1,266,342	95,779	86,401	42,851	31,905	2,008,651	1,384,648
Segment Liabilities	1,596,209	988,430	70,557	68,175	9,601	2,939	1,676,367	1,059,544
Capital Expenditures	50,347	44,815	9,702	53,854	360	1,502	60,409	100,171
Depreciation	9,423	5,861	6,587	6,117	493	431	16,503	12,409
Other non-cash expenditure	43	228	-	-	-	-	43	228

2010-11

Segment wise details (information provided in respect of revenue items for the year ended 31st March 2011 and in respect of assets/ liabilities as at 31st March 2011 – 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	139,067	93,734	23,273	-	6,093	4,272	168,433	98,006
Segment Result before Interest & Finance Charges	105,631	72,639	7,410	-	(1,136)	2,494	111,905	75,133
Interest & Finance Charges	77,673	51,908	4,839	-	496	1,459	83,008	53,367
Tax Expenses							9,279	6,086
Net Profit After Tax							19,618	15,680
Segment Assets	1,266,342	790,066	86,401	-	31,905	23,186	1,384,648	813,252
Segment Liabilities	988,430	664,218	68,175	-	2,939	12,442	1,059,544	676,660
Capital Expenditures	44,815	4,652	53,854	-	1,502	212	100,171	4,864
Depreciation	5,861	4,150	6,117	-	431	178	12,409	4,328
Other non-cash expenditure	228	73	-	-	-	-	228	73

* During the year, new entities have been considered for consolidation and based on their operational activities, the Company has identified new business segment as ‘Infrastructure Equipment Services’.

2009-10

Segment wise details as required by AS - 17 “Segment Reporting” notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 is as under.

(₹ in lakh)

Particulars	Financing Activity	Others	Total
Segment Revenue	92,594	5,435	98,029
	(81,767)	(3,386)	(85,153)
Segment Result before Finance Charges	72,576	2,557	75,133
	(61,337)	(1,466)	(62,803)
Finance Charges	51,908	1,459	53,367
	-	-	(52,309)
Tax Expenses	-	-	4,619
	(2,129)	(108)	(2,237)
Net Profit After Tax	-	-	15,680
	-	-	(8,257)
Segment Assets	787,796	25,456	813,252
	(563,851)	(6,413)	(570,264)
Segment Liabilities	662,332	14,328	676,660
	(452,034)	(11,796)	(449,597)
Capital Expenditures	4,650	214	4,864
	(11,119)	(3,264)	(14,383)
Depreciation	4,130	198	4,328
	(3,486)	(172)	(3,658)
Other non-cash expenditure	73	-	73
	(42)	(2)	(44)

Amount in brackets represent previous year figures

Segment wise details as required by AS-17 “Segment Reporting” notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 is as under.

(₹ in lakh)

Particulars	Financing Activity	Others	Total
Segment Revenue	81,767 (70,180)	3,386 (9,893)	85,153 (80,073)
Segment Result before Finance Charges	61,337 (60,111)	1,466 (1,094)	62,803 (61,205)
Finance Charges	- -	- -	52,309 (45,928)
Tax Expenses	2,129 (1,687)	108 (117)	2,237 (1,804)
Net Profit After Tax	- -	- -	8,257 (13,473)
Segment Assets	563,851 (599,335)	6,413 (58,167)	570,264 (657,502)
Segment Liabilities	452,034 (557,841)	11,796 (25,566)	449,597 (583,407)
Capital Expenditures	11,119 (5,882)	3,264 (600)	14,383 (6,482)
Depreciation	3,486 (4,873)	172 (28)	3,658 (4,901)
Other non-cash expenditure	42 (81)	2 (2)	44 (83)

Amount in brackets represent previous year figures

2007-08

Segment wise details as required by AS-17 “Segment Reporting” notified by the Central Government under the Companies (Accounting Standards) Rules, 2006 is as under.

(₹ in lakh)

	Asset Finance	Others	Total
Segment Revenue	67,759 (39,799)	12,314 (2,270)	80,073 (42,069)
Segment Result	14,873 (8,579)	404 (547)	15,277 (9,126)
Tax Expenses	1,687 (654)	117 (16)	1,804 (670)
Net Profit After Deferred Tax	- -	- -	13,473 (8,456)
Segment Assets	599,335 (387,174)	58,167 (23,098)	657,502 (410,272)
Segment Liabilities	627,935 (399,340)	29,567 (10,932)	657,502 (410,272)
Capital Expenditures	5,882 (24,760)	600 (1)	6,482 (24,761)
Depreciation	4,873 (3,324)	28 (21)	4,901 (3,345)
Other non-cash expenditure	81 (73)	2 (4)	83 (77)

Amount in brackets represent previous year figures

40 Related Party Disclosures

List of related parties:

Joint Venture:	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Srei Equipment Finance Private Limited (ceased to be subsidiary w.e.f 02.04.2008)	√	√	√	√	-
Quippo valuers and Auctioneers Private Ltd. (Formerly GoIndustry Quippo Valuers and Auctioneers Private Ltd.)(upto 30.03.2011)	-	√	-	-	-

Associate Company :	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Quippo Infrastructure Equipment Limited (ceased to be associate w.e.f 30.09.2008)	-	-	-	√	√

Trusts :	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Srei Mutual Fund Trust w.e.f 07.08.2010	-	√	-	-	-
Srei Growth Trust w.e.f 04.03.2011	-	√	-	-	-

Key Management Personnel (KMP):		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Name	Designation					
Hemant Kanoria	Chairman & Managing Director (w.e.f. 14th May, 2008)	√	√	√	√	√
Prasad Kumar Pandey	Wholetime Director (resigned on 31.03.2009)	-	-	-	-	√
Saud Ibne Siddique	Joint Managing Director (w.e.f 01.04.2009)	√	√	√	-	-
Shyamalendu Chatterjee	Resigned on 31.03.2009 as Wholetime Director, Appointed as Non- Executive Director w.e.f 29.04.2009	-	-	-	-	√
Kishore Kumar Mohanty (Upto 31.01.2011)	Wholetime Director	-	√	√	√	√
Sanjeev Sancheti	Chief Financial Officer	√	√	√	√	-
Enterprises over which KMP and their relatives have significant influence		As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Viom Networks Limited (w.e.f. 18.11.2011)		√	-	-	-	-

Srei Infrastructure Finance Ltd. (Consolidated)

Summary of transactions with related parties:

(₹ in lakh)

Name of related party and Nature of transactions	2011-12		2010-11		2009-10		2008-09	
	Value of Transaction/ Outstanding	Amount Considered in Consolidation	Value of Transaction/ Outstanding	Amount Considered in Consolidation	Value of Transaction/ Outstanding	Amount Considered in Consolidation	Value of Transaction/ Outstanding	Amount Considered in Consolidation
(A) Joint venture								
Srei Equipment Finance Private Limited								
Subscription to Equity Shares	4,991	2,496	-	-	-	-	2,295	1,148
Amount received towards transfer as per Scheme of Arrangement	-	-	-	-	-	-	37,500	18,750
Loan advanced	-	-	-	-	43,544	21,772	46,997	23,499
Refund of loan advanced	-	-	-	-	43,544	21,772	46,997	23,499
Loan received	-	-	-	-	-	-	5,937	2,969
Refund of Loan received	-	-	-	-	-	-	27,991	13,996
Security Deposit Received	54	27	669	335	35	18	717	359
Security Deposit Paid	-	-	7	4	24	12	72	36
Security Deposit Refund Received	50	25	96	48	-	-	-	-
Security Deposit Refunded	7	4	-	-	-	-	-	-
Advance Paid	-	-	270	135	-	-	-	-
Refund of Advance Received	-	-	270	135	-	-	-	-
Interest received on Loan	-	-	-	-	1,600	800	2,083	1,042
Interest paid on Loan	-	-	-	-	-	-	49	25
Rent Paid	-	-	211	106	104	52	36	18
Rent Received	1,388	694	999	500	642	321	464	232
Balance Payable - Security Deposit	1,425	713	1,421	711	752	376	717	359
Balance Receivable - Security Deposit	-	-	7	4	96	48	72	36
Purchase of Investment	143	72	-	-	-	-	-	-

(₹ in lakh)

Name of related party and Nature of relationship	Nature of transactions and outstanding balances	2011-12	2010-11	2009-10	2008-09	2007-08
(B) Associate						
Quippo Infrastructure Equipment Limited (ceased to be associate w.e.f 30.09.2008)	Interest/Finance Charges received	-	-	-	637	932
	Loan Advanced	-	-	-	4,183	7,063
	Sale of Assets	-	-	-	3	3

(₹ in lakh)

Name of related party and Nature of relationship	Nature of transactions and outstanding balances	2011-12	2010-11	2009-10	2008-09	2007-08
(C) Key Management Personnel						
Hemant Kanoria	Remuneration	163	178	87	103	81
	Commission	60	60	36	36	30
	Dividend paid	3	3	2	2	3
Saud Ibne Siddique	Remuneration	339	325	335	-	-
Prasad kumar Pandey	Remuneration	-	-	-	47	39
	Dividend paid	-	-	-	1	-
Shyamalendu Chatterjee	Remuneration	-	-	-	46	41
Kishore Kumar Mohanty (Upto 31.01.2011)	Remuneration	-	76	64	65	43
	Dividend paid	-	2	1	1	-
Sanjeev Sancheti	Remuneration	73	66	48	41	-
	Loan advanced	5	-	-	-	-
	Refund of Loan Advanced	4	-	-	-	-
	Interest received on Loan	0.21	-	-	-	-
	Balance Receivable-Loan	1	-	-	-	-

Srei Infrastructure Finance Ltd. (Consolidated)

(₹ in lakh)

Name of related party and Nature of relationship	Nature of transactions and outstanding balances	2011-12	2010-11	2009-10	2008-09	2007-08
(D) Enterprises over which KMPs and their relatives have significant influence:						
Viom Networks Limited (w.e.f. 18.11.2011)	Deposit Received	76	-	-	-	-
	Rent received	306	-	-	-	-
	Balance Receivable-Others	6	-	-	-	-
	Balance Payable-Deposit	660	-	-	-	-

(₹ in lakh)

Name of related party and Nature of relationship	Nature of transactions and outstanding balances	2011-12	2010-11	2009-10	2008-09	2007-08
(E) Trusts :						
Srei Mutual Fund Trust	Contribution to corpus	-	1	-	-	-
Srei Growth Trust	Contribution to corpus	-	0.25	-	-	-

- 41 2010-11**
The Company has been classified by RBI as 'Infrastructure Finance Company – Non Deposit Taking' within the overall classification of 'Non Banking Finance Company' w.e.f. 31st March, 2011.
- 42 2009-10**
The Company is a Non Banking Finance Company (NBFC) and being currently classified as Asset Finance Company (Deposit Taking). In terms of Reserve Bank of India (RBI) Circular As a result, the Company has decided that it would not accept any further public deposits or renew the maturing deposits in any manner w.e.f. 20th April, 2010.
- 43 2009-10**
The Board of Directors of the Company at its meeting held on 28th January, 2010 has, based on the recommendation of the Committee of Independent Directors, approved amalgamation of Quippo
- 44 2010-11**
Previous year's consolidated financial statements have been audited by M/s Deloitte Haskins & Sells, Chartered Accountants.
- 45** Figures pertaining to the previous year have been rearranged/regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

The outstanding borrowings of the Company as at March 31, 2012 are as follows:

(₹ in Million)

Sl. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	82,220.00
2.	Unsecured Borrowings	16,253.20

Set forth below, is a brief summary of the borrowings by our Company as at March 31, 2012 together with a brief description of certain significant terms of such financing arrangements.

A. Secured Borrowings:

1. Non-Convertible Debenture

(i) Secured redeemable non-convertible debentures by way of private placement:

Sr. No.	Name of lender	Face Value (₹ in million)	Deemed Date of allotment	Date of Maturity	Number of NCDs	Amount outstanding (₹ in million)
1.	Various investors	0.10	4-Nov-2010	2-May-2012	1,500	150.00
2.	Various investors	1.00	17-Jan-2011	10-Jan-2013	20	20.00
3.	Various investors	1.00	25-July-2011	24-July-2013	500	500.00
4.	Various investors	1.00	9-Sept-2011	9-Sept-2016	550	550.00
5.	Various investors	1.00	9-Sept-2011	9-Sept-2021	100	100.00
6.	Various investors	1.00	4-Nov-2011	4-Nov-2016	500	500.00
7.	Various investors	1.00	10-Oct-2011	10-Oct-2016	130	130.00
8.	Various investors	1.00	10-Oct-2011	10-Oct-2014	270	270.00
9.	Various investors	1.00	29-Oct-2011	29-Oct-2016	150	150.00
10.	Various investors	1.00	29-Oct-2011	29-Oct-2021	300	300.00
11.	Various investors	1.00	21-Nov-2011	21-Nov-2016	634	634.00
12.	Various investors	1.00	21-Nov-2011	21-Nov-2014	400	400.00
13.	Various investors	1.00	16-Dec-2011	16-Dec-2016	464	464.00
14.	Various investors	1.00	23-Dec-2011	23-Dec-2016	250	250.00
15.	Various investors	1.00	12-Jan-2012	12-Jan-2017	252	252.00
16.	Various investors	1.00	15-Feb-2012	Various Dates	2,000	2,000.00
17.	Various investors	1.00	28-Mar-2012	31-May-2013	30	30.00
	Total					6,700.00

(ii) Secured redeemable non-convertible long term infrastructure bonds by way of public issue:

Sr. No.	Name of lender	Face Value (₹ in million)	Deemed Date of allotment	Date of Maturity	Number of NCDs	Amount outstanding (₹ in million)
1.	Long Term Infrastructure Bond	0.00	22-Mar-2012	Various Dates	2,48,856	248.90

2. Term Loans:

(i) Domestic:

Sr. No.	Name of lender	Amount sanctioned (₹ in million)	Amount outstanding (₹ in million)	Repayment schedule	Date of Sanction Letter	First Payment date	Last payment date
1.	Allahabad Bank	1,000.00	381.20	42 equal monthly instalments of ₹ 23.80 million after a moratorium of 6 months.	26-06-2009	1st instalment due after 6 months from the date of disbursement	42 nd number instalment
2.	Andhra Bank	1,000.00	354.20	48 equal monthly instalments of ₹ 20.80 million, first instalments after 1 month from the date of	15-07-2009	1st instalment due after 1 month from the date of	48 th number instalment

Sr. No.	Name of lender	Amount sanctioned (₹ in million)	Amount outstanding (₹ in million)	Repayment schedule	Date of Sanction Letter	First Payment date	Last payment date
				disbursement.		disbursement	
3.	Bank Of India	1,000.00	433.20	46 equal monthly instalments of ₹ 21.80 million, first instalment after 2 months from the date of disbursement.	21-10-2009	1st instalment due after 2 months from the date of disbursement	46 th number instalment
4.	Bank Of India	1,000.00	800.00	40 equal monthly instalment of ₹ 25.00 million commencing after 2 months from the date of disbursement.	30-05-2011	1st instalment due after 2 months from the date of disbursement	40 th number instalment
5.	Corporation Bank	500.00	285.80	42 equal monthly instalments of ₹ 11.90 million each & last instalment (i.e., 48 th being ₹ 12.10 million) after 6 months moratorium.	25-09-2009	1st instalment due after 6 months from the date of disbursement	42 nd number instalment
6.	Corporation Bank	650.00	650.00	48 equal instalments after 6 months moratorium.	15-11-2011	1st instalment due after 6 months from the date of disbursement	46 th number instalment
7.	DBS BANK	1,000.00	1,000.00	1st year-nil, 2nd year-4% of facility amount payable at the end of each qtr, 3rd year to 5 th year (final maturity) - 7% of facility amount payable at the end of each qtr.	26-09-2011	1 st instalment due after 1 year from the date of disbursement	16 th number instalment
8.	HDFC Bank	250.00	211.10	84 equal monthly instalments from the end of 1st month from date of disbursement.	06-07-2010	1 st instalment due after 1 month from the date of disbursement	84 th number instalment
9.	ICICI Bank Ltd	2,000.00	500.00	4 semi annual equal instalments of ₹ 500.00 million starting 18 months from the date of first drawdown.	28-07-2009	1st instalment due after 18 months from the date of disbursement	4 th number instalment
10.	ICICI Bank Ltd	1,500.00	1,500.00	Repayable in 16 equal Quarterly instalments, 1st instalment commencing after end of 12th month from the date disbursement.	03-02-2012	1st instalment due after 12 months from the date of disbursement	16 th number instalment
11.	IDBI Bank Ltd	1,500.00	821.40	42 equal monthly instalments after a moratorium period of 6 months from the date of first disbursement.	03-03-2010	1st instalment due after 6 months from the date of disbursement	42 nd number instalment
12.	Indian	1,000.00	499.90	12 equal quarterly	18-03-	1st	12 th number

Sr. No.	Name of lender	Amount sanctioned (₹ in million)	Amount outstanding (₹ in million)	Repayment schedule	Date of Sanction Letter	First Payment date	Last payment date
	Bank			instalments after moratorium period of 6 months from the date of disbursement.	2010	instalment due after 6 months from the date of disbursement	instalment
13.	Indian Overseas Bank	500.00	428.60	14 quarterly instalments after a moratorium of 6 months.	05-05-2010	1 st instalment due after 6 months from the date of disbursement	14 th number instalment
14.	Karur Vysya Bank	500.00	281.30	48 equal monthly instalments without holiday period.	29-03-2010	1 st instalment due after 1 month from the date of disbursement	48 th number instalment
15.	Punjab & Sind Bank	1,000.00	1,000.00	20 quarterly instalments after a moratorium of 3 months.	02-02-2012	1 st instalment due after 3 months from the date of disbursement	20 th number instalment
16.	Punjab National Bank	2,000.00	2,000.00	Bullet payment at the end of 120 days.	26-12-2011	1 st and last instalment due after 120 days from the date of disbursement	1 st and last instalment due after 120 days from the date of disbursement
17.	State Bank of Bikaner & Jaipur	500.00	327.20	Repayable in 46 monthly instalments, first 45 instalments of ₹ 10.80 million & last instalment of ₹ 14.00 million with re-payment to start after 2 months of first disbursement.	04-03-2010	1 st instalment due after 2 months from the date of disbursement	46 th number instalment
18.	State Bank of Hyderabad	1,000.00	500.00	48 equal monthly instalments, first instalment commencing after 6 months from the date of first disbursement.	12-10-2009	1 st instalment due after 6 month from the date of disbursement	48 th number instalment
19.	State Bank of Hyderabad	500.00	444.40	54 equal monthly instalment, first instalment commencing after 6 months from the date of first disbursement.	14-02-2011	1st instalment due after 6 months from the date of disbursement	54 th number instalment
20.	State Bank of Hyderabad	750.00	750.00	48 equal monthly instalment, first instalment commencing after 6 months from the date of first disbursement.	14-11-2011	1st instalment due after 6 months from the date of disbursement	48 th number instalment
21.	UCO Bank	1,750.00	624.10	42 equal monthly instalment, first instalment commencing after 6 months from the date of first disbursement.	16-06-2009	1st instalment due after 6 months from the date of disbursement	42 nd number instalment

Sr. No.	Name of lender	Amount sanctioned (₹ in million)	Amount outstanding (₹ in million)	Repayment schedule	Date of Sanction Letter	First Payment date	Last payment date
22.	Union Bank of India	1,000.00	500.00	48 equal monthly instalments of ₹ 20.83 million after 1 month from the date of disbursement.	07-09-2009	1 st instalment due after 1 month from the date of disbursement	48 th number instalment
23.	Union Bank of India	2,000.00	2,000.00	18 equal quarterly Instalments of ₹ 111.11 million, after a moratorium of 6 months from the date of disbursement.	01-11-2010	1 st instalment due after 6 months from the date of disbursement	18 th number instalment
24.	Union Bank of India	2,000.00	2,000.00	Bullet payment at the end of 120 days.	25-01-2012	1 st and last instalment due after 120 days from the date of disbursement	1 st and last instalment due after 120 days from the date of disbursement
25.	United Bank of India	2,000.00	2,000.00	16 equal quarterly instalments of ₹ 125.00 million after a moratorium of 6 months, from the date of first disbursement.	20-09-2011	1 st instalment due after 6 months from the date of disbursement	16 th number instalment
26.	CITI Bank NA	508.70	508.70	Bullet payment after 1 year from date of 1st disbursement i.e., on 22 nd June, 2012.	22-06-2011	1 st and last instalment due after 1 year from the date of disbursement	1 st and last instalment due after 1 year from the date of disbursement
	Total	28,408.70	20,801.10				

Security: Term loans from domestic banks mentioned above are secured by hypothecation/assignment of specific assets covered by hypothecation agreement and operating lease agreements and receivables arising therefrom.

(ii) External Commercial Borrowings:

Sr. No.	Name of lender	Amount outstanding (₹ in million)
1	Foreign Banks	3,816.00
2	Foreign Financial Institutions	6,066.10
	Total	9,882.10

Security: Term loans from Foreign banks & foreign financial institutions are secured by hypothecation of specific assets covered by hypothecation agreements and operating lease agreement with the customers and receivables arising therefrom.

3. Working Capital: Total working capital outstanding as on March 31, 2012 is ₹ 44,586.30 million from consortium of 23 banks which are as follows:-

Sr. No.	Name of lender	Sr. No.	Name of lender
1	Axis Bank Limited	13	Indian Bank
2	UCO Bank	14	State Bank of Mysore
3	ICICI Bank Ltd	15	Central Bank of India
4	Allahabad Bank	16	State Bank of Bikaner & Jaipur
5	Andhra Bank	17	Indian Overseas Bank
6	Punjab National Bank	18	State Bank India
7	State Bank of Hyderabad	19	Yes Bank
8	Bank of India	20	United Bank of India
9	IDBI Bank Ltd	21	Karur Vysya Bank
10	Union Bank of India	22	Oriental Bank of Commerce
11	IndusInd Bank	23	Punjab & Sind Bank

12	Corporation Bank		
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Security: The working capital facilities from banks are secured by hypothecation of assets covered by hypothecation agreements and operating lease agreement with the customers and receivables arising therefrom ranking pari passu (excluding assets which are specifically charged to others).

4. Public Deposits:

In April 2010, the Company decided to convert itself into a non-deposit taking NBFC in order to qualify for registration as an 'Infrastructure Finance Company' and hence the Company decided not to accept or renew public deposits w.e.f April 20, 2010. The amount of public deposits outstanding as on April 19, 2010 (including matured and unclaimed deposits) along with accrued and future interest thereof has been 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 Public Deposit as at March 31, 2012 is ₹ 1.60 Million. Public deposits repayable within one year aggregate to ₹ 1.60 Million.

B. Unsecured Borrowings:

1. Unsecured Subordinated NCDs by way of private placement:

Sr. No.	Name of lender	Face Value (₹ in million)	Deemed date of allotment	Maturity Date	Number of NCDs	Amount outstanding (₹ in million)
1.	Various investors	**	25-Aug-2000	25-Aug-2012	5,266,075	52.70
2.	Various investors	1.00	30-Mar -2007	30-Mar-2017	500	500.00
3.	Various investors	1.00	23-Mar-2010	23-Mar-2020	2,000	2,000.00
4.	Various investors	1.00	10-Nov-2010	10-Nov-2020	500	500.00
5.	Various investors	0.10	30-Nov-2011	28-Feb-2017	2,000	200.00
6.	Various investors	0.10	23-Dec-2011	23-Dec-2021	6,905	690.50
7.	Various investors	0.10	23-Dec-2011	23-Mar-2017	85	8.50
8.	Various investors	0.10	11-Jan- 2012	11-Jan-2022	6,600	660.00
9.	Various investors	0.10	11-Jan- 2012	11-Apr-2017	1,000	100.00
10.	Various investors	0.10	12-Jan- 2012	12-Jan-2022	8,410	841.00
11.	Various investors	1.00	30-Mar-2012	30-Mar-2022	1,000	1,000.00
	Total					6,552.70

** ₹ 100 each.

2. Short Term Loan and Advances:

Sr. No.	Name of lender	Nature of facility	Amount outstanding (₹ in million)
1.	Various Lenders	Inter Corporate Deposits	1,624.70
2.	ICICI Bank	Unsecured Term Loan	1,500.00
3.	Various Lenders	Commercial papers	6,575.80
	Total		9,700.50

Restrictive Covenants

Many of our financing agreement includes various restrictive conditions and covenants restricting certain corporate actions, and our Company may be required to take the prior approval of the lender before carrying out such activities. For instance, our Company is required, inter alia, to obtain the prior written consent of the lenders in the following instances:

- Change in the capital structure of our Company;
- Substantial changes in the management set up;
- Make any fundamental changes such as the financial year of our Company;
- Formulate any scheme for merger, amalgamation or re-organization;
- Implement any scheme of expansion or diversification or capital expenditure except normal replacement;
- Approaching the capital markets for mobilising additional resources either in the form of debt or equity;
- Create or form a subsidiary of our Company;
- Undertake guarantee obligations on behalf of any other company, firm or person, other than in ordinary course of business;

Our Company has from time to time, obtained the consent of its lenders to undertake certain corporate actions and enter into various transactions. Our Company has obtained the requisite consents from its lenders in order to undertake the present Issue. For further information on restrictive covenants, please see "Risk Factors" on page no. 10 of this Prospectus.

Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities

As on the date of this Prospectus, there have been no defaults in payment of principal or interest on any term loan or debt securities issued by our Company in the past.

SECTION VI: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapters titled “Terms of the Issue” beginning on page 110 and “Issue Procedure” on page 114 of this Prospectus.

Public Issue of NCDs aggregating upto ₹ 750 million with an option to retain over-subscription upto ₹ 750 million for issuance of additional NCDs, aggregating to a total of up to ₹ 1,500 million.

The key common terms and conditions of the NCDs are as follows:

Particulars	Terms and Conditions			
Minimum Application Size*	Series I	Series II	Series III*	Series IV*
	₹ 1,00,000/- (100 NCDs)	₹ 1,00,000/- (100 NCDs)	₹ 10,000/- (10 NCDs)	₹ 10,000/- (10 NCDs)
Mode of allotment	Compulsorily in dematerialized form to all categories of investors other than Individual Category Investors who have opted for allotment of NCDs in the physical form in the manner prescribed herein.			
Terms of Payment	Full amount on application			
Trading Lot	1 (one) NCD			
Who can Apply	<p>Category I</p> <ul style="list-style-type: none"> Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorized to invest in the NCDs; Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs; Venture Capital funds registered with SEBI; Insurance Companies registered with the IRDA; National Investment Fund; Mutual Funds; <p>Category II</p> <ul style="list-style-type: none"> Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the NCDs; Public/private charitable/religious trusts which are authorized to invest in the NCDs; Scientific and/or industrial research organizations, which are authorized to invest in the NCDs; Partnership firms in the name of the partners; and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009) <p>Category III (Individual Category)</p> <ul style="list-style-type: none"> Resident Indian individuals; and Hindu Undivided Families through the Karta. 			

**Institutional & Non Institutional Investor(s) can only subscribe to Series III and IV NCDs, whereas Individual Category Investor(s) can subscribe to all Series of NCDs, namely Series I, Series II, Series III and Series IV.*

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please see “Issue Procedure” on page no. 114 of this Prospectus.

Principal Terms and Conditions of the Issue

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Nature of the NCDs

We are offering NCDs which shall have a fixed rate of interest. The NCDs will be issued at a face value of ₹ 1,000 per NCD. Interest on the NCDs shall be payable as set out hereinafter. The terms of the NCDs offered pursuant to the Issue are as follows:

Series	I	II	III*	IV*
Frequency of Interest Payment	Monthly	Quarterly	Annually	Cumulative
Category of investor who can apply	Individual Category	Individual Category	Individual Category Institutional Category Non Institutional Category	Individual Category Institutional Category Non Institutional Category
Minimum Application	₹ 1,00,000/- (100 NCDs)	₹ 1,00,000/- (100 NCDs)	₹ 10,000/- (10 NCDs)	₹ 10,000/- (10 NCDs)
In Multiples of	₹ 1000/- (1 NCD)	₹ 1000/- (1 NCD)	₹ 1000/- (1 NCD)	₹ 1000/- (1 NCD)
Face Value of NCDs (₹ / NCD)	1,000	1,000	1,000	1,000
Issue Price (₹ / NCD)	1,000	1,000	1,000	1,000
Mode of Interest Payment	Through various options available.			
Coupon (%) for Institutional & Non Institutional Investor(s)	N.A.	N.A.	10.25 % p.a.	N.A.
Coupon (%) for Individual Category	9.84 % p.a.	9.92 % p.a.	10.30 % p.a.	N.A.
Effective Yield (per annum)	10.30% for NCD holders in the Individual Category	10.30 % for NCD holders in the Individual Category	10.30 % for NCD holders in the Individual Category 10.25 % for all other NCD holders	10.41 % for NCD holders in the Individual Category 10.25 % for all other NCD holders
Put option	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment	Exercisable only by Individual Category investors at the end of 60 months from the Deemed Date of Allotment
Tenor	7 years from Deemed Date of Allotment	7 years from Deemed Date of Allotment	7 years from Deemed Date of Allotment	7 years from Deemed Date of Allotment
Redemption Amount (₹ / NCD)**	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date, or at the date of early redemption if any Put Option is exercised by the Individual Category Investor as the case may be [#] Repayment of the Face Value plus any interest that may have accrued at the Redemption Date for Institutional and Non-Institutional Investors			Individual Category
				Institutional & Non Institutional Category
				₹ 2000/- on Maturity.
				₹ 1633/- on exercising the Put option.
Record Date	In connection with Series I, Series II and Series III NCDs, 7 (seven) Working Days prior to the date on which interest is due and payable, or the date of redemption, or early redemption or as may be prescribed by the BSE, and in connection with Series IV NCDs, 7 (seven) Working Days prior to the date of redemption or early redemption of the Series IV NCDs, or as may be prescribed by the BSE.			

Deemed Date of Allotment	The Deemed Date of Allotment for the NCDs shall be the date of issue of the Allotment Advice / Regret or such date as may be determined by the Board of our Company and/or a duly authorized committee thereof and notified to the Stock Exchange.
Nature of Indebtedness	Secured, Redeemable & Non-Convertible
Redemption date	7 years from the Deemed Date of Allotment subject to any Put Option being exercised by the Individual Category Investor
Credit Rating	
CARE	CARE AA (Double A)
BRICKWORK	BWR AA (Double A)

**Institutional & Non Institutional Investor(s) can only subscribe to Series III and IV NCDs, whereas Individual Category Investor(s) can subscribe to all Series of NCDs, namely Series I, Series II, Series III and Series IV*

Offered only to Individual Category Investors

*** Subject to applicable tax deducted at source, if any*

Interest and Payment of Interest

A. Interest

In case of Series I NCDs, interest would be paid monthly at 9.84 % per annum on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series I NCD.

Series I NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 7 years from the Deemed Date of Allotment, or on the date of early redemption in case of the exercise of any put option by Individual Category Investor.

In case of Series II NCDs, interest would be paid quarterly at 9.92 % per annum on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series II NCD:

Series II NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 7 years from the Deemed Date of Allotment, or on the date of early redemption in case of the exercise of any put option by Individual Category Investor.

In case of Series III NCDs, interest would be paid annually at the following rates of interest in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series III NCD:

Category of NCD Holder	Rate of Interest per annum (%)
Institutional Investor(s)	10.25 % p.a.
Non-Institutional Investor(s)	10.25 % p.a.
Individual Category	10.30 % p.a.

Series III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 7 years from the Deemed Date of Allotment, or on the date of early redemption in case of the exercise of any put option by Individual Category Investor.

In case of Series IV NCDs, interest would be paid cumulative at the following rates of interest in connection with the relevant categories of NCD holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of each Series IV NCD:

Category of NCD Holder	Rate of Interest per annum (%)
Institutional Investor(s)	10.25 % p.a. compounded annually
Non-Institutional Investor(s)	10.25 % p.a. compounded annually
Individual Category	10.41 % p.a. compounded annually

Series IV NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 7 years from the Deemed Date of Allotment, or on the date of early redemption in case of the exercise of any put option by Individual Category Investor.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated on page 28, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident Individuals and HUFs), if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No. 13. The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or Kolkata or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next Working Day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

B. Payment of Interest to NCD Holders

Payment of Interest will be made to those NCD holders whose names appear in the register of NCD holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NECS, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Refer to the paragraph on "*Manner of Payment of Interest / Refund / Redemption*" at page 105 in this Prospectus.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The date of maturity for NCDs subscribed under Series I, Series II, Series III and Series IV is 7 years from the Deemed Date of Allotment. For Individual Category Investor(s), the redemption of NCDs is subject to the exercise of put option.

Series	If put option is exercised by Individual Category Investor	At the end of maturity period
I	60 months from the Deemed date of Allotment	7 years from the Deemed Date of Allotment
II	60 months from the Deemed date of Allotment	7 years from the Deemed Date of Allotment
III	60 months from the Deemed date of Allotment	7 years from the Deemed Date of Allotment

IV	60 months from the Deemed date of Allotment	7 years from the Deemed Date of Allotment
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Application Size

Series I & II - Each application should be for a minimum of 100 NCDs and multiples of 1 NCD thereof. The minimum application size for each application for NCDs would be ₹ 1,00,000/- (for all Series I and Series II NCDs either taken individually or collectively) and in multiples of ₹ 1,000/- thereafter for Individual Category Investor(s).

Series III & IV - Each application should be for a minimum of 10 NCDs and multiples of 1 NCD thereof. The minimum application size for each application for NCDs would be ₹ 10,000/- (for all Series III and Series IV NCDs either taken individually or collectively) and in multiples of ₹ 1,000/- thereafter for Individual, Institutional & Non Institutional Category Investor(s). Individual Investor(s) can apply for any or all Series of NCDs offered hereunder using the same Application Form.

Institutional & Non Institutional Category Investor(s) can apply for Series III & IV NCDs offered hereunder using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund/unblock the excess amount paid on application to the applicant in accordance with the terms of this Prospectus. For further details please refer to the paragraph on “*Interest on application money*” beginning on page 109 of this Prospectus.

Manner of Payment of Interest / Refund / Redemption

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

For NCDs applied / held in electronic form:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the applicant at the applicant's sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

For NCDs held in physical form:

The bank details will be obtained from the Registrar to the Issue as available to them for payment of interest / refund / redemption as the case may be.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

Investors having their bank account with the Refund Banks, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

2. NECS

Payment of interest / refund / redemption shall be undertaken through NECS for applicants having an account at the centres mentioned in NECS MICR list.

This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code, IFSC code, bank account number, bank name and branch name as appearing on a cheque leaf, from the Depositories.

3. RTGS

Applicants having a bank account with a participating bank and whose interest payment / refund / redemption amount exceeds ₹ 2 lacs, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant. In the event the same is not provided, interest payment / refund / redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.

4. NEFT

Payment of interest / refund / redemption shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the applicants through this method.

5. Speed Post

For all other Applicants, including those who have not updated their bank particulars with the MICR code and if the interest payment through NECS to such Applicants is unsuccessful the interest payment / refund / redemption orders shall be dispatched by post for value up to ₹ 1,500/- and through Speed Post for refund orders / interest payment / redemption orders of value above ₹ 1,500/-.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), (4) and (5) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that our Company shall not be responsible to the holder of NCD, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of allotment (to Individual Category) or rematerialisation or transfer, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company.

Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Our Company, at its sole discretion, subject to applicable statutory and/or regulatory requirements, may consider granting of a loan facility to the holders of NCDs against the security of such NCDs. Such loans shall be subject to the terms and conditions as may be decided by our Company from time to time.

Form and Denomination

In case of NCDs held in physical form, a single certificate will be issued to the NCD holder for the aggregate amount ("**Consolidated Certificate**") for each type of NCDs. The applicant can also request for the issue of NCD certificates in denomination of one NCD ("**Market Lot**").

In respect of Consolidated Certificates, we will, only upon receipt of a request from the NCD holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

Procedure for Redemption by NCD holders

Subject to the exercise of the put option by the Individual Category holder the procedure for redemption is set out below:

NCDs held in physical form:

No action would ordinarily be required on the part of the Individual category holder at the time of redemption and the redemption proceeds would be paid to those Individual category holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the Individual category holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such

addresses as may be notified by us from time to time. Individual category holder (s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the paragraph on “*Payment on Redemption*” given below.

NCDs held in electronic form:

No action is required on the part of NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Despatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate. The transferees, if any, should ensure lodgement of the transfer documents with us at least 7 (seven) days prior to the record date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the record date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

Our liability to holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of early redemption (in case of an exercise of the put option)/redemption in all events and when we dispatch the redemption amounts to the NCD holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD holders whose names stand in the register of NCD holders maintained by us on the record date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the paragraph on “*Payment on Redemption*” given below.

NCDs held in electronic form:

On the redemption date, or the date of early redemption (in case of an exercise of the put option), redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories’ records on the record date fixed for the purpose of redemption.

These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD holders.

Our liability to NCD holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of early redemption (in case of an exercise of the put option)/redemption in all events and when we dispatch the redemption amounts to the NCD holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Redemption Date

Series I, Series II, Series III and Series IV NCDs will be redeemed at the expiry of 7 years from the Deemed Date of Allotment, subject to the exercise of any put option by the Individual Category holder as the case may be.

Put Option

With respect to Individual Category holder, the holders thereof shall at the expiry of 60 months, from the Deemed Date of Allotment, have the right to seek redemption of such NCDs held by them, (“**Put Option**”). An Individual category holder of NCDs, may at his discretion, redeem any number of NCDs held by him, while exercising such Put Option.

Procedure for Exercise of Put Option

During the Early Redemption (Put) Period, an Individual Category holder seeking to exercise his Put Option can approach our Company in writing of his intention to redeem any or all of the NCDs held by him. The NCDs with respect to which an Individual category holder exercises his Put Option will be redeemed within 30 (thirty) days from the expiry of the Early Redemption (Put) period.

Method for calculation for Early Redemption

On exercise of the Put Option by the Individual Category holder of NCDs, the NCDs will be redeemed at their respective face value along with interest accrued thereon, if any.

Right to Reissue NCD(s)

Subject to the provisions of the Act, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer/Transmission of NCD (s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Act. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Act shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well. In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by the Issuer may be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

For NCDs held in electronic form:

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialised form, he can choose to dematerialise the securities through his DP.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD holder(s) required to be given by us or the Debenture Trustee will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of Duplicate NCD Certificate(s)

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Trustees for the NCD holders

We have appointed Axis Trustee Services Limited to act as the Debenture Trustees for the NCD holders. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD holder(s) shall discharge us *pro tanto* to the NCD holder(s).

The Debenture Trustee will protect the interest of the NCD holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD holders or the Debenture Trustee in this connection.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 562.5 million, prior to Allotment, the entire subscription shall be refunded to the Applicants within twelve (12) Working Days from the date of closure of the Issue. If there is delay in the refund of subscription by more than eight (8) days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Act.

Interest on application money

The Company shall pay to the successful Applicants, interest at the rate of 10.00 % p.a. on the Application money on the amount allotted, three days from the date of upload of the Application Form on the electronic book of the Stock Exchange, or the date of realization of the application money, whichever is later, up to one day prior to the Deemed Date of Allotment, subject to deductions under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable.

For Individual Category Investors Interest on application money as mentioned above shall be paid along with first interest payment for Series I, II and III NCDs and at Early Redemption (Put) Date or Maturity Date whichever is earlier for Series IV NCDs.

For Institutional and Non-institutional investors Interest on application money as mentioned above shall be paid along with first interest payment for Series III NCDs and at Maturity Date for Series IV NCDs.

However no interest is to be paid on application monies to the ASBA Applicants.

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

TDS on Interest on application money

Interest on application money is subject to deduction of income tax under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable. Tax exemption certificate/declaration of non-deduction of tax at source on interest on application money, if any, should be submitted along with the application form.

Refund Interest

The Company shall not pay any interest on refund of application money on the amount not allotted.

TERMS OF THE ISSUE

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of the Draft Prospectus, this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/ BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Authority for the Issue

The Board of Directors, at their meeting held on August 10, 2012 have approved the Issue of secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each, for an amount aggregating up to ₹ 2,000 million.

Title

In case of:

- (i) NCDs held in the dematerialised form, the person for the time being appearing in the Register of Debenture holders (as defined below) maintained by the Depository; and
- (ii) The NCDs held in physical form, the person for the time being appearing in the Register of Debenture holders (as defined below) maintained by the Company,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the Debenture holder.

No transfer of title of a NCD will be valid unless and until entered on the Register of Debenture holders prior to the Record Date. In the absence of transfer being registered, interest, and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Debenture holders. In such cases, claims, if any, by the transferees of the NCDs will need to be settled with the transferors of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Ranking of NCDs

The NCDs would constitute direct and secured obligations of ours and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of exclusive charge on specific receivables of the Company and *pari-passu* mortgage/charge on an identified immovable property. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Debenture Redemption Reserve

Regulation 16 of the Debt Regulations and Section 117C of the Act states that any company that intends to issue debentures must create a DRR to which adequate amounts shall be credited out of the profits of our Company until the redemption of the debentures. The MCA has, through its circular dated April 18, 2002, ("*Circular*"), specified that the quantum of DRR to be created before the redemption liability actually arises in normal circumstances should be '*adequate*' to pay the value of the debentures plus accrued interest/ Redemption Premium, (if not already paid), till the debentures are redeemed and cancelled. The Circular however further specifies that, for NBFCs like our Company, (NBFCs which are registered with the RBI under Section 45-IA of the RBI Act), the adequacy of the DRR will be 50% of the value of debentures issued through the public issue. Accordingly our Company is required to create a DRR of 50% of the value of debentures issued through the public issue. As further clarified by the Circular, the amount to be credited as DRR will be carved out of the profits of our Company only if there is profit for the particular year and there is no obligation on the part of our Company to create DRR if there is no profit for the particular year. Our Company shall credit adequate amounts to DRR, from its profits every year until such NCDs are redeemed. The amounts credited to DRR shall not be utilized by our Company except for the redemption of the NCDs.

Face Value

The face value of each NCD shall be ₹ 1,000.

NCD holder not a Shareholder

The NCD holders will not be entitled to any of the rights and privileges available to the equity and/or preference

shareholders of our Company.

Rights of NCD holders

Some of the significant rights available to the NCD holders are as follows:

1. The NCDs shall not, except as provided in the Act, confer upon the holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD holders for their consideration. In terms of Section 219(2) of the Act, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.
2. Subject to applicable statutory/regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. The registered NCD holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.
5. A register of NCD holders ("**Register of Debenture holders**") will be maintained in accordance with Section 152 of the Act and all interest/ redemption premiums and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD holders as on the record date. Further as the NCDs issued are also being issued in Demat form, the Depositories shall also maintain the updated register of holders of the NCDs in Demat Form. In terms of Section 152A of the Companies Act, the register of beneficial owners maintained by a Depository for any NCD in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of Debenture holders for this purpose.
6. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.
7. The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of the Prospectus and the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 562.5 million, prior to Allotment, the entire subscription shall be refunded to the Applicants within twelve (12) Working Days from the date of closure of the Issue. If there is delay in the refund of subscription by more than eight (8) days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Act.

Market Lot & Trading Lot

As per the Debt Regulations, the trading of the NCDs shall be in dematerialized form only. Irrespective of whether the NCDs are held in dematerialized or physical form, the trading of the NCDs on the BSE shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**").

Individual Category Investors shall have the option to apply for NCDs in the physical form. Such NCDs which are allotted in the physical form shall not be eligible for being traded on the floor of the BSE unless such NCDs are converted into the dematerialized form, but shall be freely transferable otherwise, subject to applicable statutory and/or regulatory requirements. Allotment in the Issue to all Allottees (other than Individual Category Investors who have opted for allotment of NCDs in the physical form), will be in electronic form in multiples of one NCD. For details of allotment refer to chapter titled "Issue Procedure" under section titled "Issue Related Information"

beginning on page 101 of this Prospectus.

Nomination facility to NCD holder

In accordance with Section 109A of the Act, the sole NCD holder or first NCD holder, along with other joint NCD holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCD. A person, being a nominee, becoming entitled to the NCD by reason of the death of the NCD holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCD(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a NCD by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCD is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered/ Corporate Office or at such other addresses as may be notified by us.

NCD holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or
- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption premiums or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For nominations made in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Debenture holder(s). It will be sufficient for our Company to delete the name of the deceased Debenture holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Debenture holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, our Company will recognize the executors or administrator of the deceased Debenture holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

- (a) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased Debenture holder.
- (b) Proof that the non-resident Indian is an Indian national or is of Indian origin. Such holding by a non-resident Indian will be on a non-repatriation basis.

Jurisdiction

Our Company has in the Debenture Trust Deed agreed, for the exclusive benefit of the Debenture Trustee and the Debenture holders, that the courts in Kolkata are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust or the NCDs and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Debenture Trust Deed and the NCDs may be brought only in the courts in Kolkata.

Application in the Issue

Individual Category Investors shall have the option to apply for NCDs in the physical form through a valid

Application Form filled in by the applicant along with attachment, as applicable. For all other categories of applicants, NCDs being issued through the Prospectus can be applied for in the dematerialized form only through a valid Application Form filled in by the applicant along with attachment, as applicable.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.

Issue Opens on	September 20, 2012
Closing Date*	October 25, 2012

**The subscription list shall remain open for a period as indicated above, with an option for early closure or extension by such period, as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.*

*Further please note that Application shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") ("**Bidding Period**") during the Issue Period as mentioned above by the Members of the Syndicate, Trading Members and designated branches of SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by BSE. It is clarified that the Applications not uploaded in the Stock Exchange Platform would be rejected.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor any Member of the Syndicate, Trading Members or designated branches of SCSBs is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under RBI requirements and as provided in our Articles of Association. Please refer to the chapter titled "**Summary of Main Provisions of the Articles of Association**" beginning on page 145 of this Prospectus.

ISSUE PROCEDURE

Our Company and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in the Prospectus.

This chapter applies to all Applicants. ASBA Applicants should note that the ASBA process involves application procedures that may be different from the procedure applicable to Applicants other than the ASBA Applicants. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs

The Applicants cannot apply in this Issue through online application directly on the Website of BSE.

1. How to Apply?

i. Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Lead Managers, Brokers to the Issue and trading members of the Stock Exchange for Applicants who intend to hold the NCDs in demat form; (“**Syndicate ASBA**”);
- (b) ASBA Applications through SCSBs for Applicants who intend to hold the NCDs in demat form;
- (c) Non ASBA Applications through the Lead Managers, Brokers to the Issue and trading members of the Stock Exchange for Applicants who intend to hold the NCDs in demat form; and
- (d) Non ASBA Applications through the Lead Managers, Brokers to the Issue and trading members of the Stock Exchange for Applicants who intend to hold the NCDs in physical form.

ii. Availability of Prospectus and Application Forms

The Abridged Prospectus containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from our Registered Office, Lead Manager(s) to the Issue, the Registrar to the Issue, Brokers to the Issue and designated branches of the SCSB. Additionally, the Prospectus and the Application Form are available for download on the website of BSE at www.bseindia.com, and the websites of the Lead Managers at: www.icicisecurities.com, www.karvy.com, www.srei.com, www.spacapital.com and www.trustgroup.co.in.

For ASBA Applicants the physical Application Forms and the Abridged Prospectus will be available with the designated branches of the SCSB, Members of the Syndicate (in specified cities) and at our Registered Office. Further, for ASBA Applicants, electronic Application Forms will also be available on the website of BSE.

iii. Who can Apply

The following categories of persons are eligible to apply in the Issue:

Category I - Institutional (Only for Series III and IV NCDs)

- Public financial institutions, statutory corporations, commercial banks, co-operative banks and regional rural banks, which are authorised to invest in the NCDs;
- Indian Provident funds, pension funds, superannuation funds and gratuity fund, which are authorised to invest in the NCDs;
- Venture capital funds registered with SEBI;
- Insurance companies registered with the IRDA;
- National Investment Fund;
- Mutual Funds registered with SEBI;

Category II – Non Institutional (Only for Series III and IV NCDs)

- Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Trusts settled under the Indian Trusts Act, 1882, Public/private charitable/religious trusts settled and / or registered in India under applicable laws, which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008, which are authorised to invest in the NCDs.

Category III (Individual Category) (For all Series)

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

***Note:** Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.*

Applications cannot be made by:

- Minors without a guardian name;
- Foreign nationals;
- Persons resident outside India including without limitation Foreign Institutional Investors, Non Resident Indians, Qualified Foreign Investors and Overseas Corporate Bodies.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of the investors. Our Company and/or the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

Grouping of Applications and Allocation Ratio

For the purposes of the basis of allotment:

- A. Applications received from Category I Applicants: Applications received from Category I, shall be grouped together, (**“Institutional Portion”**);
- B. Applications received from Category II Applicants: Applications received from Category II, shall be grouped together, (**“Non-Institutional Portion”**);
- C. Applications received from Category III Applicants: Further with respect to applications received from Category III applicants), shall be grouped together, (**“Individual Category Portion”**).

For removal of doubt, **“Institutional Portion”**, **“Non-Institutional Portion”** and **“Individual Category Portion”** are individually referred to as **“Portion”** and collectively referred to as **“Portions”**.

Applications by Mutual Funds

No mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single Company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason there for.

Application by Scheduled Banks, Co-operative Banks and Regional Rural Banks

Scheduled Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason there for.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development

Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason there for.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason there for.

Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Companies, bodies corporate and societies registered under the applicable laws in India

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person.

Applications under Power of Attorney or by limited companies, corporate, trust etc.

In case of Applications made pursuant to a power of attorney by Category I Applicants, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form, failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason there for.

In case of Investments made pursuant to a power of attorney by Category II and Category III Applicants, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of an ASBA Application pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Manager, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Form subject to such terms and conditions that our Company and the Lead Manager may deem fit.

2. Escrow Mechanism

We shall open Escrow Account(s) with Escrow Collection Bank(s) to the Issue, in whose favour the non-ASBA Applicants, applying through cheques shall make out the cheque or demand draft in respect of their Application. Cheques or demand drafts for the application amount received from Applicants would be deposited in the Escrow Account.

Details of the branches of the Escrow Banks where the Application Form along with the cheque/ demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate and Trading Members are available on the websites of the Lead Managers at www.icicisecurities.com, www.karvy.com, www.srei.com, www.spacapital.com and www.trustgroup.co.in. A link to the said web pages shall also be available on the website of BSE at www.bseindia.com. A link shall also be provided to the above mentioned websites in the Application Form as well.

Upon receipt of necessary communication from the Registrar, as per the provisions of the Escrow Agreement, the Bankers to the Issue shall transfer the monies from the Escrow Accounts to a separate bank account (**“Public Issue Account”**), as per the terms of the Escrow Agreement.

The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

The Banker(s) to the Issue will act in terms of this Prospectus and the Escrow Agreement. The Banker(s) to the Issue shall not exercise any lien whatsoever over the monies deposited therein.

3. Filing of the Prospectus with ROC

A copy of the Prospectus shall be filed with the Registrar of Companies, Kolkata, West Bengal in terms of section 56 and section 60 of the Act.

4. Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under Debt Regulations. Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

5. Procedure for Application

A. Non-ASBA Applications

i. Applications through the Members of the Syndicate/ Trading Members of the Stock Exchange through Collecting Banks without using ASBA Facility

All Application Forms (available for download on the websites of the Stock Exchange, the Lead Managers and available in physical form as mentioned above) duly completed and accompanied by account payee cheques / drafts shall be submitted with the Members of the Syndicate, Trading Members of the Stock Exchange before the closure of the Issue. The Applications are to be submitted to the Members of the Syndicate and Trading Members on a timely manner so that the details can be uploaded on to the Stock Exchange platform during the Bidding Period. The cheque/bank draft can be drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers' clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres of the Banker to the Issue. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the collecting bank shall not be responsible for such rejections. Payment through stockinvest would also not be allowed as the same has been discontinued by the RBI *vide* notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques / bank drafts accompanying the applications made by eligible applicants should be crossed “A/c Payee only” and must be made payable to “SIFL - NCD 1 Public Issue Escrow”.

The Members of the Syndicate/ Trading Members of the Stock Exchange, upon receipt of the Non-ASBA Applications, shall upload all the details of the applications on the online platform of the Stock Exchange. The Members of the Syndicate/ Trading Members of the Stock Exchange shall thereafter submit the physical Application Form along with the cheque/ bank draft to the Escrow Collection Banks. The Members of the Syndicate/ Trading Members of the Stock Exchange are requested to note that all Applications are required to be banked with only the designated branches of Escrow Collection Banks.

Applicant's Bank Account Details

The Registrar to the Issue will obtain the Applicant's bank account details from the Depository. The Applicant should note that on the basis of the name of the applicant, PAN details, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form and uploaded in Stock Exchange Platform, the Registrar to the Issue will obtain the

Applicant's bank account details from the Depositories. The Applicants are advised to ensure that bank account details are updated in their respective DP Accounts as these bank account details would be printed on the refund order(s) or used for refunding through electronic mode, as applicable. Please note that failure to do so could result in delays in credit of refunds to applicants at the applicant's sole risk and neither the Lead Managers, our Company, the Refund Banker(s) nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Applicant's Depository Account Details

ALL APPLICANTS WHO HAVE A DEMAT ACCOUNT SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

Applicant should note that on the basis of name of the applicant, PAN details, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form and uploaded in Stock Exchange Platform, the Registrar to the Issue will obtain from the Depository, demographic details of the Applicant such as address, PAN, bank account details for printing on refund orders or used for refunding through electronic mode, as applicable (**"Demographic Details"**). Hence, applicants should carefully fill in their Depository Account details in the Application Form. Applicants are advised to update their Demographic Details such as address, PAN and bank account details such as account number, ISFC, MICR code etc. with their Depository Participants and ensure that they are true and correct.

These Demographic Details would be used for all correspondence with the applicants including mailing of the refund orders/ Allotment Advice and printing of bank particulars on the refund/interest order and the Category. PAN of Applicants and the Demographic Details given by applicant in the Application Form would not be used for these purposes by the Registrar.

Refund Orders/Allotment Advice would be mailed at the address of the applicant as per the Demographic Details received from the Depositories. Applicant may note that delivery of Refund Orders/Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the applicant's sole risk and neither we nor the Lead Managers or the Registrars shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

However in case of applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of Refund Orders /Allotment Advice, the demographic details obtained from the Depository of the applicant shall be used.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Applicants (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

ii. Applications for allotment of physical NCDs by Applicants who do not have a Demat Account

All Applicants who intend to apply for NCDs in physical form, should submit the Application Forms duly completed and accompanied by account payee cheques / drafts and the Know Your Customer ("KYC") documents shall be submitted with the Members of the Syndicate, Trading Members of the Stock Exchange. The cheque/bank draft can be drawn on any bank, including a co-operative bank which is situated at and is member or sub-member of the Bankers' clearing-house located at the place where the Application Form is submitted, i.e. at designated collection centres of the Banker to the Issue. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected and the Escrow Collection Banks shall not be responsible for such rejections. Payment through stockinvest would also not be allowed as the same has been discontinued by the RBI vide notification No. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated November 5, 2003. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each Application Form. No cash payments shall be accepted.

All cheques / bank drafts accompanying the applications made by eligible Applicants should be crossed "A/c Payee only" and must be made payable to "SIFL - NCD 1 Public Issue Escrow".

KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

- a. Self-attested copy of the proof of identification (for individuals);

Any of the following documents shall be considered as a verifiable proof of identification:

- Passport;
- Voter's ID;
- Driving Licence;
- Government ID Card;
- Defence ID Card;
- Photo PAN Card
- Photo Ration Card.

b. Self-attested copy of the PAN card;

c. Self-attested copy of the proof of residence;

Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the GoI;
- valid driving license issued by any transport authority of the Republic of India;
- electricity bill (not older than three months);
- landline telephone bill (not older than three months);
- valid passport issued by the GoI;
- AADHAR Card / Letter issued by Unique Identification Authority of India ("UIDAI");
- voter's Identity Card issued by the GoI;
- passbook or latest bank statement issued by a bank operating in India;
- registered leave and license agreement or registered agreement for sale or rent agreement or flat maintenance bill;
- self-attested copy of Registered Office address in case of applicants under Category I or Category II; or
- life insurance policy.

d. Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor our Company shall have any responsibility and undertake any liability for the same.

Applications for Allotment of the NCDs in physical form, which are not accompanied with the aforesaid documents, may be rejected at the sole discretion of our Company.

The Members of the Syndicate/ Trading Members of the Stock Exchange shall on receipt of the completed Application Form along with the KYC Documents and the cheque/ draft, provide an acknowledgment of the application to the Applicant. After verification of the KYC documents submitted by the Applicant along with the application, the Members of the Syndicate/ Trading Members of the Stock Exchange shall upload all such details of the Applicant that is required for the purpose of allotment based on the Application Form on the online platform of the Stock Exchange. The Members of the Syndicate/ Trading Members of the Stock Exchange shall thereafter submit the physical Application Form (duly stamped by such Members of the Syndicate/ Trading Members of the Stock Exchange) along with the cheque/ bank draft and the KYC Documents to the Escrow Collecting Bank(s).

The Members of the Syndicate/ Trading Members of the Stock Exchange are required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 including minors applying through guardian.

In absence of the cancelled cheque, the Issuer may reject the Application or it may consider the bank details as given on the Application Form at its sole discretion. In such case the Issuer, Lead Managers and Registrar shall not be liable for any delays / errors in payment of refund and/or interests.

The Registrar shall dispatch the physical certificate to the Applicant as per address provided in the Application. In case KYC documents are not proper, Registrar shall hold back physical certificate pending receipt of complete KYC documents from the Applicant.

The Members of the Syndicate and the Trading Members of the Stock Exchange shall ensure they shall accept Application Forms only in such cities/ towns where the banking branches (Escrow Banks) are available. Details of the branches of the Escrow Banks where the Application Form along with the cheque/ demand draft submitted by a Non ASBA applicant shall be deposited by the Members of the Syndicate and Trading Members are available on the websites of the Lead Managers at www.icicisecurities.com, www.karvy.com, www.srei.com, www.spacapital.com and www.trustgroup.co.in. A link to the said web pages shall also be available on the website of BSE at

www.bseindia.com. A link shall also be provided to the above mentioned websites in the Application Form as well.

B. ASBA Applications

Procedure for Application through the Members of the Syndicate/ Trading Members of the Stock Exchange using the Applications Supported by Blocked Amount (“ASBA”) facility and Applications through SCSBs using ASBA facility

This section is for the information of the Applicants proposing to subscribe to the Issue through the ASBA Process (“**ASBA Investors**”). Please note that application through ASBA is optional for all categories of Applicants. The Lead Managers and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. ASBA Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on www.sebi.gov.in. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Applicants applying through a member of the Syndicate should ensure that the Application Form is submitted to a member of the Syndicate only in the Specified Cities. ASBA Applicants should also ensure that Application Forms submitted to the Syndicate in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Syndicate to deposit the Application Form from ASBA Applicants (A list of such branches is available at www.sebi.gov.in). ASBA Applicants Applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch, of a SCSB where the ASBA Account is maintained (A list of such branches is available at www.sebi.gov.in).

Those Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. The filled in Application Form containing instructions to SCSB to block the Application Amount shall be submitted to the designated branches of the SCSBs. The ASBA Applications can also be submitted with the Member of the Syndicate at the Syndicate ASBA Centres (only in Specified Centres) or with the Trading Members of the Stock Exchange, who shall in turn upload all such details of the Applicant that is required for the purpose of allotment based on the ASBA Application Form on the Stock Exchange platform and forward the same to the SCSBs, in accordance with the circulars issued by SEBI in this regard from time to time. The Members of Syndicate and Trading Members of the Stock Exchange shall accept ASBA Applications only at the Syndicate ASBA Centres and should ensure that they verify the details about the ASBA Account and relevant SCSB prior to accepting the Application Form.

Care should be taken that such Application Forms should bear the stamp of the relevant SCSB, Members of the Syndicate or trading members of the Stock Exchange, otherwise they will be rejected.

ASBA Application in electronic mode will only be available with such SCSBs who provide such facility. In case of application in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

Applications are liable to be rejected, wherein the SCSBs are not able to block the funds for application forms which have been uploaded by the Member of the Syndicate or Trading Members of the Stock Exchange due to any reason.

Mode of payment

The Applicant applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, details of which are provided in the Application Form or through which the Application is being made in case of electronic ASBA Application, the

SCSB shall block an amount equivalent to the amount payable on application mentioned in the Application Form until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred into the Public Issue Account maintained by us as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSBs.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account with the SCSB, details of which have been provided by the Applicant in the Application Form, does not have sufficient funds equivalent to the amount payable on application mentioned in the Application Form. Subsequent to the acceptance of the application by the SCSB, the Registrar would have a right to reject the application only on technical grounds.

In the event of withdrawal or rejection of Application Form or for unsuccessful Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account within twelve (12) Working Days of receipt of such instruction.

Depository account and bank details for Applicants applying under the ASBA Process

IT IS MANDATORY FOR ALL THE APPLICANTS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR NCDS IN DEMATERIALISED FORM. ALL APPLICANTS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, PAN DETAILS, BANK ACCOUNT DETAILS, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM.

Applicants applying under the ASBA Process should note that on the basis of name of these Applicants, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of these Applicants such as PAN, address for printing on Allotment advice and occupation ("Demographic Details"). Hence, Applicants applying under the ASBA Process should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with such Applicants including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Applicants in the Application Form would not be used for any other purposes by the Registrar. Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Applicants applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the ASBA Applicant as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent NCDs are not allotted to such ASBA Applicants. ASBA Applicants may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned/undelivered.

Note that any such delay shall be at the sole risk of the ASBA Applicants and none of us, the SCSBs or the Lead Managers shall be liable to compensate the Applicant applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Applicants (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

6. Instructions for completing the Application Form

A. Submission of Application Form

General Instructions

- Applications to be made in prescribed form only;
- The forms to be completed in block letters in English;
- Ensure that the details about Depository Participant and Beneficiary Account in the applications for seeking allotment of NCDs in dematerialised mode are correct, as allotment of NCDs to these applicants will be in the dematerialized form only;

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- Information provided by the Applicants in the Application Form will be uploaded on to the Stock Exchanges Platform system by the Members of the Syndicate, Trading Members of the Stock Exchanges as the case may be, and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- Ensure that the Applications are submitted to the Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the bidding period;
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form;
- Applicants (other than those applying for Allotment of NCDs in physical form) should correctly mention their DP ID and Client ID in the Application Form. For the purpose of evaluating the validity of Applications, the Demographic Details of Applicants shall be derived from the DP ID and Client ID mentioned in the Application Form;
- Applicants applying for Allotment of NCDs in physical form should submit the KYC documents as mentioned above;
- All applicants are required to tick the relevant column of "Category of Investor" in the Application Form;
- All applicants are required to tick the relevant box of the "Mode of Application" in the Application Form choosing either ASBA or Non-ASBA mechanism;
- All Applicants applying through Non-ASBA mechanism shall mention the Application Number, Sole/ first Applicant's name and the phone number on the reverse side of the cheque and demand draft;
- Ensure that you select the correct option while filling in the Application Form.;
- All Application Forms (except in case of Application Forms through ASBA mechanism) duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Members of the Syndicate and Trading Members of the Stock Exchange, who shall upload the same on the Stock Exchange platform before the closure of the Issue; and
- No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same;

Further Instructions for ASBA Applicants

- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch, otherwise the concerned SCSB shall reject the Application;
- If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five applications can be made from one single ASBA Account;
- For ASBA Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchange on the prescribed Application Form. SCSBs may provide the electronic mode for making application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for application and blocking funds in the ASBA Account;
- Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchange and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.

ALL APPLICATIONS BY CATEGORY I APPLICANTS, UNDER SYNDICATE ASBA OR NON ASBA OPTION, SHALL BE RECEIVED ONLY BY THE LEAD MANAGERS AND THEIR RESPECTIVE AFFILIATES.

An Applicant should apply for one or more Series of NCDs, as applicable to such Applicant in a single Application Form only.

Our Company would allot Series IV NCDs to all valid Applications, wherein the Applicants have not indicated their choice of Series. If any Institutional investor / Non-institutional investor applies for Series I and/or Series II NCDs by inadvertence, then such Institutional investor / Non-institutional investor shall be allotted Series III NCDs if the Application is otherwise found to be valid.

B. Permanent Account Number

The applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act (Except for Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market). In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

C. Terms of Payment

The entire face value for the NCDs is payable on application only. In case of allotment of lesser number of NCDs than the number applied, our Company shall refund / unblock the excess amount paid on application to the applicant.

7. General Instructions

Do's

- Check if eligible to apply;
- Read all the instructions carefully and complete the Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account in the applications for seeking allotment of NCDs in dematerialised mode are correct, as allotment of NCDs to these applicants will be in the dematerialized form only;
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- Ensure that the Applications are submitted to the Members of the Syndicate and Trading Members on a timely manner on the Issue Closing Date so that the details can be uploaded before the closure of the Bidding Period;
- Ensure that the Applicant's name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant;
- Ensure that you mention your PAN allotted under the IT Act;
- Ensure the use of an Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic ASBA Applications) to whom the application is submitted;
- Ensure that you receive an acknowledgement from the Designated Branch, the Trading Member of the Stock Exchanges or from the Members of the Syndicate, as the case may be, for the submission and upload of your Application Form;
- Ensure that the Demographic Details are updated, true and correct in all respects (except in case where the application is for NCDs in physical form);
- If applying for NCDs in physical form ensure the KYC documents are submitted along with the Application Form; and
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities, as applicable to each category of investor, to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue.
- Ensure the use of an Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchanges or the Members of the Syndicate (except in case of electronic ASBA Applications) to whom the application is submitted;
- Ensure that you select the correct option while filling in the Application Form.
- In case you are submitting an Application Form to a trading member ensure that he is located in a town /

city that has an escrow banking facility. (list of such locations are available on the websites of Stock Exchanges, the Company and Lead managers, a link for the same being available in the Application Form;

- Ensure that you receive an acknowledgement from the Designated Branch, the Trading Member of the Stock Exchanges or from the Members of the Syndicate, as the case may be, for the submission and upload of your Application Form;

Do's for ASBA Applicants in addition to the above mentioned general instructions

- Ensure that you specify ASBA as the 'Mode of Application' and use the Application Form bearing the stamp of the relevant SCSB, Trading Members of the Stock Exchange or the members of the Syndicate (except in case of electronic Application Forms) to whom the Application is submitted;
- Ensure that your Application Form is submitted either at a Designated Branch of an SCSB, with a Trading Member of the Stock Exchange or with the members of the Syndicate at the Syndicate ASBA Centres (in Specified Cities) where the ASBA Account is maintained and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- ASBA Applicants applying through a member of the Syndicate should ensure that the Application Form is submitted to a member of the Syndicate only in the Specified Cities. ASBA Applicants should also ensure that Application Forms submitted to the Syndicate in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit the Application Form from ASBA Applicants Bidders (A list of such branches is available at www.sebi.gov.in). ASBA Applicants Applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch, of a SCSB where the ASBA Account is maintained.
- Ensure that the Application Form is also signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, with a Trading Member of the Stock Exchange or to the members of the Syndicate;
- Ensure that you have correctly checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;
- Ensure that you receive an acknowledgement from the Designated Branch, the Trading Member of the Stock Exchange or from the members of the Syndicate, as the case may be, for the submission of your Application Form; and
- In case you are submitting the Application Form to a member of the Syndicate, please ensure that the SCSBs with whom the ASBA Account specified in the Application Form is maintained, has a branch specified for collecting such Application Forms in the location where the Application Form is being submitted.

Don'ts:

- Do not apply for lower than the minimum application size;
- Do not pay the application amount in cash or by money order or by postal order or by stockinvest;
- Do not fill up the Application Form such that the NCDs applied for exceeds the issue size and/or investment limit applicable to such investor under laws or regulations applicable to such investor or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground; and
- Do not submit the Application Forms without the full Application Amount;
- Do not submit Application Forms in non-ASBA mode to any of the Collection Centres of the Bankers to the Issue/Registrar/Company;
- Do not submit application accompanied with Stockinvest.

Don'ts for ASBA Applicants in addition to the above mentioned general instructions

- Payment of Application Amounts in any mode other than through blocking of the Application Amounts in

the ASBA Accounts shall not be accepted under the ASBA;

- Do not send your physical Application Form by post. Instead submit the same to a Designated Branch, a Trading Member of the Stock Exchange or to a member of the Syndicate, as the case may be;
- Do not submit more than five Application Forms per ASBA Account;
- Do not submit the Application Form with a member of the Syndicate, at a location other than where the Syndicate ASBA Centres are located; and
- Do not submit ASBA Applications to a member of the Syndicate or the Trading Members of the Stock Exchange unless the SCSB where the ASBA Account is maintained as specified in the Application Form, has named at-least one branch, as displayed on the SEBI website (www.sebi.gov.in) in the relevant area for the Syndicate or the Trading Members of the Stock Exchange to deposit the Application Forms.

8. Other Instructions

A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein.

B. Additional / Multiple Applications

An applicant is allowed to make one or more applications for the NCDs for the same or other series of NCDs (as applicable to the category of investors he/she/it belongs), subject to a minimum application size of ₹ 1,00,000 and/or ₹ 10,000, as the case may be, and in multiples of ₹ 1,000 thereafter, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application.

For the purposes of allotment of NCDs under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

C. Depository Arrangements

As per the provisions of Section 68B of the Act, the allotment of NCDs of our Company can be made in both dematerialised form (i.e. not in the form of physical certificates but be fungible and be represented by the Statement issued through electronic mode) as well as physical form.

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. Please note that tripartite agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form. In this context:

- i. Tripartite Agreement(s) dated December 23, 2011 between us, the Registrar to the Issue and CDSL and NSDL, respectively for offering depository option to the investors,
- ii. An applicant who wishes to apply for NCDs in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application,
- iii. The applicant seeking allotment of NCDs in the Electronic Form must necessarily fill in the details (including the beneficiary account number and DP's ID) appearing in the Application Form under the heading 'Request for NCDs in Electronic Form',
- iv. NCDs allotted to an applicant in the Electronic Account Form will be credited directly to the applicant's respective beneficiary account(s) with the DP,
- v. For subscription in electronic form, names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository,
- vi. Non-transferable Allotment Advice/refund orders will be directly sent to the applicant by the Registrars to this Issue,
- vii. If incomplete/incorrect details are given under the heading 'Request for NCDs in electronic form' in the

Application Form, it will be deemed to be an application for NCDs in physical form and thus will be rejected.

- viii. For allotment of NCDs in electronic form, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, our Company would not be liable for losses, if any,
- ix. It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. BSE have connectivity with NSDL and CDSL,
- x. The trading of the NCDs shall be in dematerialized form only.

D. Communications

- All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.
- Applicants can contact the Compliance Officer to the Issue/Compliance Officer of our Company/Lead Managers or the Registrar to the Issue in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non- receipt of Allotment Advice / credit of NCDs in depository's beneficiary account / refund orders, etc.

9. Rejection of Application

The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Amount paid doesn't tally with the amount payable for the NCDs applied for;
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- GIR number furnished instead of PAN;
- Date of Birth for First/ Sole Applicant for persons applying for allotment of NCDs in physical form not mentioned in the Application Form;
- Bank account details not given, for Applicants seeking allotment in physical mode;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India, including Applications by OCBs;
- Any application for an amount below the minimum application size;
- Application for number of NCDs, which are not in multiples of one;
- Category not ticked;
- Payment option not ticked;
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Application Form does not have applicant's depository account details and has not opted for Allotment of NCDs in physical form;
- Applications accompanied by Stockinvest/money order/postal order;
- Application Forms not delivered by the applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Prospectus and the Application Form;
- In case the subscription amount is paid in cash;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant, the Depository Participant's Identity and the beneficiary's account number;
- Applications submitted directly to the Escrow Collection Banks, if such bank is not the SCSB;

- Application Form accompanied with more than one cheque;
- Category I Applications not procured by the Lead Managers or their respective affiliates; or
- Application not uploaded in to the Stock Exchange platform.
- Applications submitted directly to the Escrow Collection Banks, if such bank is not the SCSB;
- Application Form accompanied with more than one cheque;
- Applications not being signed by the sole/joint Applicants;
- For applications in demat mode, DP ID/Client ID/PAN as per Electronic file does not match with depository records
- Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- ASBA Application Forms not being signed by the ASBA Account holder;
- ASBA Applications not having details of the ASBA Account to be blocked;
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- Applications where clear funds are not available in the Applicant's bank account as per final certificates from Escrow Collection Banks;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- Copy of KYC documents not provided in case of option to hold NCDs in physical form;
- Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable;
- Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- ASBA Applications submitted to the Members of Syndicate or Trading Members of the Stock Exchange at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

Kindly note that The ASBA Applications being submitted with the Member of the Syndicate or with the Trading Members of the Stock Exchanges should be submitted at the Syndicate ASBA Centres (only in Specified Cities). Further, ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one Designated Branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at www.sebi.gov.in).

For further instructions regarding application for the NCDs, investors are requested to read the Application Form.

10. Allotment Advice / Refund Orders

The unutilised portion of the application money will be refunded to the Applicant on the Designated Date and no later than twelve (12) Working Days from the Issue Closing Date in the manner as provided below:

- A. In case of Applications made on the Stock Exchange through the Members of the Syndicate/ Trading Members of the Stock Exchange by making payment through cheques, the unutilised portion of the application money (includes refund amounts payable to unsuccessful Applicants and also the excess amount paid on Application) will be credited to the Bank Account of the Applicant as per the banking account details as provided with the demat details of the applicant by way of any of the following modes:
 - i. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

- ii. NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
 - iii. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
 - iv. RTGS – If the refund amount exceeds ₹ 200,000, the Investors have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
 - v. For all other Investors (non-ASBA) the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Investor and payable at par.
 - vi. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.
- B.** In case of ASBA Applications, the unutilised portion of the application money shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSBs.

Further,

- Allotment of NCDs offered to the public shall be made within a time period of twelve (12) Working Days from the date of closure of the Issue;
- Credit to demat account will be given no later than twelve (12) Working Days from the date of the closure of the Issue;
- Our Company shall pay interest at 15% (fifteen) per annum if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within twelve (12) Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange to our Company and if such money is not repaid within eight days from the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.

11. Retention of oversubscription

Our Company is making a public Issue of NCDs aggregating upto ₹ 750 million with an option to retain oversubscription of NCDs up to ₹ 750 million.

12. Basis of Allotment

The Registrar to the Issue will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid Applications for the purpose of drawing the basis of allocation. Grouping of the Application received will be then done in the following manner:

- A. Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (**"Institutional Portion"**);
- B. Applications received from Category II applicants: Applications received from Category II, shall be grouped together, (**"Non-Institutional Portion"**);
- C. Applications received from Category III applicants: Applications received from Category III applicants, shall be grouped together, (**"Individual Category Portion"**).

For removal of doubt, **"Institutional Portion"**, **"Non- Institutional Portion"** and **"Individual Category Portion"**

are individually referred to as “**Portion**” and collectively referred to as “**Portions**”

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue upto ₹ 750 million. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs upto the Base Issue Size shall be collectively termed as the “**Overall Issue Size**”.

Basis of Allotment for NCDs

(a) Allotments in the first instance:

- (i) Applicants belonging to the Institutional Portion, in the first instance, will be allocated NCDs upto 20 % of Overall Issue Size on first come first serve basis which would be determined on the basis of upload of their Applications in to the Electronic Book with Stock Exchange;
- (ii) Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated NCDs upto 40 % of Overall Issue Size on first come first serve basis which would be determined on the basis of upload of their Applications in to the Electronic Book with Stock Exchange;
- (iii) Applicants belonging to the Individual Category Portion, in the first instance, will be allocated NCDs upto 40 % of Overall Issue Size on first come first serve basis which would be determined on the basis of upload of their Applications in to the Electronic Book with Stock Exchange;

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis, based on the date of upload of each application in to the Electronic Book with Stock Exchange, in each Portion subject to the Allocation Ratio.

(b) Under Subscription:

Under subscription, if any, in any Portion, priority in allotments will be given in the following order:

- i. Individual Category Portion
- ii. Non-Institutional Portion
- iii. Institutional Portion

On a first come first serve basis.

(c) For each Portion, all applications uploaded in to the Electronic Book with Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where NCDs uploaded into the Stock Exchange platform on a particular date exceeds NCDs to be allotted for each Portion respectively.

(d) Minimum allotments of 1 NCD and in multiples of 1 NCD thereafter would be made in case of each valid Application.

(e) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of NCDs to the applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the applicants on the date of oversubscription (based on the date of upload of each application into the Electronic Book with Stock Exchange, in each Portion).

(f) Proportionate Allotments: For each Portion, on the date of oversubscription:

- i) Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue size, not all applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- iii) In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalized by draw of lots in a fair and equitable manner.

(g) Applicant applying for more than one series of NCDs:

If an Applicant has applied for more than one series of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Series-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Series, applied for by

such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus. Any other queries / issues in connection with the applications will be appropriately dealt with and decided upon by our Company in consultation with the Lead Managers.

Our Company would allot Series IV NCDs to all valid Applications, wherein the Applicants have not indicated their choice of Series. If any Institutional investor / Non-institutional investor applies for Series I and/or Series II NCDs by inadvertence, then such Institutional investor / Non-institutional investor shall be allotted Series III NCDs if the Application is otherwise found to be valid.

Please note in case KYC documents are not proper, Registrar shall hold back physical certificate allotted to the applicant pending receipt of complete KYC documents from Applicant and the Company shall keep in abeyance the payment of interest or other benefits, till such time. The Company shall also not be liable to pay interest for delay in despatch of the certificate in case of delay caused due to non receipt of proper KYC documents to the satisfaction of the Registrar.

13. Investor Withdrawals and Pre-closure

Investor Withdrawal: Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue.

Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Closing Date, subject to receipt of minimum subscription for NCDs aggregating to 75% of the Base Issue. Our Company shall allot NCDs with respect to the applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

14. Utilization of application money

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

15. Utilization of Issue Proceeds

- i. All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act.
- ii. Details of all monies utilized out of Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
- iii. Details of all unutilized monies out of issue of NCDs, if any, referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- iv. We shall utilize the Issue proceeds only upon allotment of NCDs as stated in this Prospectus and on receipt of the minimum subscription of 75% of the Base Issue; and
- v. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any immovable property; however the Issue Proceeds may be used for issuing Loans against securities.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approvals for the Issue from BSE vide their letter dated September 3, 2012. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within twelve (12) Working Days from the date of closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Series, such NCDs with Series(s) shall not be listed.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND STATUTORY DEFAULTS

Except as described below, there are no outstanding litigations against our Company that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including institutional / bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as on the date of this Prospectus.

Save and except as disclosed herein below, there are no pending proceedings of our Company pertaining to:

- *matters likely to affect operation and finances of our Company including disputed tax liabilities of any nature; and*
- *criminal prosecution launched against our Company and the Directors for alleged offences under the enactments specified in Paragraph 1 of Part I of Schedule XIII to the Act.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are both in the nature of civil and criminal proceedings. We believe that the number of proceedings in which we are / were involved is not unusual for a company of our size doing business in India.

Litigation involving our Company:

1. We are involved in a number of disputed income tax and interest tax demands amounting to ₹ 499.9 Million as on August 16, 2012.
2. Our Company has challenged the constitutional validity of Fringe Benefit Tax ("FBT") before the Hon'ble High Court at Calcutta. The Hon'ble Court has granted an 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 the inception of the levy up to the date of its abolition, i.e. March 31, 2009.
3. M/s DHV India Private Limited ('DHV'), has instituted arbitration proceeding against our Company claiming an amount of ₹ 69,189,451.00, along with an interest @ 18%. We have disputed the claim and the matter is still pending.
4. Mr. Vijay Gopal Jindal, an ex-employee of Srei Venture Capital Ltd., has filed a suit for recovery and an application for mandatory and permanent injunction bearing C.S. (OS) no. 1575 of 2008 along with I.A. No. 9448 of 2008 before the Hon'ble High Court of Delhi, at New Delhi against our Company and Srei Venture Capital Limited alleging that he was promised 500,000 equity shares at the rate of ₹ 100 per share of our Company. The objection to the injunction application has been filed by our Company and the written statement has also been filed by our Company. The matter is pending before the said Court for filing of the list of witnesses and evidence by Mr. Vijay Gopal Jindal. The amount involved is not ascertainable.
5. Mr. Vijay Gopal Jindal ('Plaintiff') has also filed a suit bearing no. C.S. (O.S) 2478 of 2011 before the Hon'ble High Court at Delhi ('Delhi High Court') against our Company and Srei Venture Capital Limited ('SVCL') (collectively referred to as 'Defendants') alleging that he was appointed as the managing director of SVCL and the terms of such appointment comprised of payment of ₹ 24,000,000 per annum, entitlement to 10% of the net profit of SVCL, entitlement to 25% equity stake in proposed media/entertainment funds, payment of ₹ 50,000,000 as an advance against security of properties/shares/other assets and 500,000 equity shares at ₹ 100 each of our Company and further alleging that the Defendants did not honour their commitments. In the said Suit, the Plaintiff, has inter alia, prayed for decree directing the Defendants to make payment of ₹ 17,875,000 to the Plaintiff, allegedly being the Plaintiff's salary in lieu of compensation for the period July 2008 to July 2009 including interest thereon @ 18% for the period August 2009 to August 2011 and interest @ 18% per annum on the claimed amount. The Defendants have filed their respective written statements with the Court Registry. The matter is pending. The amount involved in the matter is ₹ 17,875,000 and interest thereon @18% per annum.
6. Dr. Syed Sabahat Azim, ex-chief executive officer of Sahaj e-village Ltd. (erstwhile Srei Sahaj E-village Ltd.), has filed a company petition being No. 259 of 2011 before the Company Law Board, Eastern Region Bench, Kolkata against our Company, erstwhile Srei Sahaj e-village Ltd. and others making various claims. The said Petition is currently pending. The amount involved in the matter is not ascertainable.
7. Our Company extended by way of loan a sum of ₹ 1000 million to one K. S. Oil Limited ("defendant") vide Rupee Loan Agreement dated August 23, 2010. The above loan amount was secured by way of hypothecation of the defendant's 92 wind turbines in the States of Madhya Pradesh, Rajasthan, Tamil Nadu and Gujarat vide Deed of Hypothecation dated August 23, 2010. The above charge was subservient to the charges created by the defendant in favour of its other consortium of lenders with State Bank of India as the lead bank ("Consortium"). The defendant defaulted in payment of the loan amount and interests accrued.

Hence our Company filed a Suit bearing C S No. 12 of 2012 before the Hon'ble Calcutta High Court claiming, inter alia, for a decree of ₹ 1241.9 million along with interest thereupon. The Hon'ble Court, by ex-parte orders dated January 18, 2012, January 24, 2012 and January 30, 2012 enjoined the defendant and or its agents or servants from dealing with or transferring or selling or disposing of or further encumbering the 92 wind turbines. The defendant filed an application bearing G.A. No. 567 of 2012 for vacating the above interim orders dated January 18, 2012, January 24, 2012 and January 30, 2012 and the said application was disposed of by the Hon'ble Court by its order dated March 12, 2012 by modifying the interim orders dated January 18, 2012, January 24, 2012 and January 30, 2012 to the extent of clarifying that the above orders could not affect any third party rights. On March 29, 2012 SBI Capital Markets Limited, acting for and on behalf of the Consortium, published an advertisement to sell the above mentioned 92 wind turbines of the defendant against which the Company filed an application bearing T. A. No. 53 of 2012 before the Hon'ble Court for appointment of Receiver. The Hon'ble Court by its order dated April 18, 2012 was pleased to appoint Joint Special Officers to make an inventory of the assets and to take symbolic possession thereof. The Hon'ble Court was also pleased to defer any action in terms of the advertisement. The defendant filed a further application bearing G A No 1120 of 2012 for vacating/modifying the order dated April 18, 2012 and the Hon'ble Court by its order dated April 26, 2012 was pleased to modify the order dated April 18, 2012 to the extent that SBI Capital Markets Limited was allowed to act in terms of the advertisement and file report to the Hon'ble Court on all offers received against the advertisement and seek confirmation from the Hon'ble Court before finalization of any offer. The Hon'ble Court also directed the Joint Special Officers to make the inventory of the above secured assets and file report within May 14, 2012. The Joint Special Officers have filed their report to the Hon'ble Court on June 15, 2012. The matter being C S No 12 of 2012 is to be listed for further hearing.

Against the above mentioned orders dated April 18, 2012 and April 26, 2012, SBI Capital Markets Limited, for and on behalf of the Consortium, has preferred an appeal bearing G.A. No. 1406 of 2012 APOT No. 290 of 2012 before the Division Bench of the Hon'ble Calcutta High Court making our Company and K S Oils as respondents. In the appeal SBI Capital Markets Limited has asked for stay of the above orders and direction to S K Oils to execute requisite documents for sale of the 92 wind turbines. The above appeal came for hearing on August 14, 2012 when the Hon'ble Court was pleased to adjourn the same for six weeks on the ground of settlement.

We have also instituted a criminal case being Case No. 10440 of 2012 before the Learned Chief Metropolitan Magistrate, Calcutta against K.S. Oil (hereinafter referred to as "Accused Company"), its Directors and its Company Secretary under sections 406, 420, 467, 468, 471, 477 read with 120B of the IPC for failure by the Accused Company to register the charges with the Registrar of Companies and for dishonor of cheques issued by the Accused Company with respect to the rupee loan of ₹ 1000 million extended by us to the Accused Company.

8. By a Show-Cause-cum-Demand-Notice bearing C No. V (8) 57 / ST / Audit / A. Cell / Srei Infra / Kol / 12 / 8808 dated April 20, 2012 ("SCN") issued by the Commissioner of Service Tax, Kolkata, Cenvat Credit to the tune of ₹ 45,046,750 availed by us during the period 2006-2007 to 2010-2011 has been sought to be disallowed by invoking the longer period of limitation of 5 years under proviso to Section 73(1) of the Finance Act, 1994 by alleging irregular availment thereof in violation of Rule 2(1), 3, 4, 6 and 9 of the Cenvat Credit Rules, 2004. The SCN proposes to recover from us the above service tax amount of ₹ 45,046,750 along with applicable interest and penalty. We had applied for extension of time to file our reply to the SCN vide our letter dated May 16, 2012 for a period of 6 months. The matter is pending as on date. If the demand is finally confirmed by the higher authorities then we have to pay the above service tax of ₹ 45,046,750 together with applicable interest and penalty.
9. We had agreements dated February 22, 2010 and October 6, 2010 ('agreements') with Fitch India Ratings Pvt. Ltd. ('Fitch'), inter alia, for rating of our unsecured subordinated lower tier – II bonds worth ₹ 200 crores and unsecured subordinated debentures/bonds (Tier - II) worth ₹ 500 million ('financial instruments').

Upon observing that Fitch was not following the appropriate method for analysis of data for the process of rating, we terminated the agreements. Despite communication of such termination, Fitch proceeded to downgrade the ratings of the financial instruments to A+ from AA-. In order to restrain Fitch from publishing the downgraded rating, we filed a civil suit being C.S. 111 of 2012 before the Hon'ble High Court at Calcutta ('Calcutta High Court'), inter alia, praying for declaration that the agreements were duly and validly terminated by us, declaration that the downgraded rating after the termination of the agreements are invalid, decree for perpetual injunction restraining Fitch from in any manner proceeding to give effect to the downgraded rating of the financial instruments including by making any publication of any kind including in any website. We also filed an application being G.A. No. 1639 of 2012 (earlier T.A. No. 36 of 2012), for grant of an order of injunction to restrain Fitch from publishing or publicizing the purported downgraded credit rating of the financial instruments.

On March 20, 2012 the Calcutta High Court passed an order restraining Fitch from publishing the ratings. On March 22, 2012 further orders were passed by the Calcutta High Court allowing Fitch to publish on their website a statement to the effect that Fitch has been restrained by an order dated March 20, 2012 of the Hon'ble High Court at Calcutta from publishing the current credit rating. Subsequently, SEBI filed an intervention application being G.A. No. 1839 of 2012 in C.S. No. 111 of 2012, inter alia, praying to intervene in the proceedings, to be added as a defendant to the proceeding, an order vacating the order dated March 22, 2012 and an order directing Fitch to forthwith publish the reviewed rating of the financial instruments in the form of press releases, website and to the relevant stock exchanges. On July 26, 2012 the Calcutta High Court was pleased to pass an order allowing SEBI to be added as a party to the proceedings and also, modified the orders dated March 20, 2012 and March 22, 2012 by extending the stay granted earlier on March 20, 2012 for a further period of two weeks from the date of the said order to enable our Company to file appropriate proceedings before SEBI and if SEBI does not pass any order to the contrary within 3 weeks from the date of the said order, Fitch to publish the ratings. The matter has been directed to be returnable on August 29, 2012 with appropriate orders to file the affidavits in reply and opposition meanwhile. Being aggrieved with the said order dated July 26, 2012, our Company has preferred an appeal against the said order being APOT No. 380 of 2012 before the Calcutta High Court, inter alia, praying for staying the operation of the said order dated July 26, 2012. By an order dated 17 August, 2012, in APOT No. 380 of 2012, Calcutta High Court extended the stay on Fitch from publishing the rating till 27 August 2012. The amount involved in this matter is not ascertainable.

Litigation against our Director

One of our Non-Executive & Independent Directors, Mr Sujitendra Krishna Deb is involved in certain legal proceedings under Section 233 of the Act which are currently pending before relevant courts. In case the default in one or more such cases is proved to be wilful, the said Director shall be liable to punishment by way of a maximum fine of ₹ 10,000/- per such concluded proceeding.

Material Development since the last Balance Sheet as on March 31, 2012

In the opinion of the Board, other than as disclosed in this Prospectus, there has not arisen, since the date of the last financial statements, any circumstance that materially or adversely affects the profitability of our Company or the value of our assets or our ability to pay our material liabilities over the next 12 months.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the present Issue

The shareholders of our Company, subject to the Memorandum and Articles of Association, have passed a resolution under section 293(1) (d) of the Act, at the general meeting held on July 30, 2011 which prescribes the maximum monetary limit for the purpose of borrowing. The aggregate value of the Debentures offered under the Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 200,000 million.

The Issue of Debentures offered under the Prospectus is being made pursuant to resolution passed by the Board of Directors of our Company at its meeting held on August 10, 2012.

Prohibition by SEBI / Eligibility of our Company to come out with the Issue

Our Company and our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Disclaimer clause of the BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED SEPTEMBER 3, 2012, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER: -

- A) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- B) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- C) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer clause of the RBI

RBI HAS ISSUED CERTIFICATE OF REGISTRATION DATED 1 AUGUST 1998 AND A FRESH CERTIFICATE OF REGISTRATION DATED 30 MARCH 2011 RE-CLASSIFYING OUR COMPANY UNDER THE CATEGORY "INFRASTRUCTURE FINANCE COMPANY – NON DEPOSIT ACCEPTING". IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS PROSPECTUS NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT AND THE RBI DOES NOT TAKE ANY RESPONSIBILITY OR GUARANTEE THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED BY OUR COMPANY IN THIS CONNECTION AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY OUR COMPANY.

Listing

The NCDs proposed to be offered through this Prospectus are proposed to be listed on BSE Limited. We have obtained in-principle approval for the Issue from BSE vide its letter dated September 3, 2012. If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE mentioned above are taken within twelve (12) Working Days from the date of Issue Closing Date.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Series, such NCDs with Series(s) shall not be listed.

Consents

Consents in writing of: a) the Directors, (b) the Compliance Officer to the Issue, (c) the Company Secretary and Compliance Officer of the Company, (d) the Statutory Auditors, (e) Bankers to our Company, (f) Lead Managers, (g) Registrar, (h) Legal Advisor to the Issue, (i) Credit Rating Agency; and (j) the Debenture Trustee, to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus with the Stock Exchange.

Expert Opinion

Except for the report of CARE dated August 9, 2012 and BRICKWORK dated June 14, 2012 in respect of the credit rating(s) of this Issue and the letters furnishing their rationale for their respective rating, the reports in relation to our financial statements and the statement of tax benefits issued by Haribhakti & Co., Chartered Accountants, our Company has not obtained any expert opinions.

Common Form of Transfer

The Issuer undertakes that there shall be a common form of transfer for the NCDs held in physical form and the provisions of SCRA / Act and all applicable laws shall be duly complied with in respect of all transfer of NCDs and registration thereof.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of the Base Issue, i.e. ₹ 562.5 million, prior to Allotment, the entire subscription shall be refunded to the Applicants within twelve (12) Working Days from the date of closure of the Issue. If there is delay in the refund of subscription by more than eight (8) days after our Company becomes liable to refund the subscription amount, our Company will pay interest for the delayed period, at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Filing of Draft Prospectus

The Draft Prospectus has been filed with BSE on August 24, 2012 in terms of Regulation 7 of the Debt Regulations, for dissemination on their website(s). The Debentures are being offered for public issue and the same are being issued at the face value of ₹ 1,000 each.

Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Overall Issue Size of ₹ 1,500 Million are as follows:

(₹ In million)		
Activity	Expenses	% of Issue Size of ₹ 1,500 million
Lead Management Fee	10	0.67
Advertising and Marketing Expenses	31.5	2.10
Printing and Stationery	10	0.67
Others (Debenture Trustee Fees, Registrar Fee, Credit Rating Fee, Legal Fees, Stamp Duty & Registration expense etc.)	5	0.33
Total	56.5	3.77

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors

Underwriting

This Issue has not been underwritten.

Commission or Brokerage on Previous Public Issues

In December 2011, our Company came out with first tranche of an issue of long term infrastructure bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80 CCF of the Income Tax Act, 1961 aggregating upto ₹ 3,000 million. The commission or brokerage paid in the said issue was 2.42% of the Issue Size of ₹ 3,000 million.

Details regarding the capital issue during the last three years by our Company and other listed companies under the same management within the meaning of section 370 (1B)

Other than as disclosed in this section, neither our Company nor any other listed company under the same management within the meaning of Section 370(1B) of the Act has made any public or rights or composite issue of capital in the last three years

Public / Rights Issues by our Company and our Promoters

Our Company undertook a public issue of first tranche long term infrastructure bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80 CCF of the Income Tax Act, 1961 in 2011-2012. The particulars of which have been set forth below.

Date of Opening	December 31, 2011
Date of Closing	March 6, 2012
Total Issue Size	₹ 3000 million
Whether subsequently dividend was declared	N.A.
Date of Allotment	March 22, 2012
Date of Listing	March 30, 2012

Our Company undertook a public issue of its equity shares in 1992. The particulars of which have been set forth below.

Date of Opening	July 7, 1992
Date of Closing	July 16, 1992
Total Issue Size	32,20,000 equity shares of ₹ 10/- each
Whether subsequently dividend was declared	Yes
Date of Allotment	August 31, 1992

Previous issues of shares otherwise than for cash

Pursuant to the Scheme of Amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with our Company sanctioned by the Honourable High Court at Calcutta vide order dated March 3, 2011, our Company had issued and allotted 294,025,696 Equity Shares of ₹ 10 each fully paid up of our Company to the shareholders of Quippo based on the share exchange ratio of 27:10, in consideration of the transfer and vesting of all assets and liabilities of Quippo into and with our Company. Further, our Company had issued and allotted 92,915,839 Equity Shares of ₹ 10 each fully paid up to the equity shareholders of Srei Infra as bonus shares in the ratio of 4 (four) equity shares of ₹ 10 each (fully paid-up) for every 5 (five) equity shares of ₹ 10/- each of Srei Infra held by them as on the record date, by way of capitalisation of free reserves, pursuant to the aforesaid Scheme of Amalgamation.

Dividend

The details of dividend by our Company in the previous five years are as follows:

Financial Year ended	Dividend Per Share (₹)	Total Dividend* (₹ in Mn)
31.03.2012	0.50	292.30
31.03.2011	0.75	438.50
31.03.2010	1.20	162.50
31.03.2009	1.00	135.90
31.03.2008	1.20	163.10

**inclusive of dividend distribution tax*

Revaluation of assets

Our Company has not re-valued its assets in the last five years.

Debentures or NCDs and redeemable preference shares and other instruments outstanding by our Company

As at March 31, 2012, our Company had outstanding listed / rated / unrated, secured / unsecured, non-convertible redeemable debentures and commercial papers aggregating to ₹ 20,077.40 million. Apart from the above, there are no outstanding debentures, NCDs, redeemable preference shares or other instruments issued by our Company that are outstanding.

Mechanism for redressal of investor grievances

Link Intime India Private Limited has been appointed as the Registrar to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. The MOU between the Registrar and our Company will provide for retention of records with the Registrar for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar for redressal of their grievances. All grievances relating to the Issue should be addressed to the Registrar giving full details of the applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

Link Intime India Private Limited

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 Email : sreil2.ncd@linkintime.co.in
 Investor Grievance Email : sreil2.ncd@linkintime.co.in
 Website: www.linkintime.co.in
 Contact Person: Mr Dinesh Yadav
 Compliance Officer: Mr Sanjeev Nandu
 SEBI Registration No.: INR000004058

In addition, the Compliance Officer to the Issue would also handle all investors' grievances:

Name : **Mr Samir Kumar Kejriwal**
 Address : 'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046
 Telephone : (033) 6160 7734
 Fax : (033) 2285 8501
 E-Mail : sreilncd1@srei.com

We estimate that the average time required by the Registrar for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Change in auditors of our Company during the last three years

The auditors of our Company during the preceding three years are:

Sl. No.	Financial Year	Name of the Statutory Auditors
1.	2009-10	Deloitte Haskins & Sells, Chartered Accountants
2.	2010-11	Haribhakti & Co, Chartered Accountants
3.	2011-12	Haribhakti & Co, Chartered Accountants

The current statutory auditor of our Company, Haribhakti & Co., Chartered Accountants having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as the statutory auditor of our Company pursuant to the resolution passed at the 27th AGM of our Company held on August 10, 2012.

Trading

Debt securities issued by our Company, which are listed on BSE Wholesale Debt Market are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities.

Caution

Though the provisions of sub-section (1) of section 68-A of the Act, do not apply to issue of NCDs / debentures, the attention of the investors is drawn to the provisions as a matter of abundant caution:

"Any person who –

(a) makes in a fictitious name, an application to a company for acquiring, or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in fictitious name,

shall be punishable with imprisonment for a term which may extend to five years".

Disclaimer in respect of Jurisdiction

ISSUE OF THE DEBENTURES HAVE BEEN / WILL BE MADE IN INDIA TO INVESTORS AS SPECIFIED UNDER SECTION "WHO CAN APPLY" ON PAGE 114 OF THIS PROSPECTUS. THE DEBENTURES ARE GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE EXISTING INDIAN LAWS AS APPLICABLE IN THE STATE OF WEST BENGAL. ANY DISPUTE ARISING IN RESPECT THEREOF WILL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF THE COURTS AND TRIBUNALS OF KOLKATA.

Disclaimer Statement from the Issuer

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS PROSPECTUS ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE DEBENTURES AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER OWN RISK.

REGULATIONS AND POLICIES

The regulations set out below are not exhaustive and are only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the Income Tax Act, 1961 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable shops and establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The Reserve Bank of India Act, 1934

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of powers vested to it through Chapter III B of the RBI Act. Section 45-I (f) of the RBI Act defines a NBFC as:

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or
- (iii) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

As per the RBI Act, a financial institution has been defined as a non-banking institution carrying on as its business or part of its business, amongst other activities, the financing, whether by way of making loans or advances or otherwise, of any activity, other than its own, or the carrying on of any class of insurance business.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. The RBI, pursuant to a press release dated April 8, 1999, has further indicated that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of our Company to determine its principal business. A company would be categorized as an NBFC if its financial assets were more than 50% of its total assets (netted off by intangible assets) and income from financial assets is more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for classifying the principal business of a company as that of an NBFC.

With effect from January 9, 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (CoR). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI raised the requirement of minimum net owned fund from ₹ 2.5 million to ₹ 20 million for an NBFC commencing business on or after April 21, 1999. Further, every NBFC was required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 30 of that year, stating that it was engaged in the business of non-banking financial institution and it held a CoR.

Capital Reserve fund

Pursuant to Section 45 IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Such a fund is to be created by every NBFC including an NBFC not accepting/holding public deposit. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Prudential Norms Directions

The RBI has issued the Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended ("**Prudential Norms Directions**"), which contain detailed directions on prudential norms for an NBFC-ND. The Prudential Norms Directions, amongst other requirements prescribe guidelines regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. In terms of the Prudential Norms Directions, all NBFCs - ND with an asset size of ₹ 1,000 million or more as per their last audited balance sheet will be considered as a systemically important NBFC-ND-SI.

Asset Classification

The Prudential Norms Directions require that every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- (i) Standard assets;
- (ii) Sub-standard assets;
- (iii) Doubtful assets; and
- (iv) Loss assets.

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such up-gradation.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realization of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

Disclosure Requirements

An NBFC-ND is required to separately disclose in its balance sheet the provisions made in terms of the provisioning requirements without netting them from the income or against the value of the assets. These provisions shall be distinctly indicated under separate heads of accounts and shall not be appropriated from the general provisions and loss reserves held, if any, by it. Further every systemically important NBFC (NBFC-ND-SI) shall disclose the following particulars in its balance sheet (i) capital to risk assets ratio (CRAR), (ii) exposure to real estate sector, both direct and indirect, and (iii) maturity pattern of assets and liabilities.

Exposure Norms

The Prudential Norms Directions prescribe credit exposure limits for financial institutions in respect of the loans granted and investments undertaken by a NBFC-ND-SI. An NBFC-ND-SI shall not lend money exceeding 15% of its owned fund to any single borrower and the lending to any single group of borrowers shall not exceed 25% of the NBFC-ND-SI's owned fund. As regards investments, an NBFC-ND-SI shall not invest in the shares of a company exceeding 15% of its owned fund, while the investment in the shares of a single group of companies shall not exceed 25% of its owned fund.

The loans and investments of NBFC-ND-SI taken together should not exceed 25% of its owned fund to or in a single party and 40% of its owned fund to or in a single group of parties. However, this prescribed ceiling shall not be applicable on an NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Further, an NBFC-ND-SI, which is classified as Asset Finance Company, may in exceptional circumstances, exceed the above ceilings on credit / investment concentration to a single party or a single group of parties by 5% of its owned fund, with the approval of its board of directors Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings. Further, every NBFC-ND-SI is required to formulate a policy in respect of exposures to a single party/a single group of parties.

NBFCs-ND-SI may exceed the concentration of credit and investment norms, as specified above, by 5% for any single party and by 10% for a single group of parties, if the additional exposure is on account of infrastructure loan (as defined in the Prudential Norms Directions) and/ or investment. IFCs may exceed the concentration of credit norms specified above for NBFCs-ND-SI in lending to any single borrower by an additional 10% of their owned fund and any single group of borrowers by 15% of their owned fund. The loans and investments of IFCs taken together may exceed the credit concentration norms specified above by an additional 5% of their owned fund to a single party and an additional 10% of their owned fund to a single group of parties.

Pursuant to the RBI notification RBI/2010-11/453 dated March 30, 2011 NBFCs have been prohibited from contributing capital to any partnership firm or to be partners in any partnership firm. In case of existing partnerships NBFCs may seek early retirement from partnership firms.

Capital Adequacy Norms

As per the Prudential Norms Directions, every NBFC-ND-SI is subject to capital adequacy requirements. A minimum capital ratio consisting of Tier I and Tier II capital of not less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items is required to be maintained. "Tier I" capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, NCDs, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by an NBFC-ND-SI in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting year; and "Tier II" capital includes, (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; (e)

subordinated debt to the extent the aggregate does not exceed Tier I capital; and (f) perpetual debt instruments issued by a NBFC-ND-SI in each year to the extent it does not exceed 15% of its aggregate Tier I capital, as on March 31 of the previous fiscal year.

The RBI required that such ratio should not be less than 15% by March 31, 2011. Also, the total of Tier II capital of a NBFC-ND-SI at any point of time shall not exceed 100% of Tier I capital.

Information to be furnished in relation to certain changes

As per the Prudential Norms Directions, an NBFC-ND is required to furnish the following information to the Regional Office of the Department of Non-Banking Supervision of the RBI within one month of the occurrence of any change: (i) complete postal address, telephone/fax number of the registered/corporate office, (ii) name and residential address of the directors of our Company, (iii) names and official designations of its principal officers, (iv) names and office address of its auditors, and (v) specimen signatures of the officers authorized to sign on behalf of our Company.

Norms applicable to NBFCs classified as Infrastructure Finance Companies

On February 12, 2010, the RBI introduced a new classification of NBFCs termed as 'Infrastructure Finance Companies' ("**IFC**"), with a view to encouraging a greater flow of capital into infrastructure development.

To qualify and maintain its status as an IFC, among other conditions, an NBFC must satisfy the following:

- At least 75 % of the NBFC's total assets should be deployed in infrastructure loans;
- The NBFC must have net owned funds of at least ₹ 3.0 billion;
- The NBFC must have a minimum credit rating of "A" or its equivalent from any of CRISIL, CARE, Fitch or ICRA or a comparable rating from any other accrediting rating agency;
- The NBFC must have a minimum CRAR of 15.0% (with a minimum Tier 1 capital of 10.0%); and
- The NBFC must not accept deposits.

IFCs are entitled to various benefits such as:

- A lower risk weight on their bank borrowings, from 100.0% to as low as 20.0% for AAA rated borrowers;
- Higher permissible bank borrowings (both lending and investment, including off balance sheet expenses), increased from 15.0% of its capital funds that a bank may lend to an NBFC to 20.0% of capital funds as per its last audited balance sheet that it may lend to an IFC, provided that such increased bank exposure to the IFC is used for on - lending to the infrastructure sector;
- They are permitted to raise external commercial borrowings (ECBs) (the total outstanding ECBs including the proposed ECB) for on lending to the infrastructure sector under the automatic route (subject to compliance with the applicable prudential guidelines and hedging of the currency risk in full) up to 50% of their owned funds; and
- They are permitted to have loan exposure to the extent of 25.0% (as compared to 20.0% for an NBFC) of net owned funds to a single borrower and loan exposure to the extent of 40.0% (as compared to 35.0% for an NBFC) of net owned funds to a single business group.
- The risk weight for assets covering PPP and post commercial operations date (COD) projects which have completed at least one year of satisfactory commercial operations is at 50 percent”.

Other Regulations

Monthly Return

As per the RBI circulars dated September 6, 2005 and June 4, 2009, all NBFC-ND-SIs with an asset size of ₹ 1,000 million and above are required to submit a monthly return on the important financial parameters to the RBI. It has been clarified by the RBI that the asset size as stated aforesaid may be less than ₹ 1,000 million as on the balance sheet date but may subsequently add on assets before the next balance sheet due to several reasons, including business expansion. Once the asset size of the NBFC reaches ₹ 1,000 million or above, it shall come under the regulatory requirement of the NBFC-ND-SI despite not having such assets as on the last balance sheet.

It has been further clarified by the RBI that if the asset size of the NBFC falls below ₹ 1,000 million in any given month (which may be due to temporary fluctuations and not due to actual downsizing), then such an NBFC shall continue to submit the monthly returns on the important financial parameters to the RBI until the submission of the next audited balance sheet to the RBI and a specific dispensation is received in this regard.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs. As per this Guidelines, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 1,000 million, irrespective of whether they are accepting / holding public deposits or not, are required to put in place an ALM system. The ALM system rests on the functioning of ALM

information systems within the NBFC, ALM organization including an Asset Liability Committee ("ALCO") and ALM support groups, and the ALM process includes liquidity risk management, management of marketing risk, funding and capital planning, profit planning and growth projection, and forecasting/ preparation of contingency plans. It has been provided that the management committee of the board of directors or any other specific committee constituted by the board of directors should oversee the implementation of the system and review its functioning periodically. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time bucket should not exceed the prudential limit of 15% of outflows of each time bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

For further details, please refer to the section titled "*Business*" on page 66 of this Prospectus.

Concentration of Credit

With effect from April 1, 2007, no NBFC-ND-SI is permitted to lend more than 15% of its owned fund to any single borrower or more than 25% of its owned fund to a single group of borrowers

Fair Practices Code

On September 28, 2006 the RBI prescribed broad guidelines towards a fair practices code that was required to be framed and approved by the Board of Directors of all NBFCs. On July 1, 2012 the RBI issued a Master Circular on fair practices and has required that the Fair Practices Code of each NBFC is to, be published and disseminated on its website. Among others, the code prescribes the following requirements, to be adhered to by NBFCs:

- (i) Inclusion of necessary information affecting the interest of the borrower in the loan application form.
- (ii) Devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be disposed.
- (iii) Conveying, in writing, to the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC.
- (iv) Giving notice to the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.
- (v) Refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.
- (vi) Not resorting to undue harassment in the matter of recovery of loans, and an appropriate grievance redressal mechanism for resolving disputes in this regard is to be established.
- (vii) Periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors

KYC Guidelines

The RBI has issued a Master Circular on Know Your Customer ("KYC") guidelines dated July 1, 2012 and advised all NBFCs to adopt such guidelines with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework on KYC and anti-money laundering measures is put in place. The KYC policies are required to have certain key elements such as customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines by the persons authorized by the NBFCs' and including brokers/ agents, due diligence of persons authorized by the NBFCs and customer service in terms of identifiable contact with persons authorized by NBFCs.

Corporate Governance Guidelines

In order to enable NBFCs to adopt best practices and greater transparency in their operations, the RBI introduced corporate governance guidelines on May 8, 2007. The RBI consolidated the corporate governance guidelines issued by it from time to time in the Master Circular dated July 1, 2012. As per this Master Circular, all NBFCs-ND-SI are required to adhere to certain corporate governance norms, including:

- (i) Constitution of an audit committee;
- (ii) Constitution of a nomination committee to ensure fit and proper status of the proposed and existing Directors;
- (iii) Constitution of risk management committee;
- (iv) Constitution of asset liability management committee to monitor the asset gap and strategize actions to mitigate the associated risk. Further a risk management committee may also be formed to manage the integrated risk;
- (v) Informing the Board of Directors, at regular intervals, the progress made in having a progressive risk management system, a risk management policy and the strategy being followed. The Board of Directors also needs to be informed about compliance with corporate governance standards, including in relation to the composition of various committees and their meetings; and
- (vi) Frame internal guidelines on corporate governance for enhancing the scope of the guidelines.

Rating of Financial Product

Pursuant to the RBI circular dated February 4, 2009, all NBFCs with an asset size of ₹ 1,000 million and above are required to furnish at the relevant regional office of the RBI, within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading and upgrading of assigned rating of any financial products issued by them within 15 days of such change.

Norms for Excessive Interest Rates

The RBI, through its circular dated May 24, 2007, directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2012 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Enhancement of Capital funds Raising Option

Pursuant to the RBI circular on Enhancement of NBFCs' Capital Raising Option for Capital Adequacy Purposes dated October 29, 2008, NBFCs-ND-SI have been permitted to augment their capital funds by issuing perpetual debt instruments ("PDI") in accordance with the prescribed guidelines provided under the circular. Such PDI will be eligible for inclusion as Tier I capital to the extent of 15% of the total Tier I capital as on March 31 of the previous accounting year. Any amount in excess of the amount admissible as Tier I capital will qualify as Tier II capital within the eligible limits. The minimum investment in each issue/tranche by any single investor shall not be less than ₹ 500,000. It has been clarified that the amount of funds so raised shall not be treated as public deposit within the meaning of clause 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs-ND-SI, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution requiring to hold a CoR under the RBI Act. This certificate is required to be submitted within one month of the date of finalization of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 227 of the Companies Act, the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

Reporting of frauds

By its Master Circular no. DNBS.PD.CC. No. 283 / 03.10.042 / 2012-13 dated 2 July 2012 the RBI has introduced a comprehensive mechanism for NBFCs-D and NBFCs-ND-SI for reporting frauds. Further, by Circular NoDNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2 March, 2012, all NBFCs-ND-SI and deposit taking NBFCs are required to disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the Reserve Bank would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act, 1934.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("Debts Recovery Act") provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames been fixed for speedy disposal of cases. Upon establishment of the Debts Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher courts in India in certain circumstances.

Anti-Money Laundering

The Prevention of Money Laundering Act, 2002 ("PMLA") was enacted to prevent money laundering and to provide for confiscation of property derived from or involved in, money laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of

the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended ("**PML Rules**"). PMLA & PML Rules extends to all banking companies, financial institutions, including NBFCs and intermediaries.

The RBI has issued a Master Circular dated July 1, 2012 to ensure that a proper policy frame work for the PMLA and PML Rules is put into place. Pursuant to the provisions of PMLA, PML Rules and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 1 million.

All NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. Further, NBFCs shall exercise on-going due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

Norms Applicable to Public Financial Institutions

The MCA has issued 'Guidelines for declaring financial institutions as PFI under Section 4A of the Companies Act dated June 2, 2011 ("**PFI Guidelines**")'. The PFI Guidelines provide that for declaring any financial institutions as a PFI under Section 4A of the Companies Act, the financial institution shall be in compliance with the following requirements:-

- a) A company or corporation should be established under a special act or the Companies Act, being Central Act;
- b) The main business of the company should be industrial/infrastructural financing;
- c) The company must be in existence for at least three years and its financial statement should show that its income from industrial/ infrastructural financing exceeds 50% of its income;
- d) The net-worth of the company should be ₹ 10,000 million;
- e) The company should be registered as an Infrastructure Finance Company (IFC) with the RBI or as a Housing Finance Company ("**HFC**") with the National Housing Bank;

Applicable Foreign Investment Regime

FEMA Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, ("**FDI Policy**") and the FDI Policy issued by the DIPP (circular 1 of 2012, with effect from April 10, 2012).

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As specified by the FEMA Regulations, no prior consent and approval is required from the FIPB or the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

Foreign Direct Investment

FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities. Under the approval route, prior approval of the FIPB and/or RBI is required. FDI for the items/activities not under the automatic route (other than in prohibited sectors) may depend upon the activity be brought in through the approval route. Further:

- (a) As per the sector specific guidelines of the Government of India, 100% FDI/ NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.
- (b) Minimum Capitalisation Norms for fund based NBFCs are the following:
 - (i) For FDI up to 51% - US\$ 0.5 million to be brought upfront
 - (ii) For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront
 - (iii) For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought up front and the balance in 24 months
- (c) Minimum capitalization norm of US\$0.5 million is applicable in respect of all permitted non fund based NBFCs with foreign investment
- (d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US\$ 50 million specified in (b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)
- (e) Joint ventures operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow, i.e., (b) (i) and (b) (ii) above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, the prior approval of the RBI may not be required other than in certain circumstances although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

NBFC's having FDI are required to submit a certificate from the statutory auditors on half yearly basis certifying compliance with the terms and conditions of the FDI regulations. Such certificate should be submitted not later than one month from the close of the half year to which the certificates pertains to the regional office of the RBI in whose jurisdiction the head office of our Company is registered.

Calculation of Total Foreign Investment in Indian Companies

On February 13, 2009, the Indian Government issued two press notes setting out guidelines for foreign investment in India. Press Note 2 of 2009 prescribes the guidelines for the calculation of total foreign investment (direct and indirect) in Indian companies. Press Note 3 of 2009 prescribes the transfer of ownership or control of Indian companies in sectors with caps from resident Indian citizens to non-resident entities. Additionally, Press Note 4 of 2009 issued on February 25, 2009 clarifies the guidelines on downstream investments by Indian companies. These press notes have been consolidated by the Government of India an FDI Policy issued by the Department of Industrial Policy & Promotion (Circular 1 of 2012, with effect from April 10, 2012). The FDI Policy is reviewed every one year. A revised FDI policy is expected to be issued on March 2013.

SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

Article 6 states that the Directors may issue shares, bonds, debentures, stocks, warrants & all such securities, with full, differential or without voting rights attached thereto, upon such terms and conditions and with such rights and privileges attached thereto as thought fit and as may be permitted by law for the time being force.

Article 8 states that the Company shall cause to be kept a Register of Members, an Index of Members, a Register of Debenture holders and an Index of Debenture holders in accordance with Sections 150, 151, 152 and other applicable provisions of the Act

Article 9 states that the Register of Members, the Index of Members, the Register and Index of Debenture-holders, copies of all Annual Returns prepared in accordance with the Act, together with the copies of certificates and documents required to be annexed thereto as provided by the Act shall, except when the Register of Members or Debenture holders is closed under the provisions of the Act or these presents, be open during business hours to inspection of any Member or Debenture holder without fee and to inspection of any other person on payment of such sum as may be prescribed by the Act for each inspection. Any such member or debenture holder or any other person may make extracts there from or require a copy thereof on payment of such sum as may be prescribed.

Article 10 states that the Company shall send to any Member, Debenture holder or other person on request, a copy of the Register of Members, the Index of the Members, the Register and Index of Debenture holders or any part thereof required to be kept under the Act or copies of certificates required to be annexed thereto as per the Act, on payment of such sum as may be prescribed by the Act. The copy sought shall be sent within the time prescribed under the Act.

Article 22 states that except as ordered by a Court of Competent Jurisdiction or as provided by the Act, no notice of any trust, expressed or implied or constructive, shall be entered on the Register of Members or of debenture-holders of the Company.

Article 24 states that the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or any other security of the Company or for procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture stock or any other security of the Company, but so that if the commission in respect of shares shall be paid or payable out of capital the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed by the Act. The Commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.

Article 27 states that every Member shall be entitled without payment to one certificate in his name for all the shares of each class or denomination registered in his name or, if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates each for one or more shares of each class. Every certificate of shares shall specify the number of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Directors shall prescribe or approve. Where a Member has transferred a part of the shares comprised in his holding he shall be entitled to a certificate for the balance without charge.

Notwithstanding anything contained hereinabove, the Board may in its absolute discretion refuse applications for the sub-division or consolidation of share certificates, debenture or bond certificates, into denomination of less than the marketable lot except when such sub-division or consolidation is required to be made to comply with the statutory provision or on order of a competent Court of law or listing requirements of a Stock Exchange on which the Company's shares are or may be listed.

Article 55 states that the Company shall not register a transfer of shares in, or debentures of, the Company, unless in accordance with the provisions of the Act a proper instrument of transfer duly, stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate relating to the shares or debentures, or if no such certificates is in existence, along with the letter of allotment of shares or debentures within the prescribed time.

Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is approved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnify the Company from all consequences of such transfer as the Board may think fit.

Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder or debenture holder any person to whom the right to any shares in, or debentures of the company has been transmitted by operation of law.

Article 58 states that nothing in these presents shall prejudice the powers of the Company to refuse to register the transfer of any shares subject to the provisions of the Act.

Article 59 states that the instrument of transfer of any shares shall be in writing in prescribed form and in accordance with the Act.

Article 61 states that notwithstanding anything contained in the aforesaid Articles but, subject to the provisions of the Act, the Directors may at their absolute and uncontrolled discretion decline to register or acknowledge any transfer of shares and in particular shall not be bound to give any reason for such refusal and in particular may so decline in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a Member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee.

Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.

Article 73 states that the provision of these Articles shall mutatis mutandis, apply to the transfer of or the transformation by law of right to debentures or any other bond of the company.

Article 74 states that notwithstanding anything contained in these Articles, the provisions of the Depositories Act, 1996 including any re-enactment or modification thereof, and the relevant rules, regulations and guidelines as framed from time to time by the Securities and Exchange Board of India shall apply in respect of the securities of the company held in dematerialized form.

Article 78 states that in addition to and without derogating from the powers for the purpose conferred on the Director under these Articles, the Company in General Meeting may in accordance with the provisions of section 81 of the Act determine that any shares (whether forming part of the original capital of the Company or not) shall be offered to such persons (whether members or holders of Debentures of the Company or not) in such proportion and on such terms and conditions and either at a premium or at par or subject to compliance with the provisions of the section 79 of the Act) at a discount, as such General Meeting shall determine. Any General Meeting may resolve to capitalize any part of the amount standing to the credit of any of the Company's Reserve account or to the credit of the Profit and Loss account or otherwise available for distribution or standing to the credit of the share premium account for issue and distribution of fully paid up shares or paying up any money for the time being remaining unpaid on any shares remaining unpaid by any members.

Article 84 states that subject to the provisions of the Act, the Board of Directors may from time to time, by a resolution passed at a Meeting of the Board accept deposits or borrow moneys from members or elsewhere, either in advance of calls or otherwise or elsewhere, and may generally raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by issue of bonds or redeemable debenture stock, or any mortgage or charge or other security on the undertaking or the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

The Company may also, as per the applicable laws and regulations, raise monies from any Indian, foreign or non – resident Investor by way of issue or private placement of its securities, acceptance of deposits or otherwise as may be permitted by the rules and regulations applicable for the time being in force.

Article 85 states that any bonds, debentures, or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Article 86 states that debentures, bonds or other securities may be made assignable free from any equities between the Company and the persons to whom the same may be issued.

Article 87 states that any bonds, debentures, debenture stock or other securities may be issued at a discount, premium, or otherwise and with any special privilege as to redemption, surrender, drawing, allotment of shares, attending at General Meeting of the Company appointment of Directors and otherwise, provided that any debenture with a right to allotment or conversion into shares not be issued without the consent of the General Meeting.

Article 90 states that the Directors shall cause a proper register to be kept in accordance with the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall duly comply with the requirements of the said Act in regard to registration of mortgages and charges and in regard to inspection to be given to creditors or Member of the Register of Charges and of copies of instruments creating charges. Such sum as may be prescribed by the Act shall be payable by any person other than a creditor or Member of the Company for each inspection of the Register of Charges.

Article 115.1 states that upon a show of hands every Member entitled to vote and present in person or proxy shall have one vote.

Article 115.2 states that upon a poll every Member who being an individual is present in person or by attorney or by proxy or being a Corporation is 'present by a representative or proxy shall have' a voting right in proportion to his share of the paid up equity capital of the Company.

Provided that in the event of the Company issuing Preference Shares, the holders of such Preference Shares shall have no right to vote either in person or by proxy, at any General Meeting by virtue of or in respect of their holdings of Preference Shares, unless the preferential dividend due on such Preference Shares or any part of such dividend has remained unpaid in respect of an aggregate period of not less than 2 years preceding the date of commencement of the Meeting or unless a resolution is proposed directly affecting the rights or privileges attached to such Preference Shares;

For the purpose of this Article:-

- (a) Any resolution for winding-up the Company or for the repayment or reduction of its shares capital shall be deemed directly to affect the rights attached to Preference Share.
- (b) Dividend shall be deemed to be due on Preference Shares in respect of any period whether a dividend has been declared by the Company on such shares for such period or not -
- (i) On the last day specified for the payment of such dividend for such period in the Article or other instrument executed by the Company in that behalf; or
- (ii) In case no day has been specified, on the day immediately following such period.

Article 116 states that any Member who is a Corporate Body present by a representative duly authorized by a resolution of the Directors or other governing body of such Corporation in accordance with the provisions of the Act may vote on a show of hands as if it was a Member of the Company. The production at the Meeting of a copy of such resolution duly signed by one Director of such Corporation or by a Member of Its governing body and certified by him as being a true copy of the resolution shall on production at the Meeting be accepted by the Company as sufficient evidence of the validity of his appointment.

Article 117 states that subject to the provisions of the Act no Member shall be entitled to be present or to vote at any General Meeting either personally or by proxy if call or other sum shall be overdue and payable to the Company in respect of any of the shares of such Members.

Article 118 states that any person entitled under the transmission clause for transfer of any shares may vote at General Meetings in respect thereof as if he was the registered holder of such shares provided that at least 48 hours before the time of holding the Meeting, or adjourned Meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 119 (a) states that any Member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

Article 119 (b) states that in every notice calling a meeting of the Company; there shall appear with reasonable prominence a statement that Member entitled to attend and vote, is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a Member.

Article 120 states that votes maybe given either personally or by proxy or in case of a Corporation also by a representative duly authorised as aforesaid.

Article 121 states that every Instrument of proxy whether for a specified meeting or otherwise shall be in writing under the hand of the appointee or his attorney authorised in writing or if such appointer, is a Corporation, under its Common Seal or the hand of an officer or attorney duly authorised by it in the form specified by the Act and shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the Instrument proposes to vote.

Article 122 states that a vote given in accordance with the terms of an Instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed to the transfer of the shares in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

Article 123 states that no objection shall be made to the validity of any vote except at the meeting or poll. at which such vote shall be tendered, and every vote whether given personally or by proxy not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

Article 124 states that the Chairman of any meeting shall be the sole Judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of poll shall be the sole judge of the validity of every vote tendered at such poll.

In the case of an equality of vote, the Chairman shall both on a show of hands and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Article 125 states that any Member whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other Members holding shares of the same class.’

Article 129 states that any trust deed covering the issue of debentures of the Company may provide for the appointment of a Director (In these presents referred to as “the Debenture Director”) for and on behalf of the debenture holder for such period as is therein provided not exceeding the period for which the debentures or any of them shall remain outstanding and for the removal from office of such Debenture Director and on a vacancy being caused by resignation, death, removal or otherwise for appointment of a Debenture Director in the vacant place.

Article 153 states that the Directors may subject to the provisions of the Act delegate any of their powers to Committees consisting of such member or members of their Board or to managers, secretary, officers and other employees and persons including any firm or body corporate as they think fit, and they may from time to time revoke such delegation. Any such delegatee shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors.

Article 162 states that the Board shall not, except with the consent of the Company in General Meetings:-

- d. Borrow moneys, where the moneys to be borrowed together with the moneys already borrowed by the Company, (apart from temporary loans 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 purposes.

Article 167 states that the profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum or these presents and subject to the provisions of the Act and these presents, shall be divisible among the members of each class in proportion to the amount of capital paid-up on the shares held by them of such class respectively.

Article 168 states that the Company in General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may fix the time for payment.

Article 169 states that the Company may pay dividends in proportion to the amount paid-up or credited as paid-up on each share, where a larger amount is paid-up or credited as paid up on some shares than on others.

Article 170 states that no larger dividend shall be declared in General Meeting than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend, subject to the provisions of Section 205 of the Act, and no dividend shall carry interest.

Article 171 states that the Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

Article 172 states that the Directors may retain the dividends payable upon shares In respect of which any person is entitled to become a Member of which may any person under that Article is entitled to transfer until such person shall become a Member in respect of such shares or duly transfer the same.

Article 173 states that subject to the provisions of the Act no Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

Article 174 states that a transfer of shares shall not pass the, right to any dividend declared thereon before the registration of the transfer.

Article 175 states that unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable, to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Article 176 states that the unpaid or unclaimed dividends will be dealt with in accordance with the provisions of Sections 205A, 205C and other applicable provisions of the Act.

Article 177 states that no dividend shall be payable except in cash; provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

Article 186 states that if the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for the distribution among the Members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Article 187 states that if the Company is wound up whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, and any other sanction required by the Act divide amongst the contributories in specie or kind, the whole or any part of the assets of the Company and may, with the like sanction, vest the whole or any part of assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators with the like sanction shall think fit.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and the other documents referred to hereunder, may be inspected at the Registered Office of our Company at 'Vishwakarma', 86C Topsia Road (South), Kolkata - 700 046 from 10.00 a.m. to 5.00 p.m. on any business days from the date of this Prospectus until the date of closure of the Issue.

A. Material Contracts

1. Engagement letter dated August 14, 2012 appointing ICICI Securities Limited, SPA Capital Advisors Limited, Srei Capital Markets Limited, Karvy Investor Services Limited and Trust Investment Advisors Private Limited to act as the Lead Managers to the Issue.
2. The Issue Agreement dated August 22, 2012 executed between our Company and the Lead Managers.
3. Agreement dated August 22, 2012 executed between our Company and the Registrar to the Issue.
4. Debenture Trust Agreement dated September 5, 2012 entered into between our Company and Axis Trustee Services Limited, the Debenture Trustee.
5. Escrow Agreement dated September 6, 2012 executed between our Company, the Registrar, the Escrow Collection Bank(s) and the Lead Managers in relation to the NCDs.
6. Tripartite Agreement dated December 23, 2011 among our Company, the Registrar to the Issue and NSDL for offering depository option to the NCD holders.
7. Tripartite Agreement dated December 23, 2011 among our Company, the Registrar to the Issue and CDSL for offering depository option to the NCD holders.

B. Documents

1. Memorandum and Articles of Association of our Company.
2. Certificate of Incorporation of our Company dated March 29, 1985 issued by Registrar of Companies, Kolkata, West Bengal.
3. Certificate of Registration No. 05.02773 dated August 1, 1998 issued by RBI, under Section 45-IA of the RBI Act.
4. Certificate of Registration No. B-05.02773 dated March 31, 2011 issued by RBI, classifying our Company under the category "Infrastructure Finance Company – Non Deposit Taking".
5. Certified True Copy of Resolution passed by the Shareholders at the general meeting held on July 30, 2011, granting authority to the Board of Directors/Committee of Directors to borrow monies under Section 293(1)(d) of the Act, from time to time.
6. Certified True Copy of the Resolution passed by the Board of Directors at its Meeting held on August 10, 2012 authorising the Issue.
7. Certified True Copy of the Resolution passed by the Committee of Directors at its Meeting held on August 22, 2012 approving the Draft Prospectus.
8. Certified True Copy of the Resolution passed by the Committee of Directors at its Meeting held on September 7, 2012 approving the Prospectus.
9. Certified True Copy of the Resolution passed by the Board of Directors at its Meeting held on August 10, 2012 appointing Mr Samir Kumar Kejriwal as the Compliance Officer to the Issue.
10. Annual Reports of our Company for FY 2008 to FY 2012.
11. The Examination Report of the Statutory Auditors dated August 22, 2012 in relation to the Reformatted Consolidated and Unconsolidated Summary Financial Statements included herein.
12. In-principle listing approval obtained from BSE vide letter no. DCS / SP/ PI – BOND / 15 / 12-13 dated September 3, 2012.
13. Certified True Copy of Board Resolution dated January 28, 2010 relating to the terms of appointment of the Chairman & Managing Director of our Company.
14. Certified True Copy of Board Resolution dated March 28, 2012 relating to the terms of re-appointment of the Joint Managing Director of our Company.
15. Credit rating letter dated August 9, 2012 from CARE granting credit rating to the Debentures to be issued in pursuance of the Prospectus.

16. Credit rating letter dated June 14, 2012 from BRICKWORK granting credit rating to the Debentures to be issued in pursuance of the Prospectus.
17. Consents of the (a) the Directors, (b) the Compliance Officer to the Issue, (c) the Company Secretary and Compliance Officer of the Company, (d) the Statutory Auditors, (e) Bankers to our Company, (f) Lead Managers, (g) Registrar, (h) Legal Advisor to the Issue, (i) Credit Rating Agency; and (j) the Debenture Trustee to include their names in this Prospectus and to act in their respective capacities.
18. Due Diligence Certificate dated September 7, 2012 filed by the Lead Managers.
19. Due Diligence Certificate dated September 6, 2012 to be filed by the Debenture Trustee before Issue Opening Date with SEBI.

Any of the contracts or documents mentioned above may be amended or modified any time without reference to the holders in the interest of the Company in compliance with the applicable laws.

DECLARATION

We, the Directors of Srei Infrastructure Finance Limited, certify that all the relevant guidelines issued by the Government of India, SEBI, applicable provisions under the SCRA, SCRR, the Companies Act and the Debt Regulations have been complied with. We further certify that the disclosures made in this Prospectus are true, fair and correct and adequate and in conformity with Schedule II of the Companies Act, Schedule I of the Debt Regulations and the Listing Agreement executed with the BSE Limited, to the extent applicable.

Yours faithfully,

Salil K. Gupta
Chief Mentor & Director

Hemant Kanoria
Chairman & Managing Director

Sunil Kanoria
Vice Chairman

Saud Ibne Siddique
Joint Managing Director

S. Rajagopal
Non Executive & Independent Director

V. H. Pandya
Non Executive & Independent Director

Satish C. Jha
Non Executive & Independent Director

S. K. Deb
Non Executive & Independent Director

S. Chatterjee
Non Executive & Independent Director

Place: Kolkata

Date: September 7, 2012



CREDIT ANALYSIS & RESEARCH LTD.

3rd Floor, Prasad Chambers
(Shagun Mall Building)
10A, Shakespeare Sarani,
Kolkata - 700 071
Tel: 033 40181600/1601/1602
Fax: 033 40181603

August 9, 2012

Shri S. B. Tiwari,
Chief Operating Officer
Srei Infrastructure Finance Ltd,
"Viswakarma Building"
86/C, Topsia Road (South),
Kolkata - 700 046

Confidential

Dear Sir,

Credit Rating for proposed Secured Redeemable Non-Convertible Debenture (Series V – Tranche I) issue of Rs.200.0 crore

Please refer to your request for revalidation of rating for the captioned instrument on the revised terms of issue for Rs.200.0 crore out of the proposed issue size of Rs.475.11 crore (Non-Convertible Debenture - Series V - rated 'CARE AA' as communicated vide our letter dated June 18, 2012).

2. It has been decided to reaffirm the 'CARE AA' [Double A] rating assigned to the proposed Secured Redeemable Non Convertible Debenture (Series V – Tranche I) issue of your company for an amount upto **Rs.200.0 crore**. The proposed NCDs would have minimum tenure of more than one year & maximum tenure of ten years with bullet repayment at the end of tenure.
3. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
4. Our rating symbols for ratings of various long-term instruments and explanatory notes thereon are annexed.
5. Please arrange to submit us a copy of the documents pertaining to the Bond issue including the offer document, if any.
6. Please arrange to get the rating revalidated in case the NCD issue is not made within six months from the date of this letter or in case there is any change in the size of terms of the proposed issue.
7. Please inform us the details of issue [date/s of issue, name of investor/s, amount/s issued, interest rate/s, date/s of payment of interest, date/s and amount/s of repayments, etc.] as soon it has been placed.

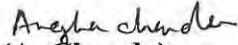
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.
10. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

This letter supercedes our earlier letter dated June 18, 2012 for the proposed NCD (Series V) issue of Rs.475.11 crore.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,


(A. Chanda)
Dy. Manager

Encl: As above


(S. Chakraborty)
Manager

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

"Credit Analysis and Research Limited proposes, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus ("DRHP") with the Securities and Exchange Board of India (the "SEBI"). The DRHP is available on the website of SEBI at www.sebi.gov.in as well as on the websites of the Book Running Lead Managers at www.investmentbank.kotak.com, www.dspml.com, www.edelcap.com, www.icicisecurities.com, www.idbicapital.com, and www.sbicans.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" of the DRHP."

["This press release is not for publication or distribution to persons in the United States, and is not an offer for sale within the United States of any equity shares or any other security of Credit Analysis and Research Limited. Securities of Credit Analysis and Research Limited, including its equity shares, may not be offered or sold in the United States absent registration under U.S. securities laws or unless exempt from registration under such laws.]

Annexure

Explanatory Notes Regarding Long Term Rating Symbols of CARE

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.

August 10, 2012

Shri S. B. Tiwari,
Chief Operating Officer
Srei Infrastructure Finance Ltd
"Viswakarma Building"
86/C, Topsia Road (South),
Kolkata - 700 046

**CREDIT ANALYSIS &
RESEARCH LTD.**

3rd Floor, Prasad Chambers
(Shagun Mall Building)
10A, Shakespeare Sarani,
Kolkata - 700 071
Tel: 033 40181600/1601/1602
Fax: 033 40181603

Confidential

Dear Sir,


**Credit Rating for proposed Secured Redeemable Non-Convertible Debenture (Series V –
Tranche I) issue of Rs.200.0 crore**

Please refer to our letter dated August 9, 2012 on the captioned subject.


2. The rationale for the rating is attached as *Annexure - I*.

Thanking you,

Yours faithfully,


(A. Chandra)
Dy. Manager

Encl: As above


(S. Chakraborty)
Manager

Srei Infrastructure Finance Ltd (Srei)

Rating Rationale

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Secured Redeemable Non Convertible Debenture (Series V – Tranche I)	200.0	CARE AA (Double A)	Reaffirmed

Recent developments

As per audited results for the year ended Mar.31, 2012 (FY12), total income witnessed an increase of about 58% over FY11 on account of higher disbursements (Rs.6,261.0 crore in FY12 as against Rs.4,400.0 crore in FY11) coupled with steady income flow from disbursements made in earlier periods. However, profitability margins during the period witnessed a notable decline on account of substantial hike in borrowing cost, notional mark to market losses coupled with provisioning on standard assets. CAR as on Mar.31, 2012, was comfortable at 20.17%, considering the minimum regulatory requirement. The company reported Gross NPA of 0.90% as on Mar.31, 2012.

The detailed rationale issued during January 2012, is attached as *Appendix*.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

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Appendix

Rating Rationale

The above rating factors in the satisfactory track record of the company, established experience of the promoter group with prominent position in infrastructure financing space, access to long term foreign funds at competitive rates, comfortable asset quality, satisfactory financial position with low gearing & adequate CAR (capital adequacy ratio), receipt of 'Infrastructure Finance Company' status from RBI, consistent healthy capitalisation level & comfortable liquidity profile of the company. The rating is however, constrained by the risk associated with volatility in interest rates, portfolio concentration risk, exchange rate risk with respect to foreign currency borrowings, relatively recent entry into new areas of financing, company's significant exposure to group companies and increasing competition in the infrastructure financing business. Ability to maintain regulatory CAR & asset quality and improving the level of profitability remains key rating sensitivities.

Background

Srei, over 25 years old Kolkata based NBFC, was engaged in leasing and hire-purchase/hypothecation financing of heavy construction equipment and financing of infrastructure related projects. Pursuant to forming a 50:50 joint venture (JV) with BNP Paribas Lease Group (BPLG) – a 100% subsidiary of BNP Paribas, Srei divested major part of its equipment financing and leasing business alongwith the assets & liabilities as on Jan.1, 2008 in the JV company – Srei Equipment Finance Pvt. Ltd. (SEFPL).

Post divestment, Srei is engaged in project financing, infrastructure project advisory, equipment financing business (equipment of more than Rs.15.0 cr).

Since Mar.31, 2011, Srei has been classified by RBI as 'Infrastructure Finance Company (IFC) – Non Deposit Taking'.

Credit Risk Assessment

Growth in disbursements level – In view of transfer of business w.e.f. Jan.1, 2008 and change in business segment thereafter, the disbursement of Srei during FY09 was lower. However, with the gradual increase in operation level, the overall disbursements level has increased manifold. Srei made disbursements of Rs.4,389.2 crore in FY11 (as against Rs.1,185.8 crore in FY09). Srei's major focus areas are power, road, urban infrastructure, telecom, and SEZ &

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August 10, 2011

industrial park. With over two decades of experience in the infrastructure space and huge client base, it plans to capitalise on opportunities emerging in these sectors.

Comfortable asset quality – Srei reported zero Gross NPAs as on March 31, 2011 due to higher collection efficiency & stringent credit monitoring process. Majority of Srei's clients are mid-size and few large corporates having satisfactory credit record with the company, by virtue of being the company's clients over the last few years. Accordingly, despite disbursement of about Rs.9,000 cr during past three years, a large part of the same has already been recovered & about Rs.5,000 cr is outstanding as on Mar.31, 2011.

Portfolio concentration risk – Srei's clients mainly belong to infrastructure related sectors. The top ten outstanding under project loans and operating lease aggregated Rs.1,608.2 crore as on Mar.31, 2011 (accounting for about 59% of its networth as on that date). Further, with increase in the portfolio size, the share of a single client as a proportion of total portfolio remained almost at the same level. However, the same was well below the specified exposure norms by RBI, given the relatively larger ticket size nature of project financing loans. Further, on receipt of the IFC status from RBI, the exposure norm has got relaxed for Srei to 25% for single party and 40% for single group.

Exchange risks in respect of foreign currency borrowings – In the last few years, Srei has successfully raised foreign funds, to carry out its financing activities, which, in turn, exposes Srei to exchange fluctuation risk. However, in order to minimize its losses, it hedges most of its foreign currency exposure based on internal assessment on forex movement for ensuing period. Out of the foreign currency loans of Rs.1,021.0 crore outstanding as on Mar.31, 2011, loans aggregating Rs.482.7 crore remained unhedged.

New areas of financing – Over the last three years the company has demonstrated continuous growth in its new line of business activity (i.e. infrastructure financing). The loan book of the company has increased notably over the years (from Rs.1,220.1 crore as on Mar.31, 2009 to Rs.5,011.3 crore as Mar.31, 2011). Further, with the receipt of IFC status, the company is well placed to reap the benefit growing infrastructure development in the country.

Consistent healthy capitalisation levels – Over the years, Srei has maintained strong capitalisation level. CAR, as on the last three account closing date, has always been above the minimum regulatory requirement. Further, the same improved significantly as on Mar.31,

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Approved by: [Signature]

2011 and was highly comfortable at 29.36% as on that date (vis-à-vis 21.98% as on Mar.31, 2010) with Tier I CAR of 25.13%. The rise in CAR was backed by the accumulated profit coupled with merger of Quippo Infrastructure Equipment Ltd with Srei. Given the strong capitalisation level (mainly Tier I CAR), the company has sufficient scope to raise Tier II capital. As on Sept.30, 2011 CAR was comfortable at 23.20%, as against the regulatory requirement of 15%.

Comfortable liquidity profile – The overall liquidity profile of Srei has consistently been comfortable with no adverse mismatches in the short term buckets as on Sept.30, 2011.

Exposure to associate & subsidiary companies – Srei has number of subsidiary and associate companies engaged mainly in various facets infrastructure & financial services. Srei's exposure (in the form of loans & advances and investments) in group companies were Rs.948.8 crore as on Mar.31, 2011 constituting about 35% of its networth as on that date. Pursuant to merger of Quippo Infrastructure Equipment Ltd. (QIEL) with Srei, all subsidiaries of QIEL became subsidiaries of the company. This led to increase in Srei's aggregate investment in group companies significantly in FY11.

Satisfactory financial position with low gearing – During FY11, total income increased by about 59% over FY10 due to higher disbursements coupled with increase in lending rate. In H2FY11, Srei increased its lending rate (SBR – Srei Benchmark Rate) by 100 bps to 16%. PAT (after defd. tax) however, increased at a lower rate vis-à-vis total income due to subdued IRR across all categories of assets financed during H1FY11 (overall low interest rate in H1FY11), provisioning of Rs.12.0 crore on standard assets (as per RBI guidelines) and more than Rs.2,000 crore disbursement in Q4FY11 (funds borrowed at higher rate with minimal income from the portfolio in Q4FY11). Profitability margin and other related parameters declined accordingly. Overall debt-equity ratio as on Mar.31, 2011 was very comfortable, given the nature of industry Srei operates in. The same improved significantly over Mar.31, 2010, in view of increase in networth due to merger of QIEL with Srei.

Pursuant to major business consolidation scheme decided in Jan, 2010, Srei merged QIEL with itself during FY11. The aforesaid amalgamation exercise was executed with retrospective effect from Apr.1, 2010 as per the Scheme of Arrangement.

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August 10, 2012

QIEL is a holding company with its subsidiaries having interest in construction, energy, oil & gas and telecom infrastructure lending, valuation and auctioning of infrastructure equipment, besides having a JV with Tata Teleservices Ltd. [Viom Networks Ltd. (rated CARE A/A1)] which is engaged in telecom tower business. The aforementioned merger led to significant increase in networth for Srei which, in turn, had improved the overall debt equity & overall CAR of the company as on Mar.31, 2011.

In FY11, ROCE deteriorated at a higher rate in view of merger of QIEL with Srei (leading to significant increase in networth level as on Mar.31, 2011 vis-à-vis Mar.31, 2010).

Interest coverage (before provision & w/off), deteriorated albeit in FY11 over FY10, due to significant increase in interest expenses despite higher profitability.

As per working results for H1FY12, total income witnessed an increase of about 34% over H1FY11 on account of higher disbursements (Rs.2,530.0 crore in H1FY12 as against Rs.1,392.0 crore in H1FY11) coupled with steady income flow from disbursements made in earlier periods. However, profitability margins during the period witnessed a notable decline on account of substantial hike in borrowing rate, provisioning on standard assets coupled with notional mark to market losses. W.e.f. Sept.13, 2011 Srei has increased its benchmark lending rate by 75 bps to 17.50% p.a. in order to combat the margin pressure in the rising interest rate scenario. The company reported zero Gross NPAs as on Sept.30, 2011 due to 100% collection efficiency level in H1FY12.

Financial results

	(Rs. crore)		
Y.E./As on Mar.31,	FY09	FY10	FY11
	(12 m, A)	(12 m, A)	(12 m, A)
Total income	326.4	470.1	746.2
Interest	159.9	248.8	434.2
Depreciation	7.7	10.1	18.1
PBT	84.4	148.1	212.1
PAT (after defd. tax)	84.4	113.7	136.8
Reported PAT (after defd tax)	84.4	111.5	134.3
GCA	82.8	158.3	200.3
Equity share capital	116.3	116.3	503.2
Tangible networth	743.9	913.3	2709.8
Total capital employed	1,942.6	4,367.8	7,910.7
Ratios			
PAT margin – after defd. tax (%)	25.85	24.19	18.33
Reported PAT margin - after defd. tax (%)	25.84	23.71	18.00

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August 16, 2011

CARE Ratings

Y.E./As on Mar.31,	FY09	FY10	FY11
	(12 m, A)	(12 m, A)	(12 m, A)
Interest / Avg. capital employed (%)	9.02	7.88	7.07
Expenses / Avg. capital employed (%)	4.20	2.00	1.33
Interest income/Interest earning assets (%)	20.31	17.09	14.23
Interest expenses/ Avg. borrowed funds (%)	15.22	10.69	10.03
Interest spread (%)	5.09	6.39	4.20
ROCE (%)	13.78	12.58	10.53
Cost of capital (%)	9.79	8.40	7.79
Net spread (%)	3.99	4.18	2.74
Op. Exp. (before prov. & w/off's / Avg. CE (%)	4.10	1.88	1.12
Return on total assets (ROTA) (%)	4.76	3.60	2.23
Overall debt-equity ratio (times)	1.61	3.78	1.92
Interest coverage (times)	1.58	1.64	1.53
Int. coverage – before prov. & w/off (times)	1.58	1.65	1.56
Tier I CAR (%)	35.97	16.13	25.13
Overall CAR (%)	39.18	21.98	29.36
Gross NPA (%)	Nil	Nil	Nil
Net NPA (%)	Nil	Nil	Nil

Adjustments

1. Provision on foreign currency exposures (included in interest expenses of FY09), being notional in nature, is ignored for this analysis.

Disclaimer

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August 01, 2011

BWR/BLR/RA/2012-13/0069

June 14, 2012

To,
Mr. Hemant Kanoria
Chairman & Managing Director
Srei Infrastructure Finance Ltd
Kolkata – 700 046

Dear Sir,

Sub: Validation of Rating– NCD issue for ₹ 500 crore rated by us on January 03, 2012.

Ref: Your letter SIFL:HO:TRS:2012-13:0748 dated June 09, 2012

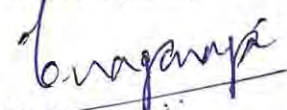
We refer to your captioned letter requesting for validating the rating for the unutilized amount of ₹ 290.30 crores out of your Company's NCD issue of ₹ 500 crores rated by us on January 03, 2012.

We advise that the current rating of BWR AA (pronounced BWR Double A) (Outlook: Stable) for the unutilized amount of ₹ 290.30 crores out of your Company's NCD issue of ₹ 500 crores, is valid up to January 02, 2013. Instruments with AA rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

All terms and conditions of our letter no. BWR/BLR/RA/2011-12/0339 dated January 03, 2012 remain unchanged.

On completion of borrowing, please furnish details of security and other aspects related to the borrowing.

Best Regards,

A handwritten signature in blue ink, appearing to read "V. Nagaraja", is written over a horizontal line.

V. Nagaraja

Head – Rating Administration

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

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Corporate Office: 3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bangalore - 560 076.

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Rating Rationale

Brickwork Ratings assigns “BWR AA” for SREI Infrastructure Finance Limited’s proposed unsecured subordinated Debenture (Tier II) Issue of ₹ 250 Cr (INR Two Fifty crores only) and NCD Issue of ₹ 500 Cr (INR Five Hundred crores only)

Unsecured Subordinated Debenture (Tier II)

Issue ₹ 250 Cr Rating : BWR AA

NCD Issue ₹ 500 Cr Rating : BWR AA

Outlook : Stable

Brickwork Ratings (BWR) has assigned the rating of BWR AA (Pronounced BWR Double A) with a stable outlook for the proposed Unsecured Subordinated Debenture (Tier II) issue of ₹ 250 Cr and long term NCD issue of ₹ 500 Cr of SREI Infrastructure Finance Ltd (SIFL).

The rating “BWR AA” stands for an instrument that is considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The rating, inter alia, factors experience of Promoter group in infrastructure financing business, Company’s market share in equipment finance, asset quality, capital adequacy ratio, conservative provisioning norms and Infrastructure Finance Company status as per RBI norms.

However, the rating is constrained by high interest rate environment, competition in equipment leasing and financing business, high exposure to power sector and high exposure to subsidiaries.

BWR has essentially relied upon the audited half yearly financial results of the Company for FY12, projected financials, publicly available information and information and clarifications provided by the Company.

Background: SREI Infrastructure Finance Limited (SIFL) is a Kolkata based NBFC, incorporated in 1985. The Company is involved in financing infrastructure in telecom, oil & gas, roads, power, ports, industrial parks and rural IT infrastructure, and is also engaged in equipment leasing, rentals & auctioning, project financing, project development, advisory and fund management.

In March 2011, SIFL was classified as an Infrastructure Finance Company (“IFC”) by RBI within the overall classification of NBFC. As of March 2011, SIFL had disbursements amounting to ₹14,400 crores and AUM of ₹20,505 crores on a consolidated basis. As on September 2011, the Promoter and promoter group holds 46% stake in company, FII’s hold 15%, individuals hold 11% and Trusts hold 21%.

Business Model: SIFL is mainly into infrastructure finance business and generates revenue from fund based and fee based activities and strategic investments. In fund based activity, the Company is majorly into equipment financing and project financing. While the project financing part is wholly run into parent Company, the equipment financing part is majorly driven from SREI Equipment Finance Ltd which is a 50-50 JV between SREI and BNP Paribas India. As part of fee based activities the Company has project advisory, insurance broking, investment banking, venture capital and project development. SIFL has also done some strategic investments in telecom, transportation, power, Rural IT Infra, Oil & Gas and SEZ’s. The fee based activities and other strategic investments are executed through various subsidiaries and sub subsidiaries. At a standalone level SIFL’s portfolio is majorly into energy, followed by transport, SEZ & Industrial Parks, and telecom.

In 2008, SREI spun off its equipment finance division into 100% subsidiary, in which BNP Paribas leasing group took 50% stake. Hence, this subsidiary became a JV and was renamed as SREI equipment finance Pvt Ltd (SEFPL). BNPP infused Rs 775 Cr as net worth in exchange for a 50% stake in an asset financing joint venture. SEFPL looks at funding loans where equipment cost is less than Rs 15 Cr. Equipments above this cost are funded by SREI parent company. The SREI BNP Paribas portfolio grew at a CAGR of 25% from March 2008 to March 2011 on a larger base compared with 30% growth in the SREI portfolio between 2001 and 2007, notwithstanding growing competition

BNP Paribas also helped Srei introduce two new sub businesses - financing Technology Solutions and Healthcare equipment. Srei leveraged BNP Paribas’ existing international

relationships with large reputed IT vendors like Oracle, EMC, and Fujitsu among others and with medical equipment vendors like GE, Siemens and Philips.

Financial Performance: SIFL's consolidated tangible networth increased 106% from Rs 1,279 crore as on FY10 to Rs 2,641 crore as on FY11, this was mainly due to amalgamation with QUIPPO which was previously promoted by SIFL. Borrowings increased from Rs 6569.5 Cr in FY10 to Rs 10064 Cr in FY11. The growth in debt was largely due to an increase in term loans (24.25 %) and working capital loans (167.52%). Of the outstanding term loans, 53.45% was rupee-denominated debt and 46.55% was from international sources. The adjusted gearing stood at 3.8x in FY11 vs 5.1x in FY10, this was mainly due to Quippo amalgamation which increased company's consolidated network.

Asset under management increased from Rs 13,779 crore in FY10 to Rs 20,505 crore in FY11, registering a growth of 49%. Disbursements increased 60% from Rs 9,017 crore in FY10 to Rs 14,400 crore in FY11. The disbursement recorded by equipment financing business was Rs 10,010 crore whereas that for project finance was Rs 4,389 crore in FY11. SIFL's capital adequacy was at 29.3% in FY11 which is well above RBI's prescribed minimum of 15% for Infrastructure finance companies. The adjusted leverage increased from 5.5 in FY10 to 5.1 in FY11 due to increase in borrowings.

SIFL consolidated revenue is a combination of revenue from SIFL Standalone (46% of total income), SEFPL - JV with BNP Paribas (36% of total income) and other subsidiaries (18% of total income). The SIFL standalone contributed 75% to profit after tax, 36% was contributed from SEFPL and overall contribution from other subsidiaries was negative to the tune of 11% of total profits.

Total interest income increased 43% from Rs 850 crore in FY10 to Rs 1212.8 crore in FY11. Finance charges increased 56% from Rs 534 crore in FY10 to Rs 830 crore in FY11. This lead to consolidated NII of 383.67 Cr, an increase of 21% since FY10. Company reported NIM of 3.76% in FY11 vs 3.99% in FY10. The other operating income increased 250% in FY11; this was mainly

due to amalgamation of Quippo with Srei wef 1st April 2010, where equipment rental income from the merged entity contributed Rs 232 crore. Profit after tax and minority interest increased 15% from Rs 156 crore in FY10 to Rs 179 crore in FY 11.

Gross NPA on a consolidated basis remained more or less constant at around 1%, whereas net NPA increased slightly from 0.45% to 0.65%. However, the provisions increased from Rs 50Cr to Rs 87 Cr, which was due to RBI's new regulation to provide for 0.25% on standard assets.

Half yearly Results: In H1FY12, Asset Under Management increased to ₹ 26,001 Cr from ₹14,944 Cr in H1FY11, resulting in an increase of around 74%. Tangible Networth increased by 95% from ₹ 1399 Cr in H1FY11 to ₹2726 Cr in H1FY12. Outstanding borrowings increased by 71% in same period from ₹ 7672 Cr to ₹ 13,135 Cr. The total operating income stood at ₹ 1091 Cr in H1FY12 vs ₹677 Cr in H1FY11. However, net profit has reduced from ₹125 Cr in H1FY11 to ₹79 Cr in H1FY12, mainly due to notional mark to market forex losses of around ₹39 crores.

On a standalone level, SIFL's capital adequacy was 23.03% as on 30th September 2011. For H1FY12, Gross NPA as well as net NPA on a standalone basis was 0.1%.

Rating Outlook: SIFL mainly generates revenue from project finance and equipment finance activities. Though the Company has invested substantial amount in subsidiaries in the form of strategic investments, its value is yet to be realized. Higher interest rates environment coupled with competition in equipment leasing and financing business may lead to compression in NIM. SIFL's ability to remain adequately capitalized, scale up its operations in highly competitive equipment financing market while maintaining the quality of the assets and earnings profile are key rating sensitivities.

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Rachit Seth rachit.s@brickworkratings.com	Relationship Contact K N Suvarna Senior VP – Business Development kn.suvarna@brickworkratings.com

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Key Financials

Annexure I: SREI Infrastructure Finance Ltd – Consolidated Balance Sheet

Rs. Crs.	H1 FY12	H1 FY11	FY 2011	FY 2010	FY 2009
Share Capital	503.24	116.29	503.24	116.29	116.29
Reserves & Surplus	2661.88	1297.12	2,564.82	1,173.38	1,033.09
Shareholders' Funds	3165.12	1413.41	3,068.06	1,289.67	1,149.38
Minority interest	81.58	21.91	73.79	23.61	22.11
Loan Funds	13135.48	7672.21	10,064.10	6,569.59	4,282.29
Deferred Tax Liability	102.61	100.43	101.50	73.63	27.43
Total	16,484.79	9,207.96	13,307.45	7,956.50	5,481.21
<u>Application of Funds</u>					
Fixed Assets Net block	1697.93	612.74	1,461.78	317.08	313.87
Goodwill	439.02	14.41	425.34	6.22	6.22
Investments	2085.62	742.1	2,031.44	670.74	443.82
Deferred Tax Assets	34.16	0.22	35.83	0.84	0.22
<u>Current Assets</u>					
Inventories	16.59	6.6	16.91	10.07	24.01
Sundry debtors	303.76	142.05	228.70	108.44	67.59
O/s for more than 6 months			113.94	59.63	16.11
Others			114.76	48.81	51.48
Cash & bank	570.66	307.62	317.65	290.97	483.08
Financial & other current assets	5,200.63	4,226.71	4,553.04	3,401.15	2,972.15
Loans & Advances	6679.73	3367.88	4,760.47	3,618.51	1,367.71
Total current assets	12,771.37	8,050.86	9,876.77	7,429.14	4,914.54
Total current liabilities	544.50	215.81	599.61	471.78	200.06
Net Current Assets	12,226.87	7,835.05	9,277.16	6,957.36	4,714.48
Misc exp not written off	1.19	3.44	1.40	4.26	2.6
Total	16,484.79	9,207.96	13,307.45	7,956.50	5,481.21

Annexure II: SREI Infrastructure Finance Ltd – Consolidated Profit & Loss

in Rs Cr	H1 FY12	H1 FY11	FY11	FY10	FY09
Total Interest Income	788.30	572.5	1,212.87	850.04	615.86
Interest Expense	612.4	364.8	829.20	532.79	522.21
Net Interest Income	175.9	207.7	383.67	317.25	93.65
Other operating income	250.40	72.7	418.80	119.53	224.95
Total operating Income	426.3	280.4	1632	970	841
Personnel Expenses	83.3	45.5	123.44	62.59	53.83
Operating Expenses	63.2	39.1	190.83	86.23	106.65
Depreciation	88.5	25.4	124.09	43.28	36.58
Misc exp written off			2.28	0.73	0.44
Pre provisioning operating profit	191.3	170.4	361.83	243.95	121.10
Provision for losses	27.25	17.1	79.28	28.88	26.88
Operating income after provisions	164.1	153.3	282.55	215.07	94.22
Other income	14.20	13.0	6.42	2.59	8.40
PBT before Forex M2M	178.3	166.3	288.97	217.66	102.62
Forex M2M Gain / (Loss)	(38.9)	20.2			
PBT after Forex M2M	139.4	186.5	288.97	217.66	102.62
Tax	53.3	67.3	92.79	60.86	22.37
PAT	86.0	119.2	196.18	156.80	80.25
Minority interest	6.9	(5.6)	16.94	0.94	0.49
Net Profit	79.1	124.8	179.24	155.86	79.76