



## SREI EQUIPMENT FINANCE LIMITED

Srei Equipment Finance Limited ("our Company" or "the Issuer") was incorporated as 'Srei Infrastructure Development Limited' as a public limited Company under the Companies Act, 1956, pursuant to a certificate of incorporation dated June 13, 2006 issued by the Registrar of Companies, West Bengal, at Kolkata ("RoC"). The name of our Company was changed to 'Srei Infrastructure Development Finance Limited' and a fresh certificate of incorporation was granted by the RoC on April 16, 2007. Our Company was converted into a private limited company and the name of our Company was changed to 'Srei Infrastructure Development Finance Private Limited' and a fresh certificate of incorporation was granted by the RoC on September 28, 2007. The name of our Company was further changed to 'Srei Equipment Finance Private Limited' and a fresh certificate of incorporation was granted by the RoC on May 30, 2008. Pursuant to a special resolution passed by the shareholders of our Company on October 28, 2013, our Company was converted into a public limited company and the name of our Company was changed to 'Srei Equipment Finance Limited' and the RoC issued a fresh certificate of incorporation dated November 1, 2013. Our Company was registered as a 'non-banking financial institution and without accepting public deposits' under section 45 (1A) of the Reserve Bank of India Act, 1934 ("RBI Act") and has been reclassified as 'Asset Finance Company – Non-Deposit Taking'. Our Company has not changed its registered office since incorporation.

**Registered Office:** 'Vishwakarma', 86C, Topsia Road (South), Kolkata – 700 046, West Bengal, India; Tel: +91 33 6160 7734; Fax: +91 33 228 57542;

**Corporate Office:** Room no. 12 & 13, 2<sup>nd</sup> Floor, 6A, Kiran Shankar Roy Road, Kolkata – 700 001, West Bengal, India; Tel: +91 33 6499 0230;

**Head Office:** Plot No. Y-10, Block EP, Sector V, Salt Lake City, Kolkata – 700 091, West Bengal, India; Tel: +91 33 6639 4700; Fax: +91 33 6602 2600

**Compliance Officer:** Ms. Ritu Bhojak, Company Secretary and Compliance Officer; Phone: +91 33 6160 7734; Toll Free No.: 1800 4197 734; Fax: +91 33 2285 7542;

**Email-id:** cs.sell@srei.com; **Website:** www.sreiequipment.com; **Corporate Identification No.:** U70101WB2006PLC109898

### PROMOTER OF OUR COMPANY: SREI INFRASTRUCTURE FINANCE LIMITED

**INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION COMPRISING A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING TO ₹ 11,000 MILLION BY THE COMPANY ("FRESH ISSUE") AND THROUGH AN OFFER FOR SALE OF UPTO 4,386,765 EQUITY SHARES BY OUR PROMOTER (THE "OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER" AND OUR PROMOTER, IN ITS CAPACITY OF A SELLER OF THE EQUITY SHARES IN THE OFFER IS HEREINAFTER REFERRED TO AS THE "SELLING SHAREHOLDER". THE OFFER SHALL CONSTITUTE [●] OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS"), CONSIDER A PRIVATE PLACEMENT OF UP TO 2,500,000 EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING UP TO ₹ 3,000 MILLION, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE NUMBER OF EQUITY SHARES ISSUED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO A MINIMUM ISSUE SIZE OF 10% OF THE POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY BEING OFFERED TO THE PUBLIC.**

**THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.**

**THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BRLMS (OTHER THAN SREI CAPITAL MARKETS LIMITED) AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●], AND THE [●] EDITION OF THE BENGALI DAILY NEWSPAPER [●] (BENGALI BEING THE REGIONAL LANGUAGE OF WEST BENGAL WHEREIN THE REGISTERED OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

The Offer is being made in terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), wherein at least 10% of the post-offer paid-up equity share capital of our Company will be offered to the public. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML) may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only subject to valid bids being received at or above the Offer Price. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Investors (except Anchor Investors) shall mandatorily participate in this Offer only through the Application Supported by Blocked Amount ("ASBA") process, and shall provide details of their respective bank accounts in which the Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs"). For details, please see "Offer Procedure" on page 402.

### RISKS IN RELATION TO FIRST OFFER

This being the first public issue of the company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value of our Equity Shares. The Offer Price, as determined and justified by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML) in accordance with the SEBI ICDR Regulations and as stated in "Basis for Offer Price" on page 85 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The offering of the Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Attention of the investors is invited to the section "Risk Factors" on page 15.

### COMPANY AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring 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 facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. The Selling Shareholder accepts responsibility for and confirms the statements specifically made by the Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to it and the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

### LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, [●] shall be the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, please see "Material Contracts and Documents for Inspection" on page 460.

### BOOK RUNNING LEAD MANAGERS

<b>ICICI Securities Limited</b> ICICI Center, H.T. Parekh Marg Churchgate, Mumbai – 400 020 Maharashtra, India Tel: +91 22 2288 2460; Fax: +91 22 2282 6580 E-mail: self ipo@icicisecurities.com Investor grievance e-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact person: Shekhar Asnani/ Anurag Byas SEBI Registration No.: INM00001179	<b>Srei Capital Markets Limited*</b> 'Vishwakarma', 86C, Topsia Road (South), Kolkata – 700 046, West Bengal, India Tel: +91 33 6602 3845; Fax: +91 33 2285 7542 E-mail: capital@srei.com Investor grievance e-mail: sclinvestors@srei.com Website: www.srei.com Contact person: Manoj Agarwal SEBI Registration No.: INM000003762	<b>CLSA India Private Limited</b> S/F Dalamal House, Nariman Point Mumbai – 400 021, Maharashtra, India Tel: +91 22 6650 5050; Fax: +91 22 2284 0271 E-mail: self.ipo@citicclsa.com Investor grievance e-mail: investor.helpdesk@clsa.com Website: www.india.clsa.com Contact person: Anurag Agarwal SEBI Registration No.: INM000010619	<b>Credit Suisse Securities (India) Private Limited</b> 10 <sup>th</sup> Floor, Cecay House, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli Mumbai – 400 018, Maharashtra, India Tel: +91 22 6777 3885; Fax: +91 22 6777 3820 E-mail: list.sreiequipmentfinanceipo@credit-suisse.com Investor grievance e-mail: list.igcellmerbnkg@credit-suisse.com Website: https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html Contact person: Abhay Agarwal SEBI registration No.: INM000011161	<b>Haitong Securities India Private Limited</b> 1203A, Floor 12A, Tower 2A, One Indiabulls Centre 841, Senapati Bapat Marg, Elphinstone Road Mumbai – 400 013, Maharashtra, India Tel: +91 22 4315 6857; Fax: +91 22 2421 6327 E-mail: sre.ipo@htisec.com Investor grievance e-mail: India.Compliance@htisec.com Website: www.htisec.com/en-us/haitong-india Contact person: Ankur Aggarwal SEBI Registration No.: INM000012045

### BOOK RUNNING LEAD MANAGERS

<b>IIFL Holdings Limited</b> 10 <sup>th</sup> Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013, Maharashtra, India Tel: +91 22 4646 4600; Fax: +91 22 2493 1073 E-mail: self.ipo@iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Website: www.iiflcap.com Contact person: Abhishek Joshi/ Nishita Mody SEBI Registration No.: INM000010940	<b>Motilal Oswal Investment Advisors Limited</b> Motilal Oswal Tower, Rahimtullah, Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai - 400 025, Maharashtra, India Tel: +91 22 3980 4380; Fax: +91 22 3980 4315 E-mail: self.ipo@motilaloswal.com Investor grievance e-mail: motiapredressal@motilaloswal.com Website: www.motilaloswalgroup.com Contact person: Kristina Dias SEBI Registration No.: INM000011005	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Cecay House, Level 11, Plot F, Shivsagar Estate, Worli Mumbai – 400 018, Maharashtra, India Tel: +91 22 4037 4037; Fax: +91 22 4037 4111 E-mail: selfipo@nomura.com Investor grievance e-mail: investorgrievances-in@nomura.com Website: www.nomuraholdings.com/company/group/asia/india/index.html Contact person: Sandeep Baid / Srishri Tyagi SEBI Registration No.: INM000011419	<b>Karvy Computershare Private Limited</b> Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramuda Hyderabad 500 032, Telangana, India Tel: +91 40 6716 2222; Fax: +91 40 2343 1551 E-mail: self.ipo@karvy.com Investor grievance e-mail: einward.ris@karvy.com Website: https://karisma.karvy.com Contact person: M. Murali Krishna SEBI Registration No.: INR000000221

### BID/ OFFER PROGRAMME

**BID/ OFFER OPENS ON:\***

[●]

**BID/ OFFER CLOSES ON:\*\***

[●]

\*In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended ("SEBI Merchant Bankers Regulation") read with proviso to Regulation 5(3) of the SEBI ICDR Regulations, Srei Capital Markets Limited will be involved only in marketing of the Offer.

\*Our Company and the Selling Shareholder may, in consultation with the BRLMs (other than SCML), consider participation by Anchor Investors. The Anchor Investors shall Bid on the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/ Offer Opening Date.

\*\*Our Company and the Selling Shareholder may, in consultation with the BRLMs (other than SCML), decide to close Bidding by QIBs one day prior to the Bid/ Offer Closing Date, in accordance with the SEBI ICDR Regulations.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this section, and references to any statute, rule, guideline, policy, circular, notification or clarification will include any amendments or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given in this section shall prevail. Notwithstanding the foregoing, terms used in “Main Provisions of the Articles of Association”, “Statement of Tax Benefits”, “Industry Overview”, “Regulations and Policies in India”, “Financial Statements”, “Financial Information”, “Outstanding Litigation and Other Material Developments” and “Part B” of “Offer Procedure”, will have the meanings ascribed to such terms in those respective sections.

#### General Terms

Unless the context otherwise indicates, all references to “the Company”, “our Company” and “the Issuer” are references to Srei Equipment Finance Limited, a company incorporated in India under the Companies Act, 1956, with its Registered Office situated at ‘Vishwakarma’, 86C, Topsia Road (South), Kolkata – 700 046, West Bengal, India. References to “we”, “us” and “our” are references to our Company unless the context indicates otherwise.

#### Company Related Terms

Term	Description
Articles/ Articles of Association/ AoA	The articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board, as described in “Our Management” on page 182
Auditors/ Statutory Auditors	The current statutory auditor of our Company, being Deloitte Haskins & Sells, Chartered Accountants
Board/ Board of Directors	The board of directors of our Company (including any duly constituted committee thereof)
BPLG	BNP Paribas Lease Group
CSRC	The corporate social responsibility committee of our Board, as described in “Our Management” on page 182
Compliance Officer	Compliance officer of our Company, appointed in terms of the SEBI ICDR Regulations
Corporate Office	The corporate office of our Company situated at Room no. 12 & 13, 2 <sup>nd</sup> Floor, 6A, Kiran Shankar Roy Road, Kolkata – 700 001, West Bengal, India
Director(s)	The director(s) on our Board
Equity Shares	The equity shares of our Company of face value of ₹ 10 each
Group	SIFL and all its subsidiaries (including the Company), associates, and group companies.
Group Companies	The companies as described in “Our Group Companies” on page 204
Head Office	The head office of our Company, situated at Plot No. Y-10, Block EP, Sector V, Saltlake City, Kolkata – 700 091, West Bengal, India
Independent Director(s)	The independent Director(s) on our Board, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013
IPO Committee	The IPO committee constituted by our Board for the Offer, as described in “Our Management” on page 182
IPCL	India Power Corporation Limited (formerly DPSC Limited)
Key Management Personnel/ Key Managerial Personnel/ KMPs	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in “Our Management” on page 182
Materiality Policy	The policy adopted by our Board on October 25, 2017, for identification of material Group Companies, ‘material’ litigation involving our Company, its Promoter, Group Companies and Directors (excluding criminal proceedings, statutory/ regulatory actions and taxation matters) and ‘material’ outstanding dues to creditors, pursuant to the requirements under the SEBI ICDR Regulations and for the purpose of the disclosure in this Draft Red Herring Prospectus
Memorandum or Memorandum of Association/ MoA	The memorandum of association of our Company, as amended from time to time
Minimum Promoters Contribution	Minimum Promoter’s contribution in terms of Regulation 32(1) of the SEBI ICDR Regulations
Nomination and Remuneration Committee/ NRC	The nomination and remuneration committee of our Board, as described in “Our Management” on page 182
Preference Shares	The preference shares of our Company of face value of ₹ 100 each

Term	Description
Promoter/ SIFL	The promoter of our Company, namely, Srei Infrastructure Finance Limited
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1) (zb) of the SEBI ICDR Regulations. For details, please see “ <i>Our Promoter and Promoter Group</i> ” on page 198
Quippo Energy	Quippo Energy Limited
Registered Office	The registered office of our Company, situated at ‘Vishwakarma’, 86C, Topsia Road (South), Kolkata – 700 046, West Bengal, India
Registrar of Companies/ RoC	The Registrar of Companies, West Bengal at Kolkata
RoC Delhi	The Registrar of Companies, National Capital Territory of Delhi and Haryana
Restated Financial Information	Restated summary statements (together with annexures and notes thereto) of assets and liabilities as of September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the restated summary statements of profit and loss and cash flows for the six month period ended September 30, 2017 and for each of the Fiscals 2017, 2016, 2015, 2014 and 2013 and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations
SAIML	Srei Alternative Investment Managers Limited
Scheme of Arrangement	Scheme of Arrangement between our Company and SIFL, sanctioned by the High Court of Calcutta <i>vide</i> its order dated January 28, 2008, in terms of which <i>inter alia</i> the project finance and asset based financing businesses of SIFL for equipment including construction equipment, transportation, materials handling and equity share capital in Srei Insurance Broking Limited (formerly Srei Insurance Services Limited) held by SIFL were transferred to our Company
SIBPL	Srei Insurance Broking Private Limited
Shareholders	The holders of the Equity Shares from time to time
Stakeholders Relationship Committee/ SRC	The stakeholders relationship committee of our Board, as described in “ <i>Our Management</i> ” on page 182
UPCL	Uttarakhand Power Corporation Limited

### Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to the Bidder as proof of registration of the Bid cum Application Form
Allot/ Allotment/ Allotted	Allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholder pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom an Allotment is made
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of the Red Herring Prospectus and Prospectus, which will be decided by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML)
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Bid/ Offer Period or Anchor Investor Bidding Date	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price.  The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML)
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.



Term	Description
	One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Anchor Investor Pay-in Date	With respect to Anchor Investors, it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
ASBA/Application Supported by Blocked Amount	The application (whether physical or electronic) used by an ASBA Bidder to make a Bid authorising the relevant SCSB to block the Bid Amount in the relevant ASBA Account
ASBA Account	An account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor) in the Offer who intends to submit a Bid using the ASBA process
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer/ Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in “Offer Procedure” on page 402
Bid(s)	<p>An indication by a Bidder (other than an Anchor Investor) to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form.</p> <p>The term ‘Bidding’ shall be construed accordingly</p>
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form, and payable by an Anchor Investor or blocked in the ASBA Account of an ASBA Bidder, as the case may be, upon submission of the Bid in the Offer
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bidder/ Applicant	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Bid Lot	[●] Equity Shares
Bid/ Offer Closing Date	<p>Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Bengali daily newspaper [●] (Bengali being the regional language of West Bengal wherein our Registered Office is located), each with wide circulation and in case of any revision in the Price Band, the extended Bid/Offer Closing Date and revised Price Band shall also be notified on the website and terminals of the Syndicate Members, as required under the SEBI ICDR Regulations.</p> <p>Our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations</p>
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Bengali daily newspaper [●] (Bengali being the regional language of West Bengal wherein our Registered Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR regulations and in terms of the Red Herring Prospectus

<b>Term</b>	<b>Description</b>
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/ BRLMs	The book running lead managers to the Offer, being, I-SEC, SCML, CLSA, Credit Suisse, Motilal Oswal, Haitong, Nomura and IIFL
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker.  The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares
Cap Price	The higher end of the Price Band subject to any revision, thereto, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Anchor Escrow Bank and Refund Bank for collection of the Bid Amounts and where applicable remitting refunds, if any, including to the Anchor Investors, on the terms and conditions therein
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
CDP/ Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
CLSA	CLSA India Private Limited
Credit Suisse	Credit Suisse Securities (India) Private Limited
Cut-Off Price	Offer Price, which shall be any price within the Price Band, finalised by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML).  Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not permitted to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidders' address, names of the Bidders' father/husband, investor status, occupation and bank account details
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) as updated from time to time
Designated Date	The date on which the Banker(s) to the Offer/ Escrow Collection Bank(s) transfers funds from the Escrow Account, and funds blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of the Red Herring Prospectus following which the Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	Collectively, the Syndicate, sub-Syndicate Members/ agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the ASBA Bidders in the Offer
Designated RTA Locations	Such locations of the RTAs where ASBA Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively, as updated from time to time)
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[•]
Draft Red Herring Prospectus/ DRHP	This draft red herring prospectus dated November 28, 2017, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible NRI	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares

Term	Description
Escrow Account	An account opened with the Banker(s) to the Offer/ Escrow Collection Bank, and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS in respect of the Bid Amount while submitting a Bid
Feedback Reports	“Indian Economy”, “Infrastructure Segment”, “Market Assessment of the Construction, Mining & Allied Equipment (CME) Segment in India”, “Farm Equipment Market”, “Medical Device Market in India”, “Indian IT Equipment Industry”, “Indian Tipppers Market”, “Market Assessment of the Construction, Mining and Allied Equipment (CME) Financing Segment”, “Farm Equipment Financing in India”, “Medical Equipment Finance in India”, “Market Assessment of the IT Equipment (IT) Finance Segment in India” and “Market Assessment of Tipper Financing Segment in India” released in November 2017
First or sole Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted, and which shall not be less than the face value of the Equity Shares
Fresh Issue	The issue of up to [●] Equity Shares aggregating up to ₹ 11,000 million by our Company for subscription pursuant to the terms of the Red Herring Prospectus  Our Company may, in consultation with the BRLMs, consider a private placement of up to 2,500,000 Equity Shares or such number of Equity Shares aggregating up to ₹ 3,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of 10% of the post-Offer paid-up equity share capital of our Company being offered to the public
General Information Document/ GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 issued by SEBI, modified and updated from time to time and included in “Offer Procedure” on page 402
Haitong	Haitong Securities India Private Limited
IIFL	IIFL Holdings Limited
I-SEC	ICICI Securities Limited
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot
Monitoring Agency	The monitoring agency appointed to monitor the utilisation of Net Proceeds from the Fresh Issue in terms of Regulation 16 of the SEBI ICDR Regulations, being [●]
Motilal Oswal	Motilal Oswal Investment Advisors Limited (formerly Motilal Oswal Investment Advisors Private Limited)
Mutual Fund Portion	[●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds of the Fresh Issue	Proceeds of the Offer that will be available to our Company, i.e., gross proceeds of the Fresh Issue, less Offer Expenses to the extent applicable to the Fresh Issue
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Nomura	Nomura Financial Advisory & Securities (India) Private Limited
Non-Institutional Bidders	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000
Non-Institutional Portion	The portion of the offer not being less than 15% of the offer or not less than [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Non-Resident/ NR	A person resident outside India, as defined under FEMA and includes FPIs, VCFs, FVCIs and NRIs
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, consisting of the Fresh Issue and the Offer for Sale, and aggregating up to ₹ [●] million pursuant to the terms of the Red Herring Prospectus
Offer Agreement	The agreement dated November [●], 2017 among our Company, the Selling Shareholder, the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 4,386,765 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholder, in terms of the Red Herring Prospectus
Offer Price	The final price at which Equity Shares will be Allotted to successful ASBA Bidders in terms of the Red Herring Prospectus.

Term	Description
	The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML) on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus
Offered Shares	Equity Shares being offered for sale by the Selling Shareholder in the Offer as provided for in “The Offer” on page 62
Pre-IPO Placement	The private placement of up to 2,500,000 Equity Shares or such number of Equity Shares aggregating up to ₹ 3,000 million, which may be undertaken by our Company, in consultation with the BRLMs, at its discretion to be completed prior to filing of the Red Herring Prospectus with the RoC at a price as the Board may determine in accordance with the Companies Act, and other applicable laws. In the event such private placement is completed, the relevant details will be included in the Red Herring Prospectus. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of 10% of the post-Offer paid-up equity share capital of our Company being offered to the public
Offer Proceeds	The gross proceeds of this Offer based on the total number of Equity Shares Allotted under this Offer and the Offer Price
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML) will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Bengali daily newspaper [●] (Bengali being the regional language of West Bengal wherein our Registered Office is located), each with wide circulation, at least five Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), will finalise the Offer Price
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 and 32 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	The bank account opened with the Public Offer Account Bank(s) under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	[●]
QIBs/ Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIB Portion	The portion of the Offer being not more than 50% of the Offer or [●] Equity Shares, which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis, subject to valid Bids being received at or above the Offer Price
QIB Bid/ Offer Closing Date	In the event our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made
Refund Bank(s)	The Bankers to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
Registrar Agreement	The agreement dated November 27, 2017, entered into between our Company, the Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI
RTAs/ Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI

Term	Description
Registrar to the Offer/ Registrar	Karvy Computershare Private Limited
Regulation S	Regulation S under the U.S. Securities Act.
Retail Individual Bidder(s)/ Retail Individual Investor(s)/ RII(s)/ RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer or not less than [●] Equity Shares, available for allocation to Retail Individual Bidders as per the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s).  QIBs bidding in the QIB Portion and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date
Self Certified Syndicate Bank(s)/ SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or such other websites and updated from time to time
Selling Shareholder	SIFL
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, namely Karvy Computershare Private Limited
Share Escrow Agreement	The agreement to be entered into among our Company, the Selling Shareholder and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders
SCML	Srei Capital Markets Limited
Stock Exchanges	BSE and NSE
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms
Syndicate Agreement	The agreement to be entered into among our Company, the Registrar to the Offer, the Selling Shareholder, the BRLMs and the Syndicate Members in relation to the procurement of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Syndicate/ Members of the Syndicate	The BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into to be entered into among the Underwriters, our Company and the Selling Shareholder, entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC
U.S. QIBs	“Qualified institutional buyers” as defined in Rule 144A under the U.S. Securities Act
Wilful Defaulter	A company or a person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression “Working Day” shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression ‘Working Day’ shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

#### Technical/ Industry Related Terms/ Abbreviations

Term	Description
AAI	Airport Authority India



Term	Description
ALCO	Assets liability management committee
AML	Anti-money-laundering
ARM	Assets and Receivable Management
CAM	Credit Appraisal Memorandum
CAR	Capital adequacy ratio
CDR	Corporate Debt Restructuring
CEMM Act	Construction, Earth Moving, Material Handling and Mining Equipment Act
CME	Construction, Mining and allied Equipment
CPC	Code of Civil Procedure, 1908
CSO	Central Statistical Organisation, India
DFC	Dedicated Freight Corridor
ERP	Enterprise resource planning
ESMS	Environmental and Social Management System
E&S	Environmental and Social
FTBs	First Time Buyer
FTUs	First Time Users
GVA	Gross Value Added
IMF	International Monetary Fund
IoT	Internet of Things
KYC	Know your customer
LTV	Loan to value
MHE	Material Handling Equipment
MSMEs	Micro, Small and Medium Enterprises
PPP	Public private partnership
PSUs	Public Sector Undertakings
SDR	Strategic Debt Restructuring
SEPs	Srei Entrepreneur Partners
S4A	Scheme for Sustainable Structuring of Stressed Assets
TAT	Turn Around Time

### Conventional and General Terms or Abbreviations

Term	Description
Mn/ mn	Million
AFC	Asset finance company
AGM	Annual General Meeting
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
ALM	Asset Liability Management
AS or Accounting Standards	Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
AUM	Assets Under Management
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016
Bn/ bn	Billion
BSE	BSE Limited
Brickwork/ BWR	Brickwork Ratings India Private Limited
CAGR	Compounded annual growth rate
CARE/ CARE Ratings	Credit Analysis and Research Limited
Category I FPIs	FPIs registered as category I FPIs under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
Category II FPI	FPIs registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
Category III FPI	FPIs registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
CBDT	Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, GoI
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable

<b>Term</b>	<b>Description</b>
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, GoI as of the date of this Draft Red Herring Prospectus, along with the relevant rules made thereunder
Contract Labour Act	The Contract Labour (Regulation and Abolition) Act, 1970
CSE	The Calcutta Stock Exchange Limited
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, GoI
DP ID	Depository Participant's Identity Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DRT	Debt Recovery Tribunal
DRAT	Debt Recovery Appellate Tribunal
ECB	External Commercial Borrowing
EGM	Extraordinary General Meeting
Employees Provident Fund Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952
Employees State Insurance Act	Employees State Insurance Act, 1948
EPS	Earnings Per Share
FCNR	Foreign currency non-resident account
FDI	Foreign Direct Investment
FDI Circular	Consolidated Foreign Direct Investment policy circular of 2017, effective from August 28, 2017, issued by the DIPP
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Feedback	Feedback Business Consulting Services Private Limited
FII(s)	Foreign institutional investors as defined under the SEBI FPI Regulations
Financial Year/ Fiscal/ Fiscal Year/ FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending March 31 of that particular year
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross domestic product
GoI/ Government/ Central Government	The Government of India
GST	Goods and services tax
HNI	High Net Worth Individual
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
ICDS	Income Computation and Disclosure Standards, notified by the GoI on September 29, 2016
ICRA	ICRA Limited
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961, read with the rules framed thereunder
Income Tax Rules	Income Tax Rules, 1962
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standard) Rules, 2015
Indian Accounting Standard Rules	Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally accepted accounting principles in India
Indian Penal Code	Indian Penal Code, 1860
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, GoI
MICR	Magnetic ink character recognition

Term	Description
NACH	National automated clearing house
MoU	Memorandum of understanding
MSEI	Metropolitan Stock Exchange of India Limited
N.A.	Not applicable
NAV	Net asset value
NBFC	Non-banking finance company
NBFC-D	NBFC accepting public deposits
NBFC-ND	NBFC not accepting public deposits
NBFC-ND-SI	A systemically important NBFC-ND
NBFC-SI Directions	The RBI master directions titled “Non-Banking Financial Company – Systemically Important non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016”
NBFC-SI	A systemically important NBFC, as defined under Regulation 2(1)(z1a) of the SEBI ICDR Regulations
NCD	Non-Convertible Debentures
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
Negotiable Instruments Act	Negotiable Instruments Act, 1881, as amended
NEFT	National Electronic Fund Transfer
NPA	Non-performing assets
NRE Account	Non-Resident External account
NRI	A person resident outside India, who is a citizen of India or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
ODI	Offshore derivative instruments
OEM	Original equipment manufacturer
p.a.	Per annum
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PAT	Profit after tax
PBT	Profit before tax
PFI	Public Financial Institution
PFRDA Pension Fund Regulations	Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015
PMS	Portfolio Management Services
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
Resident Indian	A person resident in India, as defined under FEMA
RONW/ RoNW	Net profit after tax / net worth as at the end of period/year
RTGS	Real time gross settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015



<b>Term</b>	<b>Description</b>
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
SMERA	SMERA Ratings Limited
SMEs	Small and Medium Enterprises
State Government	The government of a state in India
Stock Exchanges	Collectively, the BSE and the NSE
STT	Securities transaction tax
Trademarks Act	Trade Marks Act, 1999
TAN	Tax deduction account number
TDS	Tax deducted at source
U.S./ U.S.A/ United States	United States of America
US\$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
U.S. GAAP	Generally accepted accounting principles of the United States of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value added tax
VCFs	Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations
Year/ Calendar Year	The 12 month period ending December 31

Words and expressions used but not defined herein shall have the same meaning as is assigned to such terms in the SEBI ICDR Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

### Page Numbers

Unless otherwise stated, all references to page numbers in this Draft Red Herring Prospectus are to page numbers of this Draft Red Herring Prospectus.

### Currency and Units of Presentation

All references to “Rupee(s)”, “Rs.” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “U.S. Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

### Exchange Rates

This Draft Red Herring Prospectus contains conversions USD amounts into Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of USD into Rupee amounts, are as follows:

Currency	Exchange rate as on <sup>(1)</sup>					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
USD <sup>#</sup>	65.35	64.84	66.33	62.59	60.10	54.39

<sup>#</sup>Source: RBI reference rate

<sup>(1)</sup> Note: In case March 31/September 30 of any of the respective years is a public holiday, the previous working day has been considered.

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.

### Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time.

### Financial and Other Data

Unless stated or the context requires otherwise, our financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Information, included in this Draft Red Herring Prospectus.

Our Company’s fiscal year commences on April 1 of the previous year and ends on March 31 of that year. Accordingly, all references to a particular fiscal year (referred to herein as “Fiscal”, “Fiscal Year” or “FY”) are to the 12 month period ended March 31 of that particular year, unless otherwise specified.

India has decided to adopt the “Convergence of its existing standards with IFRS” referred to as the “Indian Accounting Standards” or “Ind AS”. In terms of the Companies (Indian Accounting Standards) Rules, 2015, NBFCs having a net worth of more than ₹ 5,000 million are required to mandatorily adopt Ind AS for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2017. Accordingly, our financial statements for the period commencing from April 1, 2018, may not be comparable to our historical financial statements. We have not attempted to quantify the impact of Ind AS on the financial information included in this Draft Red Herring Prospectus, nor have we provided a reconciliation of our financial statements to those under Ind AS. Please see “Risk Factors – Our Restated Financial Information included in this Draft Red Herring Prospectus has been prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations, which vary in certain respects from Ind AS.” on page 31.

All the figures in this Draft Red Herring Prospectus have been presented in millions or in absolute numbers where the numbers have been too small to present in million unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to





the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

### ***Non-Indian GAAP Financial Measures***

This Draft Red Herring Prospectus contains certain non-Indian GAAP financial measures and certain other statistical information relating to our operations and financial performance. We compute and disclose such non-Indian GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-Indian GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the finance industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NFBC companies.

### **Industry and Market Data**

The industry and market data set forth in this Draft Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we have no reason to believe that industry data used in this Draft Red Herring Prospectus is not reliable, it has not been independently verified by us, none of our Directors, the Selling Shareholder and any of the BRLMs nor any of their affiliates or advisors make any representation as to its accuracy or completeness. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which industry and market data set forth in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors – We have relied on third party industry reports which have been used for industry related data in this Draft Red Herring Prospectus and such data have not been independently verified by us*" on page 36.

This Draft Red Herring Prospectus contains certain industry and market data and statements concerning our industry obtained from Feedback Reports.

## FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “goal”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “should”, “will”, “will continue”, “seek to”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Availability of cost-effective sources of funding
- Volatility in borrowing and lending rates
- Credit quality and provisioning
- OEM, customer, SEP and employee relationships
- Government policy and regulation
- Macroeconomic conditions in India
- Default and late or non-payment by borrowers
- Demand for our products and services

For a further discussion of factors that could cause our actual results to differ from our expectations, please see “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 15, 141 and 309, respectively. 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 gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect our views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on the currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, Directors, the Selling Shareholder, the BRLMs or their respective affiliates have any obligation 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.

In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of registration of the Red Herring Prospectus with the RoC until the date of Allotment. The Selling Shareholder will ensure that investors are informed of material developments in relation to the statements and undertakings expressly made by the Selling Shareholder in this Draft Red Herring Prospectus until the date of Allotment.

## SECTION II - RISK FACTORS

An investment in our Equity Shares involves a certain degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and segments in which we currently operate or propose to operate. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial actually occur, our businesses, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with “Our Business”, “Selected Statistical Information”, “Industry Overview” and “Management’s Discussions and Analysis of Financial Condition and Results of Operations” on pages 141, 219, 91 and 309, respectively of, as well as the financial, statistical and other information contained in, this Draft Red Herring Prospectus. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our 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 Draft Red Herring Prospectus. For details, please see “Forward-Looking Statements” on page 14.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from our Restated Financial Information.

### INTERNAL RISKS FACTORS

- There are outstanding material legal proceedings involving our Company, Promoter, Directors and Group Companies. Any adverse outcome in such legal proceedings may affect our business, results of operations and financial condition.***

There are outstanding legal proceedings involving our Company, Promoter, Directors and Group Companies which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management’s time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable and include amounts claimed jointly and severally. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations.

The summary of such outstanding material legal proceedings as on the date of this Draft Red Herring Prospectus is set out below:

Nature of cases	No. of cases	Total amount involved (in ₹ million)
<b>Litigation involving our Company</b>		
<b><i>Against our Company</i></b>		
<i>Civil cases</i>	1	500
<i>Criminal cases</i>	21	-
<i>Action taken by statutory and regulatory authorities</i>	2	-
<i>Taxation cases</i>	20	1,013.70
<b><i>By our Company</i></b>		
<i>Civil cases</i>	35	44,041.19
<i>Criminal cases</i>	50,072	16,405.28
<b>Litigation involving our Promoter</b>		

Nature of cases	No. of cases	Total amount involved (in ₹ million)
<b>Against our Promoter</b>		
Civil cases	12 <sup>(1)</sup>	56,481.32
Criminal cases	1	-
Action taken by statutory and regulatory authorities	2	2
Taxation cases	21	818.42
<b>By our Promoter</b>		
Civil cases	27	31,988.10
Criminal cases	166	6,347.37
<b>Litigation involving our Directors</b>		
<b>Against our Directors</b>		
Civil cases	4 <sup>(2)</sup>	368
Criminal cases	12	-
Action taken by statutory and regulatory authorities	1	1
Taxation cases	0	0
<b>By our Directors</b>		
Civil cases	0	0
Criminal cases	0	0
<b>Litigation involving our Group Companies</b>		
<b>Against our Group Companies</b>		
Civil cases	10	9,667.8
Criminal cases	0	0
Action taken by statutory and regulatory authorities	2	-
Taxation cases	47	1,436.72
<b>By our Group Companies</b>		
Civil cases	4	6,722.56
Criminal cases	2	5.67

<sup>(1)</sup> Includes a counter-claim in an arbitration proceeding initiated by SIFL.

<sup>(2)</sup> Includes a counter-claim made by SIFL in an arbitration proceeding against it.

Further, SEBI, *vide* an order dated June 4, 2013 had *inter alia* directed IPCL to comply with the minimum public shareholding requirements (“**MPS Requirement**”) prescribed under applicable law. The Order, among other things, prohibits the promoters/promoter group and directors (which includes our Directors, Mr. Hemant Kanoria (the natural person in control of our Promoter) and Mr. Sunil Kanoria) from buying, selling or otherwise dealing in securities of their respective companies (in this case IPCL), except for the purpose of complying with minimum public shareholding requirement until such time as the companies comply with the minimum public shareholding requirements and also restrain the directors of non-complaint companies from holding any new position as a director in any listed company, until such time such companies comply with minimum public shareholding requirements. Thereafter, SEBI filed an application before the High Court of Calcutta (“**High Court**”), seeking the modification of a scheme of amalgamation (“**Scheme**”) approved by the High Court on April 17, 2013 between the former India Power Corporation Limited and IPCL, contending that the Scheme flouted the MPS Requirement by providing that the ‘Power Trust’, an irrevocable independent trust, would qualify as ‘public shareholder’ under Applicable Law. The High Court by its orders dated January 27, 2017 and August 25, 2017 directed the trustees of Power Trust to sell the shares of IPCL held by it to the public by the end of February 2018. In the event that IPCL is unable to achieve the minimum public shareholding by the end of February 2018, our Directors, Mr. Hemant Kanoria (the natural person in control of our Promoter) and Mr. Sunil Kanoria may be required to resign from our Board. This would adversely affect our business, reputation and results of operation.

We cannot assure you that any of these matters will be settled in our favour or in favour of our Company, Promoter, Directors and Group Companies, respectively, or that no additional liability will arise out of these proceedings. An adverse outcome in any of these proceedings could have an adverse effect on our business, financial position, prospects, results of operations and our reputation. For details, please see “*Outstanding Litigation and Material Developments*” on page 349.

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

Lending activities are exposed to credit risk arising from the risk of default and late or non-payment by borrowers and other counterparties of the principal amount lent by us or the interest thereon. Our total AUM as of September

30, 2017 and as of March 31, 2017, 2016 and 2015 were ₹265,248.90 million, ₹212,317.90 million, ₹185,974.80 million and ₹183,478.20 million, respectively. Our earning assets are expected to grow as a result of our business strategy in CME as well as new verticals. Sustained growth may expose us to an increasing risk of defaults. Moreover, as our earning assets mature, we may experience greater defaults in principal or interest repayments.

The borrowers, their guarantors or third parties may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, increase in operating costs or operational failure. Historically, several of our customers have been First Time Buyers (“FTBs”)/ First Time Owners (“FTOs”) and may have a limited or no credit track record. Any delay in enforcing on the collateral due to delays in enforcement proceedings before the Indian courts or due to any other reasons may lead to potential losses.

We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customers default. Any such defaults and late or non-payments would adversely affect our asset quality and could result in provisions or write-offs in our financial statements which could materially and adversely affect our profitability and asset quality.

- 3. *Our business is focused on the infrastructure equipment financing sector, with a particular focus on financing of CME, and any adverse economic or regulatory developments in the CME sector, may adversely affect our results of operations. If loans made to borrowers in these sectors become non-performing or if there are defaults on such loans, our business, cash flows, financial condition and results of operations could be materially and adversely affected.***

As we primarily provide financing for infrastructure equipment, with a particular focus on construction and mining equipment, our asset and NPAs portfolios have, and are likely to continue to have a high concentration of borrowers in the infrastructure sectors including the construction and mining these sectors. For details of our exposure along business verticals, please see the section titled “*Selected Statistical Information*” on page 219. Our business is therefore largely dependent on various factors that impact the infrastructure sector in India, in particular the demand for construction and mining equipment, changes in Indian regulations and policies affecting the infrastructure sector and the macroeconomic environment in India and globally. Any decline in the demand for finance for such equipment as a result of these factors could adversely affect our financial condition and results of our operations.

Infrastructure development in India is dependent on the formulation and effective implementation (including budgetary allocations and actual expenditures) of GoI programmes and policies that facilitate and encourage private sector investment in infrastructure projects in India. Many of these programmes and policies are evolving and their success will depend on whether they are properly designed and effectively implemented to address the issues facing infrastructure development in India. If the GoI’s initiatives and regulations in the infrastructure industry do not proceed in the anticipated 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 are exposed to operational and credit risks which may result in NPAs, and we may be unable to control or reduce the level of NPAs in our portfolio. If we are unable to manage the level of NPAs or provisioning requirement as per regulatory requirements, our cash flows, financial position and results of operations may suffer.***

Our ability to manage the credit quality of our loans, which we measure in part through NPAs, is a key driver of our results of operations. We have a diverse customer base in each of our verticals. For instance, our CME customers include first time owners, first time buyers, fleet owner and midsize contractor and large corporations and project owners. Our customers may, at times, be unable to provide us all the information required in connection with our loan products, which may affect our customer on-boarding procedures. Further, our customers may face cash flow constraints due to losses incurred by them in their businesses or other economic activities pursued by them, which may lead to a diversion of the loan proceeds for purposes other than those for which the loan was sanctioned. Any such cash flow constraints or diversion of loan proceeds may affect the ability of our customers to repay their loans and, in turn, our ability to recover the loans.

As of September 30, 2017 and Fiscals 2017, 2016 and 2015, our Gross NPAs were ₹4,578.30 million, ₹4,198.60 million, ₹4,544.00 million and ₹7,935.20 million, respectively, while our Gross NPAs/Earning Assets were 2.21%, 2.48%, 2.95% and 4.98%, respectively. As of September 30, 2017 and Fiscals 2017, 2016 and 2015, our Net NPAs were ₹3,232.20 million, ₹2,990.30 million, ₹3,075.60 million and ₹6,098.30 million, respectively, while our Net NPAs/Earning Assets were 1.56%, 1.76%, 1.99% and 3.83%, respectively. For further details, please see “*Selected*



*Statistical Information*” on page 219. We cannot assure you that we will be able to maintain our current levels of NPAs in the future.

We have made provisions of ₹1,346.10 million, ₹1,208.30 million, ₹1,468.40 million and ₹1,836.90 million in respect of Gross NPAs and Standard Restructured Assets under relevant RBI guidelines as at September 30, 2017 and March 31, 2017, 2016 and 2015, respectively. In addition, we maintain a provision against standard assets in accordance with the guidelines of the RBI. As of September 30, 2017 and March 31, 2017, 2016 and 2015, we have made provisions of ₹626.10 million, ₹485.50 million, ₹400.00 million and ₹331.50 million, respectively, in respect of standard assets. There can be no assurance that there will be a decrease in our NPAs provisions as a percentage of assets in the future, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. If there is any deterioration in our portfolio, it could have a material and adverse impact on our business, future financial performance and results of operations.

We are primarily governed by the RBI master directions titled “Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016” (“**NBFC-ND-SI Directions**”). Pursuant to the NBFC-ND-SI Directions, the regulatory framework applicable to NBFCs in India has been amended to require NBFCs such as us to follow more stringent NPAs evaluation criteria. We have been required to advance the classifications of certain overdue assets as NPAs in a phased manner. For example, assets (other than lease rental and hire purchase assets) are required to be classified as NPAs if they remain overdue for three months in the financial year ending March 31, 2018. For further information, please see “*Regulations and Policies*” on page 164. Any adverse regulatory developments relating to the assessment and recognition of and provisioning for NPAs may have an adverse effect on our financial performance as our gross NPAs and net NPAs in the period are likely to increase significantly, disproportionate to the growth of our business and total loan assets.

Further, these master directions govern the provisioning requirements as per the assets classification. Though we follow stringent provisioning norms as prescribed by the RBI, our provisioning requirements may be inadequate to cover increases in our non-performing loans. Under the NBFC-ND-SI Directions, the provisioning for standard assets is required to be 0.40% in Fiscal 2018, and thereafter. The provisioning requirements may moreover require subjective judgments of our management. In addition to the NBFC-ND-SI Directions, we are also subject to various circulars, notifications, guidelines and directions issued by the RBI from time to time. For further information, please see “*Regulations and Policies*” on page 164.

There can be no assurance that we will be able to improve our collections and recoveries in relation to our NPAs, or otherwise adequately control our level of NPAs in 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 further, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. In the event of any further deterioration in our NPAs portfolio, there could be an adverse impact on our results of operations.

If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.

**5. As an NBFC, non-compliance with the RBI’s observations made during its period inspections could expose us to penalties and restrictions which could have a material and adverse effect on us.**

As an NBFC, we are subject to period inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the “**RBI Act**”), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. In certain of its past inspection reports, the RBI has made observations in relation to, among others: (i) our eligibility to get classified as an “AFC” primarily due to RBI’s view of declassification of financing in relation to used equipment and repossessed equipment as asset financing, (ii) non-disclosure in our balance sheet of the categorisation of assets as per prudential norms and provisioning held against each category, (iii) absence of an independent evaluation of controls to identify high value transactions to be carried out by internal audit departments as per KYC/AML requirements, (iv) deficiencies in relation to the content and application of our investment policy and credit appraisal system, (v) high concentration of our strategic loan portfolio, (vi) exposure to the real estate sector increasing the probability of NPAs in the future, (vii) failure to adopt certain board approved policies including liquidity risk management policy and IT policy, (viii) failure to segregate loan accounts into ‘high value risk’ and ‘low value risk’ based on the nature of transactions, and (ix) lack of a compliance record submitted for internal audit reports.



While we believe we have responded satisfactory to the RBI's observations, in some instances the RBI has asked us to resubmit certain responses on the grounds of these not being sufficiently comprehensive or detailed. The RBI has also repeated in successive inspections that we have failed to address certain observations in the year they were first made. While we have submitted revised responses in these instances and believe we have appropriately addressed all observations and concerns raised by the RBI, we cannot assure you that the RBI or any other regulatory authority will not make similar or additional observations in the future or that we will be able to respond to all such queries to the satisfaction of the RBI or such other authorities.

We are currently in receipt of the annual inspection report of the RBI for Fiscal 2017 and we are in the process of the responding to the specific observations of the RBI. In the event we are unable to satisfactorily address the observations of the RBI or are unable to comply with any specified RBI requirements for any reason, we may be subject to monetary sanctions and may also be restricted in our ability to conduct our business. In the event we are unable to resolve the observation of the RBI regarding our AFC status, we may be subject to regulatory actions by the RBI including the levy or fines or penalties and/or the cancellation of our license to operate as an NBFC-AFC. Any such outcome would have a material and adverse effect on our business, financial condition and reputation.

**6. *We may not be able to recover or realise, on a timely basis or at all, the adequate value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.***

The primary security interest for the financing facilities provided by us is the underlying equipment purchased by our customers, hypothecated in our favour. We typically maintain a loan to value ("LTV") ratio that ranges from 60% to 90% depending on the kind of equipment financed and the proposed use of such equipment. The value of the equipment, however, is subject to depreciation, deterioration and/or reduction in value over the course of time. Consequently, the realisable value of the collateral for the credit facility provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. In the case of a default, we typically repossess the equipment financed by us and sell such equipment through individually negotiated sales with either potential new customers or other existing customers or through a public auction process, including through industry fairs. The hypothecated equipment, being movable property, may be difficult to locate or seize in the event of any default by our customers.

We may not be able to realise adequate value of our collateral, due to, among other things, defects in the perfection of collateral, decline in the value of the collateral, delays on our part in taking immediate action in bankruptcy and foreclosure proceedings, claims of other lenders, legal or judicial restraint, unavailability of a ready market and fraudulent transfers by borrowers. 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.

**7. *If we are unable to successfully expand, maintain or leverage our strategic alliances and arrangements with various OEMs and dealers, our business prospects, results of operations and financial conditions may be adversely affected.***

As part of our relationship-based customer strategy, we have entered into strategic alliances and arrangements with various OEMs and dealers in the infrastructure sector, particularly for CME, to further expand our customer origination network and establish ourselves as preferred financiers for customers of such OEMs and dealers. Our relationships with OEMs are key to our equipment centric business model. We intend to develop similar strategic alliances in other business verticals that we intend to increase our focus on in the future.

There can also be no assurance that we will be able to benefit from these arrangements to effectively source a sufficient volume of new customers and business commensurate with the incentives provided to us by the OEMs and dealers under our arrangement with them.

There can be no assurance that the OEMs and dealers will comply with the procedural and other conditions specified by us in connection with our alliances and arrangements with them in the context of customer origination or that they will not act in any manner that could adversely affect our reputation, brand, customer relationships or business interests. In addition, our Company may not be able to identify suitable partners in the future with whom it can successfully partner through such arrangements, or in joint marketing and customer support activities or may face disputes with such partners in the future. Any of the foregoing developments could adversely affect our Company's business prospects and financial conditions.

**8. *We may not be able to manage future growth effectively and successfully implement our growth strategy which may have an adverse impact on our business and financial condition.***

We have experienced steady growth recently. Our growth strategy primarily includes consolidating our equipment financing business through strategic business alliances and marketing initiatives, continuing to expand and diversify our product portfolio, growing our operations and network across India, and expanding our customer base across various business verticals in India.

Although our growth initiatives have contributed to our financial results in recent years, there can be no assurance that we will be able to continue to successfully implement this strategy, or that our growth strategy will continue to be successful. Our ability to sustain and manage growth depends primarily upon our ability to manage key issues such as maintaining and leveraging our relationships with OEMs and dealers, selecting and retaining skilled personnel, gaining market share in select businesses and geographies, maintaining and, in a timely manner, upgrading our technology platform to be effective, introducing and successfully implementing new and improved technology initiatives and customer-friendly innovative products, ensuring a high standard of customer service and successfully integrating and managing any acquired businesses. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations, as well as the market price of our Equity Shares.

We also intend to continue to increase and diversify our customer base and delivery channels. In recent years, we have increased the scope of our branch network. We cannot assure you that we will be successful in achieving our target benchmark level of efficiency and productivity in our branches and our success will depend on various internal and external factors, some of which are not under our control.

**9. *As on September 30, 2017, our top 20 borrowers represented 11.72% of our total Gross Earning Assets. Our inability to maintain relationships with these customers or any payment default by or credit losses of these customers could materially and adversely affect our business, future financial performance and results of operations.***

As on September 30, 2017, our top 20 borrowers accounted for 11.72% of our total Gross Earning Assets. Our business and results of operations will be adversely affected if we are unable to maintain or further develop relationships with our significant customers. Moreover, as of September 30, 2017, Strategic customers accounted for 67.40% of our total Gross Earning Assets. There can be no assurance that we will be able to maintain the historic levels of business from our significant customers. Further, in the event we lose any significant customer, we cannot assure you that we will be able to replace them, which could have a material adverse effect on our results of operations.

Our business and results of operations depend upon the timely repayment of the interest and principal from our significant customers. We cannot assure you that we will not experience delays in servicing of the loan advanced or that we will be able to recover the interest and the principal amount of the loan. Any such delay or default will adversely affect our income from operations and consequently, our profitability. In case we are unable to recover the full amount of principal and interest or any part of thereof, and the collateral is not sufficient to recover the full amount, our financial condition may be adversely affected.

**10. *Our business requires funds regularly, and any disruption in our funding sources would have a material adverse effect on our business and cash flows.***

As an equipment finance company, our liquidity and ongoing profitability are in large part dependent upon our timely access to, and the costs associated with, raising funds. Our Company's funding requirements have been met through a combination of unsecured subordinated non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial papers. Thus, our Company's business growth, liquidity and profitability depend and will continue to depend on our ability to access diversified, relatively stable and low-cost funding sources. Further, in terms of our growth strategy, strengthening our geographical network and strengthening new product and service offerings to will have an impact on our long-term capital requirements.

Out of our long-term outstanding borrowings of ₹49,023.20 million as at September 30, 2017, our current maturities

of long-term borrowings were ₹17,490.90 million as at September 30, 2017. In order to make these payments, we may either need to refinance this debt, or alternatively, raise equity capital or generate sufficient revenue to retire the debt. There can be no assurance that we will be able to arrange for refinancing on terms that are commercially better than those available previously, or at all, or that our business will generate sufficient cash to enable it to service its existing debts or to fund its other liquidity needs.

Our ability to borrow funds on acceptable terms and refinance existing debt may also be affected by a variety of factors, including our credit ratings, the regulatory environment and government policy initiatives in India, liquidity in the credit markets, the strength of the lenders from whom we borrow, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our financing agreements. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our cost of funds and make it difficult for us to access financing in a cost-effective manner. A disruption in sources of funds or increase in cost of funds as a result of any of these factors may have a material adverse effect on our liquidity and financial condition.

With the growth of our business, we may become increasingly reliant on funding from the debt capital markets and commercial borrowings. While our borrowing costs have been competitive in the past due to our ability to structure debt products, our credit ratings and the quality of our asset portfolio, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, our future financial performance and the price of our Equity Shares.

The capital and lending markets are highly volatile and our access to liquidity may be adversely affected by prevailing economic conditions. These conditions may result in increased borrowing costs and difficulty 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. As a financial services company, we also face certain regulatory restrictions on our ability to raise money from international markets which may further constrain our ability to raise funds at attractive rates. If we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations may be materially and adversely affected.

***11. As part of our growth strategy, we intend to strategically expand our operations in other business verticals, in particular used CME equipment, Tippers, IT and allied equipment, Farm equipment, Medical and allied equipment and Other assets. Our growth initiatives are susceptible to various risks that may limit our growth and diversification.***

In addition to providing CME financing, as part of our growth strategy, we intend to continue to expand our operations in other business verticals, in particular, used CME equipment, Tippers, IT and allied equipment, Farm equipment, Medical and allied equipment and Other assets. Our growth initiatives carry execution risks, and factors that may limit the success of our growth and diversification include:

- significant demands on our management as well as financial, accounting and operating resources. As we grow and diversify, we may not be able to implement our business strategies effectively and our new initiatives could divert management resources from areas in which they could be otherwise better utilised;
- our inability to develop and launch suitable products for these business segments and sub-segments;
- our limited experience in these new business verticals, which may prevent us from competing effectively with established and new competitors in these areas. As we seek to diversify our business operations, we may face the risk of some of our competitors being more experienced in or having a deeper understanding of these verticals or having better relationships with potential clients; and
- diversified business operations may make forecasting revenue and operating results difficult, which will impair our ability to manage these businesses and shareholders' ability to assess our prospects.

If we are unable to overcome these obstacles and are unsuccessful in executing our diversification and growth strategy, our business, prospects, results of operations and financial condition could be adversely affected.

***12. We assign or securitise a portion of our loans to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned or securitised to banks and other institutions may adversely impact our financial performance.***

As part of our means of raising and/ or managing our funds, we assign or securitise a portion of the receivables from our loan portfolio to banks and other institutions. Such assignment and securitisation transactions are conducted on the basis of our internal estimates of our funding requirements, which vary from time to time. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our securitisation of receivables outstanding was ₹12,814.50 million, ₹10,026.90 million, ₹6,629.10 million and ₹9,280.90 million, respectively. Further, as at the same periods, our assignment of receivables outstanding ₹33,836.80 million, ₹29,989.20 million, ₹22,727.40 million and ₹11,253.00 million, respectively. Any change in the statutory and/ or the regulatory requirements in relation to assignments or securitisations by financial institutions, including the requirements prescribed by the RBI and the GoI, could have an adverse impact on our assignment and securitisation transactions.

We are also required to provide credit enhancement for the securitisation transactions by way of fixed deposits. The cash collateral for securitisation of receivables amount outstanding as of September 30, 2017 was ₹2,402.10 million. In the event a relevant bank or institution does not realise the receivables due under such loan assets, the credit enhancement shall be utilised only for the purpose and to the extent of any shortfall in the collection of receivables.

***13. Volatility in interest rates affects our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability.***

Being a non-deposit taking NBFC, we are exposed to greater interest rate risk as compared to banks or deposit taking NBFCs. Our primary sources of funds include unsecured subordinated redeemable non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial papers. We borrow funds on both fixed and floating rate basis. Some of our liabilities, such as our secured NCDs and short-term borrowings carry fixed rates of interest and others are linked to the respective banks' benchmark prime lending rate/ base rate. As of September 30, 2017, approximately 28.28% of our total borrowings were at fixed rates and 71.72% were at floating rates. 29.78% of our total advances are at fixed rates while 70.22% of our total advances are at floating rates as at September 30, 2017. For details, please see "Financial Indebtedness" on page 344.

Our results of operations are predominantly dependent on interest income from our lending operations. Income from financial assets is the largest component of our total revenue, and constituted 75.83%, 82.04%, 84.70% and 84.99% of our revenue from operations for the six months ended September 30, 2017 and Fiscals 2017, 2016 and 2015, respectively. Our total income has decreased to ₹24,953.30 million in Fiscal 2017 from ₹26,150.90 million in Fiscal 2016.

There can be no assurance that we will be able to adequately manage our interest rate risk and effectively balance the proportion and maturity of our interest-earning assets and interest-bearing liabilities in the future. Further, changes in interest rates could affect the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities in different ways. Our results of operations could be affected by changes in interest rates and the timing of any repricing of our liabilities compared with the repricing of our assets. Further, with respect to our borrowings that are linked to market rates, we may have to pay interest at a higher rate as compared to other lenders who borrow at fixed interest rates.

Additional risks arising from increasing interest rates include:

- increases in the rates of interest charged (where floating rates are typically used) on certain financing products in our product portfolio, which could result in the extension of loan maturities and higher monthly instalments due from borrowers which in turn could result in higher rates of default;
- reductions in the volume of loan disbursements as a result of the customer's inability to service high interest rate payments;
- inability to raise low cost funds as compared to some of our competitors, who may have access to lower cost deposits; and
- losses of anticipated interest amounts in case of prepayment of loans by our customers.

Fluctuations in interest rates may also adversely affect our treasury operations. When interest rates decline, we are subject to greater repricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. 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. Further, we may lend money on a long-term,



fixed interest rate basis, typically without an escalation clause in our loan agreements. Any increase in interest rates over the duration of such loans may result in our losing potential interest income.

If there is a sudden or sharp rise in interest rates, we could be adversely affected by the decline in the market value of our portfolio. Our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and results of operations.

In addition, the value of any interest rate hedging instruments we may enter into in the future may be affected by changes in interest rates. Our inability to effectively and efficiently manage interest rate variations may adversely affect our result of operations and profitability. Interest rates are typically correlated with inflation rates, as the RBI has historically sought to mitigate rising inflation by raising interest rates.

There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our total income, net income and margins, which could in turn have a material adverse effect on our business, financial condition and results of operations.

**14. We face asset-liability mismatches which may expose us to interest rate and liquidity risks that may have a material and adverse effect on our business, financial condition and results of operations.**

Assets and liabilities mismatches, which represent a situation when the financial terms of institutional assets and liabilities do not match, are a key financial parameter. We cannot assure you that we will be able to maintain a positive ALM. We face liquidity risk due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, part of our funding requirement is met through short term borrowing sources such as bank loans, working capital demand loan, cash credit and commercial paper. However, each of our financial assets has varying average tenor, average yield and average maturity. Though we pay careful attention to the maturity of liabilities while creating financial assets, it may happen that maturity of assets do not match the liabilities. Consequently, our inability to raise further credit facilities or renew our existing facilities in a timely and cost effective manner or at all, may lead to mismatches in our assets and liabilities, which in turn may adversely affect our operations, financial performance and/or cash flows. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers.

The following table describes the ALM of our Company as on September 30, 2017:

(₹ in million)

	1 day to 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	7,224.50	7,148.80	6,403.90	15,350.90	30,313.90	89,043.40	34,013.40	5,090.30	194,589.10
Investments	2,500	-	-	-	-	-	-	350.00	2,850.00
Borrowings	6,897.80	5,202.00	4,233.50	11,630.60	29,120.70	63,460.20	27,980.00	16,315.90	164,840.70
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	143.60	252.70	59.00	299.60	554.90	422.60	-	-	1,732.40

*Note: The maturity patterns of working capital facilities sanctioned by the banks have been apportioned in proportion to the maturity pattern of the financial assets.*

**15. We are subject to credit, market and liquidity risks and, if any such risk were to materialise, our credit ratings and our cost of funds may be adversely affected.**

We may not be able to effectively mitigate our risk exposures in particular market environments or against particular types of risks. Our revenues and market risk are dependent upon our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon our effectiveness in managing credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, we could incur higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies.

Further, the cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations and if these are downgraded it would have an adverse impact on our ability to cost effectively access funds. Downgrading in our credit rating could cause our lenders to impose additional terms and conditions to any financing or refinancing arrangement that we enter into in the future. In relation to our long-term debt instruments, we currently enjoy long-term credit ratings of CARE AA-; Positive, CARE A+; Positive and CARE A; Positive, from CARE, BWR AA+/Stable from Brickwork and SMERA AA+/Stable from SMERA Ratings. In relation to our short-term credit ratings, we currently have the ratings of ICRA A1+ from ICRA Limited, CARE A1+ from CARE and BWR A1+ from Brickwork.

***16. Equipment deployed in infrastructure projects carries project-specific and general risks.***

Our Company's product offerings cover equipment financing related to CME and other sectors in India. As on September 30, 2017, our Company's AUM was ₹265,248.90 million.

Infrastructure, construction and mining projects are characterised by project-specific risks as well as general risks. These risks are generally beyond our Company's control, and include:

- political, regulatory and legal actions and changes in government and regulatory policies that may adversely affect project viability;
- interruptions or disruption in domestic or international financial markets, whether for equity or debt funds;
- 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 cement, steel, 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; and
- 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.

To the extent these or other risks relating to the financing of equipment materialise, the quality of our Company's assets financed may decline. The borrowers may delay, or the borrowers or their guarantors may default in, their respective repayment obligations. Any such decline, default or delayed or non-payment could result in provisions or write-offs in our financial statements and would adversely affect our profitability.

***17. The financing industry is becoming increasingly competitive with significant presence of public and private sectors banks that have extensive branch networks as well as NBFCs, cooperative banks and other financial service companies, where significant presence of and our Company's growth will depend on its ability to compete effectively.***

Our primary competition historically has been banks and other NBFCs. These financial institutions, particularly the larger ones, could compete with us for business as well as procurement of funds at competitive rates. For further details on our competitors, please see "Our Business – Competition" on page 161.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margin. Our margins are our ability to raise low-cost funding in the future. Many of our competitors are large institutions, which may have larger customer bases, funding sources, branch networks and capital compared to us. Certain of our competitors may be more flexible than we are and better-positioned to take advantage of market opportunities. In particular, private banks in India may have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising branches as well as the related operational costs. As a result of this increased competition, loans are becoming increasingly standardised and terms such as variable (or floating) rate interest options, lower processing fees and monthly reset periods are becoming increasingly common. Furthermore, the spread between the lowest and the highest rate of interest offered by various lenders continues to reduce. This competition may intensify further as a result of regulatory changes and market liberalisation. These competitive pressures affect the industry in which we operate as a whole, and our future success will depend to a large extent on our ability to respond in an effective and timely manner to these competitive pressures. There can

be no assurance we will be able to react effectively to these or other market developments or compete effectively with new and existing peers in the increasingly competitive finance industry.

Competition in our industry also depends on, among other things, the evolution of government policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks and financial institutions in India. 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.

There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing peers. Increasing competition may adversely affect our net interest margin, income and market share.

***18. An inability to develop or implement effective risk management policies and procedures could expose us to unidentified risks or unanticipated levels of risk.***

While we have various risk management policies and procedures, there can be no assurance that such policies and procedures will be effective in addressing all variety of risks, including liquidity risk, interest rate risk, credit risk, currency risk, operational risk and legal risk that we encounter in our business and operations or that such policies and procedures are as comprehensive as those implemented by banks and other financial institutions. Our risk management policies and procedures are based, among other considerations, on historical market behaviour, information regarding borrowers, and market knowledge. The effectiveness of our Company's risk management is limited by the quality and timeliness of available data. Consequently, these policies and procedures may not predict future risk exposures that could vary from or be greater than that indicated by historical measures. Risk management techniques may not be fully effective in mitigating its risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. In addition, information available to us may not be accurate, complete, up-to-date or properly evaluated. Some of our risk management systems are not automated and are subject to human error. Our risk management policies and procedures are also influenced by applicable policies and regulations of the GoI, and may prove inadequate or ineffective in addressing risks that arise as a consequence of any development in Government of India policies and regulations that adversely affect our business and operations. Our Company's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants.

In addition to providing CME financing, we intend to continue to strategically expand our operations in other business segments and sub-segments, in particular, Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and used CME equipment. These business initiatives may involve operational and other risks that are different from those we currently encounter or anticipate, and there can be no assurance that we will be able to effectively identify and address any additional risks that apply to such business initiatives. An inability to develop, modify and implement effective and dynamic risk management policies and procedures may adversely affect our growth strategy. Management of operational, legal and regulatory risk requires, among other matters, policies and procedures to accurately record and verify transactions and events. There can be no assurance that our policies and procedures will effectively and accurately record and verify such information. Failure of our risk management policies and procedures or exposure to unanticipated risks could lead to losses and adversely affect our business, financial condition and results of operations.

***19. High levels of Retail and SME customer defaults could adversely affect our business, financial condition and results of operations.***

Any lending or investment activity by us is exposed to credit risk arising from the risk of default and non-payment by borrowers and other counterparties. As of September 30, 2017, the total outstanding borrowings of our Retail and SME customers were ₹82,859.71 million. Our customers also include retail borrowers and SME borrowers which constituted 32.60% of our Gross Earning Assets as at September 30, 2017. Our retail borrowers typically comprise individual borrowers who generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by any decline in economic conditions. In addition, certain of our SME borrowers may be dependent on receiving timely payment from their customers for the services they provide in order to repay the principal and interest on the loans we provide to them. As such, any material delay in receipt of payment from their customers for any reason could adversely affect the ability of our borrowers to meet their

obligations to us. If our borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations may be adversely impacted.

Some of our retail borrowers may not have adequate credit history with supported documents, which could increase our credit risk, and we are more vulnerable to Retail customer default risks including default or delay in repayment of principal or interest on our loans. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information in respect of our customers. Furthermore, unlike certain developed economies, a nationwide credit bureau has only become operational in India in 2004, so there is less financial information available about individuals or SMEs. It is therefore difficult to carry out precise credit risk analyses on our customers. Although we follow certain policies and procedures to evaluate the credit profile of our customers at the time of sanctioning a loan including credit worthiness checks and providing information as per the know your customer (“KYC”) norms, we generally rely on the value of the relevant equipment as underlying collateral. Failure to effectively manage and monitor the loan contracts, particularly for individual borrowers, could adversely affect our Gross Earning Assets which could have a material and adverse effect on our results of operations and financial condition.

***20. We may not be able to appropriately assess the credit worthiness of our customers before extending credit facilities to them. Unavailability of adequate information or inaccurate and/or incomplete information provided by our customers may adversely affect our operations and profitability.***

In deciding whether to extend credit or enter into other transaction with customers, we rely on the information furnished to us by or on behalf of our customers. We may not in certain instances receive information regarding any change in the financial condition of our customers, or in certain cases our customers may provide inaccurate or incomplete information to us for whatever reason on their part. The lack of availability of information in connection with our customers may make it difficult for us to take an informed decision with regard to providing financial facilities to such persons and the attendant risk exposure in connection therewith. This may increase the likelihood of an increase in the level of NPAs, which would adversely affect our operations and profitability.

***21. We may face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.***

A significant number of our customers are located in the rural and semi-urban markets in India, which may have limited infrastructure, particularly for transportation, electricity and internet bandwidth. We also may face difficulties in conducting operations, transporting our personnel and equipment and implementing technology measures in such markets. There may also be increased costs in conducting our business and operations, implementing security measures and expanding our advertising. We cannot assure you that such costs will not be incurred or will not increase in the future as we expand our network in rural and semi urban markets and such increased costs could adversely affect our profitability.

***22. Insurance of relevant assets obtained by our borrowers may not be adequate to protect them against all potential losses, which could indirectly affect our ability to recover our loans to such borrowers.***

Pursuant to our loan agreements, where loans are extended on the basis of a charge on assets, our borrowers are required to create a charge on their assets in our favour in the form of hypothecation or mortgage, or both. In addition, the terms and conditions of the loan agreements require our borrowers to maintain insurance against damage caused by any disasters including floods, fires and earthquakes or theft on the assets charged, primarily as collateral against the loan granted by us. However, our borrowers may not have obtained the required insurance coverage, or may not renew the insurance policies, or the amount of insurance coverage may be less than the replacement cost of the relevant assets and therefore insufficient to cover all financial losses that our borrowers may suffer, or at all, resulting in adverse effect on our business and financial condition.

***23. Some of our Directors may have interests in entities, which are in businesses similar to ours and this may result in conflicts of interest with us.***

As on the date of this Draft Red Herring Prospectus, some of our Directors namely, Mr. Hemant Kanoria, Mr. Sunil Kanoria and Mr. Shyamalendu Chatterjee, have interests in entities that are engaged in businesses similar to ours.

Mr. Hemant Kanoria and Mr. Sunil Kanoria are currently the Chairman and Managing Director and Vice Chairman (Non-Executive), respectively of SIFL, our Promoter.

Mr. Shyamalendu Chatterjee is an independent director of SIFL, our Promoter.

Commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Further there is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in future. Such factors may have an adverse effect on the results of our operations and financial condition.

***24. We provide unsecured trade advances to OEMs and dealers to promote our business. If such advances are not repaid or set off, we may have to write-off such advances, which may have an adverse effect on our results of operations, financial condition and cash flows.***

We provide unsecured trade advances in the normal course of business to OEMs and dealers with whom we have business relationships and we intend to continue to provide such trade advances in the future. These OEMs and dealers are permitted to net the principal amount of loans granted to our customers from such trade advances. These trade advances are not secured. While these advances were considered good as at September 30, 2017, any failure to recover such advances or set these off will have an adverse effect on our results of operations, financial condition and cash flows.

***25. Our loan portfolio may no longer continue to be classified as priority sector advances by the RBI.***

The RBI currently mandates domestic commercial banks operating in India to maintain an aggregate 40% (32% for foreign banks having less than 20 branches) of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher as “priority sector advances”. These include advances to agriculture, micro and small enterprises, micro enterprises within the micro and small enterprises sector, export credit and advances to weaker sections where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements organically have relied on specialised institutions like us that are better positioned to or exclusively focus on originating such assets through on-lending or purchase of assets or securitised and assigned pools to comply with these targets.

In the event that any part of our loan portfolio is no longer classified as a priority sector advance by the RBI, or if the laws relating to priority sector lending as applicable to the banks undergo a change, our ability to securitise our asset pool will be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

***26. We are subject to certain conditions and restrictions in terms of our financing arrangements, which restrict our ability to conduct our business and operations in the manner we desire. Further, our inability to meet our obligations, including financial covenants, could adversely affect our business and results of operations.***

As of September 30, 2017, our long term borrowings were ₹49,023.20 million, short term borrowings were ₹98,326.60 million and current maturities of long term borrowings were ₹17,490.90 million, and we will continue to incur additional indebtedness in the future.

Our financing agreements contain restrictive covenants that require us to obtain prior approval from our lenders for, among others:

- change in the capital structure of our Company;
- substantial change in management set-up;
- any fundamental changes such as to the financial year of our Company;
- any scheme for merger, amalgamation or re-organisation;
- approaching the capital market for mobilising additional resources either in the form of debt or equity;
- creating or forming a subsidiary of our Company;
- undertaking guarantee obligations on behalf of other company, firm or person, other than in the ordinary course of business; and
- entering into borrowing arrangements.

While we have received approvals from all our lenders in relation to the Offer, undertaking any of the other activities above which require a prior approval without such approval constitutes a default under the relevant financing documents and would entitle the respective lenders to declare a default against our Company and enforce remedies under the terms of the financing documents, that include, among others, acceleration in repayment of the amounts



outstanding under the financing documents, enforcement of any security interest created under the financing documents, and taking possession of the assets given as security in respect of the financing documents. A default by our Company under the terms of any financing document may also trigger a cross-default under some of the other financing documents of our Company, or any other agreements or instruments of our Company containing a cross-default provision, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. For further details of our Company's borrowings, please see "*Financial Indebtedness*" on page 344.

***27. We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money-laundering ("AML") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any money-laundering activity and ensure KYC compliance, there can be no assurance that these will be effective in all instances. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report.

For instance, in certain of its past inspection reports, the RBI has made observations in relation to absence of an independent evaluation of controls to identify high value transactions to be carried out by internal audit department as per KYC/AML requirements. If any party uses or attempts to use us for money laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with the applicable legal requirements, our reputation could suffer and could result in a material adverse effect on our business, financial condition, reputation and results of operations.

***28. We may fail to obtain, maintain or extend our statutory and regulatory approvals to operate or expand our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses, which may impede our operations in the future.***

We require certain statutory and regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding our business. We may not receive or be able to renew such approvals in the time frames anticipated by us, or at all, which could adversely affect our business. If we do not receive, renew or maintain the regulatory approvals required to operate our business, it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

NBFCs in India are subject to various regulations, guidelines and supervision by the RBI. These laws and regulations impose numerous requirements on us, including those relating to asset classification and prescribed levels of capital adequacy, cash reserves and liquid assets. In addition to the aforementioned conditions required for the registration as a NBFC with the RBI, we are required to maintain certain statutory and regulatory permits and approvals for our business. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us, or at all.

There may be future changes in the regulatory system or in the enforcement of existing laws and regulations, including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, that may have an adverse effect on our Company. In addition, our Company is required to make various filings with the RBI and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. For further details, please see section titled "*Government and other Approvals*" on page 371. There can be no assurance that we will be able to comply with these regulations or norms or provisions.

***29. Any decline in our capital adequacy ratio could restrict our future business growth.***

As per the RBI master directions titled "Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" and dated September 1, 2016, all non-deposit taking NBFCs have to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-

balance sheet items.

Our capital adequacy ratio computed on the basis of applicable RBI requirements is 16.80% and 18.59% as of September 30, 2017 and Fiscal 2017, respectively, as compared to 19.60% as of Fiscal 2016. Out of the total capital adequacy ratio, Tier I capital comprised 11.30% and 13.64% as of September 30, 2017 and March 31, 2017, respectively, as compared to 14.63% as at March 31, 2016.

If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional regulatory capital in the future on terms favourable to us or at all, and this may adversely affect the growth of our business.

***30. Material changes in the regulations that govern our Company and our borrowers could cause our Company's business to suffer.***

Our Company is also governed by the Companies Act and some of its activities are subject to supervision and regulation by statutory and regulatory authorities including the Ministry of Corporate Affairs, the RBI and the SEBI. Further, our Company is subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles.

***31. We may face tax related assessments or regulatory actions***

The laws and regulations governing the tax liability of our Company could change in the future and any such changes could adversely affect its business and future financial performance by requiring a restructuring of its activities, which may impact its results of operations.

Our Company has filed tax returns with the 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. Our Company cannot assure you that the tax department will not initiate scrutiny, investigation or regulatory action or reopen assessments for previous years. Any adverse finding by the tax department may have a material adverse effect on our Company's reputation, business, operations and financial conditions.

***32. A winding up petition has been filed against SIFL, our Promoter.***

SIFL, our Promoter, is contesting a winding-up petition filed against it before the High Court of Calcutta. A.K. Enterprise Private Limited Private Limited ("**Petitioner**") has filed a winding up petition in July 2015 against SIFL alleging that an amount of ₹ 5.99 million was due to A.K. Enterprise Private Limited from SIFL. This matter is currently pending. For details, please see "*Outstanding Litigation and Other Material Developments*" on page 349.

***33. The new bankruptcy code in India may affect our rights to recover loans from borrowers.***

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.


In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to


the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

**34. *We benefit from the brand name that the Group enjoys in the industry and any factor affecting the business and reputation of SIFL may have a concurrent adverse effect on our business and results of operations. Moreover, any change in control of our Promoter, SIFL, or our Company may correspondingly adversely affect our goodwill, operations and profitability.***

At present, we are a wholly-owned subsidiary of our Promoter, SIFL. We benefit from the brand name of the Group and believe that this ensures a steady inflow of business. In the event the Group is unable to maintain the quality of its services or its goodwill deteriorates for any reason, our business and results of operations may be adversely affected. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. Moreover, if our Promoter ceases to exercise majority control over our Company as a result of any transfer of shares or otherwise, our ability to derive any benefit from the brand name as a part of the Group may be adversely affected, which in turn could adversely affect our business and results of operations. Any disassociation of our Company from the Group could adversely affect our ability to attract customers and to expand our business, which in turn could adversely affect our business operations and profitability.

**35. *We are permitted to use the Srei Logo i.e.  as our logo by Srei Infrastructure Finance Limited, our Promoter and our Promoter has been so permitted by our Group Company, Adisri. Withdrawal of this permission by Srei Infrastructure Finance Limited may result in us being unable to use the Srei Logo as our logo which could have a material adverse effect on our reputation and business.***

We have been permitted to use the Srei Logo i.e.  as our logo by SIFL, our Promoter as we are a wholly owned subsidiary of SIFL and SIFL has been permitted by Adisri to use the trademark. We have been provided a non-exclusive, non-transferable and royalty-free license to use the trademark. Any withdrawal of this permission by SIFL or Adisri may result in us being unable to use this trademark as part of our trademark which could have a material adverse effect on our reputation and business. For further details, please see "History and Certain Corporate Matters" on page 167.

**36. *We do not own our Registered Office or the majority of the premises where our branch offices are located and in the event our rights over these properties are not renewed or are revoked or are renewed on terms less favourable to us, our business activities may be temporarily disrupted.***

We do not own the premises on which our Registered Office or majority of our branch offices and regional offices are situated. Our Registered Office is owned by our Promoter. All such non-owned properties are leased to us for an average period of four years. Upon expiration of the lease agreement for the land at which our Registered Office or the majority of our branch offices and regional offices are situated, we may be required to negotiate the terms and conditions on which the lease agreement may be renewed. Termination of our lease may occur for reasons beyond our control, such as breach of any terms of the lease agreement by the lessor of the relevant land. We cannot assure you that we will own or have the right to occupy this land in the future, or that our current or future lessors will not breach the lease agreements, or that we will be able to continue with the uninterrupted use of the land on which our Registered Office and the majority of our branch offices and regional offices are situated in the event that we are unable to comply with the terms of our lease agreement. This may in turn impair our operations and adversely affect our business, results of operations and financial condition. For further details, please see "Our Business – Property" on page 162.

**37. *We do not have certain licences for our Registered Office and some of our branch offices. In the absence of these statutory licenses, we may not be able to carry on our operations in future which may affect our performance or we may have to face penalties and other action by the relevant authorities.***

While we have obtained a significant number of approvals, licences, registrations and permits from the relevant authorities, we are yet to receive or apply for few approvals, licenses, registrations and permits. We cannot assure you that we will receive these approvals and clearances in time or at all. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in

receipt or non-receipt of such approvals, licenses, registrations and permits could adversely affect our related operations. Furthermore, under such circumstances, the relevant authorities may restrain our operations, impose fines or penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all.

**38. *Our business may be affected by the seasonal trends in the Indian economy.***

Our business operations may be affected by seasonal trends in the Indian economy. Generally, the monsoon season (which varies across different regions in India) typically witnesses lower infrastructure development activity and construction, due to which volumes of equipment purchased and disbursements made by us may be lower. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

**39. *Our Restated Financial Information included in this Draft Red Herring Prospectus has been prepared in accordance with the Companies Act, Indian GAAP and the SEBI ICDR Regulations, which vary in certain respects from Ind AS.***

In accordance with India's roadmap for "Convergence of its existing standards with IFRS", referred to as "Ind AS", announced by the MCA, through press notes dated January 22, 2010, read with the Companies (Indian Accounting Standards) Rules, 2015 issued by the MCA on February 16, 2015, effective April 1, 2015, non-banking financial public companies in India are required to adopt Ind AS, effective from: (i) accounting period beginning on or after April 1, 2018 (with comparatives for the period ending March 31, 2017 or thereafter), for companies with net worth of ₹ 5,000 million or more; and (ii) accounting periods beginning on or after April 1, 2019 (with comparatives for the period ending March 31, 2018 or thereafter) for listed or to-be-listed companies (i.e. whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in or outside India) with net worth less than ₹ 5,000 million and unlisted companies with net worth between ₹ 2,500 million and ₹ 5,000 million. These requirements also apply to any holding company, subsidiary, joint venture or associate companies of such companies. Accordingly, for statutory reporting purposes under the Companies Act, our annual and interim financial statements will be required to be reported under Ind AS for accounting periods commencing on or after April 1, 2018.

Pursuant to a SEBI circular dated March 31, 2016, with respect to financial information to be included in any offer document filed with the SEBI on or after April 1, 2018 and until March 31, 2019, the Company has chosen to prepare its Restated Financial Information, for the preceding five fiscals included in this Draft Red Herring Prospectus by taking Indian GAAP framework as its underlying base and restated in accordance with the SEBI ICDR Regulations. Our financial statements reported under Ind AS in future accounting periods may not be directly comparable with our financial statements historically prepared under Indian GAAP, including those disclosed in this Draft Red Herring Prospectus. Accordingly, our Restated Financial Information included in this Draft Red Herring Prospectus may not form an accurate basis to consider the accounting policies and financial statements adopted by our Company for future periods, which may differ materially from our Restated Financial Information.

We cannot assure you that the adoption of Ind AS will not affect our reported results of operations. In addition, our management may also have to divert its time and other resources for the successful and timely implementation of Ind AS. Any of these factors relating to the use of Ind AS may adversely affect our results of operations. We have not attempted to quantify the effect of Ind AS on the financial information included in this Draft Red Herring Prospectus, nor have we provided a reconciliation of our financial statements to those under Ind AS. For details on the significant differences between Indian GAAP and Ind AS, please see "Summary of Significant Differences between Indian GAAP and Ind AS" on page 303.

Further, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on your familiarity with Indian GAAP, the Companies Act, and the rules framed thereunder. Any reliance by persons not familiar with Indian GAAP, or these laws and regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

**40. *We have had negative net cash flows in the past and may have negative cash flows in the future.***

The following table sets forth our cash flow for the periods indicated:

(₹ in million)

Particulars	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net cash (used in)/ generated from operating activities	(22,670.70)	(4,291.00)	13,251.70	2,622.50
Net cash (used in)/ generated from investing activities	(10,983.10)	(7,809.80)	(2,310.70)	(2,857.50)
Net cash (used in)/ generated from financing activities	35,315.90	12,476.90	(12,058.40)	(383.10)
Cash and cash equivalents at the beginning of the period/year	718.30	342.20	1,459.60	2,077.70
Cash and cash equivalents at the end of the period/year	2,380.40	718.30	342.20	1,459.60

For further details, please see “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 231 and 309, respectively. We cannot assure you that our net cash flows will be positive in the future.

**41. Some of our Group Companies have incurred losses in the recent past.**

Some of our Group Companies have incurred losses in recent fiscals as indicated below:

(₹ in million)

Name of Group Company	Details of Profit / (Loss)		
	Fiscal 2017	Fiscal 2016	Fiscal 2015
Controlla Electrotech Private Limited	(3.71)	(3.69)	(3.85)
Srei Mutual Fund Trust Private Limited	(0.62)	(0.36)	(0.44)
Srei Insurance Broking Private Limited	(6.62)	0.15	4.93
Hyderabad Information Technology Venture Enterprises Limited	(0.56)	(0.17)	(0.10)

There can be no assurance that these or any of our other Group Companies will not incur losses in future periods or that there will not be an adverse effect on our Company’s reputation or business as a result of such losses.

**42. The security of our IT systems may fail and adversely affect our business, operations, financial condition and reputation.**

We are dependent on the effectiveness of our information security policies, procedures and capabilities to protect our computer and telecommunications systems and the data such systems contain or transmit. An external information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information. 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 unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although we maintain procedures and policies to protect our IT systems, such as data back-up, disaster recovery and business continuity systems, any failure of our IT systems could result in business interruption, material financial loss, regulatory actions, legal liability and harm to our reputation. Further, any delay in implementation or disruption of the functioning of our IT systems could disrupt our ability to track, record and process financial information or manage creditors/ debtors or engage in normal business activities.

Though we have upgraded our enterprise resource planning (“ERP”) systems to improve operational efficiency and to keep abreast the growth in our business, any technical problems or disruptions in functioning may adversely impact our business, financial condition and results of operations. We are dependent on various external vendors for the implementation of various elements of our IT operations, including infrastructure and hardware, networking, managing our data-centre and back-up support for disaster recovery. We are therefore exposed to the risk that external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors’) business continuity and data security systems prove to be inadequate or fail to perform. Any of these developments could materially and adversely affect our business, results of operations and cash flows.

In addition, the future success of our business will depend in part on our ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development



and implementation of such technology entail significant technical and business risks. There can be no assurance that we will successfully implement new technologies effectively or adapt our technology and systems to meet customer requirements or emerging industry standards. If we are unable for technical, legal, financial or other reasons to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our financial condition could be adversely affected. Any technical failures associated with our information technology systems or network infrastructure, including those caused by power failures and breaches in security, may cause interruptions or delays in our ability to provide services to our customers and may also result in added costs to address such system failures and/or security breaches.

***43. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. We compete for such personnel with several other banking and other financial institutions and no assurance can be given that we will be successful in hiring or retaining such qualified personnel. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, in particular, to manage our other business segments and sub-segments, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere to our internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, availability of experienced employees in the infrastructure equipment finance sector can be limited. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance.

***44. Our results of operations could be adversely affected by any disputes with our employees or our customers.***

As of September 30, 2017, our Company did not have 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.

While we also believe that we maintain good relationships with our customers, there can be no assurance that we will not experience future disruptions to our operations and results due to legal disputes or other problems with our customers which may adversely affect our business and results of operations.

***45. Our lending operations involve cash collection which may be susceptible to loss or misappropriation or fraud by our employees. This may adversely affect our business, operations and ability to recruit and retain employees.***

Our lending and collection operations involve handling of cash, including collections of instalment repayments in cash especially in Retail segment. Cash collection exposes us to the risk of loss, fraud, misappropriation or unauthorised transactions by our employees responsible for dealing with such cash collections. While we obtain insurance coverage including fidelity coverage and coverage for cash in safes and in transit, and undertake various measures to detect and prevent any unauthorised transactions, fraud or misappropriation by our employees, these measures may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our business operations and financial condition. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorised transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects and future financial performance. In addition, given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are identified and corrective actions are taken. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. While we have internal controls in place to minimise the likelihood of such frauds, there can be no assurance that these are sufficient and will be so in the future.

In addition to the above, our employees operating in remote areas may be particularly susceptible to criminal activity as they are required to transport cash due to lack of local banking facilities. In the event of any such adverse incident our ability to continue our operations in such areas will be adversely affected and our employee recruitment and retention efforts may be affected, thereby affecting our growth and expansion. In addition, if we determine that certain areas of India pose a significantly higher risk of crime or instability, our ability to operate in such areas will be adversely affected.

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

We maintain such insurance coverage of the type and in amounts that we believe is adequate for our operations. For further details on our current insurance policies, please see “*Our Business – Insurance*” on page 162. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. In addition, there are various types of risks and losses for which we do not maintain insurance 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 changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

**47. *Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future earnings, financial condition, cash flows, capital requirements, capital expenditures, business prospects and restrictive covenants under our financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For details of dividend paid by our Company in the past, please see “*Dividend Policy*” on page 230.

**48. *Any increase in or realisation of our contingent liabilities could adversely affect our financial condition.***

As on September 30, 2017, our Restated Financial Information disclosed and reflected the following contingent liabilities:

(₹ in million)	
Particulars	As at September 30, 2017
Claims against the company not acknowledged as debt	
Disputed demands (Refer note a)	
- Sales tax	20.40
- Service tax	348.40
- Value added tax (VAT)	114.90
- Income tax	530.00
<b>(A)</b>	<b>1,013.70</b>
Guarantees	
Bank guarantees (Refer note b)	4,209.00
<b>(B)</b>	<b>4,209.00</b>
<b>Total (A+B)</b>	<b>5,222.70</b>

Notes:

- (a) *The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company’s financial position and result of operations.*
- (b) *Excludes ₹5.60 million as at September 30, 2017 issued on behalf of SIFL against which the Company holds counter guarantee.*

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.

**49. Our Promoter will continue to retain control over our Company after completion of the Offer, which will allow it to influence the outcome of matters submitted for approval of our shareholders.**

We are a wholly-owned subsidiary of SIFL, our Promoter. Following the completion of the Offer, our Promoter may continue to hold 75% of our post-Offer Equity Share capital. As a result, it will have the ability to influence matters requiring Shareholders' approval, including the ability to appoint directors to our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association and any assignment or transfer of our interest in any of our licenses. We cannot assure you that our Promoter will not have conflicts of interest with other shareholders of our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

**50. We have in the past entered into related party transactions and will continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.**

Transactions entered into by us with related parties in the six months ended September 30, 2017 include:

(₹ in million)

Name of the related party	Nature of relationship	Nature of transaction	Six month ended September 30, 2017
Quippo Oil and Gas Infrastructure Limited	Fellow Subsidiary	Loan given	120.00
		Interest income on loan given	4.30
		Rental income on assets given on operating lease	98.20
India Power Corporation Limited (with effect from June 1, 2017)	Enterprise over which relative of KMP has significant influence	Rental income on assets given on operating lease	153.20

While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we will enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to the Audit Committee or Board or shareholders' approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. For details, please see "Related Party Transactions" on page 218. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

**51. Certain of our Directors and Key Management Personnel may have business interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.**

Certain of our Directors and Key Management Personnel may be regarded as having business interests in our Company other than reimbursement of expenses incurred, normal remuneration or benefits. Certain of our Directors may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. We cannot assure you that our Directors and our Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, please see "Capital Structure" and "Our Management" on pages 72 and 182, respectively.

**52. Our Company, our Promoter and certain of our Group Companies have availed or may avail of certain loans that are callable by lenders, at any time.**

Our Company, our Promoter and certain of our Group Companies have availed or may avail of loans that are repayable on demand at any time by the relevant lenders. Any such unexpected demand for immediate repayment may have a material adverse effect on the business, cash flows and financial condition of the entity against which repayment is sought.

**53. *Our management will have flexibility over the use of the Net Proceeds of the Fresh Issue.***

We intend to use the Net Proceeds of the Fresh Issue towards augmenting our capital base to meet our future capital requirements. Our management will have broad discretion to use the Net Proceeds of the Fresh Issue and you will be relying on the judgment of our management regarding the application of these Net Proceeds of the Fresh Issue. Our management may not apply the Net Proceeds of the Fresh Issue in ways that increase the value of your investment.

Pending utilisation of the Net Proceeds of the Fresh Issue, we intend to deposit such Net Proceeds of the Fresh Issue in scheduled commercial banks. Although the utilisation of the Net Proceeds of the Fresh Issue will be monitored by our Board of Directors and the Monitoring Agency, there are no limitations on interim investments that we can make using such Net Proceeds of the Fresh Issue.

**54. *We have relied on third party industry reports which have been used for industry related data in this Draft Red Herring Prospectus and such data have not been independently verified by us.***

We have relied on the Feedback Reports for industry related data that has been disclosed in this Draft Red Herring Prospectus. The reports use certain methodologies for market sizing and forecasting. We have not independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information. For further details, please see “*Industry Overview*” on page 91.

## **EXTERNAL RISK FACTORS**

### **Risks Relating to India**

**55. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

We have not determined the impact of such proposed legislations on our business. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

**56. *The Government of India has implemented a new national tax regime by imposing GST. We are unable to quantify the impact of this development at this stage due to limited information available in the public domain.***

The Government of India has recently implemented a comprehensive national goods and services tax (“GST”) regime with effect from July 1, 2017, that combines multiple taxes and levies by the Central and State Governments

into a unified tax structure. The implementation of this rationalised tax structure may be affected by any disagreement between certain state governments, which may create uncertainty.

During the old tax (VAT) regime, the aggregate indirect tax rate for CME including leasing ranged between 14.75% to 27% across various states in India. The initial GST rate on most equipment categories was 28%. This resulted in many equipment categories experiencing an overall increase in indirect tax rates and therefore in their prices.

Various industry representations were made to reduce the GST rate in this segment. On November 10, 2017 the GST council announced a reduction in GST rates from 28% to 18% for 177 goods (w.e.f. November 15, 2017), which included certain important CME classes.

There can be no assurance that the GST rate will not be increased in the future. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materialising, the tax costs associated with purchase of CME is greater than anticipated, it could affect the volume of such transactions.

***57. Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the USA and several European countries during a part of financial years 2008 and 2009 adversely affected market prices in the global securities markets, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

***58. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in India is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

***59. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could



adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

**60. *Investors may have difficulty enforcing foreign judgements against our Company or its management.***

Our Company is a limited liability company incorporated under the laws of India. All of our Company's Directors (except Ms. Supriya Prakash Sen who is a resident of Singapore) and executive officers are residents of India and a substantial portion of our assets are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India, or to enforce judgements obtained against such parties outside India.

Recognition and enforcement of foreign judgements is provided for under Section 13 of the Code of Civil Procedure, 1908 ("CPC") on a statutory basis. Section 13 of the CPC provides that foreign judgements shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgement has not been pronounced by a court of competent jurisdiction; (ii) where the judgement has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgement is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgement was obtained were opposed to natural justice; (v) where the judgement has been obtained by fraud; and (vi) where the judgement sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgement, presume that the judgement was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgements. Section 44A of the CPC provides that where a foreign judgement has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Indian central government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgement had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees or judgements not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Therefore, a final judgement for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgement is rendered may bring a new suit in a competent court in India based on a final judgement that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgement in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgement if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgements that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgement in India is required to obtain approval from the RBI under the Indian Foreign Exchange Management Act, 1999, to execute such a judgement or to repatriate any amount recovered.

**61. *Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all.



Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

**62. Significant differences exist between Indian GAAP and other reporting standards, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.**

As stated in the report of our auditors included in this Draft Red Herring Prospectus, our financial statements are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to U.S. GAAP or IFRS or any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, including U.S. GAAP or IFRS.

Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on your familiarity with Indian GAAP, the Companies Act, and the regulations framed thereunder. Any reliance by persons not familiar with Indian GAAP, or these laws and regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

In the past, our Promoter has also disclosed information regarding our business at different times than us and any such disclosure may not have followed the same presentation as what investors in the Equity Shares may be used to receiving. All consideration of financial, and other, information with regard to an investor's decision whether or not to invest in this Offering should be made of the financial statements herein presented and not to any documents published by our Promoter.

**Risks Relating to the Offer and the Equity Shares**

**63. The Offer Price is not indicative of the market price of the Equity Shares and the trading volume and market price of the Equity Shares may be volatile following the Offer.**

The Offer Price of the Equity Shares will be determined by our Company in consultation with the BRLMs through the Book Building Process. The Offer Price will be based on numerous factors, including the basic and diluted earnings per share, price earnings ratio in relation to the offer price per equity share of the face value, comparison with listed industry peers, if any, and return on net worth as described under "Basis of Offer Price" on page 85 and may not be indicative of the market price for the Equity Shares after the Offer.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments; announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- changes in the price of oil or gas;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares. The market price of the Equity Shares may decline below the Offer Price and investors may not be able to re-sell Equity Shares at or above the Offer Price resulting in a loss of all or part of the investment. Further, certain of the BRLMs

have previously handled issues wherein the market price of the issued shares declined below the issue price of shares within 30 days of their listing and in certain cases continued to trade at a price lower than their listing price on the 180<sup>th</sup> day from listing. For details of the price information of the past issues handled by the BRLMs, please see “*Other Regulations and Statutory Disclosures*” on page 373.

**64. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under the current Indian tax laws and unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction tax (“STT”) has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. As such, any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of equity shares on a stock exchange held for a period of 12 months or less will be subject to short-term capital gains tax in India.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India. By way of the Finance Bill, 2017, the Government of India has introduced certain anti-abuse measures, pursuant to which, the aforesaid exemption from payment of capital gains tax for income arising on transfer of equity shares shall only be available if STT was paid at the time of acquisition of the equity shares. The said provision has been notified taken effect from April 1, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

**65. *Foreign investors are subject to foreign investment restrictions under Indian laws that may limit our ability to attract foreign investors, which may have a material adverse impact on the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

**66. *Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by our Promoter may adversely affect the trading price of the Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future equity issuances by our Company, including a primary offering, may lead to the dilution of investors’ shareholdings in the Company. Any future issuances of Equity Shares or the disposal of Equity Shares by our Promoter or the perception that such issuance or sale may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

**67. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends, if declared, in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**68.  *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by our Company. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If our Company elects not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

**69.  *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

**70.  *Our Promoter is selling shares in the Offer and will receive proceeds as part of the Offer for Sale.***

The Offer comprises of a fresh issue of [●] Equity Shares aggregating up to ₹11,000 million and an offer for sale of up to 4,386,765 Equity Shares by the Selling Shareholder which is our Promoter. The proceeds from the Offer will be paid to Selling Shareholder, in respect of the Equity Shares offered by it in the Offer, and we will not receive any portion of such proceeds. For further details, please see "*Objects of the Offer*" on page 81.

**71.  *The average cost of acquisition of Equity Shares by our Promoter, may be less than the Offer Price.***

The average cost of acquisition of Equity Shares by our Promoter, SIFL is ₹54.47 per Equity Share. For further details, please see sections "*Risk Factors – Prominent Notes*" and "*Capital Structure*" on page 42 and 72. We cannot assure you that the Offer Price will not be less than the average cost of acquisition of Equity Shares held by our Promoter.

**Prominent Notes**

- Initial public offering of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, consisting of a Fresh Issue of [●] Equity Shares aggregating up to ₹11,000 million and an Offer for Sale of up to 4,386,765 Equity Shares aggregating up to ₹ [●] million. Our Company may, in consultation with the BRLMs, consider a private placement of up

to 2,500,000 Equity Shares for cash consideration aggregating up to ₹ 3,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of 10% of the post-Offer paid-up equity share capital of our Company being offered to the public.

- As of March 31, 2017, the Net Worth of our Company was ₹24,617.90 million as per our Restated Financial Information. As of September 30, 2017, the Net Worth of our Company was ₹25,682.00 million as per our Restated Financial Information. For further details, please see “*Financial Statements*” on page 231.
- As of March 31, 2017, the Net Asset Value per Equity Share was ₹412.64 as per our Restated Financial Information. As of September 30, 2017, the Net Asset Value per Equity Share was ₹430.47 as per our Restated Financial Information. For further details, please see “*Financial Statements*” on page 231.
- The average cost of acquisition per Equity Share by our Selling Shareholder/Promoter as on the date of the Draft Red Herring Prospectus is:

Name of Promoter	Average cost of acquisition per Equity Share (in ₹)*
Srei Infrastructure Finance Limited	54.47

\*As certified by G.P. Agrawal & Co., Chartered accountants by their certificate dated November 27, 2017.

- There are no financing arrangements pursuant to which our Promoter, Promoter Group, directors of our Promoters, our Directors and/or their immediate relatives have financed the purchase of Equity Shares by any other person other than in the ordinary course of business during the six months preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.
- Except as stated in the sections “*Our Promoter and Promoter Group*”, “*Our Group Companies*” and “*Related Party Transactions*” on pages 198, 204 and 218, respectively, our Group Companies do not have any business or other interest in our Company.

There has been no change in the name of our Company at any time during the last three years immediately preceding the date of this Draft Red Herring Prospectus.

Bidders may contact any of the BRLMs who have submitted the due diligence certificate to the SEBI, for any complaint pertaining to the Offer.



## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*Unless noted otherwise, the information in this section has been obtained or derived from Feedback Reports as well as other industry sources and government publications. All information contained in the Feedback Reports has been obtained by Feedback from sources believed by it to be accurate and reliable. Although reasonable care has been taken by Feedback to ensure that the information in the Feedback Reports is true, such information is provided ‘as is’ without any warranty of any kind, and Feedback in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and Feedback shall not be liable for any losses incurred by users from any use of this publication or its contents. None of the Company or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.*

#### **I. Overview of the Indian Economy**

According to the Central Statistics Organisation, India (“CSO”) and the International Monetary Fund (“IMF”), India has emerged as the fastest growing major economy in the world. Gross Domestic Product (“GDP”) in Fiscal 2017 grew by 7.1% (Gross Value Added (“GVA”) grew by 6.6%) from the previous year. During Fiscal 2017, India surpassed China’s GDP growth rate.

The improvement in the country’s economy accelerated in 2015 with the combined impact of strong government reforms and the Reserve Bank of India’s (RBI) focus on inflation, supported by benign global commodity prices. As per the Economic Survey 2016-17, the Indian economy is expected to grow between 6.75-7.5% during Fiscal 2018. India’s GDP for Fiscal 2017 was ₹121,898.5 billion (provisional estimates). GVA for the same period was ₹111,854.42 billion. The estimates of GDP and GVA are at constant prices (base year 2011-2012).

#### **Economic Outlook for India in Fiscal 2018**

India’s GDP growth is likely to face obstacles and might slip below the 7% mark to a three-year low this financial year (i.e. Fiscal 2018) due to demonetisation in November 2016 and GST rollout in July 2017. These events had a short-term impact on economic activity while aggravating the already slowing momentum. India’s economic growth slipped to a three-year low of 5.7% in April-June 2017.

Recovery is expected to be gradual, but below potential this year and the next, with the resultant output gap keeping price pressures under check. Until the private sector returns, government spending towards capital expenditure and infrastructure will be crucial to forecast growth above 7%.

#### **II. Overview of the Indian Infrastructure Sector**

The Infrastructure sector is a key driver for the Indian economy and is largely responsible for propelling India’s overall development. The government is focused on initiating policies to ensure the creation of a world class infrastructure in India.

From April 2000 to March 2017, according to the Department of Industrial Policy and Promotion (“DIPP”), Foreign Direct Investment (“FDI”) received in the infrastructure development sector stood at ₹1,580 billion.

The government has fixed a higher fiscal deficit figure of 3.2% in Fiscal 2018, with a structural decline in primary deficit. This decline in primary deficit implies an improvement in the quality of expenditure anticipated by the government. Out of the total capital expenditure, the majority of the increased allocation is towards areas such as railways (increase by approximately 19% year on year), roads and highways (increase by approximately 24% year on year) and urban development (increase by approximately 5% year on year). This increase is expected to have a positive impact the economy.

**Figure 4 – Allocation Infrastructure Expenditure (Fiscal 2015-2018)**

Infrastructure Expenditure				
	INR. Billion			
Infrastructure Expenditure	2014 - 15	2015 - 16	2016 - 17	2017 - 18 (BE)
Railways	320	350.08	461.55	550
Road Transport & Highways	330.48	469.13	524.47	649
Rural Development	673.11	773.69	960.6	1,054.48
Power	132.05	77.35	104.76	138.81
Urban Development	132.54	184.19	325.5	342.12
Coal	7.0	5.70	5.56	7.45
Renewable Energy	5.15	2.26	43.60	54.73
Mines	8.68	9.93	10.83	12.13
Water Resources	54.8	68.62	47.56	68.87
Civil Aviation	66.26	41.68	34.52	27.02
Ports & Shipping	10.3	13.24	14.54	17.73

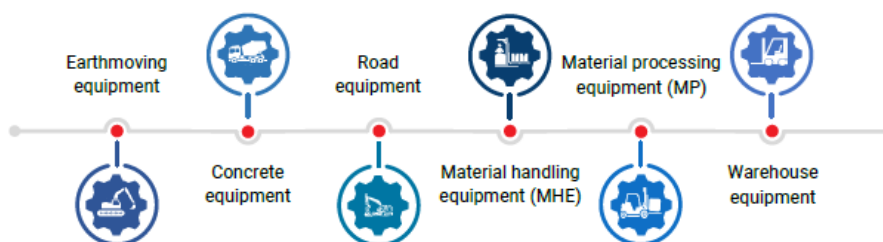
Source: Annual Budget Document, Govt. of India

### III Overview of the Construction, Mining and Allied Equipment (CME) Segment in India

The CME industry in India can be classified into different categories based on the type of projects for which it is used. These categories are:

- Earthmoving equipment;
- Concrete equipment;
- Road equipment;
- Material handling equipment;
- Material processing equipment; and
- Warehouse equipment.

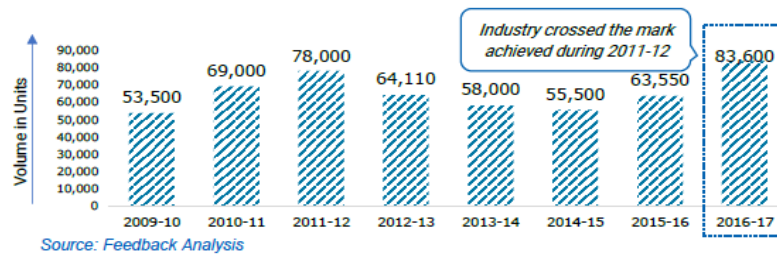
**Figure 16 – Categories of CME based on Project Use**



*Review of the CME market (over the last 7-8 years)*

The CME sector experienced a period of de-growth from Fiscal 2013 until September 2015. During October to December 2015 there was a period of flat growth, however sales increased from January 2016 and continued to grow until November 2016. The industry witnessed a slight reduction in sales numbers during December 2016 due to demonetisation and reduction in retail sales. The growth rate then increased by 7% during fourth quarter of Fiscal 2017 as compared to the third quarter of Fiscal 2017.

**Figure 19 – Sales of CME Equipment (Fiscal 2010-2017)**



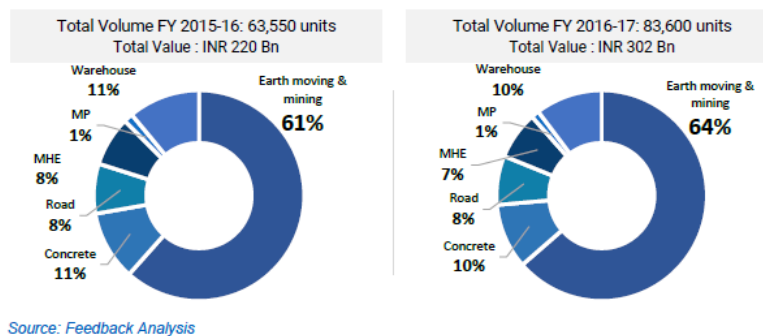
The industry has witnessed a good revival in the last two financial years following the previous three year decline. During Fiscal 2017, 83,600 units were sold, of which 53,170 units were earthmoving machines. This is largely attributed to the positive movement in select sectors such as national highway roads, irrigation and railways. These sectors have experienced a lot of drive from the government in the last two years. For example, in the national highways sector, key reforms introduced by the government have helped the sector move beyond what was anticipated.

The Indian CME industry continues to be sensitive to the demand for backhoe loaders and hydraulic excavators. Backhoe loaders, which contribute 37% of the overall sales by volume during Fiscal 2017, are an India specific phenomenon. Backhoe loaders in China account for hardly 0.5% of overall construction equipment sales while in North America it accounts for 8.5% sales of their construction equipment respectively. The backhoe loader is the equipment of choice as the market shifts from manual labour to mechanisation. The hydraulic excavator is usually the next machine which most customers will choose, after the purchase of a backhoe loader. The trend witnessed across most customers is that they buy a hydraulic excavator within the first 5-6 years of the purchase of a backhoe loader.

#### Recent Growth

The overall Indian CME industry grew by 32% in Fiscal 2017 compared to Fiscal 2016. The last quarter of Fiscal 2017 showed a good surge in overall equipment sales and the industry sales surpassed the volumes achieved during Fiscal 2012.

Figure 20 – Sale Volumes in Fiscal 2016 and Fiscal 2017



#### IV. Overview of the CME Financing Segment in India

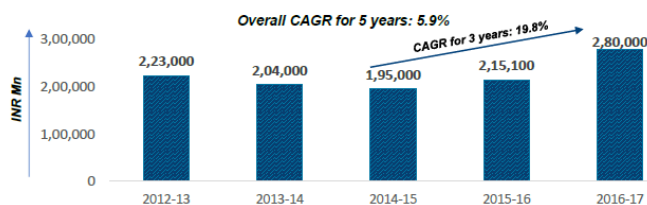
Construction equipment finance caters to all types of earthmoving, concrete, material handling, road construction, material preparation, tunnelling and drilling, and warehousing equipment. CME finance in India is offered mainly by NBFCs, banks and captive or private financiers.

As the segment requires large capital expenditure, financing accounts for approximately 80-85% of the total equipment purchased, and in the case of overseas purchases, it accounts for approximately 90%. Most financing is procured through loans while leasing is the second most common mode of financing. 80-85% of earthmoving construction equipment users who opt for finance are Micro, Small and Medium Enterprises (“MSMEs”) with transaction sizes varying from ₹2 million for a backhoe loader to ₹4.2 million for an excavator. Though the cost of construction equipment is approximately 10%-30% of the project cost, the presence of CME financiers assists in productivity and efficiency.

### Review of Trends in Disbursements in CME Financing in Last Five Years

The total CME finance disbursement for Fiscal 2017 was estimated to be approximately ₹280 billion. Over the last five years disbursements to the sector have grown at a CAGR of 5.9%. During the recovery period of Fiscal 2015 to Fiscal 2017 the industry grew at a rate of 19.8%.

Figure 58 – Disbursement Trend in CME Financing



Source: Feedback Analysis

Of the total amount disbursed to the CME segment, earthmoving and mining equipment contributed 68% of the overall amount. Road construction equipment accounted for 10%, material processing/preparation equipment for 7%, concrete equipment accounted for 5%, material handling equipment accounted for 6% and warehousing equipment accounted for 4% of the overall CME finance market for Fiscal 2017. Compared to Fiscal 2016, the disbursements to the earthmoving and mining equipment sectors increased by 33%.

Over the last five years, the disbursements to the earthmoving and mining equipment industry have grown by 6.4%, concrete equipment by 12.8%, material handling and material processing equipment have decreased by 0.93% and 2.36% respectively, road construction equipment has grown by 11.8%, and warehousing equipment has grown by 0.28%.

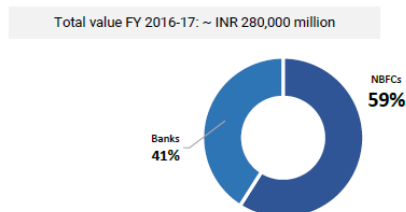
The government’s initiative to improve infrastructure in India has caused a surge in demand for road construction equipment, thereby increasing the disbursement to the segment. Government focus on building concrete roads (on national and state highways) has boosted the demand for concrete and material processing equipment, though the slowdown in the real estate sector continues.

#### Market Breakdown by Lender Category

The lender category consists of Banks, NBFCs and private financiers. Data for private financiers is not recorded and therefore is not publicly available. Analysis is limited to Banks and NBFCs participating in the industry. Private financiers are estimated to account for approximately ₹15-20 billion.

Among the NBFCs and Banks, NBFCs account for 59% of the overall CME finance market. Though the share of NBFCs have declined over the last few years, market leaders like SEFL benefitted by increasing their presence in the industry. NBFCs who had exited during the market downturn are now re-entering the segment due to the revival of the construction equipment segment.

Figure 59 – Market Breakdown by Lender (Banks and NBFCs)



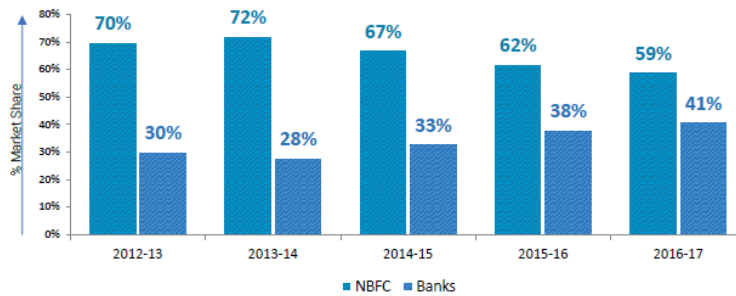
Source: Feedback Analysis

NBFCs currently have the majority of the market share. Historically banks have tended to cater for the needs of large companies and have started to focus on the retail segment, whereas NBFCs fulfil the fund requirements across the market.

During the period 2000-2012, most projects were handled by large construction companies with access to a pool of sub-contractors. A slump in construction activity, high interest rates, outsourcing of job and higher project costs

caused these large contractors’ operations to become unviable. In turn, this led to the growth of many medium sized contractors, who had bankable profiles and who opted to finance with banks offering lower interest rates compared to NBFCs. This helped the private and public-sector banks to increase their exposure to the CME financing sector.

**Figure 60 – Market Share by Lender Category (Fiscal 2013-2017)**



Source: Feedback Analysis

The market share of NBFCs reduced from 70% in Fiscal 2013 to 59% in Fiscal 2017. NBFCs, apart from regular financing for contractors and medium companies, are more active in segments like FTBs and First Time Users (“FTUs”) for equipment such as backhoe loaders, excavators, and pick and carry cranes, which have been traditionally underserved by banks.

During Fiscal 2017, the institutional segment accounted for 65% of SEFL’s disbursement to CME segment and 35% to the retail segment. For Fiscal 2018, banks and NBFCs are expected to have an equal share of the CME finance industry.

During the cyclical stages of the CME finance industry, only SEFL has been able to retain the number one position in the CME finance segment and their revenue has grown at a CAGR of 7% in Fiscals 2014-2017.

NBFCs like Sundaram Finance, Cholamandalam and Shriram Finance are more active in the retail segment. Companies like Tata Capital, HDB and Reliance focus both on institutional and retail sales.

Interest rates and turnaround time are critical factors considered by retail and Small to Medium Enterprises (“SMEs”) customers which are largely catered for by NBFCs.

*NBFCs*

NBFCs have been active in the CME industry since 2000. NBFCs are financial institutions that provide certain types of banking services but do not hold a banking license. NBFCs offer services such as loans and credit facilities, money markets, underwriting and merger activities. Companies in the construction equipment finance segment are either asset finance companies or infrastructure finance companies or both. Approximately 11-15 NBFC companies operate in the infrastructure equipment sector in India.

Construction equipment industry is highly organised with the top five NBFCs accounting for 48% of the overall equipment finance market in India. Most large projects are outsourced to SME companies by larger contractors. These companies are not typically financed by banks leading to the dominance of NBFCs in this segment.

Key NBFCs offering finance solutions for construction equipment are

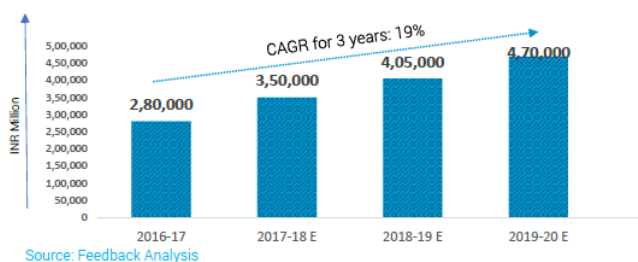
- Cholamandalam Finance;
- HDB Financial Services;
- Srei Equipment Finance Limited;
- Sundaram Finance;
- Tata Capital

***Outlook on the Growth in Disbursements under Construction Equipment Financing over the Next Three Years (Fiscal 2018 to Fiscal 2020)***

*Growth in disbursements under construction equipment financing*

**Figure 66 – Outlook for Growth in CME Disbursement (Fiscal 2017- 2020)**





The construction equipment finance industry is expected to grow at a CAGR of 19% for the next three years.

### ***Key Success Factors for NBFCs in the Construction Equipment Financing Industry***

NBFCs comprise of heterogeneous, privately-owned financial intermediaries offering various services that include equipment leasing, hire purchase, loans and investments.

In infrastructure projects, the big developers usually sub-contract part of the project to the small and medium scale entrepreneurs who make up the bottom of the infrastructure pyramid. However, these companies do not enjoy access to institutional financing such as banks. Therefore NBFCs cater for credit needs of such companies. The NBFCs have knowledge of the credit needs of these companies and have a good idea of their capabilities. NBFCs make a call on extending credit to these companies based on their track record, order books, and cash flow.

Credit intermediation has been the most preferred route for credit expansion and NBFCs have offered this service for 30 years. NBFCs' decision making process is also faster vis-à-vis the banks.

Though banks have branches across the country, for construction equipment finance, most customers prefer NBFCs for the following reasons:

- NBFCs have better reach in certain states;
- NBFCs offer faster turn-around-time and doorstep services;
- Tailor made schemes to suit individual requirements;
- Higher loan to value which is 5-6% more compared to banks;
- Simple documentation process;
- Easy finance options for FTBs;
- Flexible terms and conditions; and
- Differentiated relationships management.



## SUMMARY OF BUSINESS

The following information should be read together with the information contained in the sections titled “*Risk Factors*”, “*Industry Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Information*” on pages 15, 91, 309 and 231, respectively. Unless otherwise stated or required by context, the financial information used in this section is derived from the Restated Financial Information.

### Overview

We are the leading financier in the Construction, Mining and allied Equipment (“**CME**”) sector in India, with an approximately 32.7% market share in Fiscal 2017 (Source: Feedback Report). This sector primarily consists of equipment used for earthmoving and mining, concreting, road building, material handling, material processing and allied activities. Our product offerings include loans, for new and used equipment, and leases.

In more than 27 years of our Group’s operations, we have demonstrated clear market differentiation through our holistic approach to providing equipment financing solutions (Source: Feedback Report). This approach covers the value chain in the equipment life cycle by providing financing to and sustaining continuous engagement with customers across equipment procurement, deployment, maintenance and exit stages. The equipment-centric services we provide include preferred financing schemes offered by us in conjunction with Original Equipment Manufacturers (“**OEMs**”), equipment deployment assistance during project downtime, spare parts financing, exchange programme financing and used equipment financing.

Our partnerships with OEMs are key to our equipment-centric business model. These include various arrangements such as general associations, preferred financier associations (with or without risk-sharing arrangements) and private label associations. We offer innovative financing solutions to equipment purchasers under these arrangements, which we believe are relatively new to the Indian equipment financing market (Source: Feedback Report). As of September 30, 2017, we had 191 OEM partnerships. We believe we are well positioned to sustain and develop OEM partnerships due to our significant CME market share, pan-India presence and continuous customer engagement approach.

We believe that our customer-focussed approach also has contributed to our success. As of September 30, 2017, we had more than 64,000 current customers. We cater to a wide range of customers, from ‘First Time Users’ (“**FTUs**”) and ‘First Time Buyers’ (“**FTBs**”) to fleet owners and mid-size contractors to large corporations and project owners. Supported by our holistic equipment financing solutions approach, our customer-focussed approach has helped us retain our customers as their business has grown in size as well as expand our customer base through their referrals. In Fiscals 2017, 2016 and 2015, over 60% of our total disbursements were to our repeat customers.

Our exclusive distribution partners, Srei Entrepreneur Partners (“**SEPs**”), help us in sourcing customers and ensuring regular repayment. An SEP’s local risk insight and on the ground presence facilitates our customer acquisition, screening and access and broadens our market coverage. Our training also benefits the SEPs by helping them to diversify and broaden their business operations. As of September 30, 2017, we had 120 SEPs across India.

Our years of experience in the equipment financing business have provided us with deep insight into various equipment categories, diverse geographies and multiple customer segments. Our risk assessment framework and credit appraisal policies are an outcome of this experience, which we have progressively institutionalised. As we continue to diversify our customer exposures, we are scaling up our asset-centric risk approach to cover multi-dimensional risks. We increasingly are managing risk by deploying technology including real time equipment location identification through GPS/ GPRS devices, use of handheld devices by field personnel, customer service through online portals, mobile applications and customised risk prognosis tools.

Our widespread network of branches demonstrates our strength across India to cater to the needs of our stakeholders including our customers, OEMs, SEPs, dealers, local industry bodies and regulatory agencies. As of September 30, 2017, we were present in 21 states through our 89 branches and four offices including our head office in Kolkata, India. We also cater to 77 additional satellite locations where our employees service customers directly using technology without a physical branch office. In addition, as of September 30, 2017, we had 77 stockyards for equipment maintenance helping us to preserve the repossessed equipment quality for potential redeployment or resale.

We believe that our human resources have played an important part in our success. Our senior and mid-level management include professionals from financial services and OEM background. We develop our employees’

functional and leadership competencies through structured training initiatives focussed on consistently meeting customer expectations. Our customer relationship managers provide personalised customer service helping us enhance our brand.

In addition to CME, we have also diversified into financing of Tipplers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets. As of September 30, 2017, our total Gross Earning Assets were ₹254,170.80 million comprising ₹189,767.77 million in CME, ₹21,013.82 million in Tipplers, ₹9,477.62 million in IT and allied equipment, ₹3,066.10 million in Medical and allied equipment, ₹5,574.38 million in Farm equipment and ₹25,271.11 million in Other assets.

We have access to multiple sources of liquidity. Our sources of funding comprise unsecured subordinated non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial paper. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our Total Borrowings were, ₹164,840.70 million, ₹129,318.40 million, ₹118,537.10 million and ₹130,645.30 million, respectively, and our Cost of Borrowings was 9.48%, 10.17%, 10.45% and 10.63% for these periods. Our current long-term credit ratings include CARE AA-; Positive, CARE A+; Positive and CARE A+; Positive, from CARE, BWR AA+/Stable from Brickwork and SMERA AA+/Stable from SMERA Ratings. In relation to our short-term credit ratings, our current credit ratings include ICRA A1+ from ICRA Limited, CARE A1+ from CARE and BWR A1+ from Brickwork.

We are a wholly owned subsidiary of SIFL, a well-established name in the Indian infrastructure financing business.

We have an established track record of consistent financial performance and growth. As of September 30, 2017, our Net Worth was ₹25,682.00 million. For the six months ended September 30, 2017 and for Fiscals 2017, 2016 and 2015:

- Our AUM were ₹265,248.90 million, ₹212,317.90 million, ₹185,974.80 million and ₹183,478.20 million, respectively;
- Our PAT was ₹1,095.10 million, ₹1,488.40 million, ₹1,203.80 million and ₹1,540.00 million, respectively;
- Our Gross NPAs were ₹4,578.30 million, ₹4,198.60 million, ₹4,544.00 million and ₹7,935.20 million, respectively;
- Our Revenue from Operations was ₹14,965.60 million, ₹24,933.30 million, ₹26,138.80 million and ₹26,014.40 million, respectively; and
- Our Disbursements were ₹83,093.40 million, ₹117,148.76 million, ₹91,588.78 million and ₹77,196.72 million, respectively.

## **Our Strengths**

We believe we benefit from a number of strengths that together differentiate us from our competitors:

***Market leading CME financier in India with a wide distribution network and strong brand name, making us well positioned to access customers in the growing Indian infrastructure financing sector***

According to Feedback's report titled "Market Assessment of the Construction, Mining and Allied Equipment (CME) Financing Segment" dated November 27, 2017, we are the leading financier in the CME sector in India in Fiscal 2017 with an approximately 32.7% market share in the CME vertical. We believe the larger market opportunity also will lead to significant demand for new and more advanced equipment for longer-term projects.

Since our inception, we have been CME financiers. Our long track record in this vertical has helped us develop deep infrastructure sector knowledge, understanding of equipment life cycle and strong relationships with borrowers. This helps us access new potential borrowers, provide customised solutions and manage asset risks prudently. The GoI has announced an increased infrastructure budget allocation for Fiscal 2018, the majority of which is towards segments such as railways (increased by approximately 19% year-on-year), roads and highways (increased by approximately 24% year-on-year) and urban development (increased by approximately 5% year-on-year) (Source: Feedback's report titled "Infrastructure Segment" dated November 27, 2017). This provides us with attractive opportunities to offer financing for equipment required for such projects.



As of September 30, 2017, we were present in 21 states through our 89 branches and four offices including our head office in Kolkata, and 77 satellite locations across India, serving more than 64,000 current customers. In addition, as of September 30, 2017, we had 77 stockyards. Our pan-India presence allows us to cater to a large customer base across industry segments from proximate locations, enabling customers easy access to our services.

We have developed a wide relationship-based distribution network that has helped us achieve a better market understanding and reach in several regional markets. Through our distribution network, we have developed long-term relationships with our customers at various stages of the financing cycle including customer origination, loan administration and monitoring as well as loan recovery. Our customer relationships provide us opportunities for repeat business and to cross-sell our other products as well as to receive new customer referrals. We believe we have a strong brand name and market recognition due in large part to our deep and long-standing customer relationships.

#### ***Equipment-centric robust and disciplined business model across diverse business verticals***

We operate a holistic business model providing end-to-end solutions across the equipment lifecycle beginning from the equipment's acquisition to its refinancing or resale. We are able to leverage our capabilities and relationships to be present across the entire equipment value chain, support customer requirements across the equipment life cycle and reinforce customer loyalty. Our market leading position in the CME sector and brand name has helped us to expand to other sectors such as Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets, which present both greenfield and brownfield opportunities.

Our offerings at different stages of the equipment life cycle include:

- *Equipment Acquisition:* At this stage, we provide assistance in equipment procurement through customised solutions comprising loans and leases (where we benefit from our OEM relationships).
- *Equipment Deployment:* During this stage, if a customer requires, we help in allocating equipment financed by us to projects/jobs to allow efficient deployment of idle assets.
- *Equipment Maintenance:* During this stage, we provide equipment maintenance assistance through spare parts financing and enable our customers to access our strong OEM and dealer relationships for maintenance support.
- *Second Life Financing:* We have also introduced branded refurbished equipment solutions for our customers. During this stage, we help our customers in acquiring branded refurbished equipment in conjunction with our OEMs partners. For instance, we have recently partnered with JCB to offer the 'JCB select' range of refurbished equipment.
- *Equipment Exit:* At this stage, we facilitate various services including equipment valuation and inspection, auctioning and other equipment disposal services. Our 77 stockyards across the country are important to our ability to offer these exit services efficiently. Our used equipment financing, refurbishment programmes and exchange programmes assist customers to dispose of their old equipment.

#### ***Strong partnerships with OEMs and SEPs with access to diversified and cost effective funding sources***

We believe we have a strong relationship network through partnerships with OEMs and vendors that have enabled us to maintain sustainable growth and market leadership over the years. As of September 30, 2017, we were partnered with 191 OEMs. We have long-standing relationships with leading OEMs such as Tata Hitachi, JCB, Volvo, Hyundai, Putzmeister, Komatsu, CNH, Kobelco, Bharat Benz (DICVPL), TEREX and Sany. These partnerships provide us with deep knowledge on the diverse range of equipment used in our various verticals, which ultimately enables us not only to offer financing solutions to our customers but also to understand and meet their future project requirements.

We have also strategically expanded our distribution and marketing network and operations through partnerships with SEPs, our exclusive channel partners. As of September 30, 2017, we were partnered with 120 SEPs. The SEPs combine their knowledge of the local market requirements with our business needs to deliver new accounts. They also facilitate in acquisition of new customers independent of OEMs referrals.

We have access to multiple sources of credit and liquidity to finance our business and operations. At present, we meet our funding requirements from unsecured subordinated non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial paper. As of September 30, 2017, our lenders included 39 banks and financial institutions, both domestic and international. We believe our strong relationships and past credit record with nationalised banks and private sector banks enables us

to access cost effective funds. We also undertake securitisation and assignment transactions to maintain and balance our overall borrowing costs.

### ***Effective equipment risk management framework***

We believe that our industry knowledge, understanding of equipment and long track record have helped us develop an effective risk management framework which categorise risk based on our understanding of customer segments, equipment realisations and geographies. This helps us in evaluating and approving equipment financing proposals. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our Gross NPAs to Earning Assets ratios were 2.21%, 2.48%, 2.95% and 4.98%, respectively while our Net NPAs to Earning Assets ratios were 1.56%, 1.76%, 1.99% and 3.83%, respectively.

We believe our approach to credit and equipment risk management is a key differentiator. Our processes are focussed on preserving equipment value and can be broadly classified as follows:

- ***Receivable Management:*** Assessment of receipt of all appropriate transaction documents, confirmation of security creation and delivery of the equipment.
- ***Relationship Management:*** Active follow-up and dialogue with a customer in case of a payment default or if there is a likelihood of such a default. For example, if a customer requires, we help in matching equipment financed by us to projects or jobs to allow efficient deployment of idle assets. Our relationship management team enables this process.
- ***Equipment Management:*** Ongoing assessment of the equipment's location, condition and steps required to ensure its safety or movement back to our stockyard. Assessment and maintenance of the re-possessed equipment's condition, upkeep and reconditioning of the equipment and facilitating options available for refinancing or resale.
- ***Legal Recourse:*** Assessment of legal recourse options are available to us if the security available is not sufficient, if the equipment's refinancing or resale will not suffice or if we have failed to repossess the equipment. We also seek legal recourse in circumstances of default, fraud and similar egregious circumstances.

While approving a disbursement, we focus on potential cash flows in the future from the proposed project rather than making a decision solely based on past cash flows or profit track record of the customer. We also use a range of quantitative as well as qualitative parameters as a part of the appraisal process to assess the extent of the underlying credit risk in a project. As of September 30, 2017, our credit underwriting and risk team included 51 professionals.

### ***Strong parentage aided by an experienced Board and management team***

We are a wholly-owned subsidiary of SIFL. SIFL is a well-established brand domestically in the infrastructure financing business. We believe this provides us with a significant competitive advantage, access to management talent and professionals with strong industry knowledge in their respective sectors, early access to potential business opportunities, ability to understand and efficiently cater to the needs of customers in a comprehensive manner and access funds at competitive rates from a wide variety of market participants.

Our Board consists of five directors, two of whom are executive directors and the remaining three of whom are independent directors with banking and financial services expertise. Our executive directors bring extensive experience in equipment financing, lending, portfolio management, operational and managerial areas and have been with our Group for more than 25 years. Our senior management team comprises personnel with significant experience in the financial services sector and particularly in the financing industry. Our CEO and CFO have been with our Group for more than 20 years.

Our mid-level management team, which includes the heads of our business departments has experience in the financial and leasing sectors. These employees lead the formulation and implementation of our business models and are instrumental in the sustainable development of our business and the improvement of our customer services and offerings.

We believe that the in-depth industry knowledge and commitment of our management and professionals at Board, senior and middle levels provides us with a distinct competitive advantage. We have been able to retain a majority of the members of our senior management.



## **Our Business Strategies**

Our key strategic priorities are as follows:

### ***Continue to maintain our strong market position through our end-to-end equipment lifecycle business model to leverage growth opportunities in the Indian equipment financing market***

The enhanced focus of the GoI on the development of infrastructure creates a strategic opportunity for the equipment financing and leasing industry. Owing to the GoI's continued allocation to infrastructure projects, we believe that the Indian infrastructure equipment sales will continue to increase in turn ensuring the continued growth of the equipment financing industry.

According to Feedback's Report titled "Market Assessment of the Construction Mining & Allied Equipment (CME) Segment in India" dated November 27, 2017, Indian CME sector is expected to grow at a CAGR of 14% for the next three years to reach a volume of approximately 125,000 units in Fiscal 2020 from 83,600 units in Fiscal 2017 and at a CAGR of 18% by value to reach a value of ₹490 billion in Fiscal 2020. The disbursements in CME segment is expected to grow at a CAGR of 19% to reach a value of ₹470 billion in Fiscal 2020.

In healthcare, according to Feedback's Report titled "Medical Device Market in India" dated November 27, 2017, the medical equipment market in India is estimated to be ₹108.9 billion in Fiscal 2018 and projected to reach ₹160.3 billion in Fiscal 2020 at a CAGR of 21% during the three years period.

According to Feedback's Report titled "Market Assessment of the Construction Mining & Allied Equipment (CME) Segment in India" dated November 27, 2017, our market share in the Indian CME market was approximately 32.7% in Fiscal 2017. We believe that due to our experience in the CME vertical, our robust business model, equipment-centric risk model, our pan-India distribution network and our strong customer relationships supported by repeat business, we are well positioned to maintain our market leading position and to capitalise on the growth opportunities in the infrastructure sector generally. In addition, we believe our presence in diversified verticals also allows us to better manage our risk exposures across industry sectors and provides larger growth opportunities.

### ***Enter into partnerships with new OEMs and vendors and expand in equipment categories and business verticals with attractive growth opportunities***

In more than 27 years of our Group's operation, we believe we have developed long-term relationships with our customers by addressing their equipment lifecycle requirements. We intend to continue to leverage our experience in CME financing and expand our business by further developing and growing relatively new lines of business such as financing of certain CME equipment categories such as Tippers, Material Handling Equipment ("MHE"), and expanding certain verticals such as Used equipment (within CME), IT and allied equipment, Medical equipment, Farming equipment and Other assets.

To improve our market share and cater to the growing demand in these relatively newer verticals and equipment categories, we plan to enter into new partnerships with leading OEMs and vendors with whom we are looking to build new relationships. We will also continue to leverage our existing customer and OEM relationships in our target equipment categories and verticals. Some of the attractive growth opportunities in equipment categories and verticals that we intend to focus on include:

- *Tippers*: We intend to build market share in the multi-axle tipper equipment category, focussing on tipper trucks. Tippers form an integral part of earth moving equipment with excavators and together they are often a bundled requirement of customers.
- *MHE*: We aim to build our portfolio in MHE through focused coverage of our target equipment categories, including truck cranes, mobile cranes, crawler cranes, forklifts and reach stackers.
- *Used equipment*: We have been providing financing for used equipment to our Retail and SME customers. Used equipment financing is provided for a wide range of CME equipment. We aim to create a portfolio of attractive business and add to our existing customer base. This will also help us in enabling our existing customers to exit specific equipment and thereby delivering our holistic equipment lifecycle model. We also plan to partner with OEMs and dealers for financing refurbished assets.
- *Spare parts*: We have been providing spare parts financing to our customers as a part of our equipment life cycle strategy. We aim to strengthen our relationships with OEMs by increasing original spare part sales. This will also help in the upkeep of our funded equipment.

- *Medical and allied equipment:* With the classification of the healthcare sector as infrastructure for both diagnostic centres and hospitals (Source: RBI circular no. RBI/2013-14/378 DBOD.BP.BC.No.66 / 08.12.014 / 2013-14 dated November 25, 2013), we believe we have an opportunity to provide financing to such businesses for their medical equipment requirements.
- *Other assets:* We seek to acquire new customers and increase our market share in this segment to diversify our portfolio.

We aim to continue partnering with leading OEMs, improve market share and yield, and prudently manage our risk exposure. Through digitisation, we intend to improve our reach and Turn Around Time (“TAT”), making it seamless and user friendly for our customers while at the same time reinforcing our risk appraisal and risk management capabilities.

We are also considering entering into partnerships with banks for offering banking products (not offered directly by us due to regulatory restrictions) to give our customers a wider range of financial services. In addition, we will evaluate our offerings to customise our products to the geographically localised needs and demands of our customers and correspondingly refine our delivery capability in the relevant territories.

#### ***Endeavour to optimise borrowings and explore alternate avenues of funding***

We continue to evaluate various funding opportunities to lower our cost of funds, including through focussing on funding options through non-traditional banking channels for products such as external commercial borrowings and retail debt instruments. Our specific strategies include:

- expanding financing channels through the issue of domestic non-convertible debentures;
- raising our profile in the international capital markets and establishing reliable overseas bond issue channels to support development of our business, following the strengthening of our capital base pursuant to the Offer;
- strengthening our cooperation with a range of Indian and global financial institutions and utilising more diversified financial instruments, such as export credit agency financing, tax structured financing and asset securitisation; and
- improving the management of our financing costs by closely monitoring and forecasting domestic and global interest rate trends.

We also intend to develop and maintain a liability base with an appropriate mix of equity and debt financing and to increase the proportion of long-term debt in our debt-financing portfolio, which we believe will enable us to further improve our credit ratings and result in a lower cost of funds.

#### ***Adopt newer technologies to achieve greater operational efficiency and advanced risk management processes***

Our main technology endeavour is to connect equipment, customers, OEMs, SEPs and our human resources across an integrated technology platform. We intend to continue to invest in our technology to improve our operational efficiency and functionality, reduce errors and improve our productivity through well-defined processes and systems. As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support growth and improve the quality of our services. We intend to continue to upgrade our existing technology systems with automated, digitised and other technology-enabled platforms and tools to strengthen our financing initiatives and derive greater operational cost and management efficiencies.

We have already digitised many of our process flows and will continue to implement technology-led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship based approach. We seek to provide a differentiated technology framework, enhancing convenience for our customers and reducing operational expenditure at our branches.

Certain key processes that we continue to digitalise include:

- *CRM:* We are developing an integrated information system designed to optimise customer interaction, manage customer relationships, provide insights for customer strategy development by analysing customer data and behaviour, and implementing customer-centric business processes.
- *Digital Platform:* We are developing a channel to connect stakeholders in our business (customers, dealers, vendors/OEMs, SEPs, employees, equipment and banks) by means of an online portal and mobile applications.

- *Prescriptive Risk Management Tool:* We are developing an analytics and Business Intelligence (“BI”) tool to manage portfolio risk (both customer and equipment) by automating risk evaluation with data analytics and risk prognosis through algorithms.
- *Cash Credit App:* We are developing an application to manage our multiple cash credit lines with various banks, status (sanctioned limit, tied up limit, limit on hold), drawing limit management and daily account management. This application will ensure fund management with dynamic reporting to ensure effective utilisation of funds in a cost efficient manner.
- *Customer Portal/App:* We have developed and will continue to upgrade our customer portal/app facilitates as a single channel for accessing account information, accessing document details, raise queries and post complaints by our customers. This portal serves as the digital gateway for our customer relationships and has a wide range of seamless service options. Through this portal, our customers can easily gain continuous access to a host of our services from their respective locations. Services offered by us include view and download features such as statement of accounts, view money receipts, amortisation schedule, loan agreement, interest certificates, money receipts, rental invoices, letters and notices. We also offer the option of online payment.

As our business and our organisation continue to grow, we intend to remain committed to technological and digital innovation to ensure our ability to respond to our increasingly competitive market and to proactively mitigate the risks we face. This will also help enable us to be more efficient and customer friendly.

### *Continue to build capability through skill development and training*

We recognise that our business is largely dependent on skilled human resources. We aim to provide continuous functional, behavioural and technical training to our employees, including for reskilling and upskilling. We follow a blended approach to skill development by using e-learnings and offline workshops. Role-based training programmes have been devised for all customer-facing roles, including customer relationship managers, collection managers and branch heads. Key modules include credit appraisals, risk processes, operational risk, people management, customer relationship management, negotiations personal effectiveness and time management.

Leadership development activities have been carried out at various levels including emerging leaders, mid-managers and the senior leadership team. These efforts focus on building strategic, problem solving, scenario planning and people management skills. We are also running a development centre with an independent third party to perform organisational diagnosis assessment, mapping of a leadership competency framework and individual assessments based on the respective employee’s development plan.

We will continue to monitor and reward employee performance and take a proactive approach towards retention and recruitment of human capital. We believe we have been successful in recruiting and retaining talented professionals from a wide variety of backgrounds, including from banks and NBFCs with expertise in credit collection, risk management, treasury, technology and marketing, and we will continue to capitalise on our strengths in the area of recruiting and retention.

We believe that over the last few decades of our Group’s operations we have been able to foster a professional entrepreneurial culture that enables our employees to make better business and customer relationship decisions. We intend to continue this approach, reinforced through continuous employee development and training programmes. We will also consider movement of our talented employees across other business verticals and functions to increase their exposure and skill levels and maintain our reputation as a dynamic employer focussed on employee career development.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Information as of and for the six months ended September 30, 2017 and the Fiscals ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. These Restated Financial Information have been prepared in accordance with Indian GAAP, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in “*Financial Statements*” on page 231.

The summary financial information presented below should be read in conjunction with our Restated Financial Information, the notes thereto and in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 309.

*[Remainder of this page intentionally kept blank]*

**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

*(All amounts in ₹ millions Rupees except for share data or as otherwise stated)*

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>EQUITY AND LIABILITIES</b>						
<b>I Shareholders' funds</b>						
Share capital	596.60	596.60	596.60	596.60	596.60	596.60
Reserves and Surplus	25,703.50	24,602.50	23,009.90	21,806.10	20,274.70	17,940.00
	<b>26,300.10</b>	<b>25,199.10</b>	<b>23,606.50</b>	<b>22,402.70</b>	<b>20,871.30</b>	<b>18,536.60</b>
<b>II Non-current liabilities</b>						
Long-term borrowings	49,023.20	42,325.90	27,788.40	32,149.50	40,923.80	43,288.60
Deferred tax liabilities (Net)	2,929.50	2,382.10	1,706.30	1,778.10	1,526.90	1,444.50
Other long term liabilities	3,796.90	1,765.20	1,631.50	1,424.20	1,562.80	1,707.50
Long-term provisions	521.20	483.10	397.10	407.20	229.60	284.70
	<b>56,270.80</b>	<b>46,956.30</b>	<b>31,523.30</b>	<b>35,759.00</b>	<b>44,243.10</b>	<b>46,725.30</b>
<b>III Current liabilities</b>						
Short-term borrowings	98,326.60	75,341.60	76,314.90	81,856.60	73,952.10	74,363.80
Trade payables						
(i) Due to Micro and Small Enterprises	-	-	-	-	-	-
(ii) Due to Others	17,195.90	10,295.30	7,681.20	3,836.40	2,770.40	3,805.60
Other current liabilities						
(i) Current maturities of long term borrowings	17,490.90	11,650.90	14,433.80	16,639.20	16,083.40	17,811.30
(ii) Other current liabilities	2,763.20	2,654.60	2,764.30	2,125.60	2,299.80	1,708.60
Short-term provisions	250.10	204.00	294.30	324.80	1,069.60	794.20
	<b>136,026.70</b>	<b>100,146.40</b>	<b>101,488.50</b>	<b>104,782.60</b>	<b>96,175.30</b>	<b>98,483.50</b>
<b>TOTAL (I+II+III)</b>	<b>218,597.60</b>	<b>172,301.80</b>	<b>156,618.30</b>	<b>162,944.30</b>	<b>161,289.70</b>	<b>163,745.40</b>
<b>ASSETS</b>						
<b>IV Non-current assets</b>						
Property Plant and Equipment						
(i) Tangible assets	39,215.10	23,130.60	13,832.30	16,194.60	12,535.80	12,428.30
(ii) Intangible assets	175.10	237.40	347.60	389.10	378.60	181.00
Non current investments	350.00	0.70	21.80	80.50	11.30	18.40
Long-term loans and advances						
(i) Financial assets	100,218.00	85,682.10	78,628.60	74,383.90	76,305.80	83,718.60
(ii) Other long term advances	4,322.30	1,507.50	232.00	341.60	347.90	802.70
Other non-current assets	2,857.40	773.10	1,342.50	1,708.00	2,631.80	1,903.10
	<b>147,137.90</b>	<b>111,331.40</b>	<b>94,404.80</b>	<b>93,097.70</b>	<b>92,211.20</b>	<b>99,052.10</b>
<b>V Current assets</b>						
Current investments	2,500.00	20.80	57.20	72.50	297.10	295.30
Trade receivables	753.40	557.90	698.30	659.00	659.70	402.00
Cash and cash equivalents	6,629.60	3,612.30	2,078.30	3,532.90	6,173.60	10,289.40
Short-term loans and advances						
(i) Financial assets	19,271.90	18,506.90	21,676.30	22,852.80	16,442.40	9,659.00
(ii) Other short term advances	1,279.90	506.30	304.20	328.00	207.90	235.80
Other current assets						
(i) Current maturities of long term financial assets	40,086.60	37,169.20	36,050.80	41,378.30	44,645.70	42,709.00



Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(ii) Other current assets	938.30	597.00	1,348.40	1,023.10	652.10	1,102.80
	<b>71,459.70</b>	<b>60,970.40</b>	<b>62,213.50</b>	<b>69,846.60</b>	<b>69,078.50</b>	<b>64,693.30</b>
<b>TOTAL (IV+V)</b>	<b>218,597.60</b>	<b>172,301.80</b>	<b>156,618.30</b>	<b>162,944.30</b>	<b>161,289.70</b>	<b>163,745.40</b>



**RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS**

*(All amounts in ₹ millions Rupees except for share data or as otherwise stated)*

Particulars		For the six months/years ended					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I</b>	<b>INCOME</b>						
	Revenue from operations	14,965.60	24,933.30	26,138.80	26,014.40	26,179.30	23,732.00
	Other income	39.70	20.00	12.10	83.40	14.00	5.70
	<b>Total Income</b>	<b>15,005.30</b>	<b>24,953.30</b>	<b>26,150.90</b>	<b>26,097.80</b>	<b>26,193.30</b>	<b>23,737.70</b>
<b>II</b>	<b>EXPENDITURE</b>						
	Finance costs	7,289.20	13,324.00	14,098.80	14,407.90	15,214.70	13,740.50
	Employee benefits expense	787.30	1,547.90	1,459.70	1,425.60	960.30	1,152.10
	Depreciation, amortization and impairment expenses	2,561.50	3,592.90	3,226.10	2,925.70	2,423.40	2,239.40
	Other expenses	1,062.60	1,797.00	1,721.90	1,684.40	1,302.70	1,185.50
	<b>Total</b>	<b>11,700.60</b>	<b>20,261.80</b>	<b>20,506.50</b>	<b>20,443.60</b>	<b>19,901.10</b>	<b>18,317.50</b>
<b>III</b>	<b>PROFIT BEFORE BAD DEBTS WRITTEN OFF, PROVISIONS, CONTINGENCIES AND TAX (I - II)</b>	<b>3,304.70</b>	<b>4,691.50</b>	<b>5,644.40</b>	<b>5,654.20</b>	<b>6,292.20</b>	<b>5,420.20</b>
	Bad debts written off, provisions and contingencies	1,662.20	2,527.30	3,961.80	3,365.70	2,594.10	1,451.50
<b>IV</b>	<b>PROFIT BEFORE TAX</b>	<b>1,642.50</b>	<b>2,164.20</b>	<b>1,682.60</b>	<b>2,288.50</b>	<b>3,698.10</b>	<b>3,968.70</b>
<b>V</b>	<b>Tax expense :</b>						
	(1) Current tax	342.30	459.90	550.60	492.90	1,281.00	920.20
	(2) MAT Credit Entitlement	(342.30)	(459.90)	-	-	-	-
	(3) Deferred tax	547.40	675.80	(71.80)	255.60	82.40	393.90
	<b>Net Tax Expense (1+2+3)</b>	<b>547.40</b>	<b>675.80</b>	<b>478.80</b>	<b>748.50</b>	<b>1,363.40</b>	<b>1,314.10</b>
<b>VI</b>	<b>PROFIT AFTER TAX (IV - V)</b>	<b>1,095.10</b>	<b>1,488.40</b>	<b>1,203.80</b>	<b>1,540.00</b>	<b>2,334.70</b>	<b>2,654.60</b>
<b>VII</b>	<b>Earnings per equity share (basic and diluted)</b>	18.36	24.95	20.18	25.81	39.13	46.81
	[Face Value of Equity Shares of ₹ 10/- each ]						

**RESTATED SUMMARY STATEMENT OF CASH FLOW**

*(All amounts in ₹ millions except for share data or as otherwise stated)*

Particulars	For The Six Months/Years Ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Cash Flows from Operating Activities</b>						
Profit Before Tax	1,642.50	2,164.20	1,682.60	2,288.50	3,698.10	3,968.70
<b>Adjustment for :</b>						
Depreciation, amortization and impairment expenses	2,561.50	3,592.90	3,226.10	2,925.70	2,423.40	2,239.40
Bad debts written off, provisions and contingencies	1,662.20	2,527.30	3,961.80	3,365.70	2,594.10	1,451.50
(Profit) / Loss on sale of Property Plant and Equipment (net)	97.30	(8.80)	7.10	23.80	18.40	8.60
Finance costs other than Mark to Market (Gain)/Loss on Derivative Financial Instrument	7,289.20	13,324.00	14,177.10	14,422.80	15,337.30	13,674.40
Mark to Market (Gain)/Loss on Derivatives Financial Instrument (Net)	-	-	(78.30)	(14.90)	(122.60)	66.10
Profit on sale from Current investments	-	-	-	(75.40)	-	-
Unrealised exchange(Gain)/Loss	(49.10)	(56.60)	220.10	-	-	-
Dividend Income from Current Investments (Non Trade)	(38.60)	(9.40)	(11.20)	(7.20)	(13.50)	(4.40)
<b>Operating profit before working capital changes</b>	<b>13,165.00</b>	<b>21,533.60</b>	<b>23,185.30</b>	<b>22,929.00</b>	<b>23,935.20</b>	<b>21,404.30</b>
<b>Changes in working capital :</b>						
(Increase) / Decrease in Trade Receivables/ Others	(2,251.80)	(265.40)	30.60	79.40	(32.60)	467.60
(Increase) / Decrease in Financial Assets	(20,248.60)	(10,488.70)	(12.30)	(8,142.00)	(3,901.60)	(37,084.10)
Increase / (Decrease) in Trade Payables/Others	(2,291.50)	432.80	4,127.30	1,196.70	(507.80)	(2,574.40)
(Increase) / Decrease in Deposit (Deposits with original maturity period of more than three months)	(3,444.50)	(1,244.50)	65.50	2,245.70	3,771.80	623.20
<b>Cash (used in)/generated from operations</b>	<b>(15,071.40)</b>	<b>9,967.80</b>	<b>27,396.41</b>	<b>18,308.80</b>	<b>23,265.00</b>	<b>(17,163.40)</b>
Interest paid (net of foreign exchange fluctuation)	(7,257.00)	(13,681.30)	(13,468.00)	(14,563.60)	(15,307.50)	(12,974.90)
Advance taxes paid (including tax deducted at source)	(342.30)	(577.50)	(676.70)	(1,122.70)	(1,047.00)	(653.20)
<b>Net Cash (used in) / generated from operating activities</b>	<b>(22,670.70)</b>	<b>(4,291.00)</b>	<b>13,251.70</b>	<b>2,622.50</b>	<b>6,910.50</b>	<b>(30,791.50)</b>
<b>II. Cash flows from investing activities</b>						
Purchase of Property Plant and Equipment	(8,343.10)	(8,090.10)	(2,447.80)	(3,128.70)	(2,413.80)	(2,455.00)
Proceeds from Redemption of Investments in units of pass through certificates and trust/schemes of venture funds	21.50	57.50	74.00	230.80	5.30	-
Investment in mutual funds and in units of trust and schemes of venture funds	(2,850.00)	-	-	-	-	(313.70)
Dividend Income from Current Investments (Non Trade)	38.60	9.40	11.20	7.20	13.50	4.40



Particulars	For The Six Months/Years Ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Proceeds from Sale of Property Plant and Equipment	149.90	213.40	51.90	33.20	107.20	17.40
<b>Net Cash used in Investing Activities</b>	<b>(10,983.10)</b>	<b>(7,809.80)</b>	<b>(2,310.70)</b>	<b>(2,857.50)</b>	<b>(2,287.80)</b>	<b>(2,746.90)</b>
<b>III. Cash Flows from Financing Activities</b>						
Increase in Equity Share Capital (including Securities Premium)	-	-	-	-	-	1,996.40
Proceeds from issuance of debentures	6,370.00	10,265.00	7,193.00	8,660.00	1,268.00	6,620.00
Repayment on redemption of debentures	(1,450.10)	(4,660.00)	(6,860.00)	(4,292.40)	(5,728.90)	(6,151.90)
Increase / (Decrease) in Working Capital facilities (net)	20,484.30	(3,822.20)	2,064.80	3,879.80	(1,980.50)	25,852.70
Increase / (Decrease) in Other Loans (net)	9,911.70	10,694.10	(14,456.20)	(8,630.50)	1,502.30	5,761.70
<b>Net Cash (used in) / generated from Financing Activities</b>	<b>35,315.90</b>	<b>12,476.90</b>	<b>(12,058.40)</b>	<b>(383.10)</b>	<b>(4,939.10)</b>	<b>34,078.90</b>
<b>IV. Net increase / (decrease) in Cash and Cash Equivalents (I+II+III)</b>	<b>1,662.10</b>	<b>376.10</b>	<b>(1,117.40)</b>	<b>(618.10)</b>	<b>(316.40)</b>	<b>540.50</b>
<b>V. Cash and Cash Equivalents at beginning of the period/year</b>	<b>718.30</b>	<b>342.21</b>	<b>1,459.60</b>	<b>2,077.70</b>	<b>2,394.10</b>	<b>1,853.60</b>
<b>VI. Cash and cash equivalents at the end of period/year (IV+V)</b>	<b>2,380.40</b>	<b>718.30</b>	<b>342.21</b>	<b>1,459.60</b>	<b>2,077.70</b>	<b>2,394.10</b>

## THE OFFER

The following table summarises the Offer details:

<b>Offer</b> <sup>(1)</sup> <sup>(2)</sup> <sup>(4)</sup>	<b>Up to [●] Equity Shares aggregating up to ₹ [●] million</b>
<i>The Offer consists of</i>	
Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 11,000 million
Offer for Sale <sup>(2)</sup>	Up to 4,386,765 Equity Shares aggregating up to ₹ [●] million
<i>Of which:</i>	
<b>A. QIB Portion</b>	Not more than [●] Equity Shares
<i>Of which:</i>	
Anchor Investor Portion*	Not more than [●] Equity Shares
<i>Of which:</i>	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>Of which:</i>	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
<b>B. Non-Institutional Portion</b> <sup>(3)</sup>	Not less than [●] Equity Shares
<b>C. Retail Portion</b> <sup>(3)</sup>	Not less than [●] Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	59,660,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
<b>Use of proceeds of this Offer</b>	Please see “ <i>Objects of the Offer</i> ” on page 81 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

\* Our Company and the Selling Shareholder may, in consultation with the BRLMs (other than SCML), allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, please see “Offer Procedure” on page 402.

<sup>(1)</sup> Our Board and Shareholders have authorised the Offer, pursuant to their resolutions dated October 25, 2017 and October 27, 2017, respectively.

<sup>(2)</sup> The Selling Shareholder has approved its participation in the Offer for Sale pursuant to a resolution of its investment committee of their board of directors dated October 25, 2017 and has provided its consent to offer up to 4,386,765 Equity Shares by its consent letter dated November 27, 2017. The Board of Directors has in its meeting dated November 27, 2017 taken on record the aforementioned consent letter.

<sup>(3)</sup> Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from any other category or a combination of categories, as applicable, at the discretion of our Company in consultation with the BRLMs (other than SCML) and the Designated Stock Exchange, subject to applicable law.

<sup>(4)</sup> Our Company may, in consultation with the BRLMs, consider a private placement of up to 2,500,000 Equity Shares or such number of Equity Shares aggregating up to ₹ 3,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of 10% of the post-Offer paid-up equity share capital of our Company being offered to the public

Notes:

- Pursuant to Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations, the Offer is being made for at least 10% of the post-Offer paid up equity share capital of our Company.
- Allocation to all categories, except Anchor Investors, if any and Retail Individual Bidders, shall be made on a proportionate basis. For details, please see “Offer Procedure” on page 402.

For details, including in relation to grounds for rejection of Bids, refer to “Offer Structure” and “Offer Procedure” on pages 395 and 402, respectively. For details of the terms of the Offer, please see “Terms of the Offer” on page 398.





## GENERAL INFORMATION

Our Company was incorporated as 'Srei Infrastructure Development Limited' as a public limited Company under the Companies Act, 1956, pursuant to a certificate of incorporation dated June 13, 2006 issued by the RoC. The name of our Company was changed to 'Srei Infrastructure Development Finance Limited' and a fresh certificate of incorporation was granted by the RoC on April 16, 2007. Our Company was converted into a private limited company and the name of our Company was changed to 'Srei Infrastructure Development Finance Private Limited' and a fresh certificate of incorporation was granted by the RoC on September 28, 2007. The name of our Company was further changed to 'Srei Equipment Finance Private Limited' and a fresh certificate of incorporation was granted by the RoC on May 30, 2008. Pursuant to a special resolution passed by the shareholders of our Company on October 28, 2013, our Company was converted into a public limited company, the name of our Company was changed to 'Srei Equipment Finance Limited' and the RoC issued a fresh certificate of incorporation consequent to conversion into a public limited company dated November 1, 2013.

Our Company is registered as an NBFC – SI under section 45 (1A) of the RBI Act and has been classified as 'Asset Finance Company – Non-Deposit Taking'.

**Registration Number:** 109898

**CIN:** U70101WB2006PLC109898

**RBI Registration Number:** N.05.06694

### Registered Office

#### **Srei Equipment Finance Limited**

'Vishwakarma', 86C  
Topsia Road (South)  
Kolkata – 700 046  
West Bengal, India  
**Tel:** +91 33 6160 7734  
**Fax:** +91 33 2285 7542

### Corporate Office

#### **Srei Equipment Finance Limited**

Room no 12 & 13  
2<sup>nd</sup> Floor  
6A, Kiran Shankar Roy Road  
Kolkata - 700 001  
West Bengal, India  
**Tel:** +91 33 6499 0230

### Head Office

#### **Srei Equipment Finance Limited**

Plot No. Y-10, Block EP, Sector V  
Salt Lake City  
Kolkata – 700 091  
West Bengal, India  
**Tel:** +91 33 6639 4700  
**Fax:** +91 33 6602 2600

**Website:** [www.sreiequipment.com](http://www.sreiequipment.com)

### Address of the RoC

Our Company is registered with the Registrar of Companies, West Bengal, at Kolkata, situated at the following address:

**Registrar of Companies**

Nizam Palace  
2<sup>nd</sup> MSO Building  
2<sup>nd</sup> Floor, 234/4  
Acharya Jagadish Chandra Bose Road  
Kolkata – 700 020  
West Bengal, India

For details of changes in the name and registered office address of our Company, please see “*History and Certain Corporate Matters*” on page 176.

**Board of Directors**

The table below sets forth the details of the constitution of our Board.

Name	Designation	DIN	Address
Hemant Kanoria	Chairman and Managing Director	00193015	“Kanoria House”, 3 Middle Road, Hastings, Kolkata – 700 022, West Bengal, India
Sunil Kanoria	Vice Chairman	00421564	“Kanoria House”, 3 Middle Road, Hastings, Kolkata – 700 022, West Bengal, India
Shyamalendu Chatterjee	Independent Director	00048249	South City Apartments 375, Prince Shah Road, SVC - 2 Tower - 1, 17th, 17K, Jodhpur Park, Kolkata – 700 068, West Bengal, India
Suresh Kumar Jain	Independent Director	05103064	Flat No. 201-202, Tower D, Ashok Tower, Dr. S.S. Rao Marg, Parel, Mumbai – 400 012, Maharashtra, India
Supriya Prakash Sen	Independent Director	07932937	28-03, Scotts Road, Singapore – 228 223

For brief profiles of our Directors, please see “*Our Management*” on page 182.

**Selling Shareholder**

The Selling Shareholder in the Offer is our Promoter, SIFL.

**Chief Financial Officer**

Mr. Manoj Kumar Beriwala is the Chief Financial Officer of our Company. His contact details are as follows:

**Srei Equipment Finance Limited**

Plot No. Y-10  
Block EP, Sector – V  
Salt Lake City,  
Kolkata – 700 091  
West Bengal, India  
**Tel:** +91 33 6639 4700  
**Fax:** +91 33 6602 2600  
**E-mail:** cfo.sefl@srei.com

**Company Secretary and Compliance Officer**

Ms. Ritu Bhojak is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

**Srei Equipment Finance Limited**

‘Vishwakarma’, 86C,  
Topsia Road (South)  
Kolkata – 700 046  
West Bengal, India  
**Tel:** +91 33 6160 7734  
**Fax:** +91 33 2285 7542  
**E-mail:** cs.sefl@srei.com



## Offer related grievances

**Bidders can contact the Company Secretary and Compliance Officer or the Registrar to the Offer in the case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account and non-receipt of funds by electronic mode.**

For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs.

All grievances of ASBA Bidders in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the First or Sole Bidder, the ASBA Form number, Bidders' DP ID, Client ID, PAN, date of submission of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder.

Further, the Bidders shall also enclose the Acknowledgement Slip in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

## Book Running Lead Managers

### ICICI Securities Limited

ICICI Center, H.T. Parekh Marg  
Churchgate  
Mumbai – 400 020, Maharashtra, India  
**Tel:** +91 22 2288 2460  
**Fax:** +91 22 2282 6580  
**E-mail:** sefl.ipo@icicisecurities.com  
**Investor grievance e-mail:** customercare@icicisecurities.com  
**Website:** www.icicisecurities.com  
**Contact person:** Shekher Asnani/ Anurag Byas  
**SEBI Registration No.:** INM000011179

### CLSA India Private Limited

8/F Dalamal House  
Nariman Point  
Mumbai – 400 021, Maharashtra, India  
**Tel:** +91 22 6650 5050  
**Fax:** +91 22 2284 0271  
**E-mail:** sefl.ipo@citiclsa.com  
**Investor grievance e-mail:** investor.helpdesk@clsa.com  
**Website:** www.india.clsa.com  
**Contact person:** Anurag Agarwal  
**SEBI Registration No.:** INM000010619

### Haitong Securities India Private Limited

1203A, Floor 12A, Tower 2A  
One Indiabulls Centre  
841, Senapati Bapat Marg, Elphinstone Road  
Mumbai – 400 013, Maharashtra, India  
**Tel:** +91 22 4315 6857  
**Fax:** +91 22 2421 6327  
**E-mail:** sre.ipo@htisec.com  
**Investor grievance E-mail:** India.Compliance@htisec.com  
**Website:** www.htisec.com/en-us/haitong-india  
**Contact person:** Ankur Aggarwal  
**SEBI Registration No.:** INM000012045

### Srei Capital Markets Limited<sup>#</sup>

'Vishwakarma', 86C  
Topsia Road (South)  
Kolkata – 700 046, West Bengal, India  
**Tel:** +91 33 6602 3845  
**Fax:** +91 33 2285 7542  
**E-mail:** capital@srei.com  
**Investor Grievance e-mail:** scmlinvestors@srei.com  
**Website:** www.srei.com  
**Contact person:** Manoj Agarwal  
**SEBI Registration No.:** INM000003762

### Credit Suisse Securities (India) Private Limited

9<sup>th</sup> Floor, Ceejay House  
Plot F, Shivsagar Estate  
Dr. Annie Besant Road, Worli  
Mumbai – 400 018, Maharashtra, India  
**Tel:** +91 22 6777 3885  
**Fax:** +91 22 6777 3820  
**E-mail:** list.sreiequipmentfinanceipo@credit-suisse.com  
**Investor grievance e-mail:** list.igcellmer-bnkg@creditsuisse.com  
**Website:** www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html  
**Contact person:** Abhay Agarwal  
**SEBI registration no.:** INM000011161

### IIFL Holdings Limited

10<sup>th</sup> Floor, IIFL Centre, Kamala City  
Senapati Bapat Marg  
Lower Parel (West)  
Mumbai – 400 013, Maharashtra, India  
**Tel:** +91 22 4646 4600  
**Fax:** +91 22 2493 1073  
**E-mail:** sefl.ipo@iiflcap.com  
**Investor grievance e-mail:** ig.ib@iiflcap.com  
**Website:** www.iiflcap.com  
**Contact person:** Abhishek Joshi / Nishita Mody  
**SEBI Registration No.:** INM000010940

**Motilal Oswal Investment Advisors Limited**

Motilal Oswal Tower  
Rahimtullah, Sayani Road  
Opposite Parel ST Depot, Prabhadevi  
Mumbai – 400 025, Maharashtra, India  
**Tel:** +91 22 3980 4200  
**Fax:** +91 22 3980 4315  
**E-mail:** sefl.ipo@motilaloswal.com  
**Investor grievance e-mail:** moiaplredressal@motilaloswal.com  
**Website:** www.motilaloswalgroup.com  
**Contact person:** Kristina Dias  
**SEBI Registration No.:** INM000011005

**Nomura Financial Advisory and Securities (India) Private Limited**

Ceejay House, Level 11, Plot F  
Shivsagar Estate, Worli  
Mumbai – 400 018, Maharashtra, India  
**Tel:** +91 22 4037 4037  
**Fax:** +91 22 4037 4111  
**Email:** seflipo@nomura.com  
**Investor grievance e-mail:** investorgrievances-in@nomura.com  
**Website:** www.nomuraholdings.com/company/group/asia/india/index.html  
**Contact person:** Sandeep Baid / Srishti Tyagi  
**SEBI Registration No.:** INM000011419

*# In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations, read with proviso to Regulation 5(3) of the SEBI ICDR Regulations, Srei Capital Markets Limited will be involved only in marketing of the Offer.*

**Registrar to the Offer****Karvy Computershare Private Limited**

Karvy Selenium Tower B  
Plot 31-32, Gachibowli  
Financial District  
Nanakramguda  
Hyderabad – 500 032, Telangana, India  
**Tel:** +91 40 6716 2222  
**Fax:** +91 40 2343 1551  
**E-mail:** srei.ipo@karvy.com  
**Investor Grievance E-mail:** einward.ris@karvy.com  
**Website:** https://karisma.karvy.com  
**Contact Person:** M. Murali Krishna  
**SEBI Registration No.:** INR000000221

**Legal Counsel to the Company as to Indian Law****Khaitan & Co**

One Indiabulls Centre  
13<sup>th</sup> Floor, Tower 1  
841, Senapati Bapat Marg  
Mumbai – 400 013  
Maharashtra, India  
**Tel:** +91 22 6636 5000  
**Fax:** +91 22 6636 5050

**Legal Counsel to the BRLMs as to Indian Law****Shardul Amarchand Mangaldas & Co**

Amarchand Towers  
216, Okhla Industrial Estate Phase – III  
New Delhi – 110 020  
India  
**Tel:** +91 11 4159 0700  
**Fax:** +91 11 2692 4900

**International Legal Counsel to the BRLMs****Herbert Smith Freehills LLP**

50 Raffles Place  
#24-01 Singapore Land Tower  
Singapore 048623  
**Tel:** +65 6868 8000  
**Fax:** +65 6868 8001



## Statutory Auditors of our Company

### Deloitte Haskins & Sells

*Chartered Accountants*

Bengal Intelligent Park, Building Omega  
13<sup>th</sup> and 14<sup>th</sup> Floor, Block - EP & GP  
Sector - V, Salt Lake Electronics Complex  
Kolkata – 700 091,  
West Bengal, India  
**Tel:** +91 33 4422 1151  
**Fax:** +91 33 4422 1001  
**E-mail:** inpropratham@deloitte.com  
**ICAI Firm Registration Number:** 302009E  
**Peer Review Number:** FRN 302009 E

## Bankers to our Company

### Bank of India

5, B.T.M Sarani,  
Kolkata – 700 001  
West Bengal, India  
**Tel:** +91 33 2231 3259  
**Fax:** +91 33 2242 7562  
**Email:** lcb.kolkata@bankofindia.co.in  
**Contact person:** Manish Gupta

### The South Indian Bank Limited

Oswal Chambers  
2 Church Lane  
Kolkata – 700 001, West Bengal, India  
**Tel:** +91 33 2262 4816  
**Email:** br0728@sib.co.in  
**Contact person:** Binoy R.K.

### ICICI Bank Limited

3A, Gurusaday Road  
Kolkata – 700 019, West Bengal, India  
**Tel:** +91 33 4402 5431  
**Fax:** +91 33 4402 5422  
**Email:** avishek.saraogi@icicibank.com  
**Contact person:** Avishek Saraogi

### Vijaya Bank

125/1, A.G. Tower  
1<sup>st</sup> Floor, Park Street  
Kolkata – 700 017  
West Bengal, India  
**Tel:** +91 33 2226 5788  
**Email:** bm7255@vijayabank.co.in  
**Contact person:** Somnath Ghosh

### DBS Bank Limited

4A Little Russell Street  
Kolkata – 700 046, West Bengal, India  
**Tel:** +91 33 6621 8888  
**Fax:** +91 33 6621 8899  
**Email:** vivekgupta@dbs.com  
**Contact person:** Vivek Gupta

## Syndicate Members

[•]

## Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s)

[•]

### Corporation Bank

Centre Point, 1<sup>st</sup> Floor  
21 HB Sarani  
Kolkata – 700 070, West Bengal, India  
**Tel:** +91 33 2262 5442  
**Fax:** +91 2262 5444  
**Email:** cb1127@corpbank.co.in  
**Contact person:** Sanchita Ghosh

### UCO Bank

2, India Exchange Place  
Kolkata – 700 001, West Bengal, India  
**Tel:** +91 33 6450 4478  
**Fax:** +91 33 2213 0074  
**Email:** calind@ucobank.co.in  
**Contact person:** Sanjib Das

### Karur Vysya Bank Limited

SB Towers, 37 Shakespeare Sarani Branch  
Kolkata – 700 017, West Bengal, India  
**Tel:** +91 98307 66517  
**Fax:** +91 2283 6388  
**Email:** venkataramanivn@kvbmail.com  
**Contact person:** Venkataramani V. N.

### IDBI Bank Limited

IDBI Tower, WTC Complex  
Cuffe Parade, Mumbai – 400 005  
Maharashtra, India  
**Tel:** +91 33 6655 7737  
**Fax:** +91 33 6655 7815  
**Email:** ratna.ray@idbibank.co.in  
**Contact person:** Ratna Ray

### State Bank of India

‘Constantia’, 1<sup>st</sup> Floor, 11 Dr. U. N. Bramhachari Street  
Kolkata – 700 017, West Bengal, India  
**Tel:** +91 33 2287 3260  
**Fax:** +91 33 2281 6412  
**Email:** sbi.01936@sbi.co.in  
**Contact person:** Lalima De

## **Designated Intermediaries**

### *Self Certified Syndicate Banks*

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or such other websites as updated from time to time. For details of the Designated Branches which shall collect ASBA Forms from the ASBA Bidders and Designated Intermediaries, please refer to the above-mentioned link.

### *Registered Brokers, RTAs and CDPs*

Bidders can submit ASBA Forms in the Offer through the Registered Brokers at the Broker Centres, the RTAs (eligible to accept ASBA Forms) at the Designated RTA Locations and the CDPs (eligible to accept ASBA Forms) at the Designated CDP Locations. The list of the Registered Brokers, including details such as postal address, telephone numbers, and e-mail address, is provided on the websites of BSE and NSE at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, or such other websites as updated from time to time. The list of the RTAs including details such as address, telephone numbers, and e-mail address, are provided on the websites of BSE and NSE at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, or such other websites as updated from time to time. The list of the CDPs including details such as name and contact details, are provided on the websites of BSE and NSE at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, or such other websites as updated from time to time.

## **Expert**

Except as stated below, our Company has not obtained any expert opinions in relation to the offer:

As required under Section 26(1)(a)(v) of the Companies Act, 2013, our Company has received written consent from our Statutory Auditor, namely Deloitte Haskins & Sells, Chartered Accountants, to include their name in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) read with Section 26(5) of the Companies Act, 2013 to the extent and in respect of their (a) examination report dated November 27, 2017 on the Restated Financial Information, and (b) report dated November 27, 2017 on the statement of special tax benefits available to our Company and the Shareholders.

The term “experts” and consent thereof does not represent an expert or consent within the meaning under the 1933 Securities Act of the United States of America.” Such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received a written consent from Feedback to include its name in this Draft Red Herring Prospectus as an “expert” in terms of the Companies Act, 2013, in respect of the Feedback Reports.

## **Credit Rating**

As this is an offer of Equity Shares, credit rating for the Offer is not required.

## **Trustees**

As this is an offer of Equity Shares, there are no trustees appointed for the Offer.

## **Monitoring Agency**

Our Company is raising capital to augment our capital base and not for any specified project(s). Our Board and the Monitoring Agency will monitor the utilisation of the proceeds of the Fresh Issue. Our Company will disclose the utilization of the Net Proceeds of the Fresh Issue under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilised Net Proceeds of the Fresh Issue in the balance sheet of our Company for the relevant Fiscal.

Our Company shall appoint a Monitoring Agency, in accordance with Regulation 16 of the SEBI ICDR Regulations prior to the filing of the Red Herring Prospectus with the RoC.



## Appraising Entity

None of the objects for which the Net Proceeds of the Fresh Issue will be utilised have been appraised by any agency. Accordingly, no appraising entity is appointed for the Offer.

## Statement of inter-se allocation of responsibilities among the BRLMs

The responsibilities and coordination by the BRLMs for various activities in this Offer are as follows:

Sr. No.	Activities	Responsibility <sup>(1)</sup>	Coordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, size of issue, allocation between primary and secondary, etc.	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	I-SEC
2.	Due diligence of the Company's operations/ management/ business plans/ legal etc. Drafting and design of this Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. Ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of RHP, Prospectus and RoC filing of the same, follow up and coordination till final approval from all regulatory authorities	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	I-SEC
3.	Drafting and approval of statutory advertisement and application forms	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	I-SEC
4.	Drafting and approval of other publicity material including non-statutory advertisement, corporate advertisement, brochure, etc. including media monitoring and filing of and media compliance report	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	Nomura
5.	Appointment of all other intermediaries (e.g. Registrar(s), Printer(s) and Banker(s) to the Issue, Advertising agency etc.) including coordinating all agreements to be entered with such parties	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	IIFL
6.	International Institutional Marketing strategy; allocation of investors for meetings and finalizing international road show and investor meeting schedules and	All BRLMs	CLSA
7.	Preparation of road show presentation	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	I-SEC
8.	FAQs	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	Credit Suisse
9.	Domestic Institutional Marketing (including banks/ mutual funds); allocation of investors for meetings and finalizing road show schedules	All BRLMs	I-SEC
10.	Non-Institutional Marketing of the Issue	All BRLMs	IIFL
11.	Retail Marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> <li>• Formulating marketing strategies, preparation of publicity budget</li> <li>• Finalizing Media and PR strategy</li> <li>• Finalizing centres for holding conferences for brokers etc.</li> <li>• Finalizing collection centres; and</li> <li>• Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material</li> </ul>	All BRLMs	Motilal
12.	Managing the book and finalization of pricing in consultation with the Company	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	CLSA
13.	Coordination with Stock-Exchanges for book building software, bidding terminals etc.	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	Haitong
14.	Post-issue activities, managing Anchor book related activities and submission of letters to regulators post completion of Anchor issue, management of escrow accounts, finalization of the basis of allotment based on technical rejections, Basis Advertisement, listing of instruments, demat credit and refunds/ unblocking of funds, payment of the applicable STT, coordination with SEBI and Stock Exchanges for refund of 1% security deposit and coordination with various agencies connected with the post-issue activity such as registrars to the issue,	I-SEC, CLSA, Credit Suisse, Haitong, IIFL, Motilal Oswal, Nomura	Motilal

Sr. No.	Activities	Responsibility <sup>(1)</sup>	Coordinator
	bankers to the issue, SCSBs, including responsibility for execution of underwriting arrangements, as applicable		

<sup>(1)</sup> As per SEBI guidelines, except for the marketing related items, SCML cannot be involved in any other activity related to diligence, etc. since it's an Associate company

### Book Building Process

“Book building” in the context of the Offer refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus and the Bid cum Application Forms including any Revision Forms within the Price Band. The Price Band and minimum Bid Lot will be decided by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), and advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Bengali daily newspaper [●] (Bengali being the regional language of West Bengal wherein our Registered Office is located), each with wide circulation, respectively, at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price shall be determined by our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholder(s);
- the BRLMs;
- the Syndicate Members;
- the Registrar to the Offer;
- the Escrow Collection Banks;
- the SCSBs;
- the CDPs;
- the RTAs; and
- the Registered Brokers.

**All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, except in relation to Retail Individual Investors and the Anchor Investors, allocation in the Offer will be on a proportionate basis.**

For further details on the method and process of bidding, please see “Offer Structure” and “Offer Procedure” on pages 395 and 402 respectively.

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. The Selling Shareholder have specifically confirmed that they will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable to the Selling Shareholder, in relation to the Offered Shares. In this regard, our Company and the Selling Shareholder have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

**The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

Bidders should note the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is registered with the RoC. For further details, please see “Terms of the Offer”, “Offer Structure” and “Offer Procedure” on pages 398, 395 and 402, respectively.



## Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, please see “Offer Procedure – Part B – Basis of Allocation” on page 436.

### Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares but prior to the registration of the Prospectus with the RoC, the Selling Shareholder and our Company intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI ICDR Regulations.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before the registration of the Prospectus with the RoC.)*

Name, address, telephone number, facsimile and email address of the Underwriters	Indicative Number of Equity Shares to be underwritten	Amount underwritten (₹ in million)
[●]	[●]	[●]
[●]	[●]	[●]
<b>Total</b>	[●]	[●]

*Note: The above-mentioned amount is indicative and will be finalised after determination of the Offer Price and actual allocation and is subject to the provisions of SEBI ICDR Regulations.*

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchange(s). The Board of Directors/ IPO Committee, at its meeting, held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them, in accordance with the Underwriting Agreement. The Underwriting Agreement shall list out the title and obligations of each Underwriter.

## CAPITAL STRUCTURE

The share capital of our Company as at date of this Draft Red Herring Prospectus is set forth below.

		(Amount in ₹ except share data)	
Sr. No.	Share Capital	Aggregate Value at Face Value	Aggregate Value at Offer Price
<b>A.</b>	<b>Authorised Capital</b>		
	500,000,000 Equity Shares	5,000,000,000	-
	50,000,000 Preference Shares	5,000,000,000	
<b>B.</b>	<b>Issued, Subscribed and Paid up Capital before the Offer</b>		
	59,660,000 Equity Shares <sup>(3)</sup>	596,600,000	-
<b>C.</b>	<b>Present Offer in terms of this Draft Red Herring Prospectus</b>		
	Offer of up to [●] Equity Shares <sup>(1) (3)</sup>	[●]	[●]
	<i>Comprising:</i>		
	Fresh Issue of up to [●] Equity Shares <sup>(3)</sup>	[●]	
	Offer for Sale of up to 4,386,765 Equity Shares by the Selling Shareholder <sup>(2)</sup>	[●]	
<b>D.</b>	<b>Issued, Subscribed and Paid-up Equity Capital after the Offer</b>		
	[●] Equity Shares	[●]	-
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Offer <sup>(3)</sup>	10,398,000,000	
	After the Offer	[●]	

<sup>(1)</sup> The Offer has been authorised by a resolution of the Board of Directors dated October 25, 2017 and by a resolution of the Shareholders dated October 27, 2017.

<sup>(2)</sup> The Selling Shareholder has approved its participation in the Offer for Sale pursuant to a resolution of its investment committee of the board of directors ("**Investment Committee of SIFL**") dated October 25, 2017 and has provided its consent to offer up to 4,386,765 Equity Shares by its consent letter dated November 27, 2017. The Selling Shareholder has specifically confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible for being offered for sale in the Offer in terms of Regulation 26(6) of the SEBI ICDR Regulations. The Board of Directors has in its meeting dated November 27, 2017 taken on record the aforementioned consent letter.

<sup>(3)</sup> Our Company may, in consultation with the BRLMs, consider a private placement of up to 2,500,000 Equity Shares or such number of Equity Shares aggregating up to ₹ 3,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Offer size of 10% of the post-Offer paid-up equity share capital of our Company being offered to the public

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

Sl. No.	Date of Shareholders' Resolution	Alteration of authorized share capital of our Company
1.	May 12, 2007	The authorised share capital of our Company was increased from ₹ 20.00 million divided into 2,000,000 Equity Shares to ₹ 50.00 million divided into 5,000,000 Equity Shares.
2.	February 26, 2008	The authorised share capital of our Company was increased from ₹ 50.00 million divided into 5,000,000 Equity Shares to ₹ 500.00 million divided into 50,000,000 Equity Shares
3.	June 22, 2011	The authorised share capital of our Company was increased from ₹ 500.00 million divided into 50,000,000 Equity Shares to ₹ 532.20 million divided into 53,220,000 Equity Shares.
4.	June 25, 2012	The authorised share capital of our Company was increased from ₹ 532.20 million divided into 53,220,000 Equity Shares to ₹ 750.00 million divided into 75,000,000 Equity Shares.
5.	July 31, 2017	The authorized share capital of our Company was increased from ₹ 750.00 million divided into 75,000,000 Equity Shares to ₹ 10,000 million divided into 500,000,000 Equity Shares and 50,000,000 Preference Shares

## Notes to Capital Structure

### 1. Share capital history of our Company

(a) The history of the equity share capital of our Company is provided in the following table:

Date of Allotment of equity shares	Number of Equity shares allotted	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of Consideration (cash or other than cash)	Reason for allotment	Cumulative No. of Equity Shares	Cumulative paid-up equity share capital (₹)
November 16, 2006	2,000,000	10	10	Cash	Subscribers to the MoA <sup>1</sup>	2,000,000	200,00,000
May 15, 2007	50,000	10	10	Cash	Preferential allotment <sup>2</sup>	2,050,000	20,500,000
April 2, 2008	22,950,000	10	10	Cash	Preferential allotment <sup>3</sup>	25,000,000	250,000,000
April 2, 2008	25,000,000	10	310	Cash	Preferential allotment <sup>4</sup>	50,000,000	500,000,000
June 27, 2011	3,220,000	10	310	Cash	Allotment pursuant to rights issue <sup>5</sup>	53,220,000	532,200,000
August 31, 2012	3,220,000	10	310	Cash	Allotment pursuant to rights issue <sup>6</sup>	56,440,000	564,400,000
October 1, 2012	3,220,000	10	310	Cash	Allotment pursuant to rights issue <sup>7</sup>	59,660,000	596,600,000

<sup>1</sup> 1,999,400 Equity Shares were allotted to SIFL and 100 Equity Shares each were allotted to Mr. Arun Kedia, Mr. Shashi Bhushan Tiwari, Mr. Bajrang Kumar Choudhary, Mr. Sandeep Lakhotia, Mr. Anthony Dilip Rozario and Mr. Manoj Kumar Beriwal who were holding the said 100 equity shares each as nominees of SIFL.

<sup>2</sup> Preferential Allotment of 50,000 Equity Shares to Mr. Hemant Kanoria.

<sup>3</sup> Preferential Allotment of 22,950,000 Equity Shares to SIFL pursuant to Shareholders Agreement dated May 31, 2007 executed between BPLG, SIFL, Mr. Hemant Kanoria, Mr. Sunil Kanoria and our Company.

<sup>4</sup> Preferential Allotment of 25,000,000 Equity Shares to BPLG pursuant to Shareholders Agreement dated May 31, 2007 executed between BPLG, SIFL, Mr. Hemant Kanoria, Mr. Sunil Kanoria and our Company.

<sup>5</sup> Allotment of 1,610,000 Equity Shares each, pursuant to the rights issue, to SIFL and BPLG.

<sup>6</sup> Allotment of 1,610,000 Equity Shares each, pursuant to the rights issue, to SIFL and BPLG pursuant to the circular resolution by the Board dated June 27, 2011.

<sup>7</sup> Allotment of 1,610,000 Equity Shares each, pursuant to the rights issue, to SIFL and BPLG pursuant to the circular resolution by the Board dated June 27, 2011.

(b) Shares issued for consideration other than cash or through bonus:

Our Company has not allotted any Equity Shares for consideration other than cash or by way of a bonus issue since incorporation.

(c) Our Company has not issued or allotted any Equity Shares pursuant of any scheme approved under Sections 391-394 of the Companies Act, 1956 and/or Sections 230-232 of the Companies Act, 2013.

2. Since incorporation, our Company has not revalued any of its assets and hence has not issued any Equity Shares out of its revaluation reserves or unrealised profits.

3. Our Company has not issued any Equity Share at a price lower than the Offer Price during the one year preceding the date of this Draft Red Herring Prospectus.

#### 4. Issue of Equity Shares in the last two preceding years

Our Company has not issued any Equity Share in the two years immediately preceding the date of this Draft Red Herring Prospectus. Our Company has also not issued any securities convertible into Equity Shares in the two years immediately preceding the date of this Draft Red Herring Prospectus.

#### 5. History of build-up of Promoter's shareholding and lock-in of Promoter's shareholding (including Minimum Promoter's Contribution)

As on the date of this Draft Red Herring Prospectus, our Promoter holds 59,660,000 Equity Shares (together with its nominees), constituting 100% of the issued, subscribed and paid-up equity share capital of our

Company.

A. *Build-up of Equity Shares held by our Promoter*

The details of the build-up of our Promoter's shareholding in our Company are as follows:

Sl. No.	Date of Acquisition	Nature of Transaction	No. of Equity Shares	Face Value (₹)	Issue/transfer Price (₹)	Nature of Consideration	% of Pre-Offer share capital	% of Post-Offer share capital
1.	November 16, 2006	Subscription to MOA	1,999,400	10	10	Cash	3.35	[●]
2.	April 2, 2008	Preferential allotment <sup>1</sup>	22,950,000	10	10	Cash	38.47	[●]
3.	October 29, 2008	Acquired from SIFL and Hemant Kanoria (as joint holders) <sup>2</sup>	50,000	10	10	Cash	0.08	[●]
4.	October 29, 2008	Acquired from Shashi Bhushan Tiwari	100	10	10	Cash	Negligible	[●]
5.	October 29, 2008	Acquired from Bajrang Kumar Choudhary	100	10	10	Cash	Negligible	[●]
6.	October 29, 2008	Acquired from Sandeep Lakhota	100	10	10	Cash	Negligible	[●]
7.	October 29, 2008	Acquired from Anthony Dilip Rozario	100	10	10	Cash	Negligible	[●]
8.	October 29, 2008	Acquired from Manoj Kumar Beriwalla	100	10	10	Cash	Negligible	[●]
9.	October 29, 2008	Acquired from Sanjay Kumar Chaurasia	100	10	10	Cash	Negligible	[●]
10.	June 27, 2011	Allotment pursuant to rights issue <sup>3</sup>	1,610,000	10	310	Cash	2.70	[●]
11.	August 31, 2012	Allotment pursuant to rights issue <sup>4</sup>	1,610,000	10	310	Cash	2.70	[●]
12.	October 1, 2012	Allotment by way of rights issue <sup>5</sup>	1,610,000	10	310	Cash	2.70	[●]
13.	October 15, 2013	Transfer to Hemant Kanoria	(1) <sup>7</sup>	10	10	Cash	Negligible	[●]
14.	October 15, 2013	Transfer to Sunil Kanoria	(1) <sup>7</sup>	10	10	Cash	Negligible	[●]
15.	October 15, 2013	Transfer to Sanjeev Sancheti	(1) <sup>7</sup>	10	10	Cash	Negligible	[●]
16.	June 17, 2016	Acquired from BPLG <sup>6</sup>	29,830,000	10	50.36	Cash	50.00	[●]
17.	June 17, 2016	Transfer to Shashi Bhushan Tiwari	(1) <sup>7</sup>	10	10	Cash	Negligible	[●]
18.	June 17, 2016	Transfer to Sandeep Lakhota	(1) <sup>7</sup>	10	10	Cash	Negligible	[●]
19.	June 17, 2016	Transfer to Ganesh Prasad Bagree	(1) <sup>7</sup>	10	10	Cash	Negligible	[●]
	<b>Total</b>		<b>59,659,994</b>					

<sup>1</sup> Preferential Allotment of 22,950,000 Equity Shares to SIFL pursuant to Shareholders Agreement dated May 31, 2007 executed between BPLG, SIFL, Mr. Hemant Kanoria, Mr. Sunil Kanoria and our Company.

<sup>2</sup> 50,000 Equity Shares were acquired by SIFL and Mr. Hemant Kanoria (as joint holders) from Mr. Hemant Kanoria on May 25, 2007.

<sup>3</sup> Allotment of 1,610,000 Equity Shares each on rights basis to SIFL pursuant to the Board resolution dated May 18, 2011.

<sup>4</sup> Allotment of 1,610,000 Equity Shares each on rights basis to SIFL pursuant to the circular resolution by the Board dated June 27, 2011.

<sup>5</sup> Allotment of 1,610,000 Equity Shares each on rights basis to SIFL pursuant to the circular resolution by the Board dated June 27, 2011

<sup>6</sup> Transferred from BPLG pursuant to the Share Purchase Agreement dated December 29, 2015 between our Company, BPLG, SIFL, Srei Growth Trust, Mr. Hemant Kanoria and Mr. Sunil Kanoria. For details, please see "History and Certain Corporate Matters – Other Agreements" on page 180.

<sup>7</sup> Transferred to the nominees of SIFL.

All the above Equity Shares were fully paid-up at the time of allotment. None of the Equity Shares held by the Promoter are pledged.



Further, as on the date of this Draft Red Herring Prospectus, there are seven Shareholders out of whom six Shareholders are nominees of our Promoter, holding a total of six Equity Shares.

*B. Details of Promoters' contribution locked-in for three years*

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoter shall be provided towards minimum promoter's contribution and locked-in for a period of three years from the date of Allotment ("**Minimum Promoter's Contribution**"). All Equity Shares held by our Promoter are eligible in terms of Regulation 33 of the SEBI ICDR Regulations to constitute the Minimum Promoters' Contribution.

The details of the Equity Shares by our Promoter, which shall be locked-in for a period of three years from the date of Allotment are set out in the following table:

Sr. No.	Name of the Promoter	Date of transaction	Nature of transaction	No. of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Maximum no. of Equity Shares to be locked-in	Percentage of pre-Offer lock-in paid-up capital (%)	Percentage of post-Offer lock-in paid-up capital (%)
1	[●]	[●]	[●]	[●]	10	10	[●]	[●]	[●]

For details on the build-up of the equity share capital held by our Promoter, please see "*- Build-up of Equity Shares held by our Promoter*" on page 74.

Our Promoter, by its letter dated November 27, 2017 has consented to include such number of Equity Shares held by it as may constitute 20% of the post-Offer equity share capital of our Company as Minimum Promoter's Contribution. Our Promoter has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations. Our Promoters have confirmed to our Company and the BRLMs that the Equity Shares held by our Promoters which shall be locked-in for a period of three years as Promoters' contribution have been financed from their internal accruals and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.

The Minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from our Promoter in terms of the SEBI ICDR Regulations. The Equity Shares that are being locked-in are not ineligible for computation of Minimum Promoters' Contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in, do not, and will not consist of:

- (i) any Equity Shares acquired during the three years immediately preceding the date of this Draft Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (b) bonus shares issued out of revaluations reserves or unrealised profits or against Equity Shares which are otherwise ineligible for computation of Promoters' Contribution;
- (ii) any Equity Shares acquired during the year immediately preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in Offer;
- (iii) any Equity Shares issued to the Promoter upon conversion of a partnership firm; and
- (iv) any Equity Shares held by the Promoter that are subject to any pledge or any other form of encumbrance.

*C. Details of pre-Offer equity share capital locked-in for one year*

In terms of Regulation 37 of the SEBI ICDR Regulations, the entire pre-Offer equity share capital of our Company shall be locked-in for a period of one year from the date of Allotment, except (a) the Minimum Promoter's Contribution which shall be locked in as above; and (b) Offered Shares which are successfully transferred as part of the Offer for Sale. Any unsubscribed portion of the Offered Shares would also be locked in as required under the SEBI ICDR Regulations.

**D. Lock-in of Equity Shares Allotted to Anchor Investors**

Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

**E. Other requirements in respect of lock-in**

Pursuant to Regulation 39 of the SEBI ICDR Regulations, Equity Shares held by our Promoter, which are locked-in for a period of one year from the date of Allotment, may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that the pledge of such Equity Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Minimum Promoter’s Contribution for three years can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or public financial institutions for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by our Promoter may be transferred to a member of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in applicable to the transferee for the remaining period and compliance with provisions of the Takeover Regulations as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired.

Further, in terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoter prior to the Offer and locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuance of the lock-in at the hands of the transferee and compliance with the provisions of the Takeover Regulations.

**6. Share capital build-up of the Selling Shareholder**

For details of the share capital build-up of the Selling Shareholder, please see “– History of build-up of Promoter’s shareholding and lock-in of Promoter’s shareholding (including Minimum Promoter’s contribution)” on page 73.

**7. Shareholding of our Directors and/or Key Management Personnel**

Except as set forth below, none of our Directors or Key Management Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus:

Sl. No.	Name of the Director	Total No. of Equity Shares	% of total number of Equity Shares (Pre-Offer)	% of total number of Equity Shares (Post-Offer)
1	Hemant Kanoria*	1	Negligible	[●]
2	Sunil Kanoria*	1	Negligible	[●]

\*As Nominee of SIFL

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



## 8. Shareholding Pattern of our Company

The following table sets forth details of the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Nos. of share holders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly Paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class e.g.: Equity	Class e.g.: Others	Total								
(A)	Promoter & Promoter Group	7*	59,660,000	-	-	59,660,000	100.00	59,660,000	-	<b>59,660,000</b>	100.00	-	-	[•]	[•]	-	-	59,660,000
(B)	Public	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>7*</b>	<b>59,660,000</b>	<b>-</b>	<b>-</b>	<b>59,660,000</b>	<b>100.00</b>	<b>59,660,000</b>	<b>-</b>	<b>59,660,000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,660,000</b>

\*As on the date of this Draft Red Herring Prospectus, our Company has seven (7) Shareholders of whom six (6) Shareholders are nominees of our Promoter.

## 9. Equity Shares held by ten largest shareholders

(a) On the date of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage of pre-Offer shareholding (%)
1	SIFL	59,659,994	99.99
2	Hemant Kanoria*	1	Negligible
3	Sunil Kanoria*	1	Negligible
4	Sanjeev Sancheti*	1	Negligible
5	Shashi Bhushan Tiwari*	1	Negligible
6	Ganesh Prasad Bagree*	1	Negligible
7	Sandeep Lakhotia*	1	Negligible
<b>Total</b>		<b>59,660,000</b>	<b>100.00</b>

\*As a nominee of SIFL

(b) Ten days prior to the date of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage of pre-Offer shareholding (%)
1	SIFL	59,659,994	99.99
2	Hemant Kanoria*	1	Negligible
3	Sunil Kanoria*	1	Negligible
4	Sanjeev Sancheti*	1	Negligible
5	Shashi Bhushan Tiwari*	1	Negligible
6	Ganesh Prasad Bagree*	1	Negligible
7	Sandeep Lakhotia*	1	Negligible
<b>Total</b>		<b>59,660,000</b>	<b>100.00</b>

\*As a nominee of SIFL

(c) Two years prior to the date of this Draft Red Herring Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	Percentage of pre-Offer shareholding (%)
1	SIFL	29,829,997	49.99
2	BPLG	29,829,997	49.99
3	Hemant Kanoria*	1	Negligible
4	Sunil Kanoria*	1	Negligible
5	Sanjeev Sancheti*	1	Negligible
6	Didier Jean Chappet**	1	Negligible
7	Thierry Bonetto**	1	Negligible
8	Jean Michel Vendassi**	1	Negligible
<b>Total</b>		<b>59,660,000</b>	<b>100.00</b>

\*As a nominee of SIFL

\*\* As a nominee of BPLG

For details relating to the average cost of acquisition of Equity Shares by our Promoter, refer to “Risk Factors – Prominent Notes” on page 42.

10. As on date of this Draft Red Herring Prospectus, our Company has no employee stock option scheme.
11. Our Company, Promoter/ Selling Shareholder, Directors and the BRLMs have not entered into any buyback and/or standby arrangements or any safety net facility and/or any other similar arrangements for the purchase of Equity Shares being offered through this Offer.
12. None of our Promoter, members of our Promoter Group, or our Directors and directors of our Promoter and their immediate relatives have purchased or sold any Equity Shares within six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
13. As on the date of this Draft Red Herring Prospectus, there are no outstanding convertible securities, warrants, financial instruments or any rights, which would entitle the Promoter or the Shareholders or any other person any option to acquire/receive any Equity Shares after the Offer. Our Company has not issued

any preference shares in the past.

14. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares issued pursuant to this Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made in the Offer.
15. Our Company may, in consultation with the BRLMs, consider a private placement of up to 2,500,000 Equity Shares or such number of Equity Shares aggregating up to ₹ 3,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Issue size of 10% of the post- Issue paid-up equity share capital of our Company being offered to the public.
16. Other than the proposed Pre-IPO Placement, if any, our Company shall not make any further issue of Equity Shares and/or any securities convertible into or exchangeable for Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner, during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges pursuant to this Offer. Our Promoter may however contemplate sale of certain Equity Shares between the date of filing of the Draft Red Herring Prospectus with SEBI and registering the Red Herring Prospectus with the RoC.
17. Our Company does not intend or propose to alter the capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of such securities or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint venture.
18. There shall be only one denomination of Equity Shares, unless otherwise permitted by law.
19. Our Promoter and members of the Promoter Group will not subscribe to or purchase any Equity Shares in the Offer.
20. As on the date of this Draft Red Herring Prospectus, our Company has seven Shareholders of whom six Shareholders are registered owners of Equity Shares for which the beneficial ownership has been declared in favour of our Promoter.
21. As on the date of this Draft Red Herring Prospectus, none of the Equity Shares are subject to any pledge or encumbrance.
22. No person connected with the Offer, including, but not limited to the BRLMs, the members of the Syndicate, our Company, the Directors, the Promoter/ Selling Shareholder, the Promoter Group, Group Companies and the KMPs, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid except as disclosed in this Draft Red Herring Prospectus.
23. Except as disclosed in this section, our Company has not made any public issue of its Equity Shares or rights issue of any kind since its incorporation.
24. As on date of this Draft Red Herring Prospectus, all the Equity Shares held by our Promoter are in dematerialised form.
25. Any over-subscription to the extent of 10.00% of the Offer can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot while finalising the Basis of Allotment.
26. Pursuant to Rule 19(2)(b)(iii) of SCRR read with Regulation 41 of the SEBI ICDR Regulations, the Offer to public is being made for at least 10% of the post-Offer paid up share capital of our Company.

The Offer is being made through the Book-Building process, in accordance with Regulation 26(1) of the

SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company and the Selling Shareholder may, in consultation with the BRLMs (other than SCML), allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. For further details, please see “*Offer Procedure*” on page 402.

27. Subject to applicable law and valid bids being received at or above the Offer Price, under-subscription, if any, in any category except in the QIB Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs (other than SCML) and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any other category.
28. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made by us or our Promoter or Selling Shareholder to the persons who are Allotted Equity Shares pursuant to the Offer.
29. None of the BRLMs or their associates (determined as per the definition of ‘associate company’ under the Companies Act, 2013, and as per definition of the term ‘associate’ under the SEBI Merchant Bankers Regulations) hold any Equity Shares except, SIFL (the holding company of SCML) which is our Promoter and holds 59,660,000 Equity Shares (including shares held by the nominees of our Promoter).
30. The BRLMs and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
31. For details of our related party transactions, please see “*Related Party Transactions*” on page 218.
32. Our Company shall comply with such disclosures and accounting norms as specified by SEBI from time to time.
33. Except for Mutual Funds sponsored by entities related to the BRLMs, Syndicate Members and any persons related to them, the BRLMs or Syndicate Members cannot apply in the Offer under the Anchor Investor Portion. No person related to our Promoter or other members of the Promoter Group shall apply under the Anchor Investor Portion.
34. Our Company shall ensure that transactions in the Equity Shares by the Promoter and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Offer Closing Date, if any, shall be reported to the Stock Exchanges within 24 hours of such transaction.
35. A Bidder cannot make a Bid exceeding the number of Equity Shares offered through this Offer and subject to the investment limits or maximum number of Equity Shares that can be held by them under applicable law. For more information see “*Offer Procedure*” on page 402.





## OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and the Offer for Sale.

### Offer for Sale

The Offer includes an Offer for Sale of up to 4,386,765 Equity Shares by the Selling Shareholder. The Selling Shareholder will be entitled to the entire proceeds of the Offer for Sale after deducting its proportion of offer related expenses. Our Company will not receive any proceeds of the Offer for Sale.

### Objects of the Fresh Issue

Our Company proposes to utilise the Net Proceeds towards the following:

- (a) augmenting our capital base; and
- (b) general corporate purposes.

### Offer proceeds

The following are the details of the Offer proceeds:

(₹ in million)

Particulars	Estimated Amount
Gross proceeds from the Offer <sup>(1)</sup>	[●]
Less: Proceeds of the Offer for Sale (including the Offer expenses in relation to the Offer for Sale)	[●]
Less: Offer related expenses in relation to the Fresh Issue <sup>(2)</sup>	[●]
Net proceeds of the Fresh Issue (“ <b>Net Proceeds of the Fresh Issue</b> ”)	[●]

<sup>(1)</sup> Includes, the proceeds, if any, received pursuant to the Pre-IPO Placement by our Company. Upon allotment of Equity Shares pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to the completion of the Offer.

<sup>(2)</sup> Will be incorporated after finalization of the Offer Price.

### Utilization of the Net Proceeds of the Fresh Issue

The details of the Net Proceeds of the Fresh Issue are summarized below:

(₹ in million)

Particulars	Estimated Amount
Augmenting of our capital base	[●]
General corporate purposes	[●]
<b>Total</b>	[●]

The main objects and objects incidental and ancillary to the main objects set out in the MOA enable our Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

### Details of the Objects of the Fresh Issue

#### (1) Augmenting our capital base

We are an NBFC-ND-SI in India and are registered with the RBI. As per the capital adequacy norms issued by the RBI, we are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital, which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. For further details, please see “Regulations and Policies” on page 164.

We intend to utilize the Net Proceeds from the Fresh Issue to augment our capital base to meet our future capital requirements. An amount of ₹ [●] million out of the Net Proceeds of the Fresh Issue is proposed to be utilized for augmenting our capital base.

#### (2) General corporate purposes

Our Company proposes to deploy the balance Net Proceeds of the Fresh Issue aggregating ₹ [●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with

the SEBI ICDR Regulations, including but not limited to meeting expenses incurred in ordinary course of business and any other purpose as may be approved by our Board or a duly constituted committee thereof, from time to time, subject to compliance with the applicable provisions of the Companies Act.

In addition, we believe that the listing of our Equity Shares will enhance our visibility and brand name among existing and potential customers.

### Schedule of Implementation and Deployment of Funds

Our Company currently proposes to deploy the Net Proceeds of the Fresh Issue in the aforesaid objects in the Fiscals 2018 and 2019. The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For further details, please see “Risk Factors” on page 15.

### Appraisal of the Objects

The objects of the Fresh Issue have not been appraised by any bank, financial institution or agency and we have not raised any bridge loans against the Net Proceeds of the Fresh Issue.

### Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Offer.

### Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The Offer expenses shall be shared between our Company and the Selling Shareholder, in proportion to the number of Equity Shares offered by our Company and the Selling Shareholder in the Fresh Issue and the Offer for Sale, respectively.

The break-down for the Offer expenses is as follows:

Sr. No.	Activity Expense	Estimated Amount* (₹ in million)	Percentage of Total Estimated Offer Expenses*	Percentage of Offer Size*
1.	Payment to BRLMs (including underwriting commission, and brokerage and selling commission payable to Syndicate Members <sup>(3)</sup> )	[●]	[●]	[●]
2.	Commission and processing fees for SCSBs <sup>(1)(2)</sup> and Bidding Charges <sup>(4)</sup> for Registered Brokers, RTAs and CDPs	[●]	[●]	[●]
3.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]
4.	Fees to the Registrar to the Offer	[●]	[●]	[●]
5.	Other advisors to the Offer (including lawyers, auditors, etc.)	[●]	[●]	[●]
6.	Listing fees, SEBI filing fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
7.	Miscellaneous	[●]	[●]	[●]
	<b>Total Estimated Offer Expenses</b>	[●]	[●]	[●]

\* To be completed after finalisation of the Offer Price

<sup>(1)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Investors and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable tax)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted (plus applicable tax)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional bidding charges shall be payable by the Selling Shareholder to the SCSBs on the applications directly procured by such SCSBs.

- (2) Processing fees payable to the SCSBs on the portion for Retail Individual Investors, and Non-Institutional Investors, which are procured by the Members of the Syndicate / sub-syndicate / Registered Brokers / RTAs / CDPs and submitted to SCSBs for blocking would be as follows:

Portion for Retail Individual Investors*	₹ [●] per valid application (plus applicable tax)
Portion for Non-Institutional Investors*	₹ [●] per valid application (plus applicable tax)

\* For each valid application

- (3) Selling commission on the portion for Retail Individual Investors, and the portion for Non-Institutional Investors, which are procured by Members of the Syndicate (including their respective sub-syndicate members) would be as follows:

Portion for Retail Individual Investors*	[●]% of the Amount Allotted (plus applicable tax)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted (plus applicable tax)

\* Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Bidding Charges: ₹ [●] (plus applicable taxes) per valid application bid by the Members of the Syndicate (including their sub-syndicate Members).

Note: The brokerage/selling commission payable to the Syndicate/sub-syndicate members will be determined on the basis of the ASBA Form number/series, provided that the application is also bid by the respective Syndicate/sub-syndicate Member. For clarification, if an ASBA Bid on the application form number/series of a Syndicate/sub-syndicate member, is bid for by an SCSB, the brokerage/selling commission will be payable to the SCSB and not to the Syndicate/sub-syndicate member. The brokerage/selling commission payable to the SCSBs, RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of either of the Stock Exchanges. The bidding charges payable to the Syndicate/sub-syndicate members will be determined on the basis of the bidding terminal ID as captured in the Bid book of the Stock Exchanges. Payment of brokerage/selling commission payable to the sub-brokers/agents of the sub-syndicate members shall be handled directly by the sub-syndicate members, and the necessary records for the same shall be maintained by the respective sub-syndicate member.

- (4) Bidding charges payable to the Registered Brokers, RTAs and CDPs on the portion for Retail Individual Investors, and Non-Institutional Investors, which are directly procured by the Registered Brokers or RTAs or CDPs and submitted to SCSBs for processing, would be as follows:

Portion for Retail Individual Investors*	₹ [●] per valid application (plus applicable tax)
Portion for Non-Institutional Investors*	₹ [●] per valid application (plus applicable tax)

\* Based on valid applications.

Amount of bidding charges payable to Registered Brokers, RTAs and CDPs shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment. In order to determine to which Registered Broker / RTA / CDP, the commission is payable, the terminal from which the bid has been uploaded will be taken into account.

The Offer expenses, including commission and processing fees, shall be payable within 30 Working Days post the date of receipt of the final invoices from the respective intermediaries by our Company in accordance with the arrangements/ agreements with the relevant intermediary. All of the above are exclusive of applicable taxes.

The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the Selling Shareholder in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholder may, at the outset, be borne by our Company on behalf of the Selling Shareholder, and the Selling Shareholder agrees that it will reimburse our Company all such expenses. Further, all expenses incurred by the Company on behalf of the respective Selling Shareholder, in relation to appointment of any intermediary, shall be pre-authorized by the Selling Shareholder and shall be reimbursed by such Selling Shareholder, upon successful completion of the Offer, in the proportion mutually agreed between the Company and the Selling Shareholder.

### Monitoring of Utilization of Funds

Our Company shall appoint the Monitoring Agency in relation to the Offer under the requirements of Regulation 16 of the SEBI ICDR Regulations prior to filing the Red Herring Prospectus. Our Company is raising capital to augment our capital base to meet our future capital requirements.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company and the Monitoring Agency shall on a quarterly basis disclose to the Audit Committee the deviations and the category wise variations of the Net Proceeds of the Fresh Issue and after such review, the statements shall be submitted to the Stock Exchanges. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds of the Fresh Issue under a separate head in our balance sheet(s) until such time as the Net Proceeds of the Fresh Issue remain unutilized clearly specifying the purpose for which such Net Proceeds of the Fresh Issue have been utilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds of the Fresh Issue in a Fiscal, we will utilize such unutilized amount in the next

Fiscal.

### **Interim use of Net Proceeds of the Fresh Issue**

The Net Proceeds of the Fresh Issue shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges. Pending utilization for the purposes described above, we intend to deposit the Net Proceeds of the Fresh Issue only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, in compliance with the investment policies approved by the Board from time to time. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds of the Fresh Issue for any investment in the equity markets or for buying, trading or otherwise dealing in shares of any other listed company.

### **Other Confirmations**

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds of the Fresh Issue with our Promoter, Directors, Key Management Personnel, members of our Promoter Group or Group Companies. Further, as the Net Proceeds of the Fresh Issue will be utilised to augment our capital base to meet our future capital requirements, no part of the Net Proceeds of the Fresh Issue will be paid by our Company as consideration to our Promoter, Directors, Promoter Group, Group Companies or Key Management Personnel, except in the ordinary course of business.

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, a company shall not vary the objects of the Offer, unless authorised by its shareholders in a general meeting by way of a special resolution. Additionally, the notice in respect of such resolution issued to the shareholders shall contain details as prescribed under the Companies Act, 2013 and such details of the notice, clearly indicating the justification for such variation, shall also be published in one English and one vernacular newspaper in the city where the registered office of the company is situated, as per the Companies Act, 2013 and the rules framed there under. Pursuant to the Companies Act, 2013, the controlling shareholders of such company are required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the objects, in accordance with the articles of association, and as may otherwise be prescribed by SEBI.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see “Our Business”, “Risk Factors” and “Financial Statements” on pages 141, 15 and 231, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

1. Market leading Indian CME financier with a strong brand name;
2. Asset-centric robust and disciplined business model;
3. Strong partnerships with OEMs and SEPs making us well-positioned to access customers in the growing construction equipment financing sector;
4. Effective risk management and credit appraisal framework;
5. Strong parentage aided by an experienced Board and management team;

For details, please see “Our Business – Our Strengths” on page 143.

### Quantitative Factors

The information presented below relating to our Company, wherever applicable, is based on the Restated Financial Information for Fiscals 2017, 2016 and 2015 prepared in accordance with Indian GAAP, the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) and restated in accordance with the SEBI ICDR Regulations. For details, please see “Financial Statements” on page 231.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### A. Basic and Diluted Earnings Per Share (“EPS”):

Based on Restated Financial Information:

Fiscal ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2017	24.95	3	24.95	3
March 31, 2016	20.18	2	20.18	2
March 31, 2015	25.81	1	25.81	1
<b>Weighted Average</b>	<b>23.50</b>		<b>23.50</b>	
<b>Six months ended September 30, 2017*</b>	18.36		18.36	

\*Not annualised

Note:

1. Earnings per share calculations are in accordance with Accounting Standard 20 ‘earnings per Share’ notified by the Companies (Accounting Standards) Rules, 2011
2. The ratios have been computed as below:
  - a. Basic earnings per share = Restated net profit available to equity shareholders/ weighted average number of shares outstanding during the year
  - b. Diluted earnings per share = Restated net profit available to equity shareholders / weighted average number of diluted shares outstanding during the year.
3. Weighted average EPS is the aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x weight) for each year] / [total of weights]

#### B. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share of ₹ [●] each:

- 1) P/E based on basic and diluted EPS of ₹ 24.95 and of ₹ 24.95 respectively for the Fiscal ended March 31,

2017 at the lower end of the Price Band are [●] and [●] respectively.

- 2) P/E based on basic and diluted EPS of ₹ 24.95 and of ₹ 24.95 respectively for the Fiscal ended March 31, 2017 at the higher end of the Price Band are [●] and [●] respectively.

#### Industry Peer Group P/E ratio

	Industry P/E*
Highest	195.23
Lowest	21.37
Industry Composite	53.57

\* Source: For Industry P/E, P/E figures for the peers are computed above is based on the industry peer set provided below under “- Comparison with Listed Industry Peers” on page 87.

#### C. Return on Net Worth (“RoNW”)

As per Restated Financial Information:

Fiscal ended	RoNW (%)	Weight
March 31, 2017	6.05%	3
March 31, 2016	5.19%	2
March 31, 2015	7.00%	1
<b>Weighted Average</b>	5.92%	
<b>Six months ended September 30, 2017*</b>	4.26%	

Note:

Return on Net Worth (%) = Restated profit after tax/ Restated Net Worth at the end of the year

Weighted average RoNW is aggregate of year-wise weighted RoNW divided by the aggregate of weights

i.e. [(RoNW x weight) for each year] / [total of weights]

\*Not annualised

#### D. Minimum Return on Increased Net Worth after Offer needed to maintain pre-Offer Basic/Diluted EPS for the Fiscal ended March 31, 2017

Particulars	Minimum RoNW (%) at the Floor Price	Minimum RoNW (%) at the Cap Price
To maintain pre-Offer Basic EPS of ₹ 24.95 for the year ended March 31, 2017	[●]	[●]
To maintain pre-Offer Diluted EPS of ₹ 24.95 for the year ended March 31, 2017	[●]	[●]

#### E. Price / Book (P/B) Ratio

Price / Book per Equity Share	Price / Book (in ₹)
As on September 30, 2017 (not annualized)	[●]
As on March 31, 2017	[●]

Note:

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

Price / Book Ratio = Offer Price/ Net Asset Value per Equity Share

#### Industry Peer Group P/B ratio

	Industry P/B*
Highest	4.59
Lowest	1.05
Industry Composite	3.06

\* Source: For Industry P/B, P/B figures for the peers are computed above is based on the industry peer set provided below under “Comparison with Listed Industry Peers” on page 87.

#### F. Net Asset Value (“NAV”) per Equity Share of face value of ₹ 10 each

Fiscal ended/ Period ended	(in ₹)
As on September 30, 2017	430.47
As on March 31, 2017	412.64





**Note:**

*Net Asset Value per share = Restated Net Worth at the end of the year/ Total number of equity shares outstanding at the end of the year*

- **Offer price: [●] \***

*\*Offer Price will be determined on the conclusion of the Book Building Process.*

- **After the Offer:**

a. At the Floor Price: ₹ [●]

b. At the Cap Price: ₹ [●]

**G. Comparison with Listed Industry Peers**

Our Company is in equipment financing business. We believe none of the listed companies in India are exclusively engaged in the portfolio of business similar to ours, there is, however, the following listed Companies in India, also provide equipment financing, among other services, either themselves or through their respective subsidiaries.

Name of the company	Face Value per Equity Share (₹)	P/E	P/B	Profit After Tax (₹ in million)	EPS (Basic) (₹)	Net Worth (₹ in million)	Return on Net Worth (%)	Net Asset Value/ Share (₹)	Closing Share Price (₹)	No. of Equity Shares Outstanding
Shriram Transport	10	22.37	2.49	12,573.40	55.42	113,022.30	11.12%	498.15	1,239.60	226,882,736
Mahindra Finance	2	48.02	3.65	5,297.00	9.31	69,601.56	7.61%	122.37	447.25	568,764,960
Sundaram Finance	10	30.40	4.31	6,834.80	61.52	48,160.22	14.19%	433.47	1,870.10	111,103,860
Cholamandalam	10	27.66	4.59	7,179.20	45.93	43,256.60	16.60%	276.75	1,270.65	156,300,624
Magma Fincorp	2	195.23	1.84	204.53	0.86	21,721.34	0.94%	91.66	168.50	236,973,672
L&T Finance Holdings	10	29.95	3.47	10,424.60	5.94	89,892.70	11.60%	51.20	177.85	1,755,721,861
Srei Infrastructure	10	21.37	1.05	2,427.60	4.83	49,187.40	4.94%	97.77	103.10	503,086,333

*Note:*

1. *Figures are on a consolidated basis*
2. *P/E ratio is calculated as closing share price as on November 24, 2017 (NSE) / Basic EPS for full year ended March 31, 2017*
3. *P/B ratio is calculated as Share Price as on November 24, 2017 (NSE) / Net Asset Value*
4. *Basic EPS is calculated as Profit After Tax for the year ended March 31, 2017 / Shares outstanding for the year ended March 31, 2017*
5. *Net Worth includes Equity Share Capital and Reserves & Surplus (excluding revaluation reserves)*
6. *Return on net worth (%) = Profit after tax/ Net worth at the end of the year as at March 31, 2017*
7. *Net asset value per share = Net worth at the end of the year/ Total number of equity shares outstanding as at March 31,2017*
8. *Closing Share Price is as at November 24, 2017; Source: NSE*
9. *No. of Equity Shares outstanding is as at March 31, 2017*

**H. The Offer Price will be [●] times of the face value of the Equity Shares**

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Date: November 27, 2017

#### **The Board of Directors**

Srei Equipment Finance Limited  
Vishwakarma,  
86C Topsia Road (South),  
Kolkata 700 046

Dear Sirs,

We refer to the proposed initial public offering of the equity shares of Srei Equipment Finance Limited (“the Company”, and such offering, the “Offer”). We enclose herewith the Statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961 and Goods and Service Tax Act, 2017 as applicable to the assessment year 2018-19 relevant to the financial year 2017-18 for inclusion in this Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus (together the “Offer Documents”) for the Offer.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act, 1961 and Goods and Service Tax Act, 2017. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This Statement is only intended to provide general information to guide 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 are neither suggesting nor are we advising the investor to invest money or not to invest money based on this Statement.

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

- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/ would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include enclosed Statement regarding the tax benefits available to the Company and to its shareholders in the Offer Documents for the Offer which the Company intends to submit to the Securities and Exchange Board of India and Stock Exchanges, provided that the below Statement of limitation is included in the Offer Document.

#### **LIMITATIONS**

*Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. 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 change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the Statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Offer relying on the Statement.*



*This Statement has been prepared solely in connection with the Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.*

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

**Shrenik Baid**  
Partner  
(Membership Number: 103884)

Mumbai, November 27, 2017

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SREI  
EQUIPMENT FINANCE LIMITED (“COMPANY”) AND ITS SHAREHOLDERS**

The information provided below sets out the possible direct and indirect tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the equity shares of the Company (“Equity Shares”), under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.**

Our views expressed in this Statement are based on the facts and assumptions as indicated in the Statement. 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 change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this Statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this Statement.

This Statement has been prepared solely in connection with the offering of Equity Shares by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

**STATEMENT OF POSSIBLE DIRECT AND INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS**

**A. Special tax benefits available to the Company**

There are no special tax benefits available the Company under the Income-tax Act, 1961 and Goods and Service Tax Act, 2017.

**B. Special tax benefits available to the shareholders of the Company**

There are no special tax benefits available to the shareholders of the Company under the Income-tax Act, 1961 and Goods and Service Tax Act, 2017.

**NOTES:**

1. The above is position as per the current tax law as amended by the Finance Act, 2017.
2. This Statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section has been obtained or derived from the Feedback Reports as well as other industry sources and government publications. All information contained in the Feedback Reports has been obtained by Feedback from sources believed by it to be accurate and reliable. Although reasonable care has been taken by Feedback to ensure that the information in the Feedback Report is true, such information is provided ‘as is’ without any warranty of any kind, and Feedback in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and Feedback shall not be liable for any losses incurred by users from any use of this publication or its contents. None of the Company or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

#### I. Overview of the Indian Economy

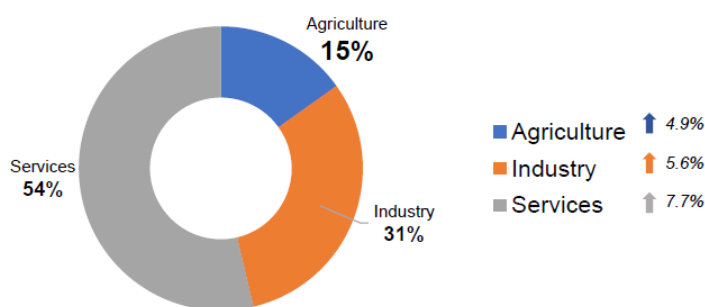
According to the Central Statistics Organisation, India (“CSO”) and the International Monetary Fund (“IMF”), India has emerged as the fastest growing major economy in the world. Gross Domestic Product (“GDP”) in Fiscal 2017 grew by 7.1% (Gross Value Added (“GVA”) grew by 6.6%) from the previous year. During Fiscal 2017, India surpassed China’s GDP growth rate.

The improvement in the country’s economy accelerated in 2015 with the combined impact of strong government reforms and the Reserve Bank of India’s (RBI) focus on inflation, supported by benign global commodity prices. As per the Economic Survey 2016-17, the Indian economy is expected to grow between 6.75-7.5% during Fiscal 2018. India’s GDP for Fiscal 2017 was ₹121,898.5 billion (provisional estimates). GVA for the same period was ₹111,854.42 billion. The estimates of GDP and GVA are at constant prices (base year 2011-2012).

The share of key sectors in total GVA is given in the chart below.

**Figure 1 – Overview of Key Sectors in Total GVA**

Total GVA (FY 2016-17): INR 111,854.42 Billion  
(Constant price, base year 2011-12)



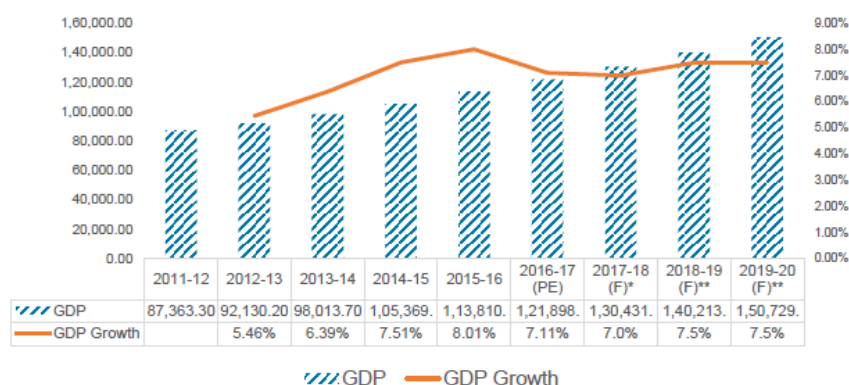
Source: Key Economic Indicators, August 2017 (RBI, Govt. of India)

↑ Growth over previous year

The following charts show the GDP trends in India.

**Figure 2 – Overview of GDP Trends (Fiscal 2012-2020)**

All figures are in INR Billion  
Gross Domestic Product Estimates (Constant Prices)  
Base year: 2011-12



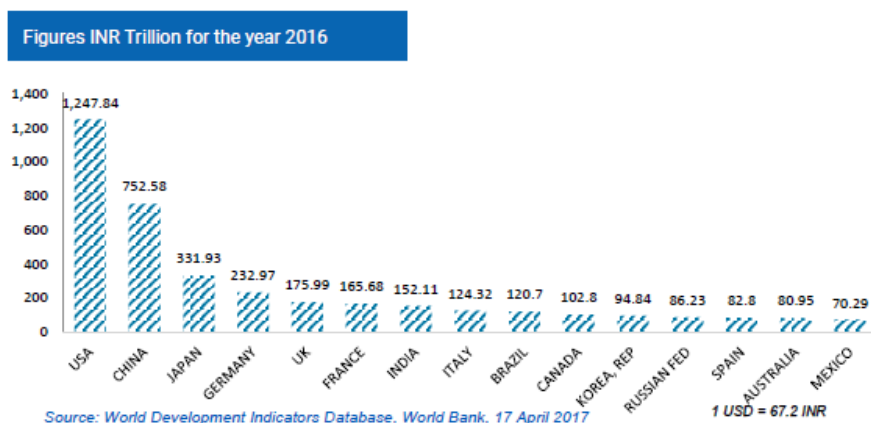
Source: Central Statistics Office/ RBI, Govt. of India

\* Source: RBI \*\*Source: World Bank. Absolute numbers are calculated based on growth rates provided

PE- Provisional Estimates

### Comparison of Indian GDP with Other Countries

Figure 3 – Overview of Indian GDP and other Countries (2016)



According to the 2016 estimates by the World Bank, India is currently ranks seventh in the world in terms of GDP. India is likely to overtake Japan and Germany to become the third largest economy in the next ten years, but needs to be consistent in reforms. The country also needs to focus more on the social sector, ease of doing business and related aspects like contract enforcements. Demographics and macro stability are pointed out as key strengths for the country.

### Demonetisation and its Impact

On November 8, 2016, the Indian government demonetised (i.e. removed legal tender status) from an estimated 23 billion INR 500 and INR 1000 banknotes amounting to ₹15,280 billion. This corresponded to 86% of India’s currency in circulation. Demonetisation caused an immediate cash crunch and affected activity in cash reliant sectors, resulting in a tangible and adverse impact. GDP growth slowed to 7.0% during the third quarter of Fiscal 2017 from 7.3% in the first quarter. In the last quarter of Fiscal 2017, China overtook India as the fastest growing economy, with GDP growth of 6.1% in India compared with 6.9% in China in the same period.

In the long-term, demonetisation has the potential to accelerate the formalisation of the economy, leading to higher tax collections and greater digital financial inclusion. This is dependent on measures such as increased use of property taxes in the areas of tax policy and administration and an increase of the percentage of the population having access to the internet and digital means of payments. The implementation of the GST is a key complementary reform that will support formalisation, as firms have a strong incentive to register with GST to obtain input tax credits.

### Economic Outlook for India in Fiscal 2018



India's GDP growth is likely to face obstacles and might slip below the 7% mark to a three-year low this financial year (i.e. Fiscal 2018) due to demonetisation in November 2016 and GST rollout in July 2017. These events had a short-term impact on economic activity while aggravating the already slowing momentum. India's economic growth slipped to a three-year low of 5.7% in April-June 2017.

Recovery is expected to be gradual, but below potential this year and the next, with the resultant output gap keeping price pressures under check. Until the private sector returns, government spending towards capital expenditure and infrastructure will be crucial to forecast growth above 7%.

## II. Overview of the Indian Infrastructure Sector

### Infrastructure in India

The Infrastructure sector is a key driver for the Indian economy and is largely responsible for propelling India's overall development. The government is focused on initiating policies to ensure the creation of a world class infrastructure in India.

From April 2000 to March 2017, according to the Department of Industrial Policy and Promotion ("DIPP"), Foreign Direct Investment ("FDI") received in the infrastructure development sector stood at ₹1,580 billion.

The government has fixed a higher fiscal deficit figure of 3.2% in Fiscal 2018, with a structural decline in primary deficit. This decline in primary deficit implies an improvement in the quality of expenditure anticipated by the government. Out of the total capital expenditure, the majority of the increased allocation is towards areas such as railways (increase by approximately 19% year on year), roads and highways (increase by approximately 24% year on year) and urban development (increase by approximately 5% year on year). This increase is expected to have a positive impact the economy.

Figure 4 – Allocation Infrastructure Expenditure (Fiscal 2015-2018)

Infrastructure Expenditure				
	INR. Billion			
Infrastructure Expenditure	2014 - 15	2015 - 16	2016 - 17	2017 - 18 (BE)
Railways	320	350.08	461.55	550
Road Transport & Highways	330.48	469.13	524.47	649
Rural Development	673.11	773.69	960.6	1,054.48
Power	132.05	77.35	104.76	138.81
Urban Development	132.54	184.19	325.5	342.12
Coal	7.0	5.70	5.56	7.45
Renewable Energy	5.15	2.26	43.60	54.73
Mines	8.68	9.93	10.83	12.13
Water Resources	54.8	68.62	47.56	68.87
Civil Aviation	66.26	41.68	34.52	27.02
Ports & Shipping	10.3	13.24	14.54	17.73

Source: Annual Budget Document, Govt. of India

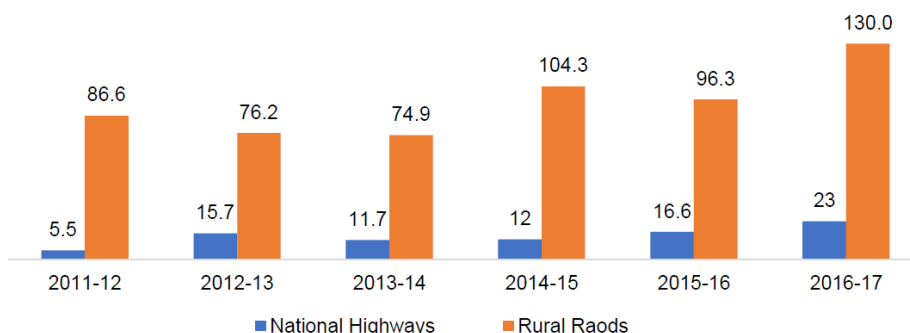
### Roads

The Indian road network carries approximately 65% of total freight traffic, 80% of passenger traffic and plays a vital role in economic development. The country has one of the largest road networks comprising of expressways, national highways, state highways, major district roads and rural roads. Currently, the total road length is approximately 5.47 million kms, most of which comprises rural roads (61%) followed by major district roads (20%), urban roads (9%), project roads (6%), state highways (3%) and national highways (2%).

India's 12<sup>th</sup> five year plan (2012-2017) set out an expenditure of ₹9,100 billion for the construction of roadways in the country, an increase of 125% over the last plan. Fiscals 2013 and 2014 reported slow growth in the construction of national highways, state highways and rural roads. To give an extra boost and to compensate for the slow performance of the sector in the past, the government in Fiscal 2015 rolled out several initiatives to rapidly revive and spur growth in roadways. In addition to this, the government has also identified 77 delayed projects to put them back on track. The total road length from these delayed projects is approximately 8,400 kms.

Over the next five years, the government will be investing ₹6,920 billion to build 83,677 kms of road. This includes the flagship Bharmala project which requires a construction of 34,800 kms of roads at an investment of ₹5,350 billion.

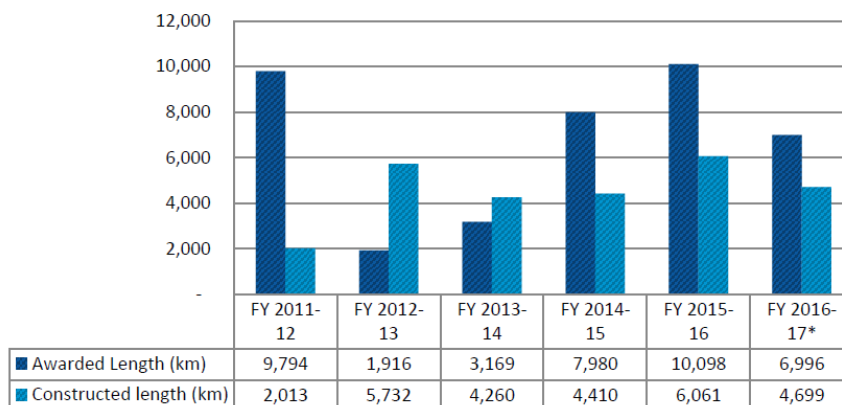
**Figure 5 – Trends of National and Rural Roads Construction (Km per day)**



Source: Ministry of Road Transport & Highways for National Highways (Annual Report (FY 2016-17)), and for Rural Roads website of PMGSY (Online Management, Monitoring & Accounting Systems)

The below chart shows the road length awarded and constructed, in respect of national highways, during the last six years.

**Figure 6 – Road Length Awarded and Constructed (Fiscal 2012-2017)**



Source: Annual Report (FY 2016-17), Ministry of Road Transport & Highways, Govt. of India \* Data up to Dec 2016

There were many impediments to the road construction activities when the new government took charge in the year 2014. Many new policies were framed to accelerate the road construction activities which have led to a faster turnaround of this sector. Such key policies include hybrid annuity model to help private contractors, requirement of minimum 80% acquisition of land to award projects and eased exit clauses.

### Railways

Indian Railways are the third largest in terms of route length with a total track length of approximately 119,630 kms and a running track length of 92,081 kms. Considering India’s size and the requirements of the economy, the expansion of the railway network has been inadequate. There are many areas such as the North East and Himalayan regions where there is limited connectivity.

The construction of railways has recorded significant growth, creating opportunities for contractors. One of the key enablers is 100% FDI for high speed rail, and railway lines from coal mines to ports, electrification and suburban corridors. From Fiscal 2017 to Fiscal 2022, it is estimated that a total investment of ₹9,088 billion will be made in development of rail infrastructure.

### Dedicated Freight Corridor (“DFC”)

A cost estimate of ₹814.59 billion has been approved by the Cabinet Committee on Economic Affairs for the Eastern and Western DFCs in June 2015, comprising construction cost of ₹733.92 billion and land cost of ₹80.67

billion. The cost for this project will be funded by a combination of debts from bilateral or multilateral agencies, equity from the Ministry of Railways and public-private partnership.

### High-speed Rail

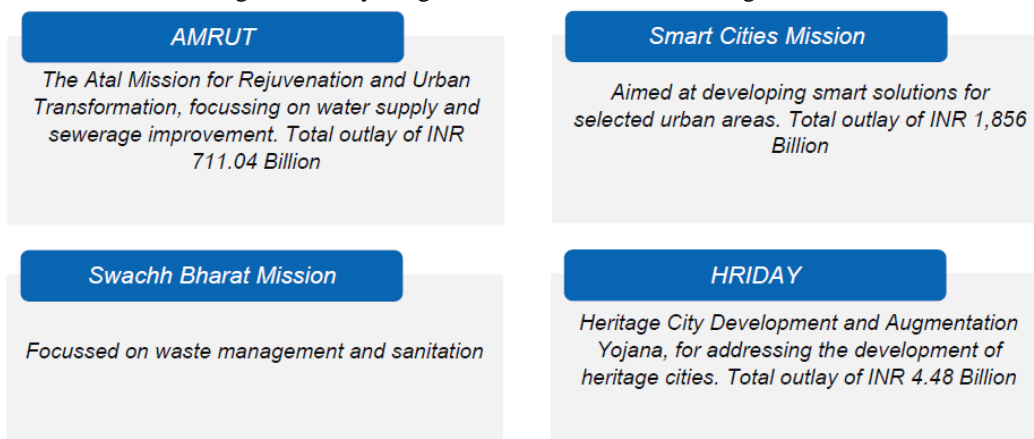
High Speed Rail Corporation of India Limited has been formed for the development and implementation of high speed rail projects. In the proposed investment plan for the period 2015 to 2019, an allocation of ₹650 billion has been made for high speed rail and elevated corridor.

### Urban Development

The urban development sector has reported high growth, especially during the 11<sup>th</sup> five year plan (2007-2012), where achievement was more than 160% of the target. The target for the 12<sup>th</sup> five year plan (2012-2017) has, as a result, been increased by 567% over the previous plan.

The government understands the need for Urban Development. JNNURM was a pivotal program through which the centre invested close to ₹620 billion over a period of seven years. JNNURM was envisioned to cover a wide range of urban development components, with respective state governments listing their area of priority. One of the key programmes under the JNNURM is the smart cities mission which aimed to develop smart solutions for selected urban areas. The total outlay of the smart city mission is ₹1,856 billion. Four key programmes under the JNNURM programmes are:

**Figure 7 – Key Programmes under JNNURM Programmes**



As per the last census, the number of towns developed in 2011 grew to 7,935 from 5,161 in 2001. In addition, urban population in India is one of the lowest in the world in terms of (%) shares, accounting for only 31% of the total population. FDI in the urban development sector has given further impetus for growth. As per the latest estimates of Niti Ayog, India’s urbanisation rates are expected to reach 60% in the next 30 years.

The Construction Industry Development Board (CIDB) of Malaysia has proposed to invest ₹1,920 billion in urban developments and housing projects in India. Several Chinese companies have also shown interest in urban investment opportunities.

### Irrigation and Water Supply

Irrigation projects in India are classified as major irrigation, medium irrigation and minor irrigation projects. Major irrigation projects have a cultivable area of more than 10,000 hectares, medium irrigation projects have a cultivable area of 2,000 – 10,000 hectares and small irrigation projects have cultivable area of less than 2,000 hectares. Irrigation projects can be classified in to canal lining and walls, irrigation barrages, irrigational check dams, aqueducts, tube wells and wells.

The river inter-linking project is estimated to cost approximately ₹5,655 billion, of which 77% is outlined for the linking of Himalayan Rivers and the remaining 23% for the linking of the peninsular rivers. The inter-linking is expected to result in a multi-fold drive to the growth of economy, including an increase in food grain production and growth of the cement, construction and banking sector.

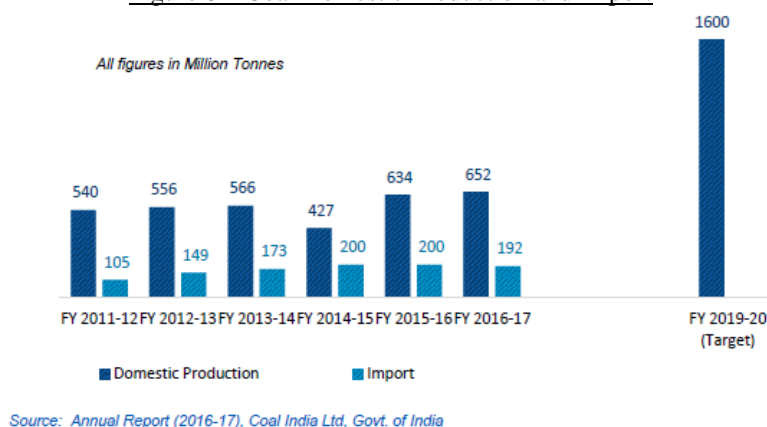
## Mining

### Coal Mining

India has coal reserves of approximately 315.15 billion tonnes. More than 90% of the coal produced in India is by government owned companies. Coal India Ltd is the largest firm in India, producing coal accounting for 84% of the total coal produced. The role played by private companies is limited, mines are owned for captive use. Companies involved in the manufacture of steel, cement, fertiliser and power generation mostly have captive mines, with power being one of the sectors that is heavily dependent on coal. Mining equipment is extensively used by all companies across regions.

Despite India's large coal reserve, some companies in India are importing coal. Approximately 20-25% of the coal demand is met through imports. Over the last five years (2012-2017), coal imports have grown at a CAGR of 6.4%. The imports of coal continued due to slow domestic coal production and better quality of imported coal. However, Fiscal 2017 saw a marginal decrease of 4% to 192 million tonnes imported compared to the previous year. The government has set a target of 1.6 billion tonnes of coal production by Fiscal 2020, which will be met through increase in the number of mines set up and reallocation of existing mines.

Figure 8 – Coal Domestic Production and Import



### Iron Ore

The Indian iron ore industry was once the third largest exporter globally, but is currently under pressure to fulfil domestic demand. Illegal mining and environmental degradation has led to a blanket ban of iron ore mining and exportation in several states such as Karnataka and Goa. Imports were small until last year, but increased to 15 million tonnes in Fiscal 2015 to bridge the supply-demand gap as there were no signs of the recovery of the domestic iron ore production. The following years saw an increase in production post the lifting of ban against iron ore mining. Imports also reduced gradually as a result of higher production and the commissioning of new mines.

Figure 9 – Iron Ore Production and Import



From Fiscal 2017 onwards, several state governments planned and increased their focus on iron ore production. Odisha contributed nearly 100 million tonnes during Fiscal 2016. The government of Odisha has planned to auction around 10-12 large mines to boost supply. Demand from real estate and automotive sectors, along with an increase in infrastructure projects is expected to aid growth of steel production. The steel industry is likely to have a total installed capacity of 300 million tonnes by 2025.

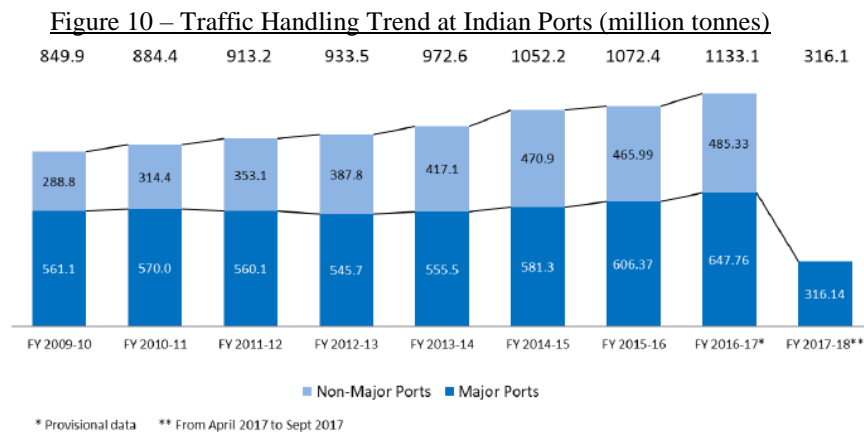
Government investment in the mining sector was increased by 79% in the 12<sup>th</sup> five year plan (2012-2017) as compared to the previous plan, amounting to ₹1,631.5 Billion. It provided fresh impetus to the domestic mining sector.

## Ports

India has a coastline of 7,517 kms which is shared amongst nine states. Approximately 95% of India’s trade by volume, and 68% by value, is moved through maritime transport.

Ports in India can be divided into two types; major ports and minor ports. At present, there are 13 major ports in India which are under the scope of central government through the Ministry of Shipping. There are approximately 200 minor ports, however only 70 of these are in operation. All of the minor ports are administered by their respective state governments.

Currently the handling capacity at major ports is 1,005 million tonnes (as of Fiscal 2017) and at minor ports it is 750 million tonnes (as of Fiscal 2016). The capacity addition at the major ports in Fiscal 2017 over previous year was approximately 4%. The traffic handled at Indian major ports and non-major ports are shown in the graph below:



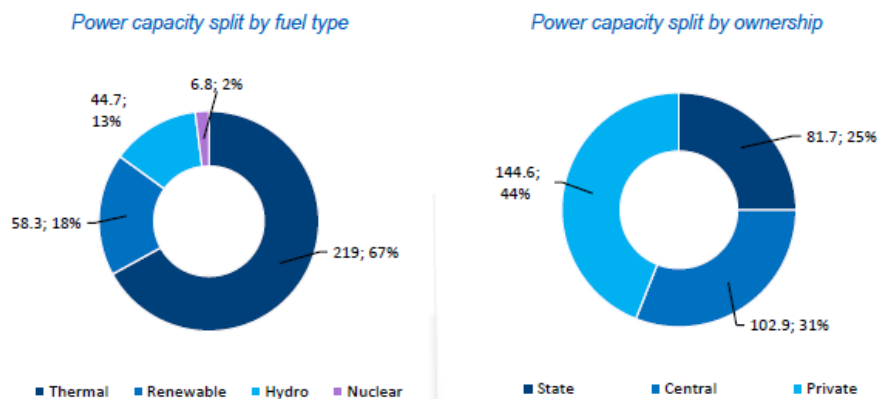
*Source: Indian Ports Association, Update on Indian Port Sector (March 2017) (Ministry of Shipping, Govt. of India)*

The government has initiated the ‘Sagarmala Programme’ to promote port-led development in the country. There are 415 projects worth ₹7,895.01 billion in the Sagarmala Programme, which expected to mobilise more than ₹8,000 billion of infrastructure investment, generate logistic cost saving of ₹350 to ₹400 billion per annum, drive merchandise export by ₹7,392 billion and enable creation of 10 million new jobs (including four million direct jobs in the next ten years).

## Power

The power sector comprises three main areas; generation, transmission and distribution. India is the third largest producer and the fourth largest consumer of power in the world with an installed capacity of 330 GW as of August 2017. The breakup of capacity by type of fuel and ownership is provided in the chart below.

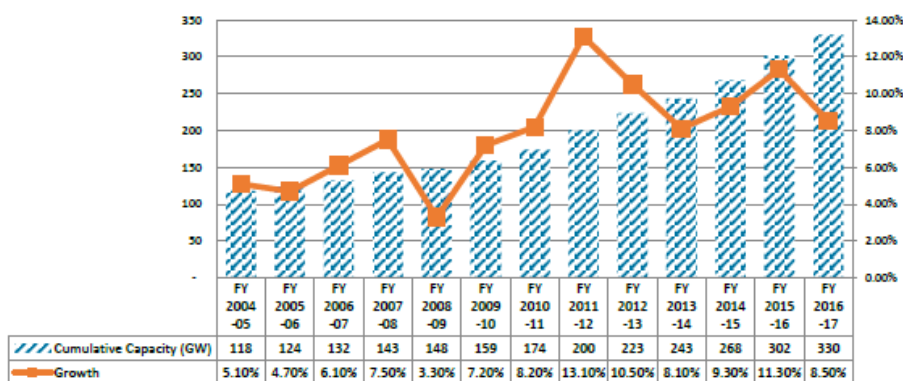
**Figure 11 – Power Capacity Split by Fuel Type and Ownership**



Source: Central Electricity Authority (website), Ministry of Power, Govt. of India

Within thermal (219 GW), power generation by coal based plants accounts for 88% (approximately 59% of the all India capacity) followed by gas based which accounts for 11.5% (approximately 7.5% of the all India capacity) and oil-fired plants which account for 0.4%. India's total power generation capacity has increased at a CAGR of 9.7% in the last 10 years (Fiscal 2008-2017).

Figure 12 – Power Generation Capacity and Growth (Fiscal 2005-2017)



Source: Central Electricity Authority (website), Ministry of Power, Govt. of India

The current government is working towards major goals which are directed at transforming the power industry. For example, the government is targeting to increase installed capacity of renewable energy-based power generation to 175 GW by the year 2022 and promulgating access to electricity, among others, through village electrification programme with a target to supply to all the villages in the country by the year 2018.

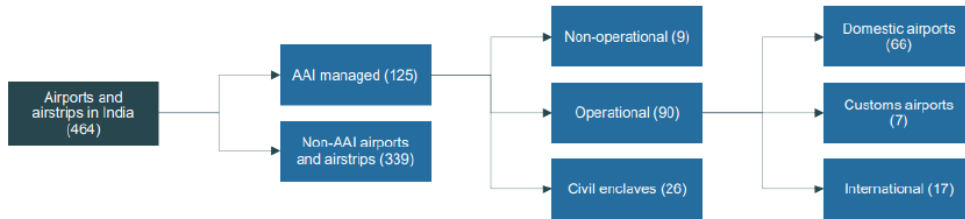
To help attain these targets, the government is seeking extensive support from the private sector and gradually reducing the public-sector spending. FDI up to 100% is permitted under the automatic route in this sector.

### Civil Aviation

There are 464 airports and airstrips in India at present, with Airports Authority of India (“AAI”) (established in 1994) as the responsible body for developing, financing, operating and maintaining all government airports. Various types of airports that are operational as of Fiscal 2017 are shown below.

Figure 13 – Types of Operational Airports (Fiscal 2017)

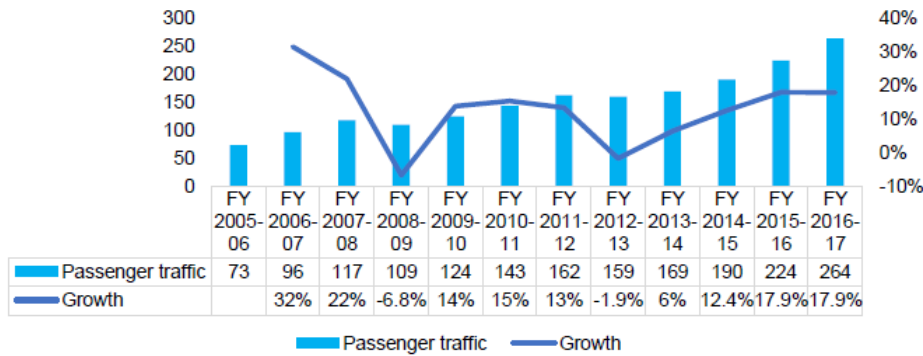




Source – Airports Authority of India (Ministry of Civil Aviation, Govt. of India)

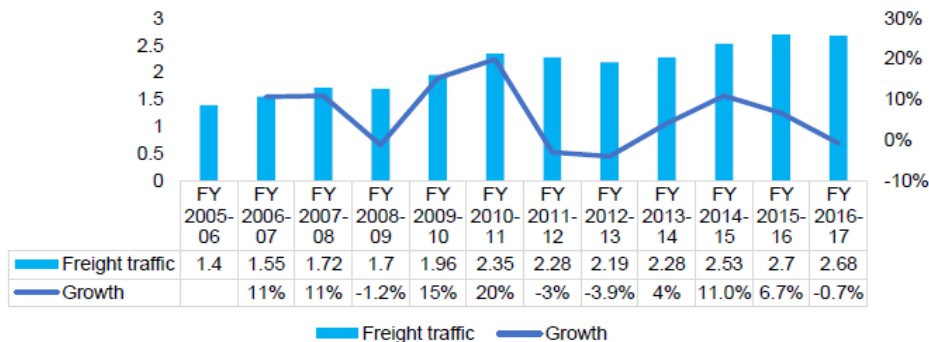
The tables below show passenger traffic and freight traffic from Fiscal 2006 to Fiscal 2017.

Figure 14 – Passenger Traffic (million)



Source – Traffic News, Airports Authority of India (Ministry of Civil Aviation, Govt. of India)

Figure 15 – Freight Traffic (million tonnes)



Source – Traffic News, Airports Authority of India (Ministry of Civil Aviation, Govt. of India)

In the union budget 2017, the GoI decided to develop select airports in tier 2 cities under ‘public private partnership’ model (“PPP”). Five cities in which international airports are operated under PPP model are Mumbai, Delhi, Bangalore, Hyderabad and Kochi. 15 greenfield projects (airports) with private sector participation have been approved in May 2015. Further, AAI also approved investment of ₹144.95 billion in a period of four years. The government currently focuses in a plan to connect all towns by using 400 closed airstrips of the existing 476 and an effort to reduce the cost of flying between small town to ₹2,500 per hour.

### III Overview of the Indian Equipment Market

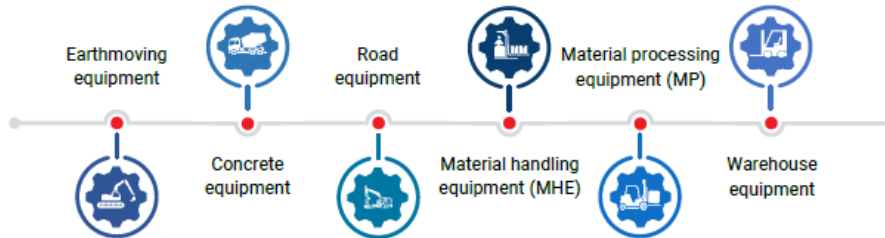
#### A. Market Assessment of the Construction, Mining and Allied Equipment (CME) Segment in India Infrastructure Equipment

The CME industry in India can be classified into different categories based on the type of projects for which it is used. These categories are:

- Earthmoving equipment;
- Concrete equipment;

- Road equipment;
- Material handling equipment;
- Material processing equipment; and
- Warehouse equipment.

**Figure 16 – Categories of CME based on Project Use**



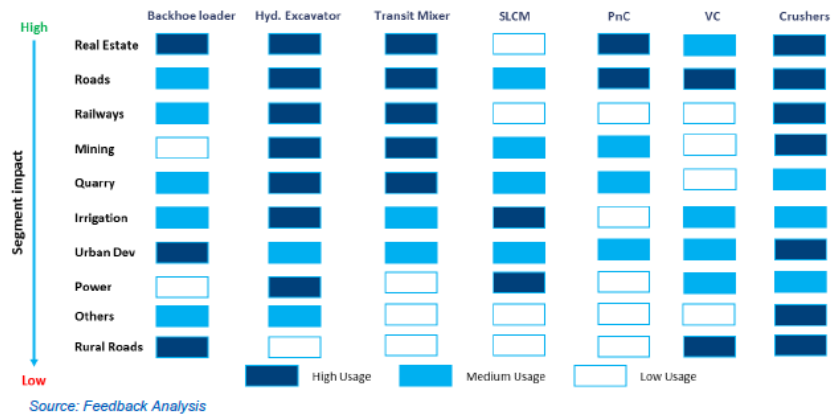
Descriptions of equipment group under the CME are:

**Figure 17 – Types of CME Equipment**

Equipment Group	Description	Equipment Type
Earthmoving		Backhoe loader (BHL)
		Hydraulic excavator (HEX)
		Wheel loader (WL)
		Motor Grader (MG)
		Chain Dozer (CD)
		Skid steer loader (SSL)
		Dumper
Concrete Equipment		Transit Mixer, SLCM
		Concrete Pumps
		Batching Plants
Road Equipment		Vibratory Compactors
		Asphalt Pavers, Concrete Paver, Kerb Casting, Cold Miller
Material handling Equipment		Hot Mix Plants, WMM Plants
		Tower cranes
		Crawler Cranes
Warehouse		Pick N Carry, Rough Terrain Cranes, All Terrain Cranes, Rough Terrain Cranes
		Forklift
Material Processing Equipment		Crushers & Screens

Multi-usage of equipment has been a key trend seen in the construction equipment industry. Examples of common usage across industries are shown in the chart below.

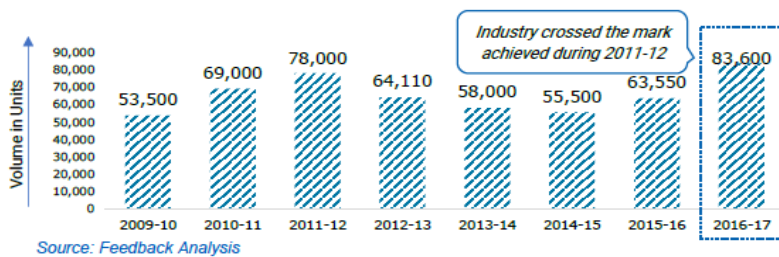
**Figure 18 – Multi-usage of Equipment across Segments**



*Review of the CME market (over the last 7-8 years)*

The CME sector experienced a period of de-growth from Fiscal 2013 until September 2015. During October to December 2015 there was a period of flat growth, however sales increased from January 2016 and continued to grow until November 2016. The industry witnessed a slight reduction in sales numbers during December 2016 due to demonetisation and reduction in retail sales. The growth rate then increased by 7% during fourth quarter of Fiscal 2017 as compared to the third quarter of Fiscal 2017.

**Figure 19 – Sales of CME Equipment (Fiscal 2010-2017)**



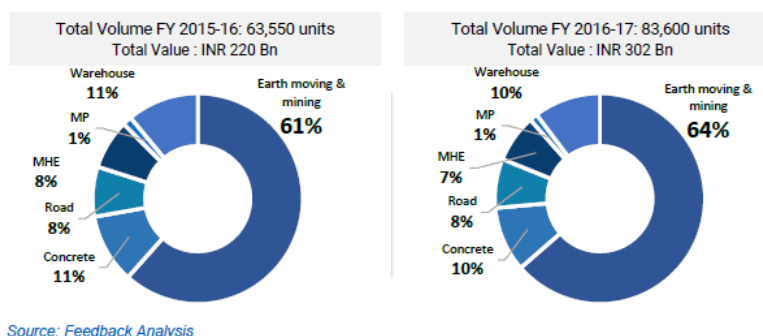
The industry has witnessed a good revival in the last two financial years following the previous three year decline. During Fiscal 2017, 83,600 units were sold, of which 53,170 units were earthmoving machines. This is largely attributed to the positive movement in select sectors such as national highway roads, irrigation and railways. These sectors have experienced a lot of drive from the government in the last two years. For example, in the national highways sector, key reforms introduced by the government have helped the sector move beyond what was anticipated.

The Indian CME industry continues to be sensitive to the demand for backhoe loaders and hydraulic excavators. Backhoe loaders, which contribute 37% of the overall sales by volume during Fiscal 2017, are an India specific phenomenon. Backhoe loaders in China account for hardly 0.5% of overall construction equipment sales while in North America it accounts for 8.5% sales of their construction equipment respectively. The backhoe loader is the equipment of choice as the market shifts from manual labour to mechanisation. The hydraulic excavator is usually the next machine which most customers will choose, after the purchase of a backhoe loader. The trend witnessed across most customers is that they buy a hydraulic excavator within the first 5-6 years of the purchase of a backhoe loader.

*Recent Growth*

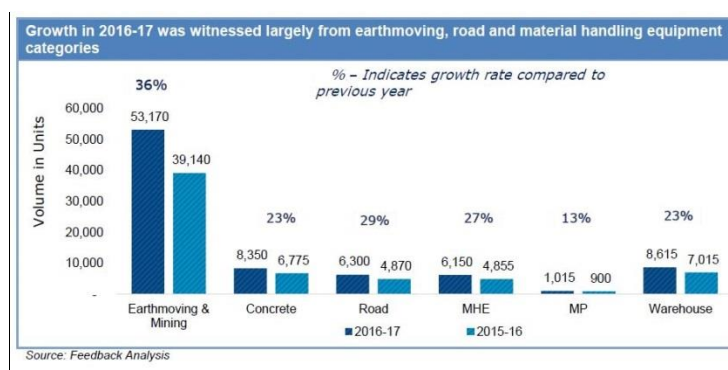
The overall Indian CME industry grew by 32% in Fiscal 2017 compared to Fiscal 2016. The last quarter of Fiscal 2017 showed a good surge in overall equipment sales and the industry sales surpassed the volumes achieved during Fiscal 2012.

**Figure 20 – Sale Volumes in Fiscal 2016 and Fiscal 2017**



The equipment growth in Fiscal 2017 came largely from the earthmoving, road and material handling equipment categories.

Figure 21 –Equipment Growth across Categories



### Earthmoving and Mining Equipment

Demand for earthmoving and mining equipment during Fiscal 2017 was significant with a growth of 36% compared to Fiscal 2016. Within earthmoving, backhoe loader sales reached the 30,000 units mark which was closer to the sales witnessed during Fiscal 2012. The hydraulic excavator sector saw its' highest ever sales to date with the volume reaching over 18,000 units.

Figure 22 – Sales of Earthmoving and Mining Equipment

Equipment	Sales during FY 2016-17 (Vol Units)	% Change from same period FY 2015-16	
Backhoe loader (BHL)	30,710	34%	↑
Hydraulic excavator (HEX)	18,185	43%	↑
Wheel loader (WL)	2,005	18%	↑
Motor Grader (MG)	870	51%	↑
Chain Dozer (CD)	560	78%	↑
Skid steer loader (SSL)	430	-13%	↓
Dumper	410	-	Neutral

Source: Feedback analysis

The earthmoving equipment market by volumes sold is divided between backhoe loaders (58%), hydraulic excavators (34%), wheel loaders (4%), motor graders (2%), dozers (1%), skid steer loaders and dumpers (with a share of 0.5% each) of the total 53,170 units.

During Fiscal 2017, approximately 60% of the earthmoving equipment sales was from national highways, state highways and rural road segment, while 20-25% sales was from the irrigation and railways segment. Mining segment accounted for 7-8% of the overall earthmoving equipment sales. During Fiscal 2017, close to 65% of the backhoe loader sales and 35% of the excavator sales were towards the rental/hirer segment. Other earthmoving equipment accounted for less than 15% of their sales to the hirer category.

### Spares Market for Earthmoving Equipment

The current installed base of earthmoving and mining equipment as of March 2017 was estimated to be 4.6 lakh units in India. The current spares market for earthmoving and mining equipment is valued at ₹49.5 billion, with backhoe loader accounting for 51% and hydraulic excavator approximately 40% of the spares market.

#### *Revenue from Rental Business*

The total revenue from the earthmoving equipment rental business is approximately ₹180 – 185 billion for Fiscal 2017, of which backhoe and excavators account for 94% of the rental market.

### **Concrete Equipment**

The current Indian concrete equipment market for Fiscal 2017 was at 8,350 units. Demand for concrete equipment during Fiscal 2017 grew by 23% compared to Fiscal 2016. Only transit mixers and self-loading concrete mixers grew by 46% and 66% respectively. Sales in concrete pumps and batching plants reduced during Fiscal 2017 compared to Fiscal 2016.

Figure 23 – Sales of Concrete Equipment

Equipment	Sales during FY 2016-17 (Vol Units)	% Change from same period FY 2015-16
Transit Mixer	3,645	46%
SLCM	2,325	66%
Concrete Pumps	1,245	-20%
Batching Plants	850	-23%

*Source: Feedback analysis*

The concrete equipment market by volume of units sold during Fiscal 2017 is divided between transit mixers (44%), self-loading concrete mixers (28%), concrete pumps (15%) and batching plants (10%). The current market is valued at approximately ₹24 billion, with batching plants and SLCM accounting for approximately 65% of the market by value.

#### *Spares Market of Concrete Equipment*

The current installed base of concrete equipment in India is estimated at approximately 60,000-65,000 units as of March 2017. The current spares market for concrete equipment is valued at approximately ₹8.5-9 billion, with batching plants accounting for 44%, concrete pumps for approximately 35%, SLCM for 19% and transit mixer and other equipment for 2% of the spares market. The current share of OEMs spares in the overall business accounts for approximately 40-45% of the overall business value.








#### *Revenue from Rental Business*

The total revenue from the concrete equipment rental business is ₹15-17 billion during Fiscal 2017, of which, transit mixers account for 58%, concrete pumps for 15% and SLCM for 12%, batching plant for 12% of the rental market.

### **Road Equipment**

The current Indian road equipment market for Fiscal 2017 is estimated at 6,300 units. Demand for road equipment during Fiscal 2017 grew by 29% compared to Fiscal 2016. Vibratory compactors consisting of soil compactors (55%), tandem rollers (40%) and static and pneumatic rollers (5%), hold a major share of the road equipment industry. Kerb pavers, WMM plants and others constitute a significant portion of the market.

Figure 24 – Sales of Road Equipment

Equipment	Sales during FY 2016-17 (Vol Units)	% Change from same period FY 2015-16
Vibratory Compactors	3,600	22% 
Asphalt Pavers	1,290	72% 
Hot Mix Plants	650	18% 
WMM Plants	500	11% 
Concrete Pavers	110	83% 
Kerb Casting Machine	110	22% 
Cold Miller	40	167% 

Source: Feedback Analysis

The road equipment market by volume of units sold during Fiscal 2017 is divided by vibratory compactors (57%), asphalt pavers (21%), hot mix plants (10%), WMM plants (8%), and concrete pavers, kerb casting machines and cold millers accounting for 4%. The current market is valued at approximately ₹25.5 billion during Fiscal 2017. Vibratory compactors, asphalt pavers and concrete pavers account for approximately 82% of the market by value.

#### *Used Equipment Market*

There is a thriving used equipment market in India. Some of the preferred used equipment includes soil and asphalt compactors. Typically, equipment is used across four to five projects before it is disposed of.

#### *Spares Market for Road Equipment*

The current spares market for road equipment is valued at approximately ₹4.2-4.5 billion during Fiscal 2017, with vibratory compactors accounting for 54% and asphalt pavers approximately 38% of the market. Further, the unorganised market includes spares like lubricant, electrical parts, engine part filters and air cleaners.

### **Material Handling Equipment**

The current material handling equipment market for Fiscal 2017 is estimated at 6,150 units. Demand for material handling equipment during Fiscal 2017 grew by 26% compared to Fiscal 2016. The material handling equipment industry has a wide array of products on offer, depending on the needs of the specific user industry. Pick and carry cranes, tower cranes, crawler cranes and truck mounted cranes (such as all-terrain, rough terrain and truck cranes), are the key products used in the construction industry.

**Figure 25 – Sales of Material Handling Equipment**

Equipment	Sales during 2016-17 (Vol Units)	% Change from same period 2015-16
Pick and Carry Cranes	5,265	28%
Tower Cranes	400	14%
Truck Cranes	180	20%
Crawler Cranes	150	3%
Rough Terrain Cranes	100	18%
All Terrain Cranes	55	120%

Source: Feedback Analysis

Pick and carry cranes (85.6%), tower cranes (6.5%), truck cranes (2.9%), crawler cranes (2.4%), rough terrain cranes (1.6%) and all terrain cranes (0.9%) constitute the total 6,150 units. The current market is valued at approximately ₹18 billion. Pick and carry cranes account for 76% of the market by value, while truck mounted cranes account for 5% of the market by value. All terrain and hydraulic truck cranes constitute a large portion of the used imported equipment market.

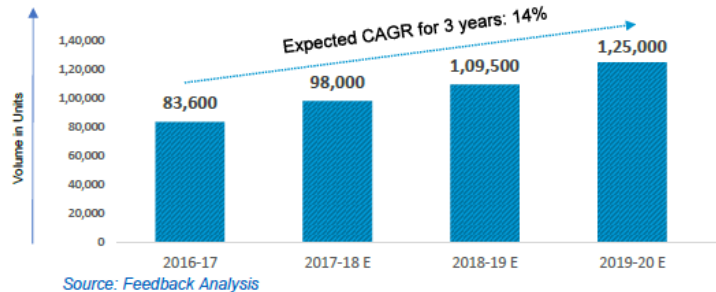
#### *Spares Market for Material Handling Equipment*



The current spares market for material handling equipment is valued at ₹4-4.3 billion during Fiscal 2017. Pick and carry cranes alone account for 79% of the spares market.

**Outlook on the CME Market for the next three years**

**Figure 26 – Growth in the CME market for Fiscal 2018 to Fiscal 2020**



The CME industry is expected to grow at a CAGR of 14% for next three years to reach a volume of 125,000 units and at a CAGR of 18% by value to reach a value of ₹490 billion. Previously, a trend has been observed whereby the industry growth rate will slow during the central election period, when spending will be more focused on populist measures, rather than on infrastructure development. However, as most announced projects have not yet started, the spending on these projects will continue and these projects will drive the industry during next two to three years.

**Overview of the Competitive Scenario of the Industry and Market Shares**

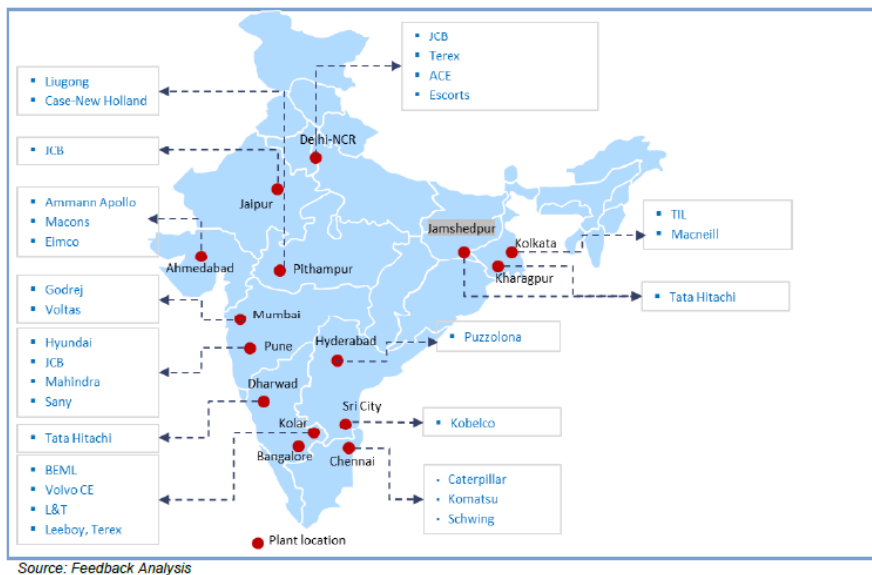
A majority of the companies operating in the Indian construction equipment industry are MNCs who have set up their facilities in India.

**Figure 27 – Companies in Indian Construction Equipment**

Equipment	Total Companies	Indian Domestic	Indian JV	MNC
Earth Moving	35-40	8-10	2	25
Material Handling	17-20	6	1	12
Concrete	12-15	7-8	1	6
Road	10-12	8-10	-	3
Material Preparation	10	6	-	4

Source: Feedback Analysis

**Figure 28 – Region-wise clusters**



### *Earthmoving Equipment*

Around 40 key companies address the earthmoving equipment category. In the earthmoving equipment category JCB and Tata Hitachi are the key Original Equipment Manufacturers (“OEMs”), JCB accounts for 48% of the market share by volume for Fiscal 2017 followed by Tata Hitachi with 13%. JCB’s sales largely consist of backhoe loaders, while Tata Hitachi has a major market share from the hydraulic excavator segment. Other key companies in this category include Hyundai, Komatsu India, Case India, Caterpillar, Kobelco and Liugong.

### *Concrete Equipment*

Around 12 key companies address the concrete equipment category. Schwing Stetter and Ajax (both MNCs) are the two largest players with an overall market share of 75% in the concrete equipment segment. Schwing accounts for 50% of the market share. Other domestic companies in the category are Macon’s, Universal, Apollo, Venus and Aquarius.

### *Road Equipment*

Around 10 key companies address the road equipment category. Four companies, namely Ammann Apollo, Case India, Wirtgen India and JCB account for 65% of road equipment market. The top four companies are dominated by the MNCs. Other key companies in the segment are Escorts and Volvo India.

## **Key Growth Drivers and Risk Factors for the Industry**

Traditionally, India has been an outright equipment purchase market for project requirements. However, this could change. Large contractors who previously outsourced only earthwork and other non-essential activity have begun subcontracting more activities and modules. Consequently, leasing options with their associated tax benefit opportunities are becoming more attractive. There are signs among finance companies that the market is becoming more receptive to alternate financing options.

**Figure 29 – Percentage of CME Industry by Value (%)**



### **Increasing Use of Equipment across Segments**

Going forward, there may be some disruptions in the industry both from a product and service perspective. Some likely developments include:

#### *Growth in Pre-fabricated Concrete Business*

- This could lead to reduced use of concrete equipment like transit mixers, concrete pumps and boom placers.
- Concrete equipment like batching plants could see an increase in sales.

#### *Increase Usage of Specialised Equipment*

- A movement towards more specialised equipment may have a minor impact on the backhoe loaders business through competition from excavators under 14 tonne capacity and wheel loaders under three tonne payload capacity.

#### *Rising Manual Labour Costs*

- Despite considerable mechanisation across key infrastructure project segments (for example real estate, and rural roads), there will be a considerable need for manual labour. Projects will face inflationary pressures due to rising labour costs.
- The stagnant or low volume sales of products, for example of the skid steer loader, could see increased demand due to increasing manual labour costs.

#### *Digital Drive*

- Higher penetration of e-commerce is increasing acceptance among customers. This in turn is slowly penetrating the construction industry. In addition, there are e-commerce portals providing men and material for the construction industry.
- According to Feedback analysis, an exclusive equipment financing institution which caters to the need of the entire ecosystem may emerge.

### **Impact of Goods and Service Tax on the CE Industry**

Implementation of the Goods and Services Tax (“GST”) is a great step forward from the viewpoint of tax reforms. However, classification of most of the CME industry under the 28% slab had set back the industry sales during the month of July and August 2017. While under the pre-GST (VAT) regime, the aggregate indirect tax incidence for CME ranged between 14.75% to 27% across various states in India, the move to impose 28% GST had been received negatively by the industry.

In November 2017, the Central government revisited most products in the 28% slab category, considering concerns from various industries and consumers. On November 10, 2017, the government announced a revisited list of GST slabs, under which most of the products covered under the CME section were categorised under the reduced slab of 18% GST. This revision is expected to have a positive impact on the equipment sales and will boost the construction activity across sectors. This revised slab also makes options like equipment rental and leasing an attractive option to choose from. More companies are now expected to offer such innovative solutions to customers to provide them with the right solution for their needs rather than just outright purchase.

### ***Construction, Earth Moving, Material Handling and Mining Equipment Act (“CEMM Act”)***

The current vision of CEMM Act is to achieve zero death or injury, promote safety in the construction, earthmoving and mining equipment sectors, to promote domestic manufacturing and export industries and to promote vocational skill development. Though the CEMM Act has been proposed, there is no clear roadmap for implementing it in the next two-three years horizon.

### **Financing Risks**

Non-banking finance companies (“NBFCs”) face stiff competition from private banks, which have the advantage of low cost funds. NBFCs earned an average 12-13% yield on advances in the CME financing segment during Fiscal 2017. Net profit margins meanwhile stood at 0.8%, as a result of the higher provisioning carried out on slippages to bad loans.

The FTBs and retail segment receive limited funding from banks due to poor credit profile. NBFCs’ share in construction equipment financing has been on a decline, and is expected to fall further going forward, barring a few major NBFCs. The decline in the construction equipment finance market combined with increased competition has caused several companies to go slow or even exit the business. A further risk is the risk of multiple usage of construction equipment across the segments. For example, earthmoving equipment such as excavators, dozers and graders are used across multiple projects and are utilised during initial stages of the road construction process.

### *Earnings Volatility*

The equipment finance industry is cyclical in nature and has strong links to the investment cycle which has been severely impacted in recent few years. The challenging macroeconomic environment and delays in the execution of infrastructure projects, has adversely affected the cash flow of borrowers. The cyclicity leads to high volatility in asset quality of financiers which impacts their profitability.

### *Funding Availability*

Bank funding is the primary source of funds for NBFCs. As of Fiscal 2017, banks accounted for more than 75-78% of total borrowings. NBFCs' dependence on bank funding increased after the Reserve Bank of India ("RBI") issued guidelines in August 2012, restricting the amount of funds raised via securitisation (which seen as cost-effective source of funds). The RBI guidelines introduced allowed originating NBFCs to securitise loans only after holding them for a minimum period. It also stipulated that a minimum retention requirement (MRR) would ensure that originating NBFCs held a stake in the performance of the securitised assets.

### *Asset quality*

Good rentals and buoyant demand allows owners of construction equipment to recover costs faster and, as a result, improves their repayment capacity.

### **Equipment Spares, Refurbished Equipment and Used Equipment Market**

During Fiscal 2017, the total equipment spares market for construction equipment is estimated at ₹65 billion – ₹70 billion in India. The refurbished industry carried out by OEMs is very small and values are negligible. During Fiscal 2017, the Indian used equipment industry is estimated to be ₹120 billion – ₹150 billion. Going forward the used equipment industry is expected to increase with further financiers focusing on the finance market for used machines.

Finance on spares and service is a new offering in the industry and customers are still evaluating this. Going forward, customers are looking for additional value added services and good opportunities to avail of finance for asset management.

### **Organised vs. Unorganised segments**

The Indian infrastructure and construction equipment industry is largely dominated by the organised segment with unorganised companies largely present in the concrete equipment and road equipment categories. Within the concrete equipment category, most of the OEMs have mid and small scale manufacturing facilities located in Pune, Ahmedabad and Mumbai. A small number of companies are also located in the Hyderabad and Chennai regions.

The unorganised segment largely caters to regional customers and provides price conscious customers with equipment such as mini mobile batching plants, stationery concrete pumps and other concrete equipment used for miscellaneous activities within the project. The unorganised segment in the road equipment category manufactures equipment such as wet mix plants, hot mix plants, kerb pavers and other light road compaction equipment.

### **Seasonality of the Business**

Unlike agriculture equipment, seasonal demand for construction and infrastructure equipment fluctuates less. Nevertheless, in some parts of the country such as North East states, the monsoon occurs for six months and work is executed only for a period of five to six months, increasing the idle time of machines.

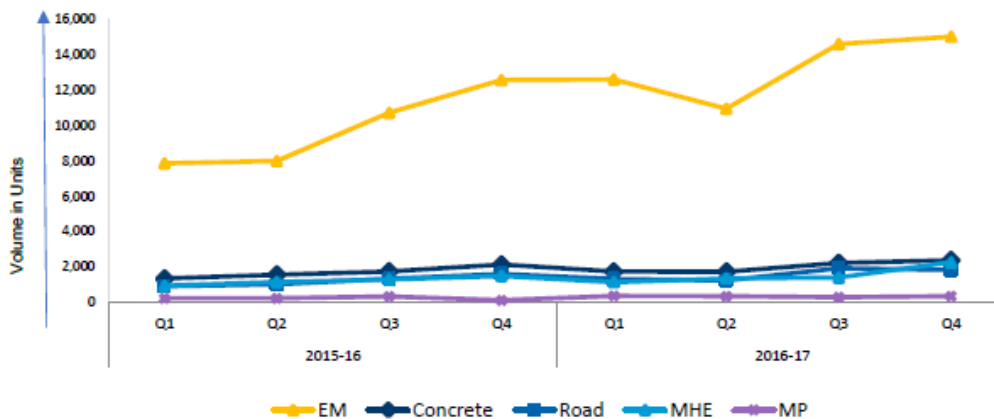
### *End Customers of Construction Equipment – Equipment idle time and Business during the Monsoon period*

- For large hirers, the average usage hours of backhoe loaders during 2016 were 200-230 hours per month, catering primarily to construction companies and government contractors. Their equipment idle time was estimated at 25-30% during 2015 and 2016.

- For medium hirers, the average usage hours of backhoe loaders during 2016 were 180-200 hours per month utilising most of their machines. Their customer base typically consists of sub-contractors, builders and contractors.
- For small hirers, typically proprietorship firms with a presence restricted to a specific city, fleet size can vary from two to 10 machines, 50% of which are backhoe loaders. Average equipment usage was 100-120 hours per month during 2016, catering primarily to the needs of builders and contractors. In the last two to three years, 8-10% of these firms exited the business due to heavy competition from medium-sized hirers and bad financial conditions.
- The demand during the monsoon period for rental business is expected to go down by 50-80% compared to non-monsoon period across regions.

*Construction equipment sales by each quarter*

**Figure 30 –Construction Equipment Sales by Each Quarter (Fiscal 2016 and Fiscal 2017)**



Source: Feedback Analysis

The seasonal demand fluctuation is largely seen in earthmoving equipment category. For other categories, there is slight marginal growth in the concrete and road equipment category during the third and fourth quarters, and negligible variance for material handling and material processing equipment. The only category largely affected during monsoon period in India is the sales of earthmoving equipment

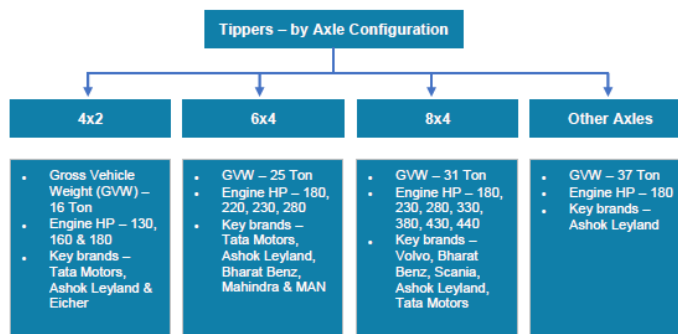
**B. Tippers**

*Overview of the Tipper Industry in India*

Tippers are classified under the medium and heavy commercial vehicles category in the Indian commercial vehicles segment. Tippers are used for transporting material (such as sand, gravel or demolition waste) and crushed aggregates for construction and infrastructure projects. Tippers used in India can be categorised based on the following parameters: based on gross vehicle weight of the tipper; based on the axle configuration, and; based on the engine horse power of the tipper.

In the Indian market, Tippers are commonly classified by axle configuration in the industry. The various axle configurations include: 4x2, 6x4, 8x4 and other axles. Within each axle range tippers can be classified as low range tippers (130-180 HP), mid-range tippers (230-299 HP) and high range tippers (300 HP and above).

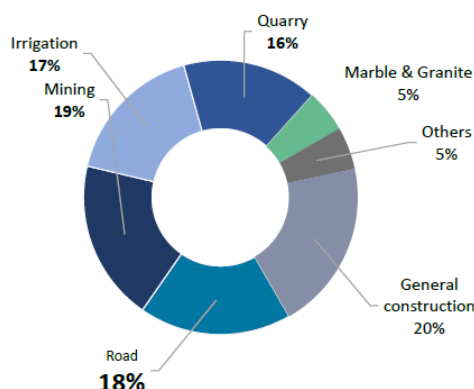
**Figure 31 – Tippers by Axle Configuration**



Source: Feedback Analysis

Segment-wise breakup of the market in Fiscal 2017 is shown in the chart below.

**Figure 32 – Tippers Split by Segment (58,150 units)**



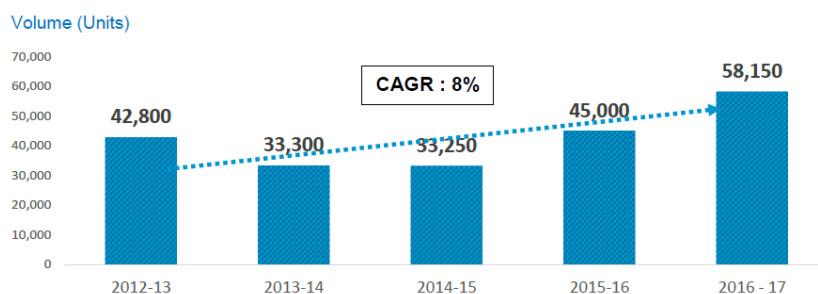
Source: Feedback Analysis

### Market Size

With the downturn in the real estate industry, tipper sales to the general construction segment have reduced over the years. Over the last three years, tippers sales have been largely driven by roads, irrigation and the quarry segments. In addition, sales of mid-range tippers have been boosted as a result of the lifting of the ban on certain mines in East and South India.

After a period of three to four years of degrowth in the tipper market the industry has started to revive since September 2015. The tipper industry has grown at a CAGR of 8% since Fiscal 2013. The growth rate has been approximately 32% since Fiscal 2015.

**Figure 33 –Growth of Tipper Market (Fiscal 2013-2017)**

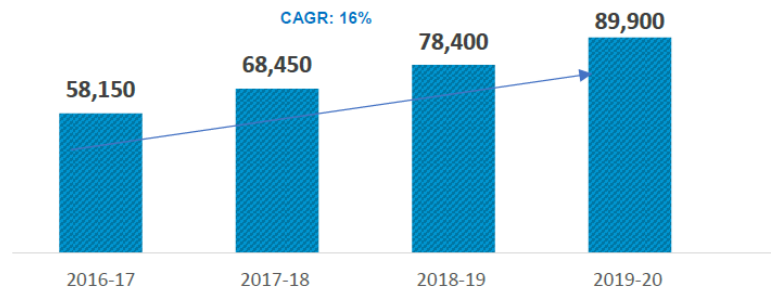


Source: Feedback Analysis

**Figure 34 – Outlook for Growth of Tipper Market (Fiscal 2017-2020)**



All Figures in no. of units



Source: Feedback Analysis

### Outlook for Growth of the Tipper Market over the Next Three Years

The overall tipper market is expected to grow at a CAGR of 16% for the next three years. The 6x4 axle tipper market is expected to grow at 17%, while the 8x4 axle market is expected to grow at 9%. The 4x2 axle market is expected to grow at 14% with real estate market to return from a period of decline and urban development and smart city projects are expected to drive the growth of 4x2 axle tippers for the next three years.

The 130-180 HP tipper segment is expected to grow at 10% CAGR and the demand for higher HP tippers with 230-280 HP is expected to surge with a growth of 31% for the next three years. High range tippers (300 HP and above) are expected to grow by 16% with major demand expected from the coal and iron ore mining segment. It is expected that irrigation will contribute marginally to the growth of tippers 300 HP and above.

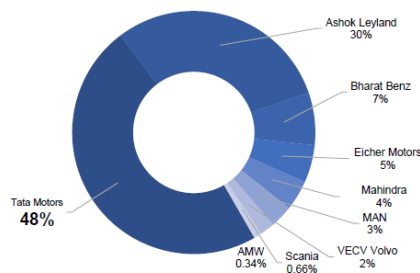
### Overview of the Competitive Scenario for the Market Shares of the Industry

The Indian tipper market consists of domestic and multinational companies. All tippers sold are manufactured in India. The high range tippers (> 300 HP) largely sold by Volvo and Scania are imported as CKDs and assembled in India. Volvo and Scania sell only 300 HP and above category tippers. There are approximately nine key tipper OEMs in India active in the tipper market. Tata Motors and Ashok Leyland are the oldest entrants in the market and still occupy the first and second position in the tipper market, respectively.

European manufacturer Daimler's Bharat Benz tippers have completely localised the product and have been very price competitive. Bharat Benz tippers lead the mid-range (230-280 HP) category of the tipper industry. Other prominent OEMs in the industry include Mahindra, MAN, Eicher Motors and AMW.

Figure 35 – Market Share by OEMs (Fiscal 2017)

Split by OEMs (58,150 units)



Source: Feedback Analysis

Tata Motors dominates market share in the low range segment; Bharat Benz leads the tipper market in the mid-range segment and Volvo in the high range tippers segment. Bharat Benz operates only in the mid-range and high range category. Tata Motors has a marginal presence in the high range tipper segment; they are only OEM to have presence in all three tipper ranges.

### Trends Expected Going Forward

Customers will become more discerning in evaluating product value with fuel efficiency, operating economics and low cost of ownership being the key priorities. Customers will also evaluate the strength of the product brand and the suppliers' network strength. Challenges including the availability of trained operators, increasing fuel

costs and maintenance costs, are putting the focus on efficient fleet management. Customers increasingly understand the need for higher end tipper to reduce fleet size as well as minimise the risk of operator availability, ensuring the higher carriage of material within a given time.

Figure 36 – Price Trends for Fiscal 2017

Tipper Range	Min Cost - INR	Max Cost - INR
4x2; 16 T; 180 HP	18,00,000	20,00,000
4x2; 16 T; 130 HP	13,00,000	15,00,000
6x4; 25 T; 180 HP	27,50,000	29,00,000
6x4; 25 T; 230 HP	30,00,000	33,00,000
6x4; 25 T; 280 HP	35,00,000	36,00,000
8x4; 31 T; 280 HP	46,00,000	48,00,000
8x4; 31 T; > 300 HP	65,00,000	1,15,00,000

Source: Feedback Analysis

### Technological Trends

Some of the technologies being introduced in the tipper segment include:

**Fuel Smart Technology:** Delivering higher levels of fuel efficiency with a higher capability to perform in combined mode applications. The attribute of the engine is the multimode drive feature. The modes are turbo, heavy and light which can be switched by the driver as per the load and road conditions. This will enable higher fuel efficiency to be delivered and enable the truck to be used in combined mode applications (a truck could be used for quarry operations and transportation), resulting in maximum utilisation.

**I-Shift Transmission:** Automatic gears technology contributes towards reducing fatigue, making the activity more productive. In addition it provides the trucks with high levels of traction in the poor underfoot conditions at the mining site.

**Retractable Rear Wheels:** For better traction and fuel efficiency.

**Increase in Fuel Efficiency by Making the Engines IT Enabled:** This option helps the driver to change the power of the engine from power mode to economy mode, thereby saving significantly on fuel.

**Telematics:** This feature enables fleet operators to have a more connected experience and better manage their transport business in terms of optimum utilisation and fuel management.

### Key Growth Drivers for the Industry

The demand for tippers is driven by investments in large infrastructure projects including steel, power plants and ports, airports. The investments for such projects are dependent on FDI inflow and government spending which is a potential risk in the event of slow-downs.

The national highways segment is expected to build 115,000 km in the next five years. Railways is committed to invest close to ₹8,500 billion on the mainline and ₹3,100 billion on Metros. There is also significant commitment to irrigation projects, however, lower pace of implementation is a risk including land acquisition and adherence to environmental norms.

**Roads:** The Road Transport and Highways Ministry has set an ambitious target of building over 40 km of roads per day in Fiscal 2017, double the current pace of construction at approximately 23 km per day. While the construction target is 15,000 km, the highways agency have been asked to award 25,000 km, which is two-and-a-half times more than last year's achievement. It is projected that ₹270 billion will be invested in rural roads.

**Railways:** In addition to the proposed investments in mainline and metro rail, there are significant opportunities in segments such as electrification, civil, signalling and wagons.

**Ports:** The “Sagarmala Project” has been launched with an objective of modernising the ports along India’s coastline and achieving rapid expansion of port capacity and development of inland and coastal navigation. It is envisioned that approximately ₹700 billion will be spent in the next five years.

**Mining:** Doubling coal production to 1 billion tonnes of Coal India Limited by Fiscal 2020 has been finalised. This requires an investment of close to ₹1,300 billion. The renovation, modernisation and life extension of old thermal power generating units in a phased manner is also being undertaken, as well as other projects.

**Airports:** The government has asked state governments to highlight plans for improving local air connectivity. There is a plan to restart 400 closed airstrips of the existing 476 in order to boost connectivity. The estimated investments are in the range of ₹500 – 1,000 million per airport.

**Industry Risk Factors**

The growth of tipper industry is completely dependent on the growth of the infrastructure, real estate and mining industries. Decline in any of these segments directly affects the industry.

In connection with irrigation projects, a longer gestation period due to time-consuming environmental and land acquisition issues is also a potential risk.

**C. IT Equipment**

**Overview of IT Equipment Industry in India**

In the last decade, India has witnessed a significant rise in the use of IT equipment, due to rising disposable incomes and reduced prices due to rapid innovation in technology. Growth is expected to continue due to economic development and household income growth, which will result in a large expansion of the retail hardware market.

Indian IT Equipment is categorised into these major segments:

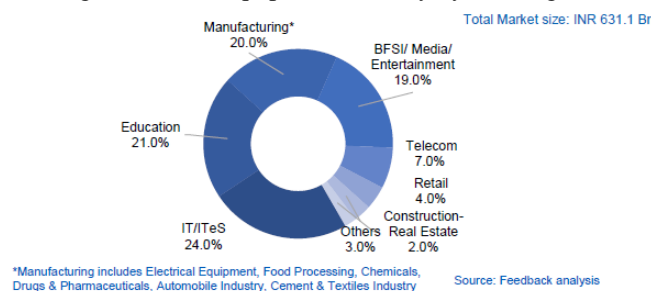
**Figure 37 – Categories of IT Equipment by Segment**

Indian IT Equipment Industry	
Key Segment	Major Products
PC (Personal computers)	This segment includes desk-top computers, laptop & notebook
Servers	This segment includes servers x86 and non-x86 server versions
Storage	This segment includes hard disks (internal and external) and SSD (solid state drive)
Enterprise Networking	This segment includes switches, routers and wlan

Source: Feedback analysis

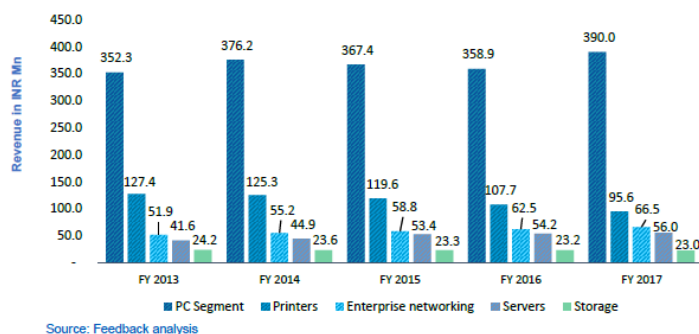
End use segments of IT equipment industry are shown in the chart below.

**Figure 38 – IT Equipment Industry by Use Segment**



The chart below shows the breakdown of the market by segment.

**Figure 39 – Revenue by Market Segment**

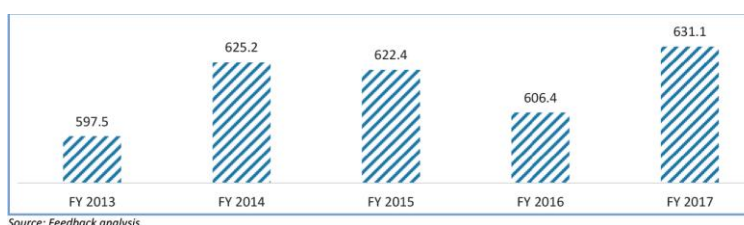


### Review of the IT Equipment Industry for the Past Five Years (2013 to 2017)

The total market size by revenue for Fiscal 2017 was estimated at ₹631.1 billion. The market has grown at a CAGR of approximately 1.4% over the last five years.

The chart below shows the growth of the IT equipment market from Fiscal 2013 to Fiscal 2017.

Figure 40 – Growth of IT Equipment Market (Fiscal 2013-2017)

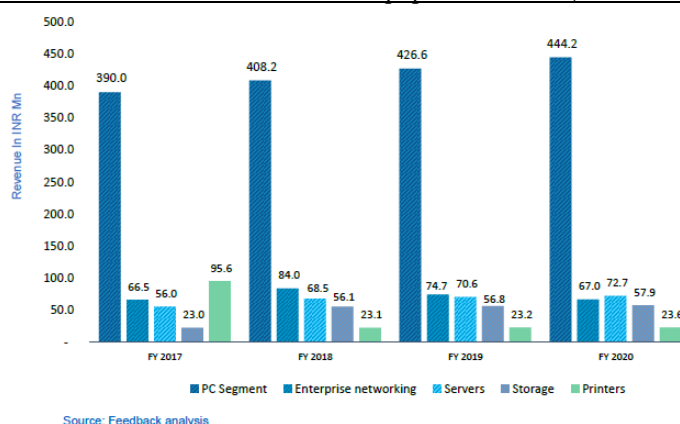


(in INR billion)

In Fiscal 2016, slowdown in GDP growth was a reflection of the negative investment growth and slowing private consumption. The demonetisation drive announced on 8 November 2016 resulted in weak consumption and low expenditure growth. As a result, the overall IT equipment industry in the retail segment was adversely impacted.

### Outlook for Growth of IT Equipment Industry over the Next Three Years (Fiscal 2018 to Fiscal 2020)

Figure 41 – Outlook for Growth of IT Equipment Market (Fiscal 2018-2020)

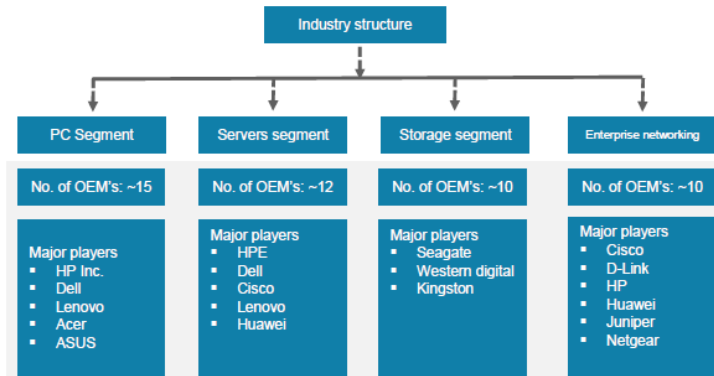


The IT equipment market is expected to grow at a CAGR of approximately 4% over the forecast period from Fiscal 2018 to Fiscal 2020 and valued at ₹665.4 billion in terms of revenue in Fiscal 2020.

### Overview of the Competitive Scenario for the Industry

The below chart sets out the major companies in the industry by segment.

Figure 42 – Major Companies in the IT Industry by Segment



**Major Trends Witnessed in the Industry and Expected to be Witnessed**

*Retail Sales:* Laptop computer retail volume sales grew by 11% in Fiscal 2016 to 4.8 million units, while retail value sales grew by 12% to ₹169 billion in Fiscal 2016.

*Government Initiative and Investments* Government initiatives towards technological innovations, such as the introduction of the ‘Digital India’ initiative, are creating new opportunities for data storage companies across the country. The government’s upcoming ‘Start Up India’ initiative is also expected to boost the technology industry.

*The Penetration Rate of Laptops:* In India, the penetration rate of laptop has increased from 4% in Fiscal 2015 to 17% in Fiscal 2016; however this is significantly lower than in other Asian countries. Market for laptops in India are still in the growth phase and an increase in laptop sales is expected.

*Shift to External Storage:* Under current business models, each enterprise maintains a large quantity of data generated. Much of this is sensitive data which requires retention of control; to overcome this challenge most enterprises are adopting hybrid technology which makes it easier to access data stored on public cloud infrastructure.

*Decline in Server Prices:* As many enterprises move to the cloud for their business operations, the increased use of analytics has led to several innovations in the market, namely, mission-critical and density-optimised servers. The competition has also prompted vendors to offer small-scale high-performance infrastructure at lower costs.

*Growth in the Router Market in India:* Due to the expansion of India’s IT infrastructure, the Indian router market has witnessed significant growth. The manufacturing, banking financial services and insurance sectors are the largest contributors to this industry. In addition, substantial government investments in projects such as the National Optical Fibre Network and National Fibre Spectrum are pushing the market towards a higher growth trajectory.

**Key Growth Drivers and Risk Factors for the Industry**

Key growth drivers include cloud computing, urbanisation, increase in the spending by the IT services industry, the government’s focus on digital education, telecom infrastructure, increase in the sale of PCs and increase in disposable income and falling price of laptops.

**Industry Risk Factors**

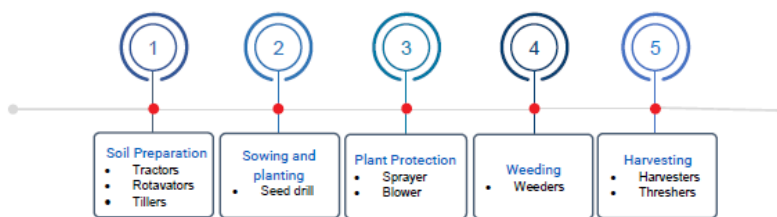
Industry risk factors include lifespan of servers, new GST rates, issues in the server management, inadequate infrastructure or logistic and low broadband penetration.

**D. Farm Equipment**

**Overview of the Farm Equipment Industry in India**

India’s farm equipment industry has a diverse product portfolio which can be segmented as:

Figure 43 – Product Portfolio in Indian Farm equipment

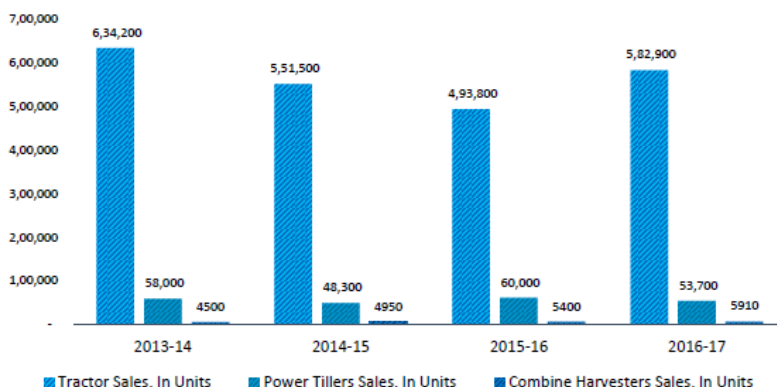


Tractors have the major share of the farm mechanisation market in India. However, the density of tractors in India is lesser than the world average (specifically with respect to developed countries). Hence, there is room for sufficient growth with India being an agriculture-based economy. Power tillers are in demand for paddy cultivation of small land holdings.

**Overview of the Farm Equipment Industry for the Past Four Years**

In Fiscal 2017, the total market size by volume of farm equipment is estimated at 642,510 units. The sales of tractor were 582,900 units, power tillers were 53,700 units and combine harvesters were 5,910 units. In the last four years the tractor and power tillers markets have seen a decline of approximately 3% and 2.5%, respectively, while the combine harvester market has grown by 9.5%.

**Figure 44 – Market Size of Farm Equipment by Volume**



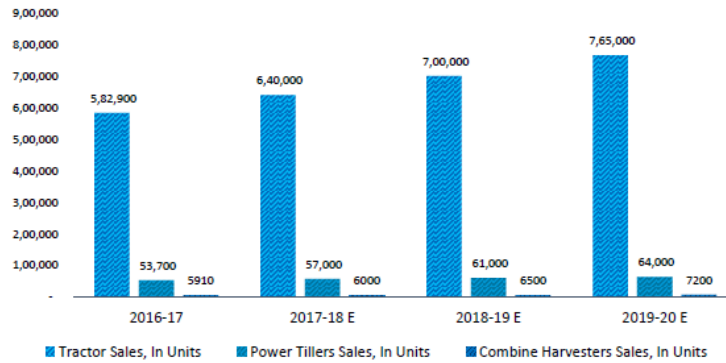
Source: Feedback Analysis

In the past two Fiscal 2015 and Fiscal 2016, there have been reported double-digit de-growth due to failed monsoons and wilted farm sentiment. However, there have been healthier monsoons from May to July 2017 which have helped to improve farm sentiments, leading to estimates of an improved crop production. After two consecutive years of downtrend in the crop production, there has been an increase in rabi production of wheat, oilseeds and pulses during the second quarter of Fiscal 2016. In addition, it has been recorded that since April 2016, tractor sales have been on an upward trend primarily driven by healthy a southwest monsoon in 2016.

**Outlook for Growth in Farm Equipment Industry for the Next Three Years (Fiscal 2018 to Fiscal 2020)**

**Figure 45 – Outlook for Growth of Farm Equipment Industry (Fiscal 2018-2020)**





Source: Feedback Analysis

Increasing tractor penetration in small and marginal farmers and decreasing ownership cost of less than 20 HP tractors is likely to drive the demand. Sales of small HP tractors (less than 30 HP and 31 to 40 HP), which are primarily meant for agricultural activities, will grow at 13% during the forecast period. The 41 to 50 HP tractors segment is likely to grow by 10%. While the government is providing an impetus for increased farm mechanisation by subsidising tractor prices which is expected to enhance sales in the less than 30 HP segment, the shift in increased usage of several agricultural implements will probably lead to further increase in market size for high HP tractors in the long term.

Further, government initiatives such as National Rural Employment Guarantee Act (NREGA) and increased usage of tractor in industrial activities such as haulage in construction and infrastructure projects will further increase demand of tractors. Long-term drivers of the tractor industry look positive and the industry is expected to grow at a volume CAGR of 9-10% in the medium term.

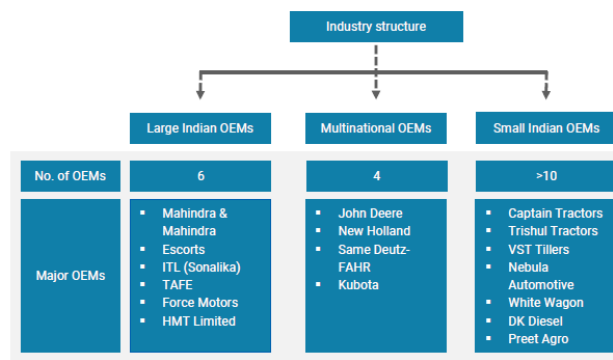
Following the increasing support for farm mechanisation and subsidies by the government and reduction in the conventional practices for crop sowing and reaping, the combine harvester is projected to grow at a CAGR of 7% in Fiscal 2018 – Fiscal 2020 period and expected to reach an annual sales volume of 7,200 units. The power tillage is expected to grow at CAGR of 6% reaching the sales volume of 64,000 units.

### Overview of the Competitive Scenario for the Industry

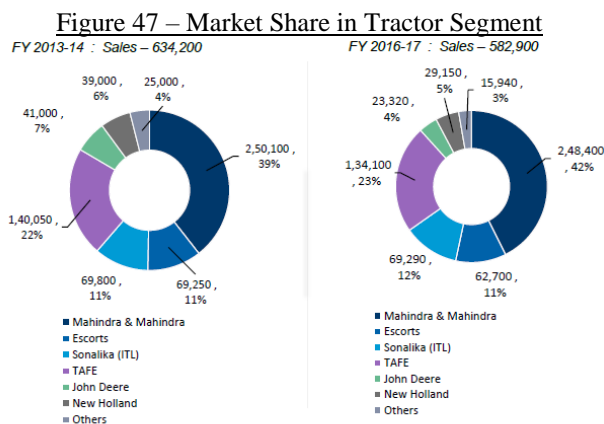
#### Tractors:

The Indian tractor industry can be classified based on engine power categories, namely below 30 HP, 31-40 HP, 41-50 HP and above 50 HP.

Figure 46 – Major Companies in Tractor Segment



The top six companies in the tractor market in India have a combined 97% share of the market in Fiscal 2017 and 96% in Fiscal 2014. Indian manufacturers dominate the market with a combined share of 83% in Fiscal 2014 and 85% in Fiscal 2017. The share of major multinational companies was 13% in Fiscal 2014 and 9% in Fiscal 2017. Mahindra & Mahindra Limited had the greatest market share in Fiscal 2017, constituting 42% of total domestic industry volumes. India’s second biggest tractor manufacturer TAFE has seen softening demand over the past two years.

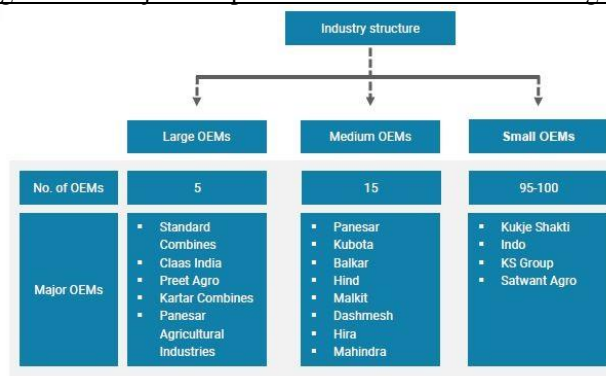


Source: Feedback Analysis

**Combine Harvesters:**

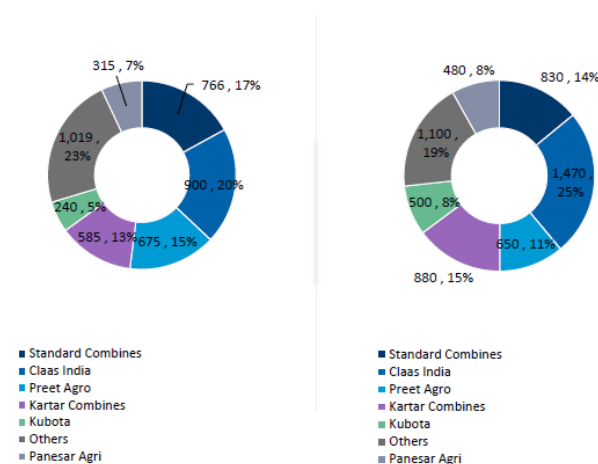
Combined harvesters can be segmented based on engine power capacity, namely 30-50 HP, 60-91 HP and above 100 HP.

**Figure 48 – Major Companies in Combine Harvesters Segment**



The combine harvester market in India is dominated by six companies, holding approximately 80% of the market share. While domestic companies cover a major part of the market, foreign company Claas India is the largest combine harvester selling company in Indian market.

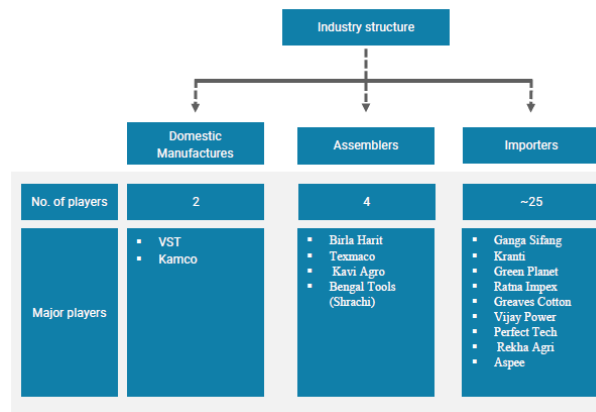
**Figure 49 – Market Share in Combine Harvesters Segment**  
 FY 2013-14 : Sales – 4,500      FY 2016-17 : Sales – 5,910



Source: Feedback Analysis

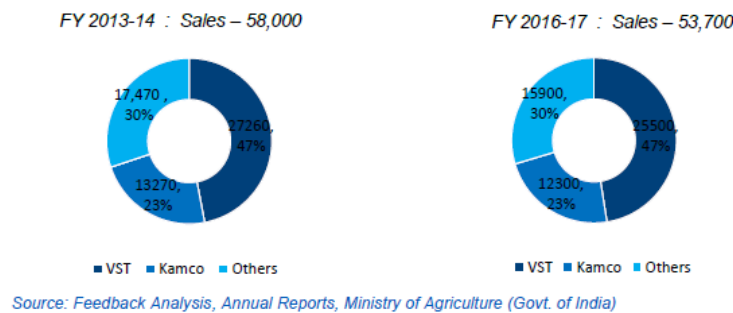
**Power Tillers**

Figure 50 – Major Companies in Power Tillers Segment



The power tillers market in India is dominated mainly by two companies, VST Tillers Tractors Limited, Bangalore and Kerala Agro Machinery Corporation, holding 47% and 23% of the market share, respectively. In the recent years, there is a major competition from imported power tillers from China, holding 30% (and increasing) of the market share.

Figure 51 – Market Share in Power Tillers Segment



**Major Trends Expected to be Witnessed**

- *‘Make in India’ support for farm implements:* Government of India has launched the ‘Make in India’ initiative to support the production of inputs and farm implements which are currently being imported and leading to increased cost of capital.
- *Alternate route for farm subsidies:* Re-routing the subsidy amount can ensure that interest rates on financing are lowered and will provide a longer settlement period for farmers. This will also encourage commercial banks to participate and offer loans to farmers for farm equipment purchases.
- *CSR funds with a purpose:* Companies in the farm equipment industry are yet to implement corporate social activities such as ‘Adopt a Village’ and promote practices such as precision agriculture, skill development and micro irrigation to ensure the sustainable agricultural eco system. Companies are showing an interest in CSR funds, promoting farm mechanisation and infrastructure creation to develop required skills and establish Custom Hiring Centres.

**Mega Trends by Technology to Enhance Farm Productivity**

*Automated grain-off loading:* Navigation systems that automatically guide grain carts alongside combine harvesters to improve on-the-go cart filling may be imminent. Approximately 10-15% improvement in harvest efficiency, through improved off-loading, can be achieved.

**Farming 3.0:** Farming 3.0 is a new era defined by the increased use of technology and innovation in farming and greater professionalism within the farming ecosystem to provide higher-quality farm products.

**Pervasive automation:** Automation is expected to largely take over operation of equipment in the future. The new automated features allow operators to do more jobs with less strain and more accuracy, as human error is reduced.

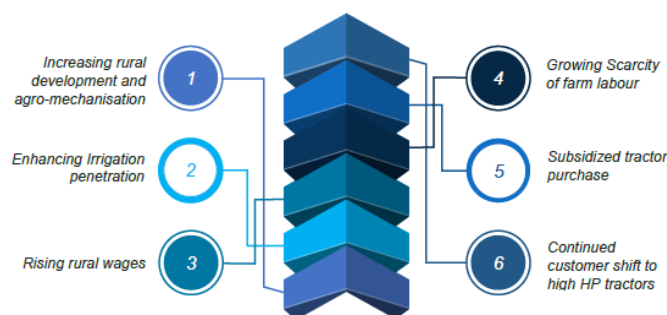
**Electric-drive systems:** It is expected that tractors, sprayers and other farm vehicles would be powered by electric power to run auxiliaries and attachments to be less dependent on fossil fuel.

**Telecom/IoT:** The increased penetration of mobile networks and internet connectivity is expected to help farmers using sensors, which allow information exchange and supported with applications of Internet of Things (“IoT”) to improve farming and irrigation aspects.

**Key Growth Drivers**

The Indian farm equipment industry has witnessed a relative recovery in domestic demand since the first quarter of Fiscal 2017 and will continue to grow at moderate pace. Recently, the demand for tractors has come from both agricultural and non-agricultural activities (such as haulage). 10% of the utilisation of tractors in India is for non-agricultural purposes, such as sand mines, brick kilns, road making, ferrying passengers, etc. Long term agricultural growth drivers are as follows:

**Figure 52 – Key Growth Driver in Farm Equipment Industry**



Key growth drivers include sustained demand at a Pan-India level, healthy southwest monsoons and increased crop yield, and government initiatives and support programmes.

**Risk Factors for the Industry**

Key risk factors for the industry include small and scattered land holdings, financing of farm equipment, equipment cost and poor after-sale services, improper implementation of policies and increasingly erratic weather pattern.

**E. Medical Equipment**

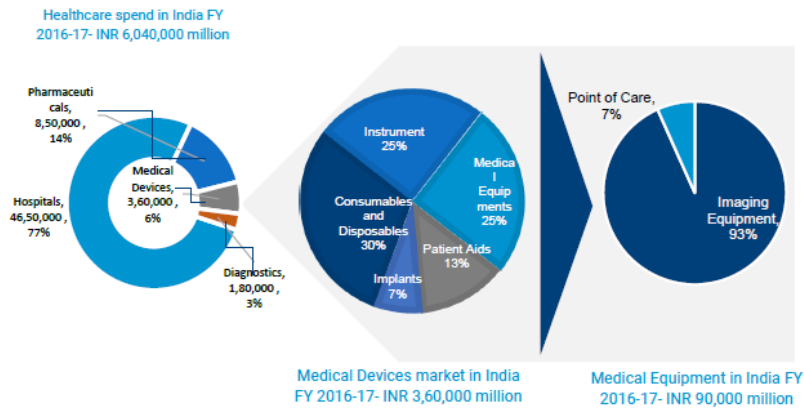
**Overview of the Medical Equipment Industry in India**

Whilst accessibility to healthcare has improved significantly during the past decade, quality and specialised healthcare is still confined to large cities. Many parts of rural India are still living without access to primary healthcare needs.

India is among the top 20 markets for medical devices. The market is still at a nascent stage since majority of equipment is imported and local manufacturers focussed primarily on consumables or equipment in the lower end of technology value chain.

The National Health Policy 2017 approved by the government includes the commitment to increase the public health expenditure to 2.5% of the GDP, which is expected to provide a boost to the healthcare sector.

**Figure 53 – Healthcare Spend in India (Fiscal 2017)**



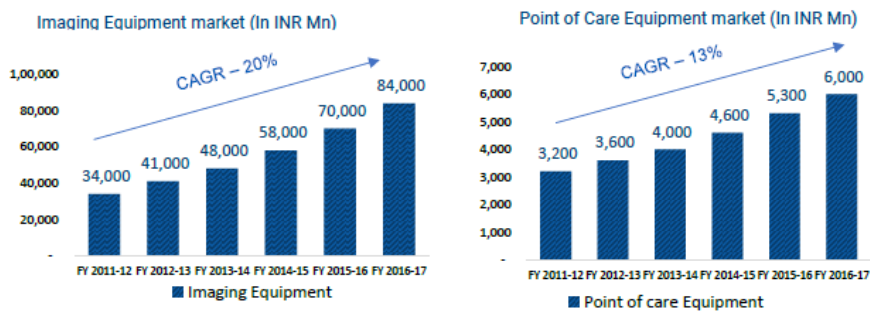
Source: Feedback Analysis

The Indian medical equipment industry is dominated by multinational companies through large scale imports. Approximately 75% of medical equipment is imported, with the remainder 25% manufactured in India by domestic companies. The medical equipment sector constitutes 6% of the total healthcare market in India. The medical equipment sector accounts for the 25% of the total medical devices market.

*Review of Medical Equipment Market for the past five years*

The medical equipment market size in India has grown at CAGR-19% from ₹37.2 billion in Fiscal 2012 to ₹90 billion in Fiscal 2017.

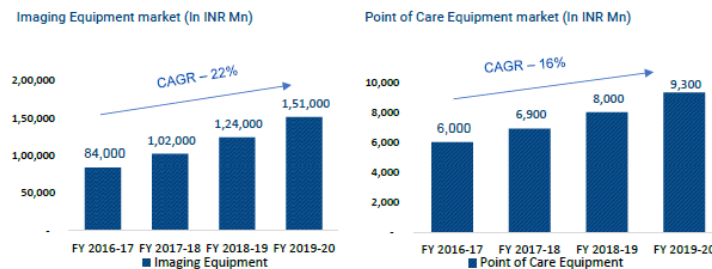
**Figure 54 – Medical Equipment Market (Fiscal 2012- 2017)**



Source: Feedback Analysis

*Outlook for Growth of Indian Medical Equipment Market for the Next Three Years*

**Figure 55 – Outlook for Growth of Indian Medical Equipment Market (Fiscal 2017- 2020)**



Source: Feedback Analysis

The market size of medical equipment market in India is estimated to be ₹108.9 billion Fiscal 2018 and projected to reach ₹160.3 billion by Fiscal 2020 at a CAGR of 21% during the forecast period of three years. The growth of medical equipment market will be led by increased healthcare spending, increased density of doctors, potential for insurance coverage and foreign direct investment by MNCs.

*Overview of the Competitive Scenario for the Industry and Market Shares (%)*

The Indian medical equipment is dominated by international players. Domestic companies only manufacture small and low-technology medical equipment in the country. High-end medical equipment are being supplied by international players present in India. In recent years, there have been some strategic acquisitions by international players to strengthen their presence.

**Figure 56 – Market Share in Medical Equipment by Product**

Product	Siemens	GE	Phillips	Allengers	Samsung	Aloka Trivitron	Others	Total (INR Mn)
MRI	42%	22%	30%				6%	21,500
Ultrasound	18%	33%	18%		12%	12%	8%	16,800
CT Scan	39%	22%	29%				10%	15,200
Radiography (X-Ray)	33%		17%	33%				6,000
Nuclear Imaging	36%	44%	20%				17%	5,500

Source: Feedback Analysis

### Key Companies in the Medical Equipment Market

Key companies in the medical equipment market include GE Healthcare, Siemens, Philips India Ltd, Baxter International and Johnson & Johnson.

### Trends

#### Price Trends

The price of medical equipment is likely to decrease in future because of competition from the many companies entering the market, who are keen to provide technologically advanced products. The introduction of supportive government policies is likely to improve investment in the sector, which may boost local manufacturing and lead to further decreases in equipment prices.

**Figure 57 – Price in Medical Equipment by Product**

Product	Minimum Price (INR Mn)	Maximum Price (INR Mn)
PET/CT	9	15
Angiography system	8	12
Digital Mammogram	2	3.5
Cardiac Mapping	1	2.5
MRI	8	12
Digital X-Ray	1	2
CT Scanner	5	8

Source: Feedback Analysis

#### Technological Trends

**Internet of Things (“IoT”):** IoT application is increasing in many areas, including in medical equipment. This will result in smarter and more predictive equipment which will improve patient care, including remote monitoring.

**Increase in R&D Spending:** Innovation is one of the major factors that will drive the medical equipment market. Medical equipment OEMs spend an average of 6-12% of their revenue for R&D purpose, which is more than most other industries.

**3D Medical Printing:** 3D medical printing technology is expected play a larger role in the development of innovative new devices, including applications for surgical planning and biomaterials.

#### Major Development in the Industry

At present, a few of medical equipment are notified and regulated. The Indian government is in the process of strengthening the regulatory and policy framework, infrastructure, research and development and skill



development. These changes are expected to increase opportunities for both domestic as well as international players.

In September 2014, the Indian government launched the ‘Make in India’ campaign with the objective of making India a global manufacturing hub to bring foreign technology and capital into the country. Medical equipment is one of the 25 focused sectors identified by the Indian government as part of this campaign.

In addition, a task force was formed to address industry issues and make recommendations on ways to assist the industry. This task force studied and analysed the sector in detail and sourced comments from stakeholders. It recommended a host of policy, infrastructural and regulatory measures. The recommendations will aim at developing a complete ecosystem to support the medical equipment sector in India.

**Key Growth Drivers for the Industry**

Key growth drivers for the industry include rise in population, income levels and awareness, growth in personal healthcare expenditure, the pressing need to improve healthcare delivery and capacity and India’s changing patient profile.

**Key Challenges for the Industry**

Key challenges for the industry include increased R&D expenditure and regulatory challenges relating to medical equipment.

**IV. Indian Equipment Financing Industry**

**A. CME Financing**

**Overview of the CME Financing Segment in India**

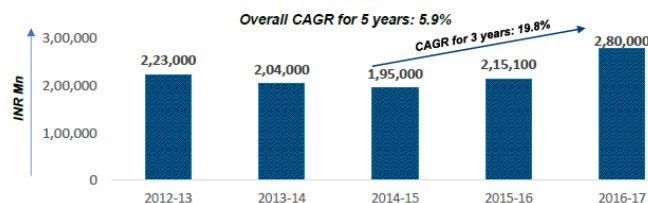
Construction equipment finance caters to all types of earthmoving, concrete, material handling, road construction, material preparation, tunnelling and drilling, and warehousing equipment. CME finance in India is offered mainly by NBFCs, banks and captive or private financiers.

As the segment requires large capital expenditure, financing accounts for approximately 80-85% of the total equipment purchased, and in the case of overseas purchases, it accounts for approximately 90%. Most financing is procured through loans while leasing is the second most common mode of financing. 80-85% of earthmoving construction equipment users who opt for finance are Micro, Small and Medium Enterprises (“MSMEs”) with transaction sizes varying from ₹2 million for a backhoe loader to ₹4.2 million for an excavator. Though the cost of construction equipment is approximately 10%-30% of the project cost, the presence of CME financiers assists in productivity and efficiency.

**Review of Trends in Disbursements in CME Financing in Last Five Years**

The total CME finance disbursement for Fiscal 2017 was estimated to be approximately ₹280 billion. Over the last five years disbursements to the sector have grown at a CAGR of 5.9%. During the recovery period of Fiscal 2015 to Fiscal 2017 the industry grew at a rate of 19.8%.

**Figure 58 – Disbursement Trend in CME Financing**



Source: Feedback Analysis

Of the total amount disbursed to the CME segment, earthmoving and mining equipment contributed 68% of the overall amount. Road construction equipment accounted for 10%, material processing/preparation equipment for

7%, concrete equipment accounted for 5%, material handling equipment accounted for 6% and warehousing equipment accounted for 4% of the overall CME finance market for Fiscal 2017. Compared to Fiscal 2016, the disbursements to the earthmoving and mining equipment sectors increased by 33%.

Over the last five years, the disbursements to the earthmoving and mining equipment industry have grown by 6.4%, concrete equipment by 12.8%, material handling and material processing equipment have decreased by 0.93% and 2.36% respectively, road construction equipment has grown by 11.8%, and warehousing equipment has grown by 0.28%.

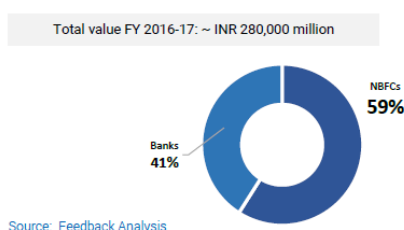
The government’s initiative to improve infrastructure in India has caused a surge in demand for road construction equipment, thereby increasing the disbursement to the segment. Government focus on building concrete roads (on national and state highways) has boosted the demand for concrete and material processing equipment, though the slowdown in the real estate sector continues.

### Market Breakdown by Lender Category

The lender category consists of Banks, NBFCs and private financiers. Data for private financiers is not recorded and therefore is not publicly available. Analysis is limited to Banks and NBFCs participating in the industry. Private financiers are estimated to account for approximately ₹15-20 billion.

Among the NBFCs and Banks, NBFCs account for 59% of the overall CME finance market. Though the share of NBFCs have declined over the last few years, market leaders like SEFL benefitted by increasing their presence in the industry. NBFCs who had exited during the market downturn are now re-entering the segment due to the revival of the construction equipment segment.

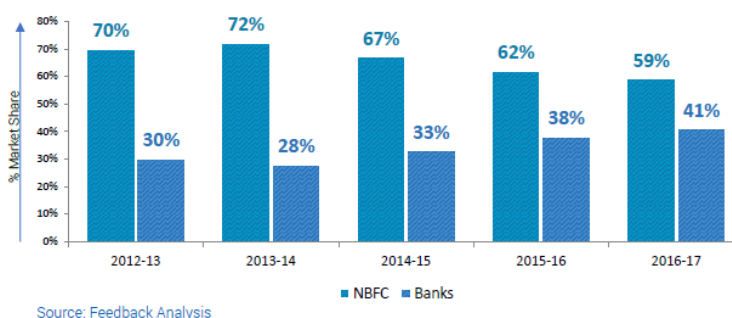
Figure 59 – Market Breakdown by Lender (Banks and NBFCs)



NBFCs currently have the majority of the market share. Historically banks have tended to cater for the needs of large companies and have started to focus on the retail segment, whereas NBFCs fulfil the fund requirements across the market.

During the period 2000-2012, most projects were handled by large construction companies with access to a pool of sub-contractors. A slump in construction activity, high interest rates, outsourcing of job and higher project costs caused these large contractors’ operations to become unviable. In turn, this led to the growth of many medium sized contractors, who had bankable profiles and who opted to finance with banks offering lower interest rates compared to NBFCs. This helped the private and public-sector banks to increase their exposure to the CME financing sector.

Figure 60 – Market Share by Lender Category (Fiscal 2013-2017)





The market share of NBFCs reduced from 70% in Fiscal 2013 to 59% in Fiscal 2017. NBFCs, apart from regular financing for contractors and medium companies, are more active in segments like FTBs and FTUs for equipment such as backhoe loaders, excavators, and pick and carry cranes, which have been traditionally underserved by banks.

During Fiscal 2017, the institutional segment accounted for 65% of SEFL's disbursement to CME segment and 35% to the retail segment. For Fiscal 2018, banks and NBFCs are expected to have an equal share of the CME finance industry.

During the cyclical stages of the CME finance industry, only SEFL has been able to retain the number one position in the CME finance segment and their revenue has grown at a CAGR of 7% in Fiscals 2014-2017.

NBFCs like Sundaram Finance, Cholamandalam and Shriram Finance are more active in the retail segment. Companies like Tata Capital, HDB and Reliance focus both on institutional and retail sales.

Interest rates and turnaround time are critical factors considered by retail and Small to Medium Enterprises ("SMEs") customers which are largely catered for by NBFCs.

#### *NBFCs*

NBFCs have been active in the CME industry since 2000. NBFCs are financial institutions that provide certain types of banking services but do not hold a banking license. NBFCs offer services such as loans and credit facilities, money markets, underwriting and merger activities. Companies in the construction equipment finance segment are either asset finance companies or infrastructure finance companies or both. Approximately 11-15 NBFC companies operate in the infrastructure equipment sector in India.

Construction equipment industry is highly organised with the top five NBFCs accounting for 48% of the overall equipment finance market in India. Most large projects are outsourced to SME companies by larger contractors. These companies are not typically financed by banks leading to the dominance of NBFCs in this segment. Key NBFCs offering finance solutions for construction equipment are

- Cholamandalam Finance;
- HDB Financial Services;
- Srei Equipment Finance Limited;
- Sundaram Finance;
- Tata Capital

#### *Banks*

Historically, Public Sector Undertakings ("PSUs") and private banks have been active in this segment since its inception. Their focus on this segment has also been limited. Since the announcement of the government's plan to increase infrastructure in 2014, banks have started to refocus on the CME segment.

The key banks active in lending finance to the construction equipment segment:

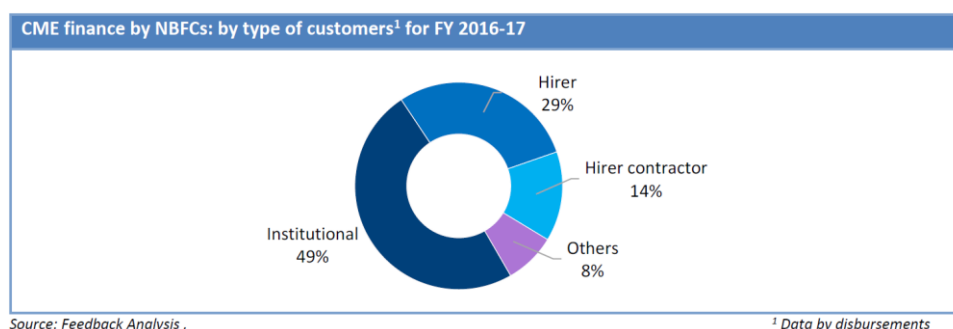
- Axis Bank;
- Citi Bank;
- HDFC Bank;
- ICICI Bank;
- IndusInd Bank;
- Kotak Mahindra Bank

#### *Private Financiers*

These include both the OEMs and the regional money lenders. OEM penetration is limited currently and extends financial assistance only in specific cases. Conversely, money lenders (more unorganised) work with individuals who are entering the construction equipment space for the first time and do not have a track record.

## NBFCs Customer Breakdown

Figure 61 – NBFCs Customer Breakdown (Fiscal 2017)



The hirer category includes small, medium and large rental companies. The hirer contractor category includes FTBs, FTUs and small contractors who rent out equipment during non-peak season. The institutional segment includes customers such as large contractors, developers and fleet owners. Others include SMEs and aggregate producers, ready-mix concrete manufacturers and industrial users.

50% of the finance market in the earthmoving and mining equipment category is contributed to by the hirer and the hirer contractor category, similarly this category accounts for 65% in the material handling equipment segment. Finance for concrete, material processing, road construction and warehousing equipment is largely for the institutional segment. The hirer and hirer-contractor category is predominantly located in South and West India with Karnataka, Tamil Nadu, Telangana, Andhra, Gujarat and Maharashtra being the key states. New Delhi, UP and Rajasthan are the key rental markets in North India. Preference for various types of finance varies by customer segment and geographical region.

### Criticality of equipment finance

In India, approximately 25% of the construction equipment buyers consider equipment financing as the most critical factor in making a final purchase decision. Interest rates and faster turn-around times are the main reasons for making a final decision to engage with an equipment financing firm.

Recommendations from OEMs and dealers are not usually considered by institutional and large customers, as they make their own decisions in most cases. In the retail segment, however, customers approach dealers for finance suggestions or assistance. Banks prefer repeat customers and existing account holders with a long-term relationship to offer loan.

### Key Success Factors for NBFCs in the Construction Equipment Financing Industry

NBFCs comprise of heterogeneous, privately-owned financial intermediaries offering various services that include equipment leasing, hire purchase, loans and investments.

In infrastructure projects, the big developers usually sub-contract part of the project to the small and medium scale entrepreneurs who make up the bottom of the infrastructure pyramid. However, these companies do not enjoy access to institutional financing such as banks. Therefore NBFCs cater for credit needs of such companies. The NBFCs have knowledge of the credit needs of these companies and have a good idea of their capabilities. NBFCs make a call on extending credit to these companies based on their track record, order books, and cash flow.

Credit intermediation has been the most preferred route for credit expansion and NBFCs have offered this service for 30 years. NBFCs' decision making process is also faster vis-à-vis the banks.

Though banks have branches across the country, for construction equipment finance, most customers prefer NBFCs for the following reasons:

- NBFCs have better reach in certain states;
- NBFCs offer faster turn-around-time and doorstep services;

- Tailor made schemes to suit the requirements;
- Higher loan to value which is 5-6% more compared to banks;
- Simple documentation process;
- Easy finance options for FTUs/ FTBs;
- Flexible terms and conditions; and
- Differentiated relationships management.

A combination of these services makes the NBFCs the preferred financing option in this segment.

### ***Overview of leasing in CME financing***

#### *Overview*

In India, construction equipment leasing is still at a nascent stage accounting for 6-8% of the overall construction equipment market as of Fiscal 2017, whereas the global average for leasing is 50-60% of the overall construction equipment business.

Leases are gaining popularity because of tax benefits. The bulk of MSMEs are opting to finance their equipment.

#### *Market Size*

The market for organised used equipment leasing is estimated at approximately 8%-10% of the overall disbursements of finance companies in the CME segment. The current value of the organised leasing construction equipment market accounts for roughly ₹22-25 billion in Fiscal 2017. The market is largely dominated by heavy equipment such as excavators, motor graders, wheel loaders, dozers, self-loading concrete mixers, concrete pumps, tower cranes, all-terrain cranes, rough terrain cranes, truck cranes and pavers.

The implementation of the recent GST in India is expected to benefit the finance institutions in the equipment leasing segment and the market is expected to reach ₹50 billion at a CAGR of 26% by Fiscal 2020. Before the implementation of GST, there was lack of clarity on leasing businesses and the tax structure was not defined which curbed the efficiency of the equipment leasing industry.

#### *Key Benefits of Leasing in CME Financing*

With the current government's focus on infrastructure of the country, there was a fresh infusion of funds towards the road sector. The Indian government approved a total of 83,677 kms of roads to be constructed in the next five years. This creates requirement of capital goods on a large scale and increase in the number of contractors executing these projects.

Most of the actual implementation of project work is carried by SMEs to whom the work gets sub-contracted. They require high-value assets (such as earth-moving, road, concrete and material handling equipment) and purchasing these assets would impact cash flows of SME's. Leasing options help the SMEs to access these assets as it provides more cost effective solution vis-à-vis owning.

The penetration of leasing and equipment rental is fairly high globally. Compared to countries like the U.S., China and Japan, India's leasing and rental business is still at a nascent stage. Unfavourable tax treatment of leasing in India has been a key reason for such condition. The introduction of GST is expected to clarify the ambiguity on the tax front. The market sets to become more organised. Another major advantage of GST will be the enhanced mobility of the asset. Interstate movement of such assets and re-deployment at multiple locations on multiple projects will be easier and thereby ensuring optimal utilisation of the asset over its economic life. Leasing, as a financial tool will be key for the infrastructure growth of the country

### ***Used Equipment Financing***

#### *Overview*

The market for used equipment is highly unorganised. New projects have attracted the interest of construction business owners wishing to purchase new or pre-owned equipment and who seek to be compliant with the government requirements for project tenders.

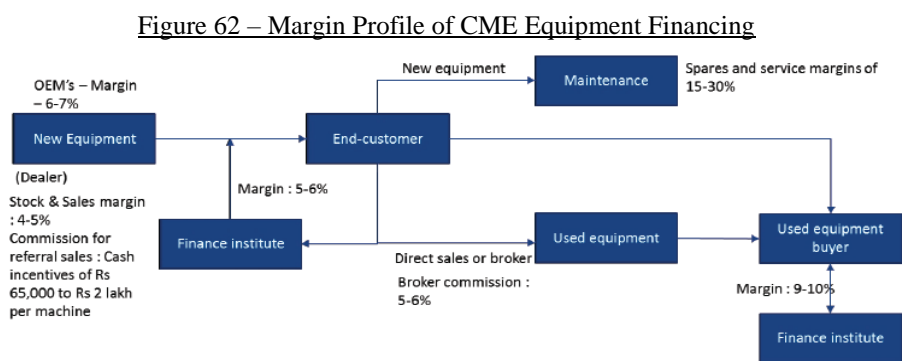
### Market Size

In Fiscal 2017, the market for organised used equipment financing is estimated to be approximately 8% -10% of the overall disbursements by finance companies in the CME segment. This figure does not account for cash transactions and the market catered for by private financiers (which are mostly unorganised). In Fiscal 2017, the current value of the organised used equipment financing accounts for roughly ₹25-30 billion. The unorganised component or finance could account for an additional ₹10-15 billion. The market is dominated by products such as backhoe loaders, excavators, pick and carry cranes, accounting for more than 70% of the used equipment market. Companies have also engaged in the direct import of equipment from countries such as China and Japan. However, OEMs have urged the government to regulate the import of used equipment.

### Growth Opportunities

Growth opportunities for the used equipment include increasing awareness among customers on the value of ‘used equipment’ to reduce capital expenditure investments, online portal which helps facilitate used equipment business, technology intervention like telematics which helps in identifying the accurate working and operation conditions of the machine and financiers can come up with operating lease products in used CME with resale valuation framework developed by industry body and with good service support from the OEM/dealer.

### Review of Margin Profile of the Industry



Source: Feedback Analysis

Most NBFCs offering loans in infrastructure or construction equipment segment have Net Interest Margins (NIM) of 5-6% for new equipment and 9-10% for used equipment. Banks have slightly lower interest margins by 0.5 to 2% as compared to NBFCs. Used equipment enjoys higher margins than new equipment.

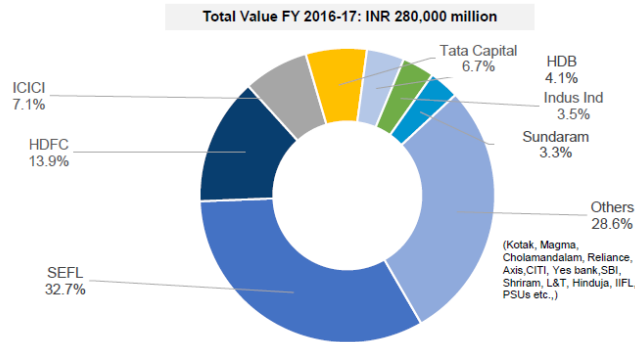
### Overview of Competition in the Industry

Currently the equipment finance industry has approximately 20-25 organised companies (NBFCs and banks) offering various products and services for the infrastructure equipment segment.

The top five companies account for approximately 64.5% of the overall CME finance market. Among the top five companies, three are NBFCs and two are private banks.

Figure 63 – Market Share in CME Equipment Finance Market





Source: Feedback Analysis

SEFL leads the construction equipment finance market with a market share of approximately 32.7% in Fiscal 2017 followed by HDFC. Over the years, the market share of banks such as HDFC and Indus Ind in the retail finance segment has increased. The market share of HDFC bank has increased from 10% in Fiscal 2014 to 13.9% in Fiscal 2017.

IndusInd focuses largely on retail customers for backhoe loaders, excavators and pick and carry cranes, offering better interest rates than NBFC and are core competitors in the retail segment. After SEFL, HDFC is the second largest finance institute in the retail industry.

Currently, SEFL is the only end to end solution provider across the entire CME value chain, from asset acquisition through to deployment, management and resale of the asset, and managing the customer relations across the entire asset life cycle. SEFL offers customised financial solutions to their customers and has partnerships with OEMs and dealers. SEFL has demonstrated clear market differentiation through its holistic approach to providing equipment financing solutions.

A study conducted among various customers across key states of India revealed that faster turnaround time, less paper work and one point stop for all equipment financing needs, attractive schemes offered and innovative solutions to customers to clear bad debts are the key positives of SEFL. SEFL offers innovative financing solutions to equipment purchasers under these arrangements, which are relatively new to the Indian equipment financing market.

### ***Competitive Landscape***

Since Fiscal 2011, the CME financing industry was dominated by NBFCs and select banks with minimal focus on the CME segment. Many companies entered the industry between 2010 and 2012 due to the boom in the construction equipment industry. De-growth in the sector started in Fiscal 2013 and continued until September 2015. The period from October to December 2015 experienced flat growth. Between April 2016 and December 2016, the industry had a growth rate of 38%.

The government focus towards developing infrastructure has attracted many NBFCs and banks which have diluted their attention to relook at the CME financing industry. Companies such as Magma, Kotak and Citi bank have started to focus more on the CME finance segment. HDFC bank and its sister concern company HDB financial services have been able to tap in to the CME finance segment and together have captured a market share of 18% in the CME finance in Fiscal 2017.

### ***Benchmarking on Key Parameters Vis-À-Vis Peers***

It is difficult to understand the key parameters of peers as they operate in different industries and their exposure to each segment varies. The overall company information for each competition, and not specific to the CME equipment, is set out in the table below.

**Figure 64 – Peer Comparison**

Parameters	Disbursement – INR Mn for CME Segment	Overall Disbursement <sup>1</sup> – INR Mn	Asset Quality – Net NPA <sup>1</sup>	Asset Quality – GNPA <sup>1</sup>	Capitalization - Capital Adequacy Ratio <sup>1</sup>	Profitability – ROA <sup>1</sup>	Profitability – ROE <sup>1</sup>
SEFL	91,590	117,149	1.76%	2.48%	18.59%	0.92%	6.23%
Tata Capital	18,740	505,520	0.9%	3.4%	43%	0.6%	6.7%
HDB	11,500	191,710	0.84%	1.45%	20.79%	2.34%	NA
Sundaram	9,240	131,960	0.55%	1.54%	17.8%	2.1%	13.9%
Cholamandalam	4,350	185,910	3.2%	4.7%	18.6%	3.9%	18%

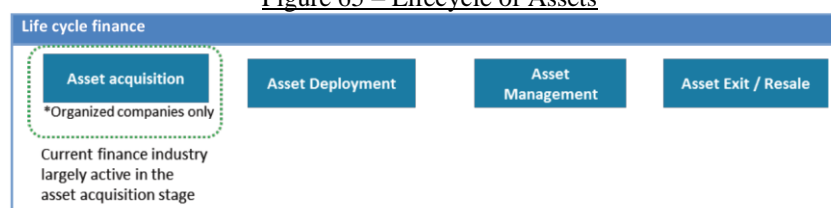
<sup>1</sup>Overall industry level data, not specific to CME  
Ratios are as per company disclosure

Source: Feedback Analysis

Disbursements of SEFL are the highest among the top five CME finance companies, with a healthy growth in disbursements and an increase in advance outstanding. SEFL has moderate asset quality, however there was improvement during Fiscal 2017. HDFC bank has healthy gross and net non-performing assets (“**NPA**s”) compared to their peers in the segment. NBFCs also performed better in terms of asset quality. The gross non-performing assets (“**GNPA**”) ratio for the NBFC sector declined to 4.6% of total advances in March 2016 from 5.1% in September 2015

### Lifecycle Financing Opportunities

Figure 65 – Lifecycle of Assets



The finance industry currently offers loans, advances and other services such as operating leases and equipment rentals during the acquisition stage.

Finance companies can become involved at the asset deployment stage by reducing downtime by leveraging relationships across stakeholders in the industry.

Asset maintenance through captive stockyards to improve residual value of assets.

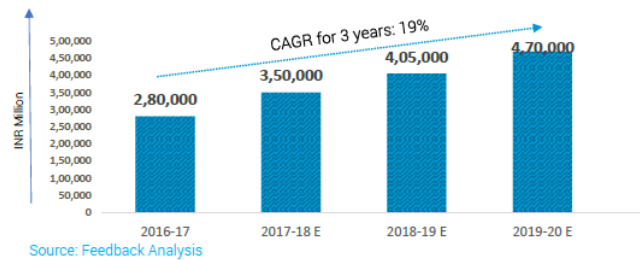
Equipment refurbishment and offering various types of financing assistance for machine service, spare parts, AMC, secondary leases and repossession asset management.

At the last stage, finance is also offered for used equipment by valuation and inspection, auctioning services and disposal services, for example. Currently this stage faces challenges regarding the disposal of the equipment, as a result finance institutions can advise on asset disposal and on various resale options.

### Outlook on the Growth in Disbursements under Construction Equipment Financing over the Next Three Years (Fiscal 2018 to Fiscal 2020)

Growth in disbursements under construction equipment financing

Figure 66 – Outlook for Growth in CME Disbursement (Fiscal 2017- 2020)



The construction equipment finance industry is expected to grow at a CAGR of 19% for the next three years. The overall construction equipment industry is expected to reach 125,000 units by 2020 and the market for new equipment finance market will continue to have a share between 87-90% for the next three years. With the current announced projects, demand will continue for the earthmoving equipment industry, which will have a share between 68-70% of the overall CME finance market. Banks and NBFCs are expected to have an equal share in the CME finance industry for the next one to two years with the equipment leasing industry expected to grow at a CAGR of 26% for the next three years.

### **Major Trends in the Financing Industry**

Going forward, revolutionary trends appear to be emerging in the equipment financing sector. These include:

- *Integrated offerings:* Dealers and OEM's are expected to offer customers integrated choice which will include the equipment finance (and could also cover the life cycle financing of the equipment).
- *Automation of process:* Current equipment financing takes anywhere between 5-30 days before the machine is handed over to the customer. Equipment financing companies need to move to the automation route, to sustain and survive in this technology-led market. A major differentiator could be transparency with a process to manage documentation, including, for example, EMI payments.
- *Platform-based offering:* Currently, there are few companies which provide a platform for equipment owners and customers to interact and avail of equipment services. This is more like the "Uberisation" of the equipment industry. This could be a good opportunity for finance companies to participate and ensure that all finance needs are met.
- *Managed services:* Customer demand for greater flexibility and convenience will augment the use of non-standard financing agreements. Shifts in customer preference for managed services (bundling equipment, services, supplies and software), pay-per-use leases and alternative financing will encourage equipment finance companies to find innovative ways to meet the demand.

### **Advantage of OEM Tie-ups**

Another trend worth noticing is tie up of construction equipment majors with banks and non-banking financial institutions exclusively for their customers. This arrangement helps the OEMs to meet the level of financing support expected by their customers. Preferred financiers collaborate with OEMs and their dealers to offer enhanced quote and credit approval turnaround, allied with competitive financial solutions. The OEM and financier tie-up can be exclusive alliance or preferred financier tie-ups with the OEMs to avoid risk/loss pool arrangement, loss sharing arrangements, subvention and credit days.

For instance, SEFL has tie-up arrangement with a range of construction equipment manufacturers consisting of JCB, Tata Hitachi, Volvo, Wirtgen, Schwing Stetter, Hyundai Kobelco, Sany, Puzzolana, Komatsu to name a few and have tied up with more than 50 manufacturers for being financier of their equipment. Through the tie-ups with construction equipment companies, SEFL provides comprehensive equipment support to construction companies based on their requirement.

### **Key Challenges of the CME Financing Industry**

The construction equipment financing market in India is still in its development stage and continues to face various issues which act as a deterrent to growth including lack of access to finance, unfavourable regulations and higher NPAs among lenders.

*Lack of access to finance* - Most equipment manufacturers do not have captive financing arms and engage in short term tie ups with banks and NBFCs. FTBs are prone to high margin requirements (nearly 20-30%) and shorter payback periods.

*Unfavourable regulations* - Most finance users are MSMEs that depend on third party payments to make financing repayments which in turn leads to delay in collection and defaults. Further, most finance business comes from NBFCs who experience poor collection penetration due to lack of regulation. Further the depreciation allowable on the equipment is 15% which is low in comparison to the decreasing asset life-cycle caused by ongoing technological advances.

*Lower rental penetration* - Rental penetration in India was as low as 8% in Fiscal 2017. Used equipment and secondary sales are also unpopular in India because of lack of established trading platforms and buyback schemes from OEMs. The preference for ownership of assets also leads to lower penetration for rentals in India.

*Repossession of the equipment in the case of customer defaults* - Tracking of equipment movement is a challenge currently faced by the finance industry. Though initiatives have been taken by some OEMs such as Caterpillar, Volvo, Kobelco, Komatsu, tracking the retail customer segments like contractors and hirers which account for a substantial portion of the market, is a key challenge currently faced by CME financiers. Therefore, OEMs should share location information through their service channel and assist financiers in repossession, if required.

There is also a need for a proper registration process for all construction equipment (off-road equipment included) which will help to develop and sustain the organised used equipment market and assist with calculation of the residual value of equipment on resale.

## B. Tipper Financing

### Overview of the Tipper Financing Segment in India

Amongst most banks and NBFCs, the tipper finance segment is a part of commercial vehicle or vehicle financing. Tipper financing sees the participation of both organised and unorganised financiers. Tipper financing in India can be broadly categorised in to two categories, new tipper finance and used tipper finance.

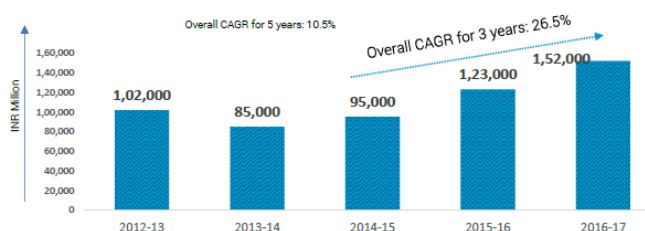
### Review of the Trend in Disbursements under Tipper Financing for the past Five Years (2012-13 to 2016-17)

#### Disbursement trends for tipper

Overall, the Tipper finance market is estimated to be in the range of ₹150–160 billion for Fiscal 2017. The disbursement to the new tipper segment has seen substantial growth since Fiscal 2015 due to an increase in sales of tippers to the road infrastructure, irrigation, mining and quarry segments. The new tipper finance market grew by 41% between Fiscals 2015 and Fiscal 2016. The used tipper finance market accounted for 31% of disbursements in Fiscal 2017. Market share of used tipper finance in the overall tipper finance market decreased from 40% in Fiscal 2015 to 31% in Fiscal 2017. The overall Tipper disbursement has grown at a CAGR of 10.5% in the last five years from Fiscal 2013 to Fiscal 2017, and at a CAGR of 26.5% in the last three years from Fiscal 2015 to Fiscal 2017.

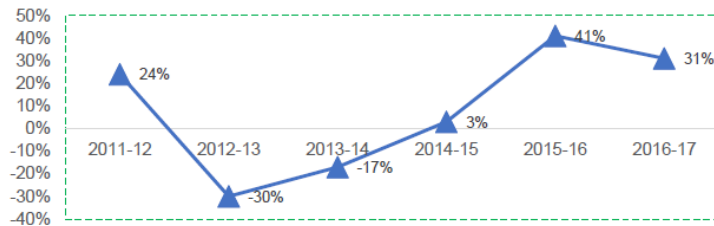
Typically, a tipper changes hands at least 3-4 times before it is scrapped. Up to 85-90% of pre-owned tipper sales are aided by loans. Large contractors and quarry operators typically sell tippers off to small contractors operating in real estate and general construction works when their finance has been cleared.

**Figure 67 –Growth in Tipper Disbursement (Fiscal 2013- 2017)**



Source: Feedback Analysis

**Figure 68 –Growth in New Tipper Finance Market (%)**

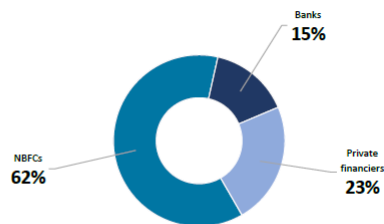


The new tipper finance industry has grown by 12% over the last five years and the used tipper finance industry by 8% in the same period.

**Key Success Factors for NBFCs in Tipper Financing Industry**

Figure 69 – Market Share in Tipper Financing by Lender

Split by type of lender – INR 152,000 million



Source: Feedback Analysis

NBFCs accounted to approximately 62% of the overall finance market in Fiscal 2017. The advantages of NBFCs compared to banks or private financiers include:

- Better reach and proximity to customers.
- Advantage of referral based lending.
- Continuous monitoring and door-step lending.
- Superior product knowledge and ability to assess the value of pre-owned tippers.
- Ability to dispose of re-possessed tippers.
- Offering flexible payment options.
- Competitive interest rates compared to banks.
- More aggressive in retail finance than banks.
- Interest rates offered are competitive compared to banks.
- NBFCs such as Tata Motor Finance, Hinduja Leyland Finance and Volvo Eicher finance are subsidiaries of their parent companies who sell tippers in India. They can pass on better offers and schemes to their customers.

**OEM Tie-ups**

OEM tie-up with the finance institution helps in faster processing and disbursements, and easy approvals for the models offered by OEMs. Most of the leading Tippers OEMs in India like Tata Motors and Ashok Leyland have their own finance wings like Tata Motors Finance Limited for all types of CVs and Hinduja Leyland Finance, respectively, which help the customers in getting faster processing of their finance requirements. SEFL and Tata Motors have recently signed a memorandum of understanding to finance Tata motor commercial vehicles with a special focus on construction and mining tippers.

**Lifecycle Financing Opportunities**

The tipper finance market can be categorised as follows:

Figure 70 – Categories of Tipper Finance Market



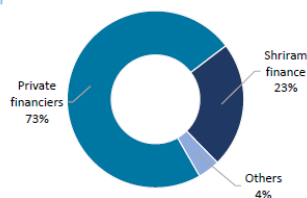
Currently, the acquisition stage is well organised with the market dominated by large NBFCs and banks. Asset deployment and management is an area which is currently untapped by most financiers due to a lack of clarity and the risks involved in the market lifecycle. SEFL is offering finance services across all four stages of the tipper lifecycle.

Going forward, there is an opportunity in pre-owned or used tipper finance with approximately 70-75% of the market being catered to by unorganised private or captive financiers. Currently, used equipment accounts for 31% of the overall tipper finance market and considering the benefits of high NIM and lower LTV, there are opportunities for organised players in the industry to focus on this segment.

**Used Equipment Finance**

**Figure 71 – Market Share in Used Equipment Finance**

Used Tipper finance market (FY 2016-17)  
INR 47,000 million



Source: Feedback Analysis

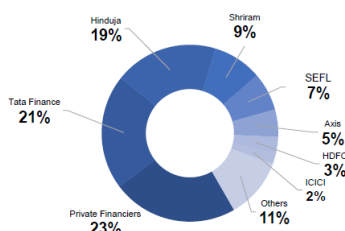
The used Tipper finance market (currently valued at ₹47 billion in Fiscal 2017) is dominated by key players including companies such as Shriram Finance, Sundaram Finance, Cholamandalam Finance, Mahindra Finance and Kotak Banks. Though NBFCs like Tata Motors Finance Limited, Hinduja Finance, SEFL and banks such as HDFC, ICICI and Axis have a presence in the used tipper segment, they largely focus on the new tipper finance due to the underlying risks in the used finance segment.

Currently, the used tipper finance industry offers benefits such as high NIM, lower LTV and shorter terms which mitigate the finance risk.

**Competitive Scenario for the Industry and Market**

**Figure 72 – Market Shares of Financiers (Fiscal 2017)**

Market share of Financiers – FY 2016-17 - INR 152,000 million

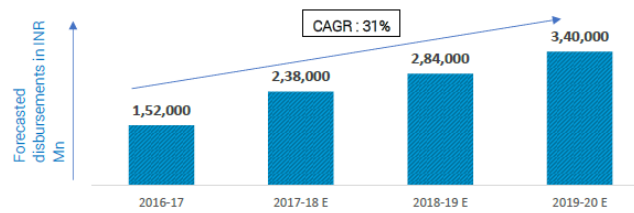


Source: Feedback Analysis

**Outlook on the Growth in Disbursements under Tipper Financing over the Next Three Years**

**Figure 73 – Outlook for Disbursement Growth in Tipper Financing (Fiscal 2017-2020)**





Source: Feedback Analysis

Overall, the tipper finance market is estimated to grow at a CAGR of 31% over the next three years. The new tipper finance market is estimated to grow at a CAGR of 34% and used tipper finance market is estimated to grow at a CAGR of 22% over the next three years.

### Key Challenges for the Industry

- Economic downturn results in increased defaults by customers with 30-35% of those defaulting customers being FTBs and FTUs. Consequently, NBFCs will be under pressure during downturns with their dependency on the retail and rural segments.
- In pre-owned equipment finance, the cost of operations will be high and creates limited growth opportunities as its focus is on volumes. The used tipper segment also targets relatively weak credit profile of potential customers.
- With increased competition and penetration of unorganised finance companies in the used tipper finance market, it will be challenging for organised NBFC and banks to maintain their growth rates or gain market share.
- A major challenge faced by the financiers of used tippers is lack of established platforms for trading proper asset valuation norms. This increases the level of risk for financiers given the lack of transparency in pricing.
- Approximately 60-70% of repayments in the used tipper finance market are made in cash. Monitoring of cash collection as well as the asset and owner is therefore difficult.

### C. IT Equipment Financing

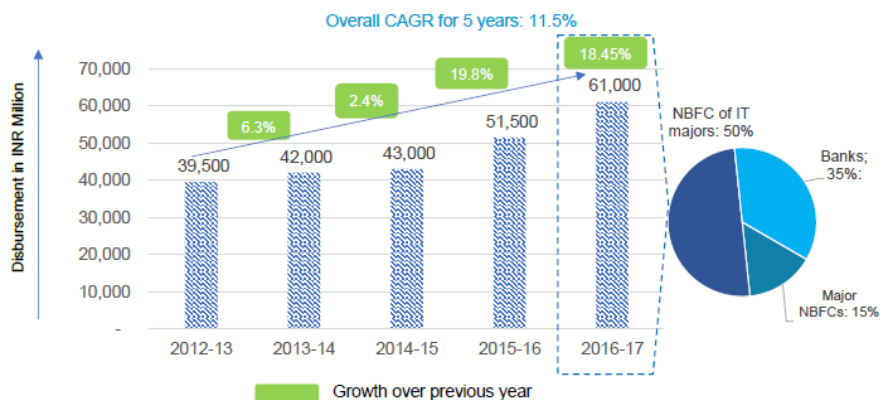
#### Overview of the IT Equipment Financing Segment in India

Currently in India, only a few finance institutes offer loans to set up IT infrastructure and only a few global IT product organisations have their own departments that offer finance solutions. Finance services offered for IT products, equipment and infrastructure can include leases and loans.

Most of the banks offering finance for the IT equipment sector do not have a dedicated department for the division but services are offered on a need basis, based on customer enquiries.

#### Review of the IT Finance Market for the Last Five Years

Figure 74 – Disbursement and Financier Breakdown in IT Finance Market



Source: Feedback Analysis

### ***Type of Companies Operating in the IT Equipment Finance Segment in India***

Financing of the IT sector is typically provided by banks and NBFCs. Banks usually offer loans for IT equipment and infrastructure in tier 1 and 2 cities. There are select NBFCs which are subsidiaries of the major IT companies such as Hewlett Packard, IBM and Cisco. These companies primarily help customers to finance their own products and only finance third party products in limited cases.

### ***Key Success Factors for NBFCs in the IT Equipment Finance Industry***

- NBFCs who are sub-divisions of their parent company manufacturing IT equipment have the advantage of catering to their own customers where the loan disbursement process is simpler compared to banks.
- SEFL is the only large NBFC who has formed a separate IT finance division to focus on the opportunities available in the finance sector.
- Going forward, more NBFCs are expected to focus on the IT finance sector.

### ***Margin Profile***

NBFCs have a net interest margin of 5-7% in respect of the IT finance solutions offered for the industry. Finance is not provided on the equipment, but in most cases for the IT infrastructure and solutions.

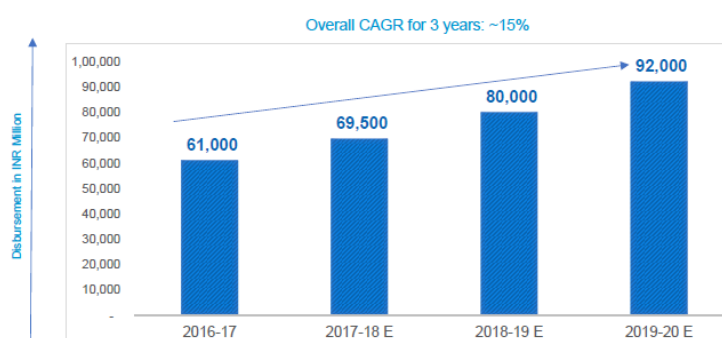
### ***Overview of the Competitive Scenario for the Industry***

Key financiers catering to IT equipment finance include companies like Cisco Capital, HP Financial, IBM Global Financing, Dell Financial & Tata Capital together account for 55-60% of the market. SEFL accounts for 11% of IT equipment finance market. Others include PSUs, banks and other NBFCs.

### ***Outlook on the Growth in Disbursement under IT Equipment Financing over the Next Three Years***

SMEs rely on the financing for IT equipment. It is estimated that 90% is obtained through loans in the segment. IT equipment finance is likely to grow at 15% CAGR for the next three years. The Digital India initiative seeks to place emphasis on e-governance and transform India into a digitally empowered society. The program is projected at ₹1,130 billion, which will prepare the country for technology transformation. This will bring increased investment and organisations including SMEs, which will drive the need for institutional financing.

**Figure 76 – Outlook for Disbursement Growth in IT Equipment Financing (Fiscal 2017-2020)**



Source: Feedback Analysis

### ***Key Challenges for the IT Finance Industry***

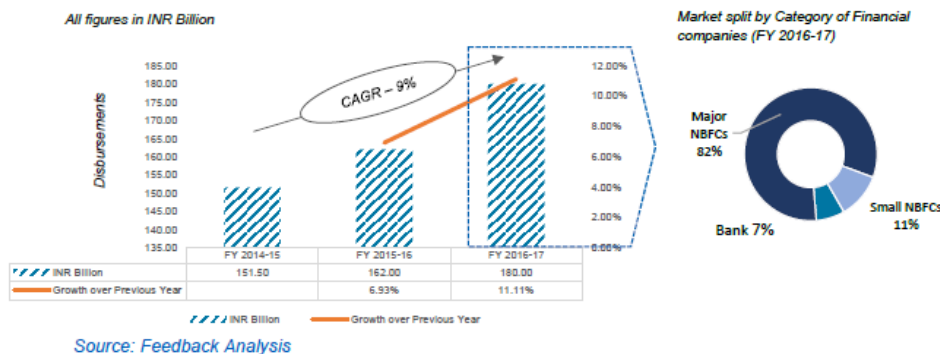
The Indian IT industry has shown in the downward growth since the past few years as there is a large dependency on export business, the variations in global economy, increased protectionism and emergence of low cost outsourcing centres like Philippines.

## **D. Farm Equipment Financing**

### ***Historical Disbursements in the Last Three Years***

In the past three years, farm equipment finance has grown at a CAGR of 9%. The growth in the farm equipment finance market is directly correlated to tractor sales, primarily due to the major share of tractors in the overall market.

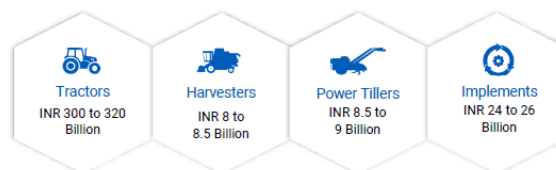
**Figure 77 – Disbursement and Financier Breakdown in Farm Equipment Finance Market**



### Market Size

Farm equipment loans finance both new and used farm equipment such as tractors, combine harvesters, power tillers and implements (including rotavators, cultivators and threshers, among others). The approximate market values for farm equipment in Fiscal 2017 are as follows:

**Figure 78 – Market Size of Farm Equipment (Fiscal 2017)**



Tractors form a major component within farm equipment by value and volume. Approximately 92-95% of the tractors sold (within the agri segment, i.e., 524,560 units) are obtained by finance while the remaining 5-8% of tractors are purchased using own funds.

### Competitive Landscape of Farm Equipment Financing in India

Financing of tractors is typically provided by both NBFCs and banks.

NBFCs are currently dominant in the market with 8-10 major companies. A number of companies have started providing farm equipment finance (specific to tractors) in the last five to six years, following a slowdown in the commercial vehicles market, and have grown a sizeable portfolio of tractor finance. It is estimated that there are approximately 30-40 companies operating in this segment. Among the NBFCs currently present there are some OEMs (such as Mahindra, John Deere and Claas) who manufacture and provide finance for tractors. These OEMs provide finance for both their own equipment and competitors' products. NBFCs account for approximately 90% of the farm equipment finance market in India (₹180 billion), with major NBFCs accounting for 75% of the overall farm equipment market (₹180 billion).

Banks (public and private sector) currently have a small share in the farm equipment financing business, estimates to be approximately 10%. Leading banks operating in this market include the State Bank of India, HDFC Bank, ICICI Bank, Axis Bank, Dena Bank and Kotak Mahindra.

The loan to value (“LTV”) for a tractor can range from 60% to 95% of the value of the asset depending on various factors including the farmer’s income, frequency of income, crops grown and seasonality. NBFCs charge interest in the range of 16% to 24%, while banks charge interest in the range of 11% to 15%.

### Success Factors of NBFCs

Though banks offer lower interest rates than NBFCs there are certain hurdles faced by customers which make availing of finance via NBFCs more attractive. These hurdles include:

- Bank loans are secured against land and tractors;
- High levels of bureaucracy and longer processing periods (45-60 days);
- Minimum land requirements;
- Limited repayment flexibility.

The majority of NBFCs and private banks have started to adopt unconventional methods to acquire customers such as higher LTV, no requirements for customers to provide land and equipment as collateral, doorstep facilities, limited paperwork and flexible repayment arrangements. It is estimated that NBFCs typically take one-fifth or one-sixth time for disbursement of loans to the customer compared to public-sector banks. One of the other key reasons for the dominance of NBFCs in the farm equipment finance market has been loan waiver schemes in which banks have had to write-off loans. Consequently, many public-sector banks take a cautious approach to farm equipment finance.

### Margin Profile

Most NBFCs offering loans to the farm equipment segment have net interest margins (“NIM”) of 4-7% for new equipment and 8-10% for used equipment. Banks have slightly lower interest margins by 0.5 to 1.5%.

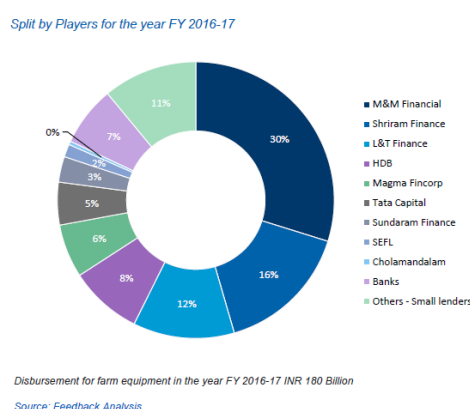
### Advantage of OEM Tie-ups

Some financier companies have tie-ups with tractor OEMs. For example, L&T Finance and De Lage Landen Finance Services have tied-up with Sonalika and Escorts, respectively. The customers of these tractor OEMs availing finance from the tie-up companies are offered with attractive schemes like lower interest rates and waiver on processing fees. However, the customers have a right to select the finance companies and not typically locked-in.

### Major Financiers and Market Share

The top three companies in the industry account for 58% of the total market of ₹180 billion. All finance companies operating in this segment also cater to other segments which include commercial vehicles, passenger vehicles, two and three wheeler vehicles, home loans, SME loans among others. The farm equipment portfolio among the various finance companies varies between 2% to 17% of their total disbursements.

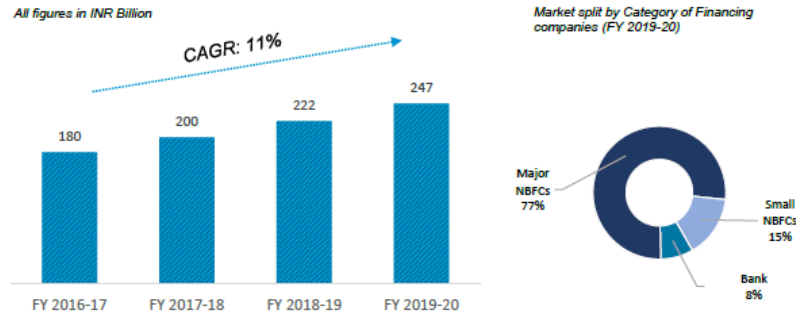
**Figure 79 – Market Share in Farm Equipment Financing (Fiscal 2017)**



### Disbursements Forecast (Fiscals 2017 to 2020)

Farmers’ dependence on finance for farm equipment, which is currently over 90%, is likely to continue given lower income levels. The farm equipment finance market is estimated to grow at 11% CAGR for the next three years. The share amongst the small NBFCs is likely to grow by 4% to reach 15% of the market by Fiscal 2020.

**Figure 80 – Forecast for Disbursement in Farm Equipment Financing**



Source: Feedback Analysis

## E. Healthcare Infrastructure Financing

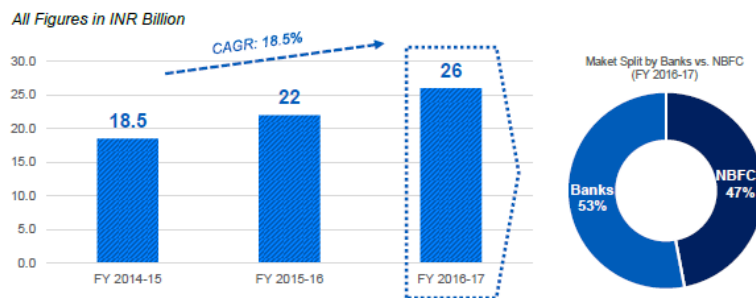
### Overview of Financing in the Medical Equipment Space

Finance in healthcare is typically provided when healthcare centres, such as a clinic, polyclinic, nursing home, diagnostic centre or hospital is being set up, or when medical equipment is being purchased during expansion.

### Historic Disbursement Trends in Medical Equipment Financing

The market for finance for medical equipment has been growing at a CAGR of 18.5% which is almost in line with the medical equipment market. Banks and NBFCs have an almost equal share of the overall market, 53% and 47% respectively. Until 2009-2010, only banks catered to medical equipment financing and NBFCs has grown to cater to the segment over the last five to six years. The following chart shows the disbursement trends for the past three years and the share of banks and NBFCs in the overall market:

Figure 81 – Disbursement and Financier Breakdown in Medical Equipment Finance Market



Source: Feedback Analysis

### NBFCs vs. Banks

The majority of financing companies present in the medical equipment industry belong to the large and organised category. These companies provide finance for healthcare centre set up or acquisition of medical equipment. Key financing companies present in the industry include Clix Capital, Siemens Financial Services, HDFC Bank, State Bank of India, Dena Bank, Yes Bank, Reliance Capital and SEFL, among others. Other NBFCs include Hero FinCorp, Intec Capital, KFI, DHFL, India Infoline and Tata Capital.

### Key Success Factors for NBFCs

Siemens Financial Services currently is the only lender making good inroads in the business since it requires a good understanding of usage of medical equipment, life and technology. Tying up with medical equipment manufacturers is one of the key business drivers for financial institutions. Most financial institutions (like HDFC Bank, Dena Bank, Reliance Capital, etc.) in the last 3-4 years have created dedicated verticals. Some financial institutions are also involved in the buying back of ME after usage for a certain period and providing finance to the customer (from whom the ME was bought back) for new equipment.

One of the areas which currently very few financial institutions (mostly NBFCs) are focussing on is the finance of small equipment where the ticket size is less than INR 1 Million. Currently, most institutions provide finance for equipment over INR 5 Million or INR 10 Million.

### **Margin Profile**

The margins earned by financial institutions vary between 6% to 10%.

Key financiers in the industry are Siemens Financial services, Clix Capital, ICICI bank, HDFC bank, SBI, Dena bank, SBI who together account for 70-75% of the market share. SEFL has a market share of 6% in medical equipment finance. Most finance companies operating in this segment also cater to other segments such as commercial vehicles, passenger vehicles, 2 & 3 wheelers, home loans, SME and others. The medical equipment portfolio among the various finance companies vary between 2% to 5%.

### **Outlook on the Growth of Disbursements for Medical Equipment Financing**

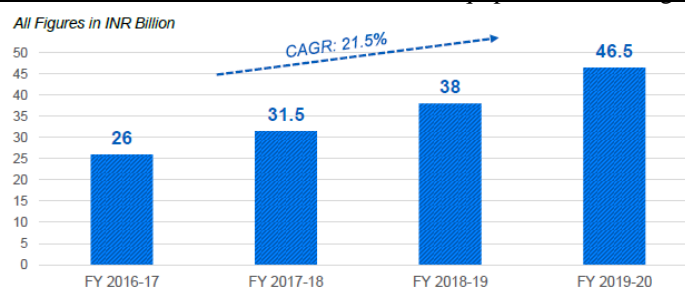
The size of the medical equipment market in India has grown at CAGR-19% from ₹37.2 billion in Fiscal 2012 to ₹90 billion in Fiscal 2017.

The demand is driven by the following segments:

- many doctors and individuals aspiring to be entrepreneurs are having limited funds;
- under penetrated, growing needs of healthcare facilities specific to semi-urban and rural areas;
- flexibilities offered in providing credit the firms or individual.

Increased focus on the segment by most financial institutions by creating a dedicated vertical or business unit, under penetrated healthcare services in the country and medical tourism.

**Figure 83 – Outlook for Disbursement Growth in Medical Equipment Financing (Fiscal 2017-2020)**



Source: Feedback Analysis



## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections “Forward Looking Statements”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 14, 15, 309 and 231, respectively, of this Draft Red Herring Prospectus. Our Restated Financial Information for the six month period ended September 30, 2017 and for the Fiscals 2017, 2016, 2015, 2014 and 2013 included in this Draft Red Herring Prospectus have been prepared in accordance with Indian GAAP and the SEBI ICDR Regulations. Our fiscal year ends on March 31 of each year and references to a particular fiscal year are to the twelve months ended March 31 of that year. Reference to period for September 2017 means the six months ending September 30, 2017.*

*Unless otherwise indicated, industry and statistics used in this section are extracted from Feedback Reports prepared and issued by Feedback. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Feedback Report (extracts of which have been appropriately incorporated as part of the section titled “Industry Overview” on page 91) and included herein with respect to any particular year refers to such information for the relevant fiscal year and for further details, see “Risk Factors – We have relied on third party industry reports which have been used for industry related data in this Draft Red Herring Prospectus and such data have not been independently verified by us” on page 36.*

### Overview

We are the leading financier in the Construction, Mining and allied Equipment (“CME”) sector in India, with an approximately 32.7% market share in Fiscal 2017 (Source: Feedback Report). This sector primarily consists of equipment used for earthmoving and mining, concreting, road building, material handling, material processing and allied activities. Our product offerings include loans, for new and used equipment, and leases.

In more than 27 years of our Group’s operations, we have demonstrated clear market differentiation through our holistic approach to providing equipment financing solutions (Source: Feedback Report). This approach covers the value chain in the equipment life cycle by providing financing to and sustaining continuous engagement with customers across equipment procurement, deployment, maintenance and exit stages. The equipment-centric services we provide include preferred financing schemes offered by us in conjunction with Original Equipment Manufacturers (“OEMs”), equipment deployment assistance during project downtime, spare parts financing, exchange programme financing and used equipment financing.

Our partnerships with OEMs are key to our equipment-centric business model. These include various arrangements such as general associations, preferred financier associations (with or without risk-sharing arrangements) and private label associations. We offer innovative financing solutions to equipment purchasers under these arrangements, which we believe are relatively new to the Indian equipment financing market (Source: Feedback Report). As of September 30, 2017, we had 191 OEM partnerships. We believe we are well positioned to sustain and develop OEM partnerships due to our significant CME market share, pan-India presence and continuous customer engagement approach.

We believe that our customer-focussed approach also has contributed to our success. As of September 30, 2017, we had more than 64,000 current customers. We cater to a wide range of customers, from ‘First Time Users’ (“FTUs”) and ‘First Time Buyers’ (“FTBs”) to fleet owners and mid-size contractors to large corporations and project owners. Supported by our holistic equipment financing solutions approach, our customer-focussed approach has helped us retain our customers as their business has grown in size as well as expand our customer base through their referrals. In Fiscals 2017, 2016 and 2015, over 60% of our total disbursements were to our repeat customers.

Our exclusive distribution partners, Srei Entrepreneur Partners (“SEPs”), help us in sourcing customers and ensuring regular repayment. An SEP’s local risk insight and on the ground presence facilitates our customer acquisition, screening and access and broadens our market coverage. Our training also benefits the SEPs by helping them to diversify and broaden their business operations. As of September 30, 2017, we had 120 SEPs across India.

Our years of experience in the equipment financing business have provided us with deep insight into various equipment categories, diverse geographies and multiple customer segments. Our risk assessment framework and

credit appraisal policies are an outcome of this experience, which we have progressively institutionalised. As we continue to diversify our customer exposures, we are scaling up our asset-centric risk approach to cover multi-dimensional risks. We increasingly are managing risk by deploying technology including real time equipment location identification through GPS/ GPRS devices, use of handheld devices by field personnel, customer service through online portals, mobile applications and customised risk prognosis tools.

Our widespread network of branches demonstrates our strength across India to cater to the needs of our stakeholders including our customers, OEMs, SEPs, dealers, local industry bodies and regulatory agencies. As of September 30, 2017, we were present in 21 states through our 89 branches and four offices including our head office in Kolkata, India. We also cater to 77 additional satellite locations where our employees service customers directly using technology without a physical branch office. In addition, as of September 30, 2017, we had 77 stockyards for equipment maintenance helping us to preserve the repossessed equipment quality for potential redeployment or resale.

We believe that our human resources have played an important part in our success. Our senior and mid-level management include professionals from financial services and OEM background. We develop our employees' functional and leadership competencies through structured training initiatives focussed on consistently meeting customer expectations. Our customer relationship managers provide personalised customer service helping us enhance our brand.

In addition to CME, we have also diversified into financing of Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets. As of September 30, 2017, our total Gross Earning Assets were ₹254,170.80 million comprising ₹189,767.77 million in CME, ₹21,013.82 million in Tippers, ₹9,477.62 million in IT and allied equipment, ₹3,066.10 million in Medical and allied equipment, ₹5,574.38 million in Farm equipment and ₹25,271.11 million in Other assets.

We have access to multiple sources of liquidity. Our sources of funding comprise unsecured subordinated non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial paper. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our Total Borrowings were, ₹164,840.70 million, ₹129,318.40 million, ₹118,537.10 million and ₹130,645.30 million, respectively, and our Cost of Borrowings was 9.48%, 10.17%, 10.45% and 10.63% for these periods. Our current long-term credit ratings include CARE AA-; Positive, CARE A+; Positive and CARE A+; Positive, from CARE, BWR AA+/Stable from Brickwork and SMERA AA+/Stable from SMERA Ratings. In relation to our short-term credit ratings, our current credit ratings include ICRA A1+ from ICRA Limited, CARE A1+ from CARE and BWR A1+ from Brickwork.

We are a wholly owned subsidiary of SIFL, a well-established name in the Indian infrastructure financing business.

We have an established track record of consistent financial performance and growth. As of September 30, 2017, our Net Worth was ₹25,682.00 million. For the six months ended September 30, 2017 and for Fiscals 2017, 2016 and 2015:

- Our AUM were ₹265,248.90 million, ₹212,317.90 million, ₹185,974.80 million and ₹183,478.20 million, respectively;
- Our PAT was ₹1,095.10 million, ₹1,488.40 million, ₹1,203.80 million and ₹1,540.00 million, respectively;
- Our Gross NPAs were ₹4,578.30 million, ₹4,198.60 million, ₹4,544.00 million and ₹7,935.20 million, respectively;
- Our Revenue from Operations was ₹14,965.60 million, ₹24,933.30 million, ₹26,138.80 million and ₹26,014.40 million, respectively; and
- Our Disbursements were ₹83,093.40 million, ₹117,148.76 million, ₹91,588.78 million and ₹77,196.72 million, respectively.



## Our Strengths

We believe we benefit from a number of strengths that together differentiate us from our competitors:

***Market leading CME financier in India with a wide distribution network and strong brand name, making us well positioned to access customers in the growing Indian infrastructure financing sector***

According to Feedback's report titled "Market Assessment of the Construction, Mining and Allied Equipment (CME) Financing Segment" dated November 27, 2017, we are the leading financier in the CME sector in India in Fiscal 2017 with an approximately 32.7% market share in the CME vertical. We believe the larger market opportunity also will lead to significant demand for new and more advanced equipment for longer-term projects.

Since our inception, we have been CME financiers. Our long track record in this vertical has helped us develop deep infrastructure sector knowledge, understanding of equipment life cycle and strong relationships with borrowers. This helps us access new potential borrowers, provide customised solutions and manage asset risks prudently. The GoI has announced an increased infrastructure budget allocation for Fiscal 2018, the majority of which is towards segments such as railways (increased by approximately 19% year-on-year), roads and highways (increased by approximately 24% year-on-year) and urban development (increased by approximately 5% year-on-year) (Source: Feedback's report titled "Infrastructure Segment" dated November 27, 2017). This provides us with attractive opportunities to offer financing for equipment required for such projects.

As of September 30, 2017, we were present in 21 states through our 89 branches and four offices including our head office in Kolkata, and 77 satellite locations across India, serving more than 64,000 current customers. In addition, as of September 30, 2017, we had 77 stockyards. Our pan- India presence allows us to cater to a large customer base across industry segments from proximate locations, enabling customers easy access to our services.

We have developed a wide relationship-based distribution network that has helped us achieve a better market understanding and reach in several regional markets. Through our distribution network, we have developed long-term relationships with our customers at various stages of the financing cycle including customer origination, loan administration and monitoring as well as loan recovery. Our customer relationships provide us opportunities for repeat business and to cross-sell our other products as well as to receive new customer referrals. We believe we have a strong brand name and market recognition due in large part to our deep and long-standing customer relationships.

***Equipment-centric robust and disciplined business model across diverse business verticals***

We operate a holistic business model providing end-to-end solutions across the equipment lifecycle beginning from the equipment's acquisition to its refinancing or resale. We are able to leverage our capabilities and relationships to be present across the entire equipment value chain, support customer requirements across the equipment life cycle and reinforce customer loyalty. Our market leading position in the CME sector and brand name has helped us to expand to other sectors such as Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets, which present both greenfield and brownfield opportunities.

Our offerings at different stages of the equipment life cycle include:

- ***Equipment Acquisition:*** At this stage, we provide assistance in equipment procurement through customised solutions comprising loans and leases (where we benefit from our OEM relationships).
- ***Equipment Deployment:*** During this stage, if a customer requires, we help in allocating equipment financed by us to projects/jobs to allow efficient deployment of idle assets.
- ***Equipment Maintenance:*** During this stage, we provide equipment maintenance assistance through spare parts financing and enable our customers to access our strong OEM and dealer relationships for maintenance support.
- ***Second Life Financing:*** We have also introduced branded refurbished equipment solutions for our customers. During this stage, we help our customers in acquiring branded refurbished equipment in conjunction with our OEMs partners. For instance, we have recently partnered with JCB to offer the 'JCB select' range of refurbished equipment.

- *Equipment Exit:* At this stage, we facilitate various services including equipment valuation and inspection, auctioning and other equipment disposal services. Our 77 stockyards across the country are important to our ability to offer these exit services efficiently. Our used equipment financing, refurbishment programmes and exchange programmes assist customers to dispose of their old equipment.

#### ***Strong partnerships with OEMs and SEPs with access to diversified and cost effective funding sources***

We believe we have a strong relationship network through partnerships with OEMs and vendors that have enabled us to maintain sustainable growth and market leadership over the years. As of September 30, 2017, we were partnered with 191 OEMs. We have long-standing relationships with leading OEMs such as Tata Hitachi, JCB, Volvo, Hyundai, Putzmeister, Komatsu, CNH, Kobelco, Bharat Benz (DICVPL), TEREX and Sany. These partnerships provide us with deep knowledge on the diverse range of equipment used in our various verticals, which ultimately enables us not only to offer financing solutions to our customers but also to understand and meet their future project requirements.

We have also strategically expanded our distribution and marketing network and operations through partnerships with SEPs, our exclusive channel partners. As of September 30, 2017, we were partnered with 120 SEPs. The SEPs combine their knowledge of the local market requirements with our business needs to deliver new accounts. They also facilitate in acquisition of new customers independent of OEMs referrals.

We have access to multiple sources of credit and liquidity to finance our business and operations. At present, we meet our funding requirements from unsecured subordinated non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial paper. As on September 30, 2017, our lenders included 39 banks and financial institutions, both domestic and international. We believe our strong relationships and past credit record with nationalised banks and private sector banks enables us to access cost effective funds. We also undertake securitisation and assignment transactions to maintain and balance our overall borrowing costs.

#### ***Effective equipment risk management framework***

We believe that our industry knowledge, understanding of equipment and long track record have helped us develop an effective risk management framework which categorise risk based on our understanding of customer segments, equipment realisations and geographies. This helps us in evaluating and approving equipment financing proposals. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our Gross NPAs to Earning Assets ratios were 2.21%, 2.48%, 2.95% and 4.98%, respectively while our Net NPAs to Earning Assets ratios were 1.56%, 1.76%, 1.99% and 3.83%, respectively.

We believe our approach to credit and equipment risk management is a key differentiator. Our processes are focussed on preserving equipment value and can be broadly classified as follows:

- *Receivable Management:* Assessment of receipt of all appropriate transaction documents, confirmation of security creation and delivery of the equipment.
- *Relationship Management:* Active follow-up and dialogue with a customer in case of a payment default or if there is a likelihood of such a default. For example, if a customer requires, we help in matching equipment financed by us to projects or jobs to allow efficient deployment of idle assets. Our relationship management team enables this process.
- *Equipment Management:* Ongoing assessment of the equipment's location, condition and steps required to ensure its safety or movement back to our stockyard. Assessment and maintenance of the re-possessed equipment's condition, upkeep and reconditioning of the equipment and facilitating options available for refinancing or resale.
- *Legal Recourse:* Assessment of legal recourse options are available to us if the security available is not sufficient, if the equipment's refinancing or resale will not suffice or if we have failed to repossess the equipment. We also seek legal recourse in circumstances of default, fraud and similar egregious circumstances.



While approving a disbursement, we focus on potential cash flows in the future from the proposed project rather than making a decision solely based on past cash flows or profit track record of the customer. We also use a range of quantitative as well as qualitative parameters as a part of the appraisal process to assess the extent of the underlying credit risk in a project. As of September 30, 2017, our credit underwriting and risk team included 51 professionals.

### ***Strong parentage aided by an experienced Board and management team***

We are a wholly-owned subsidiary of SIFL. SIFL is a well-established brand domestically in the infrastructure financing business. We believe this provides us with a significant competitive advantage, access to management talent and professionals with strong industry knowledge in their respective sectors, early access to potential business opportunities, ability to understand and efficiently cater to the needs of customers in a comprehensive manner and access funds at competitive rates from a wide variety of market participants.

Our Board consists of five directors, two of whom are executive directors and the remaining three of whom are independent directors with banking and financial services expertise. Our executive directors bring extensive experience in equipment financing, lending, portfolio management, operational and managerial areas and have been with our Group for more than 25 years. Our senior management team comprises personnel with significant experience in the financial services sector and particularly in the financing industry. Our CEO and CFO have been with our Group for more than 20 years.

Our mid-level management team, which includes the heads of our business departments, has experience in the financial and leasing sectors. These employees lead the formulation and implementation of our business models and are instrumental in the sustainable development of our business and the improvement of our customer services and offerings.

We believe that the in-depth industry knowledge and commitment of our management and professionals at Board, senior and middle levels provides us with a distinct competitive advantage. We have been able to retain a majority of the members of our senior management.

### **Our Business Strategies**

Our key strategic priorities are as follows:

#### ***Continue to maintain our strong market position through our end-to-end equipment lifecycle business model to leverage growth opportunities in the Indian equipment financing market***

The enhanced focus of the GoI on the development of infrastructure creates a strategic opportunity for the equipment financing and leasing industry. Owing to the GoI's continued allocation to infrastructure projects, we believe that the Indian infrastructure equipment sales will continue to increase in turn ensuring the continued growth of the equipment financing industry.

According to Feedback's Report titled "Market Assessment of the Construction Mining & Allied Equipment (CME) Segment in India" dated November 27, 2017, Indian CME sector is expected to grow at a CAGR of 14% for the next three years to reach a volume of approximately 125,000 units in Fiscal 2020 from 83,600 units in Fiscal 2017 and at a CAGR of 18% by value to reach a value of ₹490 billion in Fiscal 2020. The disbursements in CME segment is expected to grow at a CAGR of 19% to reach a value of ₹470 billion in Fiscal 2020.

In healthcare, according to Feedback's Report titled "Medical Device Market in India" dated November 27, 2017, the medical equipment market in India is estimated to be ₹108.9 billion in Fiscal 2018 and projected to reach ₹160.3 billion in Fiscal 2020 at a CAGR of 21% during the three years period.

According to Feedback's Report titled "Market Assessment of the Construction Mining & Allied Equipment (CME) Segment in India" dated November 27, 2017, our market share in the Indian CME market was approximately 32.7% in Fiscal 2017. We believe that due to our experience in the CME vertical, our robust business model, equipment-centric risk model, our pan-India distribution network and our strong customer relationships supported by repeat business, we are well positioned to maintain our market leading position and to capitalise on the growth opportunities in the infrastructure sector generally. In addition, we believe our presence in diversified verticals also allows us to better manage our risk exposures across industry sectors and provides larger growth opportunities.



***Enter into partnerships with new OEMs and vendors and expand in equipment categories and business verticals with attractive growth opportunities***

In more than 27 years of our Group's operation, we believe we have developed long-term relationships with our customers by addressing their equipment lifecycle requirements. We intend to continue to leverage our experience in CME financing and expand our business by further developing and growing relatively new lines of business such as financing of certain CME equipment categories such as Tippers, Material Handling Equipment ("MHE"), and expanding certain verticals such as Used equipment (within CME), IT and allied equipment, Medical equipment, Farming equipment and Other assets.

To improve our market share and cater to the growing demand in these relatively newer verticals and equipment categories, we plan to enter into new partnerships with leading OEMs and vendors with whom we are looking to build new relationships. We will also continue to leverage our existing customer and OEM relationships in our target equipment categories and verticals. Some of the attractive growth opportunities in equipment categories and verticals that we intend to focus on include:

- *Tippers*: We intend to build market share in the multi-axle tipper equipment category, focussing on tipper trucks. Tippers form an integral part of earth moving equipment with excavators and together they are often a bundled requirement of customers.
- *MHE*: We aim to build our portfolio in MHE through focused coverage of our target equipment categories, including truck cranes, mobile cranes, crawler cranes, forklifts and reach stackers.
- *Used equipment*: We have been providing financing for used equipment to our Retail and SME customers. Used equipment financing is provided for a wide range of CME equipment. We aim to create a portfolio of attractive business and add to our existing customer base. This will also help us in enabling our existing customers to exit specific equipment and thereby delivering our holistic equipment lifecycle model. We also plan to partner with OEMs and dealers for financing refurbished assets.
- *Spare parts*: We have been providing spare parts financing to our customers as a part of our equipment life cycle strategy. We aim to strengthen our relationships with OEMs by increasing original spare part sales. This will also help in the upkeep of our funded equipment.
- *Medical and allied equipment*: With the classification of the healthcare sector as infrastructure for both diagnostic centres and hospitals (Source: RBI circular no. RBI/2013-14/378 DBOD.BP.BC.No.66 / 08.12.014 / 2013-14 dated November 25, 2013), we believe we have an opportunity to provide financing to such businesses for their medical equipment requirements.
- *Other assets*: We seek to acquire new customers and increase our market share in this segment to diversify our portfolio.

We aim to continue partnering with leading OEMs, improve market share and yield, and prudently manage our risk exposure. Through digitisation, we intend to improve our reach and Turn Around Time ("TAT"), making it seamless and user friendly for our customers while at the same time reinforcing our risk appraisal and risk management capabilities.

We are also considering entering into partnerships with banks for offering banking products (not offered directly by us due to regulatory restrictions) to give our customers a wider range of financial services. In addition, we will evaluate our offerings to customise our products to the geographically localised needs and demands of our customers and correspondingly refine our delivery capability in the relevant territories.

***Endeavour to optimise borrowings and explore alternate avenues of funding***

We continue to evaluate various funding opportunities to lower our cost of funds, including through focussing on funding options through non-traditional banking channels for products such as external commercial borrowings and retail debt instruments. Our specific strategies include:

- expanding financing channels through the issue of domestic non-convertible debentures;



- raising our profile in the international capital markets and establishing reliable overseas bond issue channels to support development of our business, following the strengthening of our capital base pursuant to the Offer;
- strengthening our cooperation with a range of Indian and global financial institutions and utilising more diversified financial instruments, such as export credit agency financing, tax structured financing and asset securitisation; and
- improving the management of our financing costs by closely monitoring and forecasting domestic and global interest rate trends.

We also intend to develop and maintain a liability base with an appropriate mix of equity and debt financing and to increase the proportion of long-term debt in our debt-financing portfolio, which we believe will enable us to further improve our credit ratings and result in a lower cost of funds.

***Adopt newer technologies to achieve greater operational efficiency and advanced risk management processes***

Our main technology endeavour is to connect equipment, customers, OEMs, SEPs and our human resources across an integrated technology platform. We intend to continue to invest in our technology to improve our operational efficiency and functionality, reduce errors and improve our productivity through well-defined processes and systems. As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support growth and improve the quality of our services. We intend to continue to upgrade our existing technology systems with automated, digitised and other technology-enabled platforms and tools to strengthen our financing initiatives and derive greater operational cost and management efficiencies.

We have already digitised many of our process flows and will continue to implement technology-led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship based approach. We seek to provide a differentiated technology framework, enhancing convenience for our customers and reducing operational expenditure at our branches.

Certain key processes that we continue to digitalise include:

- *CRM*: We are developing an integrated information system designed to optimise customer interaction, manage customer relationships, provide insights for customer strategy development by analysing customer data and behaviour, and implementing customer-centric business processes.
- *Digital Platform*: We are developing a channel to connect stakeholders in our business (customers, dealers, vendors/OEMs, SEPs, employees, equipment and banks) by means of an online portal and mobile applications.
- *Prescriptive Risk Management Tool*: We are developing an analytics and Business Intelligence (“**BI**”) tool to manage portfolio risk (both customer and equipment) by automating risk evaluation with data analytics and risk prognosis through algorithms.
- *Cash Credit App*: We are developing an application to manage our multiple cash credit lines with various banks, status (sanctioned limit, tied up limit, limit on hold), drawing limit management and daily account management. This application will ensure fund management with dynamic reporting to ensure effective utilisation of funds in a cost efficient manner.
- *Customer Portal/App*: We have developed and will continue to upgrade our customer portal/app facilitates as a single channel for accessing account information, accessing document details, raise queries and post complaints by our customers. This portal serves as the digital gateway for our customer relationships and has a wide range of seamless service options. Through this portal, our customers can easily gain continuous access to a host of our services from their respective locations. Services offered by us include view and download features such as statement of accounts, view money receipts, amortisation schedule, loan agreement, interest certificates, money receipts, rental invoices, letters and notices. We also offer the option of online payment.

As our business and our organisation continue to grow, we intend to remain committed to technological and digital innovation to ensure our ability to respond to our increasingly competitive market and to proactively mitigate the risks we face. This will also help enable us to be more efficient and customer friendly.

### ***Continue to build capability through skill development and training***

We recognise that our business is largely dependent on skilled human resources. We aim to provide continuous functional, behavioural and technical training to our employees, including for reskilling and upskilling. We follow a blended approach to skill development by using e-learning and offline workshops. Role-based training programmes have been devised for all customer-facing roles, including customer relationship managers, collection managers and branch heads. Key modules include credit appraisals, risk processes, operational risk, people management, customer relationship management, negotiations personal effectiveness and time management.

Leadership development activities have been carried out at various levels including emerging leaders, mid-managers and the senior leadership team. These efforts focus on building strategic, problem solving, scenario planning and people management skills. We are also running a development centre with an independent third party to perform organisational diagnosis assessment, mapping of a leadership competency framework and individual assessments based on the respective employee's development plan.

We will continue to monitor and reward employee performance and take a proactive approach towards retention and recruitment of human capital. We believe we have been successful in recruiting and retaining talented professionals from a wide variety of backgrounds, including from banks and NBFCs with expertise in credit collection, risk management, treasury, technology and marketing, and we will continue to capitalise on our strengths in the area of recruiting and retention.

We believe that over the last few decades of our Group's operations we have been able to foster a professional entrepreneurial culture that enables our employees to make better business and customer relationship decisions. We intend to continue this approach, reinforced through continuous employee development and training programmes. We will also consider movement of our talented employees across other business verticals and functions to increase their exposure and skill levels and maintain our reputation as a dynamic employer focussed on employee career development.

### **Recent Business Transaction**

We have entered into a material lease transaction with a customer for moveable assets comprising oxygen plants, having total installed capacity of 3,528 TPD. The acquisition cost of the assets was ₹11,210 million. Under the lease agreement, we will receive lease rental for the term of the agreement.

### **Products**

Our financing products comprise loans and leases.

#### **Loans**

We are engaged in lending for the purchase of equipment in the CME (including Used equipment), Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets verticals. Our loans have varying tenors depending on the business vertical. Typically, we take security in the form of a charge on the equipment we have financed. For the six months ended September 30, 2017, our total loans disbursed amounted to ₹64,803.57 million, which represented 77.99% of our total disbursements as of this date.

#### **Leases**

We are also engaged in providing equipment on leases as and when required by our customers across our business verticals. The term of our lease agreements with customers typically range from four to eight years. For the six months ended September 30, 2017, assets given on lease amounted to ₹18,289.83 million, which represented 22.01% of our total disbursements as of this date.

The following table sets forth certain key financial and operational information for the periods indicated:

Particular	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Disbursements <sup>(1)</sup> (₹ in million)	83,093.40	117,148.76	91,588.78	77,196.72
AUM <sup>(2)</sup> (₹ in million)	265,248.90	213,317.90	185,974.80	183,478.20
Total Borrowings <sup>(3)</sup> (₹ in million)	164,840.70	129,318.40	118,537.10	130,645.30
Net Interest Income <sup>(4)</sup> (₹ in million)	4,953.30	7,960.00	8,749.30	8,612.20
PAT <sup>(5)</sup> (₹ in million)	1,095.10	1,488.40	1,203.80	1,540.00
Net Interest Margin <sup>(6)#</sup> (%)	5.26	4.92	5.58	5.46
Return on Average Earning Assets <sup>(7)#</sup> (%)	1.16	0.92	0.77	0.98
Return on Average Net Worth <sup>(8)#</sup> (%)	8.71	6.23	5.33	7.28
Gross NPAs/Earning Assets <sup>(9)</sup> (%)	2.21	2.48	2.95	4.98
Net NPAs/Earning Assets <sup>(10)</sup> (%)	1.56	1.76	1.99	3.83
CRAR (%)	16.80	18.59	19.60	16.99

Figures disclosed in the above table, except “Total Borrowings” and “PAT” are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Metrics or ratios not defined here have the same definition as in the section “Selected Statistical Information” on page 219.

Note:

# Net Interest Margin (%), Return on Average Earning Assets (%) and Return on Average Net Worth (%) for the six months period ended September 30, 2017 have been presented on an annualised basis.

- (1) Disbursements represent the aggregate of loans and leases (both operating & finance lease) extended to our customers for the relevant year/period.
- (2) AUM as of the last day of the relevant year/period represents aggregate of Total Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- (3) Total Borrowings as of the last day of the relevant year/period represents aggregate of Long-Term Borrowings (including Current Maturities of Long-Term Borrowings) and Short-Term Borrowings as per the Restated Financial Information.
- (4) Net Interest Income represents Revenue from operations in the relevant year/period as reduced by Finance costs, Depreciation, amortisation and impairment expenses on Assets given on Operating lease and Assets for Own Use (Plant and Machinery), Brokerage and service charges and (Profit)/loss on sale of fixed assets (net) in such year/period as per the Restated Financial Information.
- (5) PAT represents PAT for the relevant year/period as per the Restated Financial Information.
- (6) Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (7) Return on Average Earning Assets (%) is calculated as PAT for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (8) Return on Average Net Worth (%) is calculated as PAT for the relevant year/period as a percentage of Average Net Worth for such year/period.
- (9) Gross NPAs/Earning Assets(%) represents Gross NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.
- (10) Net NPAs/Earning Assets(%) represents Net NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.

## Our presence

As of September 30, 2017, we were present in 21 states through 89 branches, four offices including our head office in Kolkata, and 77 additional satellite locations across India. Our regional presence is illustrated below:

**SREI EQUIPMENT FINANCE LIMITED**

**Our Presence**



*Note: Map not to scale*

Zone	Number of Branches	Disbursements as of September 30, 2017 (%)
North	21	30.51
East	21	19.94
West	18	20.58
South	29	28.97
<b>Total</b>	<b>89</b>	<b>100.00</b>

**Our Business Verticals**

Business Vertical					
CME (including used equipment)	Tipper	IT and allied equipment	Medical and allied equipment	Farm equipment	Other assets
(Finance/lease for procurement of infrastructure equipment including used CME)	(Finance/lease for procurement of tipper trucks)	(Finance/lease for purchase of hardware, software and office equipment)	(Finance/lease for major medical equipment)	(Finance for purchase of major agricultural and farming equipment)	(Finance/lease of industrial and other non-CME equipment)



Some of the equipment categories in these verticals are:

Vertical	Equipment Category
CME (including used equipment)	Earthmoving, material handling, concreting, road, material preparation and mining, backhoe loaders, excavators, cranes, forklifts and reach-stackers, crusher, motor graders and transit mixers
Tipper trucks	Tipper trucks
IT and allied equipment	Hardware/ software
Medical and allied equipment	Medical equipment
Farm equipment	Tractors and harvesters
Other assets	Industrial, renewable energy equipment and real estate

Our Disbursements across various verticals in recent fiscals are set out below:

(₹ in million, except for percentages)

Vertical	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Disbursement	(%)	Disbursement	(%)	Disbursement	(%)	Disbursement	(%)
CME (including used equipment)	57,451.67	69.14%	91,590.02	78.18%	68,781.16	75.10%	66,790.24	86.52%
Tipper trucks	8,230.15	9.91%	10,215.63	8.72%	8,182.46	8.93%	4,137.85	5.36%
IT and allied equipment	4,025.77	4.85%	6,479.26	5.53%	5,879.90	6.42%	3,440.86	4.46%
Medical and allied equipment	582.71	0.70%	1,616.96	1.38%	1,435.59	1.57%	613.59	0.79%
Farm equipment	1,523.50	1.83%	2,710.96	2.32%	2,279.79	2.49%	1,614.18	2.09%
Other assets	11,279.60	13.57%	4,535.93	3.87%	5,029.88	5.49%	600.00	0.78%
<b>Total</b>	<b>83,093.40</b>	<b>100.00%</b>	<b>117,148.76</b>	<b>100.00%</b>	<b>91,588.78</b>	<b>100.00%</b>	<b>77,196.72</b>	<b>100.00%</b>

As of September 30, 2017, we had over 64,000 current customers across various verticals and markets. Our Revenue from Operations across various verticals in recent fiscals are set out below:

(₹ in million, except for percentage)

Vertical	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Revenue from operations	(%)	Revenue from operations	(%)	Revenue from operations	(%)	Revenue from operations	(%)
CME (including used equipment)	10,840.15	72.43	18,756.40	75.23	21,640.14	82.79	22,624.85	86.97
Tipper trucks	1,742.97	11.65	2,188.69	8.78	1,638.30	6.27	1,239.54	4.77
IT and allied equipment	907.55	6.06	1,388.75	5.57	1,227.22	4.69	1,204.87	4.63
Medical and allied equipment	136.76	0.91	276.14	1.11	244.78	0.94	241.82	0.93
Farm equipment	418.55	2.80	612.12	2.45	610.47	2.33	299.39	1.15
Other assets	919.62	6.15	1,711.20	6.86	777.89	2.98	403.93	1.55
<b>Total</b>	<b>14,965.60</b>	<b>100.00</b>	<b>24,933.30</b>	<b>100.00</b>	<b>26,138.80</b>	<b>100.00</b>	<b>26,014.40</b>	<b>100.00</b>

Our Gross Earning Assets across various verticals in recent fiscals are set out below:

(₹ in million, except for percentages)

Vertical	As of September 30, 2017		As of March 31,					
	Gross Earning Assets	(%)	2017		2016		2015	
			Gross Earning Assets	(%)	Gross Earning Assets	(%)	Gross Earning Assets	(%)
CME (including used equipment)	189,767.77	74.66	161,282.45	77.00	150,502.04	81.95	157,684.65	87.65

Vertical	As of September 30, 2017		As of March 31,					
	Gross Earning Assets	(% )	2017		2016		2015	
			Gross Earning Assets	(% )	Gross Earning Assets	(% )	Gross Earning Assets	(% )
Tipppers	21,013.82	8.27	15,951.64	7.61	11,394.80	6.20	7,527.34	4.19
IT and allied equipment	9,477.62	3.73	9,192.93	4.39	7,190.47	3.92	6,821.86	3.79
Medical and allied equipment	3,066.10	1.21	2,808.20	1.34	2,438.74	1.33	1,697.50	0.94
Farm equipment	5,574.38	2.19	4,894.48	2.34	3,703.79	2.02	2,186.98	1.22
Other assets	25,271.11	9.94	15,329.80	7.32	8,412.86	4.58	3,982.57	2.21
<b>Total</b>	<b>254,170.80</b>	<b>100.00</b>	<b>209,459.50</b>	<b>100.00</b>	<b>183,642.70</b>	<b>100.00</b>	<b>179,900.90</b>	<b>100.00</b>

### ***CME***

We are principally engaged in the business of providing financing for the purchase of infrastructure equipment that is used in the construction, roads, mining, railways, port and other infrastructure sectors. We provide financing for a wide range of CME including earthmoving equipment, MHE, road construction equipment, concreting equipment and material preparation equipment. We also provide leasing solutions to our customers. We have partnered with leading domestic and international OEMs, including JCB, Tata Hitachi, Hyundai, Komatsu, Escorts, Sany and Volvo.

The tenor of a CME loan typically varies between 36 and 45 months. We typically create a charge on the relevant equipment in our favour as security for the loan. For the six months ended September 30, 2017, our total disbursements in the CME vertical were ₹57,451.67 million, which accounted for 69.14% of our total disbursements for this period.

#### ***Used equipment***

In this sub-vertical, we provide financing for a wide range of used CME to various Retail and SME customers. The tenor of the loan provided to the customers in this vertical typically varies between 30 to 35 months. We create a charge on the equipment in our favour as security for the loan.

#### ***Tipppers***

In this vertical, we provide financing for all segments of our customers. The tenor of the loan provided to the customers in this vertical typically varies between 35 to 42 months. We create a charge on the equipment in our favour as security for the loan. Our OEM partners in this vertical include Tata Motors, Volvo and Bharat Benz (DICVPL). For the six months ended September 30, 2017, our total disbursements in this vertical were ₹8,230.15 million, which accounted for 9.91% of our total disbursements for this period, an increase from 5.36% in Fiscal 2015.

#### ***IT and allied equipment***

In this vertical, we principally provide financing for the purchase of hardware and software including laptops, servers, scanners, printers and communication equipment (routers, network hubs and modems) to cater to the needs of various institutional and corporate customers. In addition, we also offer financing for the associated implementation costs for the equipment. The tenor of the loan in this vertical typically varies between 50 and 60 months. We also provide leasing solution to our customers in this vertical. For the six months ended September 30, 2017, our total disbursements in this vertical were ₹4,025.77 million, which accounted for 4.85% of our total disbursements for this period.

#### ***Farm equipment***

In this vertical, we provide financing for a range of agriculture, farming and allied equipment, including tractors, which are used for sowing, tilling, irrigation and for other agricultural purposes. Our customers in this vertical





include contract farmers and tractor owners. Our OEM partners in this vertical include CNH and International Tractors. The tenor of the loan provided to the customers in this vertical typically varies between 50 to 60 months. We create a charge on the related agriculture and farming equipment in our favour as security for the loan. For the six months ended September 30, 2017, our total disbursements in this vertical were ₹1,523.50 million, which accounted for 1.83% of our total disbursements for this period.

### ***Medical and allied equipment***

In this vertical, we provide financing for the purchase of diagnostics and surgical equipment, including x-ray machines, sonography equipment, CT and MRI scanners. Our typical customers in this vertical range from large hospitals to standalone diagnostic centres in Tier-I and Tier-II cities in India. The tenor of the loan provided to the customers in this vertical typically varies between 50 to 60 months. We create a charge on the related healthcare equipment in our favour as security for the loan. We also provide leasing solution to our customers in this vertical. For the six months ended September 30, 2017, our total disbursements in this vertical were ₹582.71 million, which accounted for 0.70% of our total disbursements for this period.

### ***Other assets***

In this vertical, we primarily provide financing and leasing solutions for a wide range of productive and income generating non-CME assets comprising industrial and other assets. These include industrial assets, renewable energy assets and real estate assets. Our exposures on these assets are arrived at after evaluating the customer's credentials and business, along with an in-depth analysis of the asset. Our extensive knowledge in the CME vertical helps us to expand into non-CME assets to acquire new customers and is part of our strategy to reduce our present concentration on CME assets. The tenor of the loan or lease provided to the customers in this vertical varies depending on the asset or the business. We create a charge on the related asset in our favour as security for repayment of the loan or take ownership of the asset and provide it on lease. For the six months ended September 30, 2017, our total disbursements in this vertical were ₹11,279.60 million, which accounted for 13.57% of our total disbursements for this period.

## **Our Operations**

Our business operations include the following four major sections:

- Customer origination and relationship
- Customer evaluation and credit appraisal
- Approval and disbursements
- Loan administration, monitoring, debt collection and recovery.

### ***Customer origination and relationship***

Our team of customer relationship managers, SEPs network, vendor relationships and referrals from existing customers facilitate our customer origination efforts.

### ***Customer Base***

Our customer base includes Retail, SME and Strategic customers. These three customer segments are classified as: (i) Retail segment, where the aggregate exposure on the customer does not exceed approximately ₹10 million; (ii) SME segment, where the aggregate exposure on the customer does not exceed approximately ₹50 million; and (iii) Strategic segment (including institutional and corporate customers), where the aggregate exposure on the customers is above ₹50 million. Our customer base also consists of lessee customers who use assets or equipment owned by us under lease agreements.

Our approach to the financing market is to build relationships directly with the customers, dealers and OEMs of construction machinery and equipment. Our aim is to generate repeat business and widen our business opportunities in the addressable market.

Our customers usually provide 10% to 20% margin on CME and Tippers financing, 10% to 15% margin on IT and allied equipment financing, 10% to 20% on medical and allied equipment financing, 30% to 40% on Farm equipment financing and 20% to 30% on used equipment financing. Our loans are typically secured by a hypothecation of or charge on the equipment financed and in certain cases supported by collateral.

Our customer origination efforts focus on building long-term relationships with our customers and on addressing specific issues and local business requirements of potential customers in a specific region.

#### *Partnership with OEMs*

We have also expanded our distribution and marketing network by entering into memoranda of understanding with OEMs in order to become preferred financiers for their customers. As of September 30, 2017, we had entered into arrangements with 191 Indian and multinational OEMs across various business segments, including CME, Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and used equipment. Please see “- *Strong partnership with OEMs and SEPs with access to diversified and cost effective funding sources*” above for some of our key OEM partners in various verticals.

#### *Other Marketing Initiatives*

We continue to develop innovative marketing and customer origination schemes and events specifically targeted at individuals, SMEs and institutions. For example, we organise a Dutch auction for interest rates, in several major states in India, from time to time, and launch seasonal marketing schemes. Some of our other major marketing schemes include “Srei Partnership Week”, “Asset Power” and “Money Power” and we involve OEMs to jointly create financing and leasing solutions with a distinctive customer proposition.

These marketing schemes and events enable us to develop and sustain relationships with repeat customers, and provide us with opportunities to generate new business. They also provide us a platform to increase our brand awareness, aid in increasing customer loyalty and customer referrals and enable us to promote our financing and leasing solutions.

#### *Branding/ Advertising*

We believe our brand is well recognised in India given its association with the brand of our promoter SIFL and our own brand promotion efforts. We have launched various publicity campaigns through print and other media to create awareness of our product features, including our efficient loan approval process. We also participate in trade shows and industry events. We believe that our emphasis on brand promotion is an important aspect of our business performance.

### ***Customer Evaluation and Credit Appraisal***

#### *Customer Evaluation*

We follow stringent procedures to evaluate the creditworthiness of our potential borrowers and classify such customers into three segments, Retail, SME and Strategic. Once the customer is identified, our customer relationship manager gathers basic information regarding the customer and submits an initial report after due diligence and completes customer KYC procedures. The customer relationship manager also performs a first level of credit evaluation.

While carrying out the evaluation of the customer proposal, the customer relationship manager focuses on the:

- i. Customer – creditworthiness and track record
- ii. Equipment – quality and saleability (if repossessed)
- iii. Cash flow – which the equipment would generate and availability of subsequent funds in the hands of customer
- iv. Geography – location of the customers and areas where business is restricted us.

#### *Credit Appraisal and Approval*

Our credit appraisal process consists of the customer profile analysis, equipment evaluation, risk mitigants, profitability measurement, exit evaluation, purchase terms and conditions, due diligence and approval.

Our credit policy is in conformity with our corporate business plan emphasising suitable risk-return evaluation. We carry out credit appraisal of every application as per our organisational and credit policies and the credit assessment and evaluation is conducted in accordance with our Company’s terms and conditions. We have implemented certain benchmark parameters for monitoring the health of individual accounts. We provide approvals based on risk analysis, desirable terms and adequate due diligence. We also appraise whether credit



proposals comply with regulatory guidelines and norms issued by regulatory authorities such as the RBI. We have a detailed credit analysis procedure based on information furnished by the applicant or customer including personal details, financial statements, facility proposed to be extended and publicly available information such as credit histories. Our marketing and sales team(s) facilitate in preparing a Credit Appraisal Memorandum (“CAM”), comprising credit appraisal, due diligence and credit approval information of our customers.

#### *Equipment Evaluation*

We conduct equipment evaluation taking into consideration the type of equipment and perform certain tests to analyse the equipment quality and title. In order to mitigate risk, we have set margins for different equipment that seek to cover the entire residual risk in the event of customer default.

#### *Environmental and Social Risk Evaluation*

Environmental and Social Management System (“ESMS”) is an integral part of our credit and risk management practices. The main purpose of the ESMS practice is to control and mitigate Environmental and Social (“E&S”) risks in equipment financing and leasing business and adopt appropriate action plans against the identified E&S risks, if any, which are irreversible in nature. Since we are a subsidiary of SIFL, we are guided by the existing ESMS policy of SIFL.

#### *Due Diligence*

We have laid down a robust framework for carrying out due diligence on customers in our Retail, SME and Strategic segments. Our due diligence procedure consists of the following levels:

- (a) validation of documentation and proposal;
- (b) vetting terms and conditions; and
- (c) ensuring compliance with the credit policy.

#### *Credit Approval Authority and Process*

On an organisational level we have a formal and detailed credit policy and ‘Delegation of Authority’ (DOA) which is reviewed and revised periodically and approved by the Credit and Investment Committee, a Board level committee. We have adopted a credit approval process based upon several factors such as customer credit worthiness, equipment quality, equipment deployment, collateral quality and facility type. Our credit department generally assigns different lending limits to different borrowers. Each credit proposal needs to meet several parameters and fulfil the conditions stipulated in our credit policies.

We follow stringent policies in conformity with our business plan to ensure the asset quality of our loans and the security provided for such loans. Our credit policy aims to provide a basic framework for implementation of a sound credit management system, dealing with various areas of credit risk that cover the entire chain of credit origination, credit processing, credit enhancement, credit decision, credit delivery, credit management and maintaining credit risk exposures. Our credit policy and strategy is periodically reviewed by our board level Committee (“**Credit and Investment Committee**”), depending upon various factors including pre-defined credit schedules, market dynamics, portfolio analysis and the business environment.

#### *Approval and Disbursements*

##### *Approval Process*

Approval of a loan proposal is based upon factors such as the competitive business scenario, our business growth objectives, existing risk covenants in the proposal, compliance with our credit policy, the proposal satisfying all the set benchmarks, income sources, guarantees provided as well as the valuation of the asset to be secured for the loan. Our approval process consists of several stages, namely, recommending and sanctioning, preparing pre-disbursement checklist for compliance and communicating to the customers. Approval is generally accorded to our Retail customers and SMEs after approval from our branch credit quality manager, whereas approval to our Strategic customers is accorded once the credit approving authority or the Credit and Investment Committee approves the credit facility. Apart from the Credit and Investment Committee, we also have a mechanism for consideration and approval of credit proposals of lower amounts based on the quantum of the credit facility applied for.

In addition, our branch credit quality management team further checks and confirms the pre-disbursement documentation to ensure that all the parameters have been effectively complied with prior to the disbursement of the loan. Our marketing personnel and sales representatives are responsible for communication of the approval to the relevant customers apart from our welcome calling process.

### *Disbursements*

The objective of this process is to ensure that the financing contract is accurately booked in our systems. In this stage, the contract is booked in the system based on the details received from the customer relationship manager. We ensure that KYC documents and the applicant's acceptance of all terms and conditions of the loan have been completed. Margin money and other charges are collected prior to loan disbursement. Disbursement activity is carried out by our contract booking officers. Contract booking activity takes place after carrying out necessary quality assessment checks on the basis of customer files, authorised compliance notes and statements of account.

### *Loan administration and monitoring*

Each borrower is provided with the loan repayment schedule along with a copy of the executed loan document. Repayments are made based on the loan terms and conditions. We monitor the repayment schedule on a regular basis. A centralised team regularly provides the payment record of each borrower to enable better monitoring of the loan.

All borrower accounts are reviewed and monitored on a continuous basis, with a higher frequency for the larger exposures and delinquent borrowers. Close monitoring of debt servicing efficiency enables us to maintain better recovery ratios.

Our customer relationship managers in conjunction with our collection managers are responsible for day-to-day collection of instalments from the respective customers. The relationship and collection managers review collections regularly using their hand-held devices and are in constant contact with the borrowers.

### *Collection and recovery*

The asset and receivable management (“ARM”) department of our Company conducts the recovery process in accordance with our policies and procedures. Our ARM department is primarily responsible for collections, recovery, repossession, equipment and yard management, resale of repossessed equipment, loss claims and write off activities.

Our branch and regional level recovery teams are responsible for the collection and recovery of equipment when payment is overdue in a particular account. Our standard procedures include telephone calls a few days prior to the payment due date to remind our customers.

Our recovery team initiates the process of collection by analysing certain factors including criticality of the account, nature of the account, circumstances under which the default has occurred such as wilful default, default due to financial problems of the customer, age of the equipment and collateral from the customer. Our regional recovery head allocates the accounts of the defaulting customers to the recovery officers and maintains a control sheet capturing the details of such allocation.

We have adopted different collection and recovery procedures for our Retail, SMEs and Strategic customers, as follows:

#### (a) Retail and SME customers

The collection period commences from the day the payment becomes due. In the event of a default by a Retail or SME customer, our customer relationship manager approaches the customer to arrive at payment solutions by assisting in deployment, maintenance or facilitating customers' outstanding payment. If no solution is agreed, our recovery officer is required to visit the assets and assess the safety and security of the equipment. In the event of delay in payment beyond 30 days, our collection officer initiates appropriate legal action, including arbitration, subject to receiving an approval as per our 'Delegation of Authority' policy. While considering the option of equipment recovery, our collection officer also assesses the customers' ability to repay their loans. Equipment repossession is only considered if the customers are not

able to repay their outstanding dues within 60 days of the due date for repayment and after issue of a final request letter.

- (b) Strategic customers and customers in the IT and allied equipment and Medical and allied equipment verticals

An internal receivable management committee manages strategic accounts as these accounts are relatively larger exposures to our Company. Our customer relationship managers in strategic accounts monitor the customer's financial condition and track any potential stress situations that such customers may face including situations such as possible environmental issues, closure of mines, new government regulations and policies and political uncertainties which may have an adverse impact on their business and operations. In case of overdue payment by a Strategic customer, the customer relationship manager and the recovery head at the relevant zone initiate a discussion with the customer to ascertain the reason of non-payment of the dues. Our customer relationship manager along with the zonal recovery head analyse the project status and suggest remedial actions to the customer depending upon the crisis level. In addition, site inspections are also conducted on a regular basis. Reminder letters, demand notices, legal action including arbitration and other actions are taken with these customers on a case by case basis after prior internal consultation. Timeline for initiating a legal action may vary depending on the criticality of the transaction and customer cooperation level.

#### *Repossession and resale of equipment*

Our head of strategic collection and the zonal head in consultation with the central ARM are responsible for repossession decision. We undertake repossession: (a) internally, through our Company in case of straight forward repossession, (b) through external repossession agents in case the equipment is not easily available or located, or (c) through legal action in accordance with the contractual terms and conditions. We use a variety of technological tools available to us to track the equipment financed by us.

We follow a procedure of release or resale of equipment after repossession. In the event of repossession, the equipment may be released back to the customer when overdue amounts along with all other charges have been collected or a settlement has been mutually agreed as per the approval process.

Alternatively, if we are unable to recover overdue amounts, we generally conduct a resale of the repossessed equipment which is carried out by our equipment management team working with empanelled auctioneers. Our equipment managers and yard managers located in the respective stockyards performs upkeep and maintenance of such repossessed equipment at stockyards. A pre-sale notice is sent to the customer specifying the outstanding amount to be paid within a certain period, failure of which may cause the repossessed equipment to be sold. Our sale process consists of sourcing prospective buyers, finalising the buyers and receiving payments upon sale of the equipment. However, the sale process may be terminated if the customer timely settles the entire dues and charges.

#### *Classification of Assets and Provisioning and Write-offs*

We are a non-deposit taking systemically important NBFC and we are regulated by various regulations of the RBI. The RBI has classified us as an Asset Finance Company – Non-Deposit Taking under Section 45-IA of the RBI Act.

Pursuant to the NBFC-ND-SI Directions, we are required to advance the classifications of certain overdue assets as NPAs in a phased manner. For example, assets (other than lease-rental and hire purchase assets) will be required to be classified as NPAs if they remain overdue for five months in the financial year ending March 31, 2016, four months in the financial year ending March 31, 2017 and three months in the financial year ending March 31, 2018. Further, our assets are classified as follows:

<b>Category of Assets</b>	<b>Definition</b>
Standard Assets	assets in respect of which no defaults in repayment of principal or payment of interest is perceived and that do not display any problems or do not carry more than the normal risk attached to the business.
Sub-standard Assets	(a) an asset which has been classified as non-performing for a period of not exceeding 18 months, provided that such period 'not exceeding 18 months' shall be 'not exceeding 16 months' for the financial year

Category of Assets	Definition
	<p>ending March 31, 2016, 'not exceeding 14 months' for the financial year ending March 31, 2017 and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.</p> <p>(b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated, rescheduled or restructured after the commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated, rescheduled or restructured terms, provided that the classification of infrastructure loan as a sub-standard asset shall be in accordance with the provisions of Paragraph 24 of the Master Directions.</p>
Doubtful Assets	a term loan, a lease asset, a hire purchase asset or any other assets which remain a sub-standard asset for a period 'exceeding 18 months' for the financial year ended March 31, 2015, 'exceeding 16 months' for the financial year ended March 31, 2016, 'exceeding 14 months' for the financial year ending March 31, 2017, and 'exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.
Loss Assets	<p>(a) an asset which has been identified as loss asset by an NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent it is not written off by the NBFC; and</p> <p>(b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.</p>

Set out below is our zone-wise Gross NPAs for the periods indicated:

(₹ in million)

Zone	As of September 30, 2017	As of March 31,		
		2017	2016	2015
North	1,702.03	1,668.02	1,112.53	3,046.64
East	1,072.79	860.32	1,676.12	2,313.60
South	1,007.92	942.30	843.55	1,326.81
West	795.56	727.96	911.80	1,248.15
<b>Total Gross NPAs</b>	<b>4,578.30</b>	<b>4,198.60</b>	<b>4,544.00</b>	<b>7,935.20</b>

(% of Gross NPAs)

Zone	As of September 30, 2017	As of March 31,		
		2017	2016	2015
North	37.18%	39.73%	24.48%	38.39%
East	23.43%	20.49%	36.89%	29.16%
South	22.01%	22.44%	18.56%	16.72%
West	17.38%	17.34%	20.07%	15.73%
<b>Total Gross NPAs</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Provisioning and Write-off Policies

Our Company classifies its loans into performing and NPAs based on the number of days – principal or interest remains past due in accordance with the RBI guidelines. Our Company recognises provisions for the NPAs and standard assets in accordance with the applicable guidelines issued by the RBI. Our Company also makes additional provisions for NPAs based on the management's best estimate, which as per the management are not likely to be recovered.

Loan contracts, which, as per the management, are not likely to be recovered, are considered as bad debts written-off. Losses on repossessed assets or on assets/receivables acquired in satisfaction of debts are written-off as bad debts. Recoveries made from previously written off assets are netted from bad-debts written-off.

### Funding sources

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to achieve funding stability and liquidity. Our sources of funding comprise unsecured subordinated redeemable non-convertible debentures, secured redeemable non-convertible





debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial papers. We decide on the mode of borrowings based on our asset liability position from time to time.

### Securitisation and Assignment of Receivables

We also undertake securitisation and assignment transactions to increase our capital adequacy ratio, increase the efficiency of our loan portfolio and as a cost effective source of funds. We sell part of our hypothecation loan portfolio from time to time through securitisation transactions as well as direct assignment. Our securitisation transactions involve provision of additional collateral and deposits. As a percentage of our Gross Earning Assets these transactions represent 18.35% and 19.10% as of September 30, 2017 and March 31, 2017, respectively.

The following table sets forth our securitisation and assignment of receivables for the periods indicated:

(₹ in million, except for percentages)

Particulars	As of September 30, 2017	As of March 31,		
		2017	2016	2015
Securitisation of receivables <sup>(1)</sup>	12,814.50	10,026.90	6,629.10	9,280.90
Assignment of receivables <sup>(2)</sup>	33,836.80	29,989.20	22,727.40	11,253.00
Total securitisation and assignment of receivables outstanding <sup>(3)</sup>	<b>46,651.30</b>	<b>40,016.10</b>	<b>29,356.50</b>	<b>20,533.90</b>
Gross Earning Assets <sup>(4)</sup>	254,170.80	209,459.50	183,642.70	179,900.90
Securitisation and assignment of receivables outstanding/ Gross Earning Assets <sup>(5)</sup> (%)	18.35	19.10	15.99	11.41

#### Note:

- <sup>(1)</sup> Securitisation of receivables as of the last day of the relevant year/period represents assets derecognised by way of securitisation of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- <sup>(2)</sup> Assignment of receivables as of the last day of the relevant year/period represents assets derecognised by way of assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- <sup>(3)</sup> Total securitisation and assignment of receivables outstanding as of the last day of the relevant year/period represents aggregate of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period.
- <sup>(4)</sup> Gross Earning Assets as of the last day of the relevant year/period represents the aggregate of Earning Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- <sup>(5)</sup> Securitisation and assignment of receivables outstanding/ Gross Earning Assets (%) for a relevant year/period represent Securitisation and assignment of receivables outstanding for the relevant year/period as a percentage of Gross Earning Assets for such year/period.

### Treasury Operations

The following table sets forth our borrowing break-ups for the periods indicated:

(₹ in million)

Particulars	As of September 30, 2017	As of March 31,		
		2017	2016	2015
Long Term Borrowings (including Current Maturities)	66,514.10	53,976.80	42,222.20	48,788.70
Short Term Borrowings	98,326.60	75,341.60	76,314.90	81,856.60
<b>Total Borrowings</b>	<b>164,840.70</b>	<b>129,318.40</b>	<b>118,537.10</b>	<b>130,645.30</b>

Our treasury performs the functions of procurement, disbursement and collection and disposal of funds and manages our investment and funding activities. The responsibilities of the treasury department include borrowing and underlying research; securitisation, money market and derivatives research; ratings, management information systems and compliance documentation; and trade finance and cash management.

Our treasury department in association with the risk department works closely to monitor and mitigate several risks including operational, financial and market risks. Our treasury department ensures the availability of funds in a timely manner to disburse loans and manages the mismatch in the time period of repayment to our financiers and repayments from our borrowers. They further seek to mitigate the impact of varying interest rates on our business and operations. Our treasury department also seeks to curb refinancing risks arising due to any inability to raise new funds in order to repay an existing debt when it matures.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI asset liability management requirements. The objective is to ensure the smooth functioning of all our branches and at the same time avoid the holding of excessive cash. We maintain a balance between interest-earning liquid assets and cash to optimise earnings.

We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest our surplus fund in fixed deposits with banks, liquid debt-based mutual funds and government securities. Our investments are made in accordance with the investment policy approved from time to time by our Board.

### Capital Adequacy

We are subject to the capital adequacy ratio (“CAR”) requirements prescribed by the RBI. We are currently required to maintain a minimum CAR of 15% (Tier-I Capital minimum 10%), as prescribed under the NBFC-ND-SI Directions, based on our total capital to risk-weighted assets. As a part of our governance policy, we ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of September 30, 2017, our capital adequacy ratio was 16.80%, which was higher than the minimum capital adequacy requirement of 15% stipulated by the RBI.

The following table sets out our capital adequacy ratios as of the dates indicated:

Particulars	As of September 30, 2017	As of March 31,		
		2017	2016	2015
Tier I Capital (as a Percentage of Total Risk Weighted Assets)	11.30%	13.64%	14.63%	13.29%
Tier II Capital (as a Percentage of Total Risk Weighted Assets)	5.50%	4.95%	4.97%	3.70%
<b>Total Capital (as a Percentage of Total Risk Weighted Assets)</b>	<b>16.80%</b>	<b>18.59%</b>	<b>19.60%</b>	<b>16.99%</b>

For further information relating to our capital adequacy, please see “*Selected Statistical Information*” on page 219.

### Risk Management

We have developed a robust risk-assessment model in order to maintain healthy asset quality. Our risk department ensures that our operations and business are conducted in a manner to maximise our returns on the calculated risks within our pre-defined risk framework. The risk department identifies and evaluates risks, measures and assumes the risks and regularly monitors and controls risks for reviewing and reporting. We have established an effective asset liability management system and formed an asset liability management committee (“ALCO”). The ALCO monitors risks related to liquidity and interest rates and also monitors the implementation of decisions taken in the ALCO meetings. We have adopted policy guidelines, which monitor the exposure to market risks with regard to liquidity position, interest rate position and foreign exchange rate position.

The key risks and risk mitigation principles we apply are summarised below:

#### *Interest Rate Risk*

Interest rate risk is the risk of changes in market interest rates that may have an adverse impact on our financial condition. The primary interest rate-related risks we face are from timing difference in the maturity of our fixed rate assets and liabilities. For instance, if our fixed rate liabilities mature prior to our fixed rate assets in an increasing interest rate environment, we will be required to incur additional liabilities at a higher interest rate. We



also face risk when we lend at fixed rates but pay floating rates in respect of our funding sources. Assets and liabilities are categorised into the periods when they mature and having regard to available re-pricing alternatives at the relevant time(s). We pay continuous attention to ensuring any mismatch in assets and liabilities in the relevant time period is kept to the minimum possible in line with guidelines prescribed by the RBI. Further, we also face re-pricing risk, such as where there is an adverse mismatch between the re-pricing terms of our loan assets and our loan liabilities.

While any change in the interest rates could affect our revenue from operation on our interest bearing advances and our finance costs on floating interest bearing borrowings, we mitigate this change by maintaining similar ratios of floating interest bearing advances to total advances and floating interest bearing borrowings to total borrowings.

**Liquidity Risk**

Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost, or of appropriate tenure to meet our business requirements. We seek to minimise liquidity risk through a mix of strategies based on regulatory guidelines, including those issued by the RBI.

**Credit risk**

Credit risk is the risk of loss that may occur from default by our customers under their loan agreements with us. As discussed above, borrowers’ defaults and inadequate collateral may lead to higher NPAs. We have established a risk department, which deals with adherence to and compliance with our credit policies and also periodically reviews the policies to adjust for any risks related issues.

We also employ advanced credit assessment procedures, which include verifying the identity and checking references of the proposed customer thoroughly at the initial stages. Our extensive local presence also enables us to maintain regular direct contact with our customers. We assign personal responsibility to our customer relationship managers for the timely recovery of the loans they originate, closely monitoring their performance against our Company’s standards, and we maintain client and product- wise exposure limits.

**Portfolio Risk**

Portfolio risks are those risks that occur from the concentration of exposure by sector, customer, geographic region and equipment category. We minimise such risks by conducting checks at regular intervals through our risk managers who help in identifying any early warning signals and enable us to take pre-emptive steps. The portfolio risks analysis covers several areas including approver-wise delinquency rates, deviation reports, sale of repossessed equipment, potential loss analysis and collection efficiency.

**Cash management risk**

Lack of proper monitoring of cash outflow and inflow can lead to losses. Our branches collect and deposit our customer’s payments in cash. Our collection field is also equipped with handheld devices which enable real-time collection monitoring. To mitigate the risk arising from cash collection, we have implemented various checks and balances at different levels. Our internal audit team conducts the audit of our branches and reconciles money receipts being issued against cash collection at regular intervals.

**Competition**

We face significant competition from banks and other NBFCs as well as local moneylenders in rural areas. Some of our key competitors include:

<b>Business vertical</b>	<b>Key Competitors</b>
CME	HDFC Bank, ICICI Bank, Tata Capital, HDB Financial Services, IndusInd Bank
Tipplers	Hinduja Leyland Finance, Tata Motors Finance, Shriram Transport Finance
IT and allied equipment	Cisco Capital, HP Financial Services, IBM Global Financing
Medical and allied equipment	Siemens Financial Services, SBI
Farm equipment	Mahindra & Mahindra Financial Services, L&T Finance, Shriram Transport Finance

## Human Resources

We have an experienced, qualified and committed management team. Many of our employees, particularly senior management, have been associated with us for several years. As of September 30, 2017, we had over 2,000 full time employees. We emphasise the need to continuously upgrade the skills of our employees and update them on the latest sectoral developments and industry practices through continuous training initiatives. Timely feedback drives our performance-driven work culture. We have initiated leadership development activities with an independent third party to perform organisational diagnosis assessment, mapping of a leadership competency framework, and individual assessments based on the respective employee’s development plan. Further, our incentives and compensation policies reward our employees based on their performance, skills and potential.

In a business where personal relationships are an important driver of growth, employee attrition may lead to loss of business. We therefore endeavour to build common values and goals throughout our organisation and aim to provide a performance-based career path for our employees.

## Information Technology

Information Technology (“IT”) has emerged as a key business enabler for us and is playing an important role in improving our overall productivity, customer service and managing risks. Our IT strategy is aligned to integrate our business, organisational capability, customer service and risk management and governance. We have stable, secure and robust IT infrastructure and applications supporting our business and strategic initiatives. Our data centre has received ISO 27001 certification in Information Security Management System (effective date October 30, 2015). All our branches are networked with our central servers at our data centres.

Our business operates on a stable core applications platform comprising of ERP systems for financial and human resource management and several business applications for our financing business. We continue to implement automation initiatives on the top of our core applications to streamline our credit approval, collections, administration, and monitoring processes to efficiently meet stakeholder requirements. As we continue to grow, we intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face.

## Intellectual Property

As on the date of this Draft Red Herring Prospectus, we have made not any applications for registration of any trademarks as on the date of this Draft Red Herring Prospectus. However, we use the “Srei” trademark, which is owned by AIPL, pursuant to the Assignment Agreement (defined hereafter). For details, see “*Risk Factors*” and “*History and Certain Corporate Matters*” on pages 15 and 176, respectively.

## Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for burglary, cyber risk, group personal accident, group health insurance, group life insurance, fidelity policy, office package policy, directors’ and officers’ liability insurance, burglary, marine transit, and fire and special perils insurance for out repossessed assets. We believe that our insurance policies are commensurate with our business needs. However, our insurance coverage may not be sufficient to cover all losses.

## Property

As of September 30, 2017, we owned the following properties:

Location	Address	Use	Leasehold/ Freehold
Goa	#201, 2 <sup>nd</sup> Floor, Shiv Towers, Plot No 14, Patto Plaza, Panjim, Goa	Branch office	Freehold
Chennai	Door no. 151, Peter Road, Chennai, Tamil Nadu	Branch office	Freehold
Howrah	234/A, G.T. Road, Belur, P.S - Bally, Howrah, West Bengal	Guest house	Freehold



Location	Address	Use	Leasehold/ Freehold
Pune	Plot No. 12, Gat. No. 146/A-2, New No. 267/A/2, Muhshi Village, Pirangute, Pune, Maharashtra	Vacant land	Freehold

Our Corporate office and Registered Office are leased premises. Further, as of September 30, 2017, our Company operated through 89 branches and four offices including our head office in Kolkata, of which the premises of 91 branches/offices are leased to us. Apart from this, our Registered Office is owned by our Promoter.

### **Corporate Social Responsibility**

Recognising our social responsibility, we undertake various initiatives aimed at contributing to society at large, including supporting various charitable projects and social welfare activities.

For the six months ended September 30, 2017 and for Fiscals 2017, 2016 and 2015, we incurred ₹21.40 million, ₹22.60 million, ₹21.00 million and ₹12.70 million, respectively on CSR initiatives.

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The regulations set out below are not exhaustive and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for professional legal advice.*

*In addition to the relevant legislations already specified in this section, taxation statutes such as the Income Tax Act and applicable goods and services tax laws 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 Marks Act, 1999 and applicable shops and establishments statutes, amongst others, 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.*

### **Laws in relation to non-banking financial companies**

#### ***The Reserve Bank of India Act, 1934 (the “RBI Act”)***

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs under the RBI Act. The RBI Act defines an 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 is a non-banking institution, carrying on as whole or part of its business, *inter alia*, the financing of activities other than its own, by making loans, advances or otherwise; the acquisition of shares, stock, bonds, debentures, securities issued by the Government or other local authorities or other marketable securities of like nature; or letting or delivering goods to a hirer under a hire-purchase agreement.

The RBI has clarified, through a press release dated April 8, 1999, that in order to identify a particular company as an NBFC, it shall consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. A company shall be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets), and income from financial assets is more than 50% of its gross income. Both these tests are required to be satisfied as the determinant factors for principal business of a company.

NBFCs are not permitted to commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration (“**CoR**”) from the RBI. Further, every NBFC is required to submit to the RBI a certificate from its statutory auditor within one month from the date of finalization of its balance sheet, and in any case not later than December 31<sup>st</sup> of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

The RBI Act makes it mandatory for every NBFC to get itself registered with the RBI in order to be able to commence any of its activities. An NBFC may be registered as a deposit-accepting NBFC (“**NBFC-D**”) or as a non-deposit accepting NBFC (“**NBFC-ND**”). Our Company has been classified as a systemically important NBFC-ND (“**NBFC-ND-SI**”).

#### *Classification as an ‘Asset Finance Company’*

Our Company has been classified as an ‘asset finance company’ (“**AFC**”), a category formulated by the RBI pursuant to its circular dated December 6, 2006 (“**AFC Circular**”). In terms of the AFC Circular, an AFC is a financial institution carrying on, as its principal business, the financing of physical assets supporting productive /



economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment, moving on their own power and general purpose industrial machines. For a financial institution to qualify as an AFC, the aggregate of real / physical assets supporting economic activity should not be less than 60% of its total assets, and the income originating from financing such assets should not be less than 60% of its total income. Upon being classified as an AFC, such classification is incorporated in the CoR of the NBFC.

### ***Regulatory Requirements of an NBFC under the RBI Act***

#### *Net Owned Fund*

The RBI Act, read with a RBI notification dated April 20, 1999, provides that to carry on the business of an NBFC, an entity would have to be registered as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 20 million. For this purpose, the RBI Act has defined 'net owned fund' to mean

- i. the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting
  - a. accumulated balance of losses,
  - b. deferred revenue expenditure; and
  - c. other intangible assets;
- ii. further reduced by the amounts representing
  - a. investment by such companies in shares of: (a) its subsidiaries, (b) companies in the same group, and (c) other NBFCs; and
  - b. the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (a) subsidiaries of such company; and (b) companies in the same group, to the extent such amount exceeds 10% of (a) above.

#### *Reserve Fund*

In addition to the above, the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually, as disclosed in the profit and loss account, before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such withdrawal.

### ***Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 as amended from time to time ("NBFC-SI Directions")***

Our Company has been classified as a NBFC-ND-SI. The NBFC- SI Directions define NBFC-ND-SI as a non-banking financial company not accepting or holding public deposits and having total assets of ₹ 5000 million and above as shown in the last audited balance sheet. For an NBFC-ND-SI to carry on its business, it must have a net owned fund of ₹ 20 million, failing which, they shall not be eligible to hold a CoR as an NBFC. An NBFC-ND-SI is required to maintain a minimum capital ratio consisting of Tier I and Tier II capital (as defined below) which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items.

For the above, 'Tier I capital' refers to owned funds, as reduced by investment in shares of other NBFCs, and in shares, debentures, bonds, outstanding loans, advances and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund. 'Tier II capital' includes, to the extent their aggregate does not exceed Tier I capital: (a) preference shares not compulsorily convertible into equity, (b) revaluation reserves at a discounted rate of 55%, (c) general provisions and loss reserves, to the extent these are not attributable to an actual diminution in value or identifiable potential loss in any specific asset, and are available to meet unexpected losses, to the extent of 1.25% of risk weighted assets, (d) hybrid debt capital instruments, (e) subordinated debt,

and (f) perpetual debt instruments issued by a non deposit taking non banking financial company which is in excess of what qualifies for Tier I Capital.

The NBFC-SI Directions place several requirements that an NBFC-ND-SI must adhere to, *inter alia* regarding income recognition, income from investments, the need to follow relevant accounting standards, the framing and implementation of an investment policy amongst others. As per the NBFC-SI Directions, the board of directors granting / intending to grant demand / call loans shall frame a policy for the company which includes, *inter alia*, a cut-off date within which the repayment of demand or call loan shall be demanded or called up and the rate of interest which shall be payable on such loans.

#### *Non-Performing Assets*

Under the NBFC-SI Directions, the following shall be considered as ‘non-performing assets’ (“NPAs”), if the accompanying conditions remain in existence for a period of four months or more for Fiscal 2017, or three months or more for Fiscal 2018:

- i. Assets, in respect of which interest has remained overdue;
- ii. Term loans, inclusive of unpaid interest, when the instalment is overdue, or on which interest amounts remain overdue;
- iii. Demand or call loans, which has remained overdue, or on which interest amount remained overdue;
- iv. Bills, which have remained overdue;
- v. Interest in respect of a debt or income on receivables under the head ‘other current assets,’ being in the nature of short term loans/advances, which have remained overdue; or
- vi. any dues on account of the sale of assets or services rendered, or reimbursement of expenses incurred, which have remained overdue.

Lease rental and hire purchase instalments shall be considered as NPAs if they remain overdue for six months or more in Fiscal 2017, or three months or more in Fiscal 2018.

In addition, where any of the above are classified as NPAs in relation to a borrower, the balance amount outstanding under other all credit facilities extended to them are also classified as NPAs.

In terms of the NBFC-SI Directions, any income – including interest, discount, hire charges, lease rentals or other charges – on an NPA shall be recognised as ‘income’ only when it is actually realised.

#### *Asset Classification*

The NBFC-SI 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, i.e. assets, in respect of which, no default in repayment of principal or interest is perceived, which do not disclose any problems and do not carry more than a normal risk attached to business;
- ii. Sub-standard assets, i.e. assets which have been classified as NPAs for a period of above 18 months, or where the terms regarding repayment of the payment or interest have been renegotiated, rescheduled or restructured, until satisfactory performance of the revised terms for a year;
- iii. Doubtful assets, i.e. term loans, lease assets, hire-purchase assets or any other asset that has remained sub-standard for a period of more than 18 months; and
- iv. Loss assets, i.e. assets that have been identified as such by the NBFC, its internal or external auditors, or the RBI during its inspection of the NBFC, to the extent that it has not been written off by the NBFC, or assets adversely affected by the threat of non-recoverability due to the erosion in the value of the security, non-availability of security or a fraudulent act or omission by the borrower.

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 upgradation.

#### *Provisioning Requirements*

An NBFC-ND-SI, after taking into account the time lag between an account becoming an NPA, its recognition, the realisation 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 NBFC-SI Directions. Under the NBFC-SI Directions:

- i. Loss Assets: The entire assets shall be written off, and if they are permitted to remain in the books of the NBFC, 100% of the outstanding loss assets shall be provided for.
- ii. Doubtful Assets: NBFCs are required to make a 100% provision to the extent to which the advance is not covered by the realisable value of the security to which the applicable NBFC has a valid recourse. Additionally, a provision of 20% - 50% of the secured portion shall be made, in accordance with the basis prescribed in the NBFC-SI Directions.
- iii. Sub-standard assets: A general provision of 10% of the total outstanding assets shall be made.
- iv. Lease Finance and Hire Purchase Assets: NBFCs are required to provide for the total dues, as reduced by (a) the finance charges not credited to the profit and loss account and carried forward as unexpired finance charges; and (b) the depreciated value of the underlying asset.
- v. Standard Assets: NBFCs were required to make provisions of 0.35% by the end of March 2017, and are required to make provisions of 0.40% by the end of March 2018.

The NBFC-SI Directions clarify that income recognition on NPAs and provisioning against NPAs are different aspects of the prudential norms specified therein. The provisioning requirements that such prudential norms specify shall be made on total outstanding balances, without regard to the fact that income on an NPA has not been recognised.

#### *Disclosure Requirements*

An NBFC-ND-SI is required to separately disclose in its balance sheet the provisions made as per NBFC-SI Directions without netting them from the income or against the value of the assets. These provisions shall be distinctly indicated under separate heads of accounts for 'provisions for bad and doubtful debts' and 'provisions for depreciation in investments', and shall not be appropriated from the general provisions and loss reserves held, if any, by it. Such provisions for each year shall be debited to the profit and loss account, and the excess, if any, held as general provisions and loss reserves shall be written back without making adjustment against them.

#### *Capital Adequacy Norms*

As per the NBFC-SI Directions, every NBFC is subject to capital adequacy requirements. Every NBFC shall maintain a capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items. The total tier II capital of an NBFC, at any point of time, shall not exceed 100% of its tier I capital.

#### *Corporate governance norms*

As per the NBFC-SI Directions, all NBFCs are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and a risk management committee. The audit committee should consist of not less than three members of its board of directors, and it must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced. Nomination committee is required to ensure 'fit and proper' status of proposed/ existing director and in order to manage the integrated risk, all NBFCs shall form a risk management committee, besides the asset liability management committee. In addition to this, all NBFCs shall ensure that a policy is put in place with the approval of the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. All NBFCs are also required

to put up to the board of directors, at regular intervals, as may be prescribed the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC, conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings, compliance with coverage and review functions, etc. The NBFCs will also have to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm.

#### *Fair Practices Code*

As per the NBFC-SI Directions, NBFCs having customer interfaces should mandatorily adopt the guidelines wherein all communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs shall ensure that changes in interest rates and charges are effected only prospectively. The board of directors shall also lay down the appropriate grievance redressal mechanism within the organization. Such a mechanism shall ensure that all disputes arising out of the decisions of lending institutions' functionaries are heard and disposed of at least at the next higher level.

In case of receipt of request from the borrower for transfer of borrowal account, the consent or otherwise i.e., objection of the NBFC, if any, shall be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law and in the matter of recovery of loans, an NBFC shall not resort to undue harassment methods which include persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. NBFC shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

#### *Asset Liability Management*

As part of the NBFC-SI Directions, the RBI has prescribed the Guidelines for Asset Liability Management (“ALM”) System in relation to NBFCs (“ALM Guidelines”), which would involve the assessment of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks. The ALM Guidelines mainly address liquidity and interest rate risks. As per the ALM Guidelines, the NBFCs having an asset base of ₹ 1,000 million or more, are required to put in place an ALM system. As a pre-requisite, NBFCs are required to install a strong ‘Management Information System’, which shall be computerised and shall make use of specialised software for managing the assets and liabilities with respect to the maturity mismatches, and the various risks associated with such mismatches. The ALM system involves the following:

- i. *ALM information systems*: This involves the introduction of base information system for risk measurement and monitoring which enables collection of accurate data in a timely manner.
- ii. *ALM organizations*: This involves the setting up of an organisational structure for risk management, consisting of the following:
  - a. The board of directors of the company, who shall have the overall responsibility for management of risks, and shall decide the risk management policy of the NBFC and set limits for liquidity, interest rate and equity price risks.
  - b. The asset - liability committee (“ALCO”), consisting of the NBFC’s senior management including its chief executive officer, which shall be responsible for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the NBFC in line with the NBFC’s budget and decided risk management objectives.
  - c. The ALM support groups, consisting of operating staff, which shall be responsible for analysing, monitoring and reporting the risk profiles to the ALCO.
- iii. *ALM processes*: This involves the formulation of processes in relation to liquidity risk management, management of market risks, funding and capital planning, profit planning and growth projection; as well as forecasting and analysing contingencies and preparing appropriate contingency plans.

### *Rating of Financial Product*

Pursuant to the NBFC-SI Directions, all NBFCs with asset size of ₹ 1,000 million and above shall furnish information about downgrading / upgrading of the assigned rating of any financial product issued by them within 15 days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

### *Norms for Excessive Interest Rates*

The NBFC-SI Directions directs the board of directors of NBFCs to adopt an interest rate model, taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter. The rates of interest and the approach for gradation of risks shall also be made available on the web-site of the companies or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest. The rate of interest should be annualised so that a borrower is aware of the exact rates that would be charged to the account.

### *Other Regulations*

#### *Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016 (“KYC Directions”)*

The Department of Banking Regulation, RBI has issued the KYC Directions dated February 25, 2016, as amended from time to time, which are applicable *inter alia* on all NBFCs for the formulation of a ‘Know Your Customer’ (“KYC”) policy duly approved by the board of directors of the entity and ensure compliance with the same. The KYC policy formulated is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The regulated entities are required to ensure compliance with the KYC policy of the entity through specifying who constitutes ‘senior management’ for the purpose of KYC compliance, specifying allocation of responsibility for effective implementation of policies and procedures, independent evaluation of the compliance functions of the entity’s policies and procedures, including legal and regulatory requirements, implementing a concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures, and the submission of quarterly audit notes and compliance to the audit committee.

#### *Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 (“NBFC Returns Directions, 2016”)*

The NBFC Returns Directions, 2016 mandate that all NBFCs shall put in place a reporting system for filing of various returns with the RBI. In addition, they also provide for the forms to be filed under various RBI Act, and the various directions thereunder. Further, they provide for details and the periodicity of form filings across various categories of NBFCs.

#### *Enhancement of Capital funds Raising Option*

The RBI has issued a notification on the ‘*Enhancement of NBFCs’ Capital Raising Option for Capital Adequacy Purposes*’ dated October 29, 2008, whereby NBFCs-ND-SI have been permitted to augment their capital funds by issuing perpetual debt instruments (“PDI”) in accordance with the prescribed guidelines provided thereunder. Such PDI shall be eligible for inclusion as Tier I Capital to the extent of 15% of total Tier I capital as on March 31 of the previous accounting year. The, amount of PDI in excess of amount admissible as Tier I capital shall qualify as Tier II capital, within the eligible limits.

#### *Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 (“Fraud Directions, 2016”)*

Under the Fraud Directions, 2016, NBFCs are required to put in place a reporting system for recording frauds to RBI and should fix staff accountability in respect of delays in reporting of fraud cases to the RBI. For this purpose, an official of the rank of general manager or equivalent should be nominated who will be responsible for submitting all the returns to the Bank and reporting referred to in these directions. Should NBFCs not adhere to the applicable timeframe for reporting fraud, they shall become liable for penal action. The Fraud Directions,

2016 classify frauds into the following categories:

- i. Misappropriation and criminal breach of trust;
- ii. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property;
- iii. Unauthorised credit facilities extended for reward or for illegal gratification;
- iv. Negligence and cash shortages;
- v. Cheating and forgery;
- vi. Irregularities in foreign exchange transactions; and
- vii. Any other type of fraud.

*Information Technology Framework for the NBFC Sector Directions, 2017 (the “IT Framework Directions”)*

The IT Framework Directions have been notified with the view of benchmarking the information technology/ information security framework, business continuity planning, disaster recovery management, information technology (“IT”) audit and other processes to best practices for the NBFC sector. NBFC-SIs are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions provide for the following:

- i. *IT governance:* Under the IT Framework Directions, all NBFCs are required to form an IT Strategy Committee, under the chairmanship of an independent director of the NBFC-SI with the chief information officer and the chief technology officer as mandatory members. The IT strategy committee is empowered to review and amend the IT strategies of the NBFC-SI in line with its corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT governance, and place its deliberations before the board of directors of the NBFC-SI.
- ii. *IT policy:* NBFCs are required to formulate a board-approved IT policy, in line with the objectives of the organisation. Such a policy must mandatorily provide for an IT organisational structure and the appointment of a chief information officer or an in-charge of IT operations. The policy so formed must also ensure the technical competence of senior and middle level management and periodic assessment of IT training requirements.
- iii. *Information and cyber security:* In addition to the IT policy, NBFCs must further formulate a board-approved information security policy, which *inter alia* provides for the identification and classification of information assets, segregation of functions, personnel and physical security and incident management. NBFCs are additionally tasked with creating a framework for conducting periodic information security audits. Further, the NBFC must formulate a board approved cyber-security policy, which elucidates the strategy of the NBFC on countering cyber threats. Beyond these policies, the IT Framework Directions mandates several additional processes to be put in place, such as a cyber-crisis management plan, strategies for management and elimination of vulnerability and promoting cyber-security awareness amongst stakeholders and the board of directors.
- iv. *IT operations:* The IT Framework Directions direct companies to create a steering committee to oversee and monitor IT project, and create policies to manage transitions in their IT systems. In addition, it requires NBFCs to put in place various management information systems for various types of data.
- v. *Business Continuity Planning:* NBFCs are required to identify critical business verticals, locations and shares resources, envisage the impact of unforeseen disasters on their business and are required to create recovery strategies or contingency plans in the case of the failure of the same.
- vi. *IT services outsourcing:* The IT Framework Directions provide for safeguards that an NBFC must adopt in their arrangements with service providers to whom they have outsourced their IT requirements.

*Reserve Bank Commercial Paper Directions, 2017 (“Commercial Paper Directions”)*



The Commercial Paper Directions regulate the issue of commercial papers. Commercial papers may be issued by companies, including NBFCs, provided that any fund based facility they have availed from banks or financial institutions are classified as standard assets by all banks and financial institutions at the time of their issue. The Commercial Paper Directions determine the form, mode of issuance, rating and documentation procedures for the issue of commercial papers. In terms of the Commercial Paper Directions, commercial papers are issued as promissory notes, and are to be held in dematerialised form. They are issued at a discount to face value, in a minimum denomination of ₹ 5 lacs or multiples thereof. Issuers, whose total commercial paper issuance in a calendar year is ₹ 1000 crore or more, must also obtain a credit rating for their commercial papers from at least two credit rating agencies, and adopt the lower of these ratings. The minimum rating for a commercial paper shall be 'A3'. The directions further provide for secondary market trading in commercial papers, buyback of commercial papers and the obligations of the issuer, the issuing and paying agent and credit rating agencies in the issue of commercial papers.

### **Laws in relation to the recovery of debts**

#### ***Insolvency and Bankruptcy Code, 2016 (the "IB Code")***

The IB Code primarily enables time-bound reorganisation and insolvency resolution of debtors. The primary objectives of the IB Code are:

- i. to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximisation of value of assets of such persons;
- ii. to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders, including alteration in the order of priority of payment of Government dues; and
- iii. to establish an Insolvency and Bankruptcy Board of India.

The IB Code specifies two different sets of adjudicating authorities to exercise judicial control over the insolvency and liquidation processes:

- i. In case of companies, limited liability partnerships and other limited liability entities, National Company Law Tribunals ("NCLT") shall act as the adjudicating authority; and appeals therefrom shall lie with the National Company Law Appellate Tribunal ("NCLAT").
- ii. In case of individuals and partnerships, Debt Recovery Tribunal ("DRT") shall act as the adjudicating authority; and appeals therefrom shall lie with the Debt Recovery Appellate Tribunal ("DRAT").

The Supreme Court of India shall have appellate jurisdiction over NCLAT and DRAT. The IB Code governs two corporate insolvency processes, i.e. (i) insolvency resolution; and (ii) liquidation:

- i. *Insolvency resolution:* Upon a default by a corporate debtor, a creditor or the debtor itself may initiate insolvency resolution proceedings. The IB Code prescribes a timeline of 180 days for the insolvency resolution process, subject to a single extension of 90 days, during which there shall be a moratorium on the institution or continuation against suits of the debtor, or interference with its assets. During such period, the creditors and the debtor will be expected to negotiate and finalise a resolution plan, with the assistance of insolvency resolution professionals to be appointed by a committee of creditors formed for this purpose. Upon approval of such a plan by the adjudicating authority, the same shall become binding upon the creditors and the debtor.
- ii. *Liquidation:* In the event that no insolvency resolution is successfully formulated, or if the adjudicating authority so decides, a liquidation process may be initiated against the debtor. A liquidator is appointed, who takes the assets and properties of the debtor in his custody and verifies claims of creditors, before selling such assets and properties and distributing the proceeds therefrom to creditors.

The bankruptcy of an individual can be initiated by the debtor, the creditors (either jointly or individually) or by any partner of a partnership firm (where the debtor is a firm), only after the failure of the Insolvency Resolution Process (IRP) or non-implementation of repayment plan. The bankruptcy trustee is responsible for administration

of the estate of the bankrupt and for distribution of the proceeds on basis of the priority set out in the Code.

In addition, the IB Code establishes and provides for the functioning of the Insolvency and Bankruptcy Board of India (“**IBBI**”) which functions as the regulator for matters pertaining to insolvency and bankruptcy. The IBBI exercises a range of legislative, administrative and quasi-judicial functions, *inter alia* in relation to the registration, regulation and monitoring of insolvency professional agencies, insolvency professionals and information utilities; publish information, data, research and studies as may be specified; constitute committees as may be required; and make regulations and guidelines in relation to insolvency and bankruptcy.

#### ***Recovery of Debts due to Banks and Financial Institutions Act, 1993 (“Debts Recovery Act”)***

The Debts Recovery Act provides for establishment of DRTs for expeditious adjudication and recovery of debts due to a bank or financial institution, or a consortium of banks or financial institutions. The Debts Recovery Act is only applicable to such debts as are for a sum that is greater than ₹ 1 million, or in the case of particular debts that the Central Government may specify, greater than ₹ 0.1 million. A DRT established under the Debts Recovery Act exercises jurisdiction over applications from banks and financial institutions for the recovery of debts due to them, and 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. The Debts Recovery Act also provides for the establishment of DRATs, and any appeal from any order of a DRT lies with a DRAT. Further, the Debts Recovery Act provides for the procedure to be followed in proceedings before a DRT or DRAT.

#### ***Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“Securitisation Act”)***

The Securitisation Act grants certain special rights to banks and financial institutions to enforce their security interests upon non-payment of a secured debt. The Securitisation Act provides that a secured creditor may, in the case of a default in payment of a debt or an instalment thereof, classify the account of the borrower as a NPA, and give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the following rights accrue to the secured creditor:

- i. taking possession of the assets constituting the security for the loan, including the right to transfer the assets by way of lease, assignment or sale of the asset;
- ii. taking over the management of the business of the borrower, including the right to sell or otherwise dispose of the assets, in case a significant portion of the debtor’s business is held as security;
- iii. appointment of a manager to manage the secured assets; and
- iv. requiring that any person who has acquired any of the secured assets from the borrower and from whom any money is or may become due to the debtor, to pay the secured creditor instead.

Where a secured creditor seeks to take a secured asset into its possession, or sell or transfer the same under the provisions of the Securitisation Act, the secured creditor may make a written request to the Chief Metropolitan Magistrate or the District Magistrate within whose jurisdiction the secured asset or relevant documents may be situated or found. Upon such request, the Chief Metropolitan Magistrate or District Magistrate may take possession of such assets and/ or relevant documents and forward the same to the creditor, using or directing the use of such force as may be necessary. In addition, the secured creditor may file an application before a DRT or a competent court for recovery of balance amounts, if any, and may take any other measures for the recovery of debts.

Further, the Securitisation Act provides for the creation of a central database by the Central Government for recording rights over any property or creation, modification or satisfaction of any security interest thereon. This registry is to be integrated with registration records under various central registrations, including the Companies Act, 2013, the Registration Act, 1908 and the Motor Vehicles Act, 1988. Any registration of transactions of creation, modification or satisfaction of security interest by a creditor or filing of attachment orders shall be deemed to constitute a public notice. Where a security interest or attachment order upon property in favour of a creditor is filed for registration, the claim of such creditor has priority over any subsequent security interest, transfer or attachment order upon the property.

In addition, the Securitisation Act regulates ‘asset reconstruction companies’, which are companies intended to

carry on the business of securitisation or asset reconstruction. An asset reconstruction company, upon being registered by the RBI, may acquire the financial assets of a bank or financial institution, whereupon it shall be deemed to become the lender in place of the bank in relation to such financial assets, and all rights of the bank or financial institution in relation to such financial assets shall vest in the asset reconstruction company. For the purposes of asset reconstruction, an asset reconstruction company may *inter alia* provide for the management of the business of a borrower (including a change in or take over of its management), sale or lease of the business of a borrower, rescheduling payment of debts, settlement of dues, enforcement or possession of security interests, or conversion of debt of a borrower into shares.

### **Anti-Money Laundering laws**

#### ***Prevention of Money Laundering Act, 2002 (“PMLA”)***

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from or involved in, money laundering. The Government, under the 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 (“**PML Rules**”). The PMLA and PML Rules place various obligations upon banks, financial institutions and other intermediaries in relation to the maintenance of records of all transactions, verification of clients and identification of beneficial owners of clients.

#### ***Master Circular – ‘Know Your Customer’ (KYC) Guidelines – Anti Money Laundering Standards (AML) - ‘Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder’ (“PMLA Master Circular”)***

The RBI has issued the PMLA Master Circular dated July 1, 2015 to ensure that a proper policy framework for the implementation of 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 internal reporting for: (i) 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.

Under the PMLA Master Circular, all NBFCs are required to introduce a system of maintaining a proper record of certain transactions, and for the 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. 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.

### **Laws in relation to foreign investment and external commercial borrowing**

#### ***Foreign Exchange Management Act, 1999 (“FEMA”)***

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. 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, 2017 (“**FEMA Regulations**”) to prohibit, restrict or regulate the transfer by or issue of securities to a person resident outside India.

The FEMA Regulations prohibit persons resident outside India from making investments in India, other than in a manner provided for therein or under the FEMA, and prohibits Indian entities from receiving such investments. Under the FEMA Regulations, foreign investment can be under the FDI route or the FPI route, subject to applicable sectoral caps

Where FDI is allowed on an automatic basis, the RBI continues to be the primary agency for the purposes of monitoring and regulating foreign investment. Previously, government approval for proposals of foreign direct investment (“**FDI**”) was to be granted by the Foreign Investment Promotion Board (“**FIPB**”). However, the Union Cabinet, in its meeting dated May 24, 2017, granted approval to phasing out the FIPB. Accordingly, government approval for foreign direct investment is to now be granted by the concerned ministry of the Government in consultation with the DIPP. By way of an Office Memorandum dated June 5, 2017, the Department of Economic Affairs, Ministry of Finance, GoI has notified the specific ministries handling certain sectors.

### ***Consolidated FDI Policy Circular, 2017 (“FDI Policy 2017”)***

The FEMA is to be read with the presently applicable FDI policy as issued by the DIPP, GoI. As of the date of this Draft Red Herring Prospectus, the FDI Policy 2017 is presently applicable to FDI in India. The FDI Policy 2017 consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy 2017 will be valid until the DIPP issues an updated circular. Under the FDI Policy 2017, 100% foreign investment is permitted under the automatic route in all financial services activities regulated by financial sector regulators including RBI, SEBI, IRDA, PFRDA and NHB. Such sectoral regulators may prescribe any additional conditionalities that foreign investment in NBFCs may be subject to, including minimum capitalisation norms.

### ***External Commercial borrowing (ECB)***

External Commercial Borrowings (“**ECB**”) are commercial loans raised by eligible resident entities from recognised non-resident entities. ECB transactions are governed by section 6(3)(d) of FEMA, and by various regulations, notifications and RBI circulars, which have been consolidated in the RBI Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers, dated January 1, 2016 (“**ECB Master Directions**”) and updated periodically. Under the ECB Master Directions, a permitted resident may borrow from a recognised non-resident entity through loans, securitised instruments, buyers’ or suppliers’ credit, foreign currency convertible bonds, financial lease and foreign currency exchangeable bonds. Non-convertible debentures issued to registered foreign portfolio investors are not covered by the ECB Master Directions.

Borrowings through ECB may be raised through one of three tracks:

- (i) Track I: Medium term foreign currency denominated ECB with minimum average maturity of 3/5 years.
- (ii) Track II: Long term foreign currency denominated ECB with minimum average maturity of 10 years.
- (iii) Track III: Indian Rupee (INR) denominated ECB with minimum average maturity of 3/5 years.

AFCs are permitted to raise loans through ECB under Track I.

ECB may be raised by either automatic route or the approval route. Under the automatic route, ECB cases are examined by the Authorised Dealer Category-I, to whom the RBI has delegated the function of monitoring and approving ECB transactions. In borrowings through the approval route, the prospective borrowers are required to forward requests to the RBI through an authorised dealer. The ECB Master Directions prescribe individual limits of ECB that may be raised by an entity under the automatic route per Fiscal, beyond which, the ECB proposals of such entities shall come under the approval route. Accordingly, an AFC is permitted to raise up to USD 750 million or equivalent through the automatic route.

The ECB Master Directions provide for various aspects of ECB transactions, including *inter alia* eligible borrowers, recognised lenders, eligibility for the track and route of the ECB, minimum average maturity period, end-use prescriptions, hedging requirements etc. Under the ECB Master Directions, an AFC is only permitted to raise borrowings through ECB for the purpose of financing infrastructure.

### **Labour law regulations**

We are required to comply with certain labour and industrial laws, which includes Employees’ Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972, the



Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 amongst others.

#### **Tax legislations**

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, the Interstate Goods and Services Tax Act, 2017, various state goods and services tax legislations, the Income Tax Act, the Income Tax Rules, local body taxes in respective states and various applicable service tax notifications and circulars.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as 'Srei Infrastructure Development Limited' as a public limited Company under the Companies Act, 1956, pursuant to a certificate of incorporation dated June 13, 2006 issued by the RoC. Our Company received a certificate of commencement of business on November 28, 2006. The name of our Company was changed to 'Srei Infrastructure Development Finance Limited' and a fresh certificate of incorporation was granted by the RoC on April 16, 2007. Our Company was converted into a private limited company and the name of our Company was changed to 'Srei Infrastructure Development Finance Private Limited' and a fresh certificate of incorporation was granted by the RoC on September 28, 2007. The name of our Company was further changed to 'Srei Equipment Finance Private Limited' and a fresh certificate of incorporation was granted by the RoC on May 30, 2008. Pursuant to a special resolution passed by the shareholders of our Company at the Extra Ordinary General Meeting held on October 28, 2013, our Company was converted into a public limited company and subsequently the name of our Company was changed to the existing name 'Srei Equipment Finance Limited'. The RoC issued a fresh certificate of incorporation dated November 1, 2013 consequent to the change of name on our conversion to public limited company.

In terms of a certificate of registration dated June 12, 2007 bearing the registration number N-05.06694, our Company was registered with the RBI as a 'non-banking financial institution without accepting public deposits' under Section 45-IA of the RBI Act. Subsequently, the RBI issued a certificate of registration dated January 1, 2008 consequent to the conversion of our Company to a private limited company and change of our name to 'Srei Infrastructure Development Finance Private Limited', allowing our Company to carry on our business as a 'non-banking financial institution without accepting public deposits'. Subsequently, upon the change in name of our Company to 'Srei Equipment Finance Private Limited', the RBI issued a new certificate of registration dated September 3, 2008 to our Company and reclassified our Company as an 'Asset Finance Company – Non-Deposit Taking' under Section 45-IA of the RBI Act. On February 19, 2014, our Company was issued a new certificate of registration by the RBI consequent to our change of name to 'Srei Equipment Finance Limited', permitting our Company to carry on business as a non-banking finance company, classified as an 'Asset Finance Company – Non-Deposit Taking.'

### Business and management

For a description of our activities, products, technology, market segments, the growth of our Company, the standing of our Company with reference to prominent competitors in connection with our management, major clients, geographical segment etc., please see "*Our Business*", "*Financial Statements*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Government and Other Approvals*" on pages 141, 231, 309 and 371, respectively.

For details of the management of our Company, please see "*Our Management*" on page 182.

### Changes in the registered office

Our Company has not changed its registered office since incorporation.

### Main objects of our Company

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

1. To carry on the business of acquisition, exchange, substitution and disbursement of any and all kinds of construction and infrastructure equipment and/or any other asset in any and all manners and to deploy the same in any manner or otherwise to make available such equipment with or without additional services to the contractors, builders, promoters, projects, bodies corporate, individuals, firms or any other person or organization requiring such equipment in any manner whatsoever.
2. To carry on the business of assisting in the creation, expansion and modernisation of infrastructure facilities including, but not limited to, power, tele-communications, roads, highways, bridges, airports, ports, railways, sanitation water, waterways, sewerage disposal, rails, industrial estates, or any other facility of similar nature in or outside the State of West Bengal and to identify projects, project ideas, to prepare project profiles, project



reports, market research, feasibility studies and reports, pre-investment studies, appraisals, evaluations and investigation of infrastructure projects.

3. To engage in the business of financing infrastructure projects in India and/or abroad and to also engage in development of infrastructure projects.
4. To carry on and undertake the business of financing industrial enterprises including those engaged in and providing infrastructural facility and setting up of projects and also to provide by way of operating lease, all types of plant, equipments, machinery, vehicles, vessels, ships, all electrical and electronic equipments and any other moveable and immovable equipments and/or properties whether in India or abroad, for industrial, commercial or other uses.
5. To acquire, purchase, own, build, develop, design, appropriate, operate, transfer, consult, maintain, manage, control, undertake, hire, take on lease licence, exchange or hire purchase, mortgage, assign, let, sell, dispose of any type of lands, properties, estates, farms, gardens, parks, orchards, mines, buildings, flats, sheds, structures, hostels, hotels, motels, resorts, shops commercial complexes, townships, farmhouses, roads, streets, railways, ropeways, docks, aerodromes, dams, bridges, new power plants or takeover of old plants, thermal power plants, power stations, any water works, gas works, reservoirs, electric power, heat and light supply works, reservoirs, electric stations, generators, sub-stations and transfer stations, low tension networks, electric locomotives, tramways and industrial railway, electric railway lines, beautification and modifications of Railway stations, industries, barrages, valleys, stadiums, museums, tourist and picnic spots and for any other project in the infrastructure sector including their erection, construction, demolition and rebuilding, alteration, conversion, renovation, improvement, interior and exterior decoration and to act as developers, builders, colonizers, and contractors.
6. To engage in infrastructure development on the Build, own, operate and transfer format and build, operate and transfer format and/or any other format and for this purpose to enter into any contracts in relation to and to erect, construct, maintain, alter, repair, pull down and restore either alone or jointly with any other companies, State/Statutory Body or persons works of all descriptions including wharves, docks, piers, railways, tramways, power projects, waterways, roads, bridges, airports, dams, warehouses, factories, mills, engines, machinery, railway carriages and wagons, ships and vessels of every description, gas works, electric works, water works, drainage and sewage works and buildings of every description including hospitals and health cares and to act as advisors and consultants on matters relating to the infrastructure development.

#### **Amendments to our Memorandum of Association**

Since the incorporation of our Company the following amendments have been made to our Memorandum of Association:

<b>Date of change/ Shareholders' resolution</b>	<b>Nature of amendment</b>
January 22, 2007	The name clause of our Memorandum of Association was amended to reflect the change in our Company's name from 'Srei Infrastructure Development Limited' to 'Srei Infrastructure Development Finance Limited'
May 12, 2007	The capital clause of our Memorandum of Association was changed to reflect the increase in the authorized share capital of our Company from ₹ 20.00 million divided into 2,000,000 Equity Shares to ₹ 50.00 million divided into 5,000,000 Equity Shares.
July 30, 2007	The name clause of our Memorandum of Association was amended to reflect the (i) conversion of our Company into a private limited company and (ii) consequent inclusion of the word 'Private' to the existing name of our Company to 'Srei Infrastructure Development Finance Private Limited'
February 26, 2008	The capital clause of our Memorandum of Association was substituted to reflect the increase in the authorized share capital of our Company from ₹ 50.00 million divided into 5,000,000 Equity Shares to ₹ 500.00 million divided into 50,000,000 Equity Shares
April 2, 2008	The name clause of our Memorandum of Association was amended to reflect the change in our Company's name from 'Srei Infrastructure Development Finance Private Limited' to "Srei Equipment Finance Private Limited"
June 22, 2011	The capital clause of our Memorandum of Association was substituted to reflect the increase in the authorized share capital of our Company from ₹ 500.00 million divided into 50,000,000 Equity Shares to ₹ 532.20 million divided into 53,220,000 Equity Shares.
June 25, 2012	The capital clause of our Memorandum of Association was substituted to reflect the increase in the authorized share capital of our Company from ₹532.20 million divided into 53,220,000 Equity Shares

Date of change/ Shareholders' resolution	Nature of amendment
	to ₹ 750.00 million divided into 75,000,000 Equity Shares.
October 28, 2013	The name clause of our Memorandum of Association was amended to reflect the (i) conversion of our Company into a public limited company and (ii) consequent deletion of the word 'Private' from the existing name of our Company to 'Srei Equipment Finance Limited'
July 31, 2017	The capital clause of our Memorandum of Association was substituted to reflect the increase in the authorized share capital of our Company from ₹ 750.00 million divided into 75,000,000 Equity Shares to ₹ 10,000.00 million divided into 500,000,000 Equity Shares and 50,000,000 Preference Shares

### Total number of Shareholders of our Company

As on the date of this Draft Red Herring Prospectus, our Company has seven (7) Shareholders. For further details, please see "*Capital Structure*" on page 72.

### Awards and accreditations

Calendar Year	Awards and accreditations
2014	Awarded the 'Fastest Growing Company' award in the category 'Turnover exceeding INR 1000 crore' at the ET Bengal Corporate Awards by Association of Corporate Advisers & Executives and Economic Times
2015	Awarded the 'Company of the Year' award by Silicon India
2016	Awarded the 'Best Construction Equipment Finance Company' award at the Construction Opportunity Awards, 2016 by Construction Times
	Awarded the 'Golden Peacock Innovation Management Award' at the 16 <sup>th</sup> London Global Convention, 2016
2017	Awarded the 'Best Company in Construction Equipment Finance' award at the CIA World Builders and Infra Awards, 2017 by the Construction Infrastructure Architect World

### Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Details
2008	Pursuant to the Scheme of Arrangement passed by the High Court of Calcutta, <i>inter alia</i> the business, assets and liabilities pertaining to the project finance business and asset based financing business of SIFL de-merged from SIFL and vested in our Company, including its shareholding in SIBPL
	BPLG acquired 50% shareholding in our Company
	Our Company ventured into the business of financing IT and allied equipment.
2010	Our Company ventured into the business of financing medical and allied equipment.
2011	Our Company ventured into the rural equipment financing space
2016	Our Company became a wholly owned subsidiary of SIFL. For further details please see " <i>Material Agreements – Other Agreements</i> " below

### Changes in activities of our Company during the last five years

There have been no changes in the activities of our Company during the last five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

### Capital raising (Equity/ Debt)

For details regarding our capital raising activities through equity or debt, please see "*Capital Structure*", "*Financial Indebtedness*" and "*Financial Statements*" on pages 72, 344 and 231, respectively.

### Strikes and lock-outs

We have not had any strikes and lock-outs in our operations in the past.

### Time/cost overrun



We have not experienced any instances of time/cost overrun in our business operations.

*Defaults or rescheduling of borrowings with financial institutions/banks, conversion of loans into equity by the Company*

There have been no defaults or rescheduling of borrowings with financial institutions, banks, conversion of loans into equity in relation to our Company.

*Injunctions or restraining order against our Company*

There are no injunctions or restraining orders against our Company.

### **Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets**

Except as stated below, our Company has not undertaken any merger, amalgamation or revaluation of assets since incorporation.

#### ***Scheme of Arrangement***

Pursuant to a scheme of arrangement entered into between SIFL and our Company (“the **Scheme of Arrangement**”) approved by the shareholders of SIFL and sanctioned by the High Court at Calcutta on January 28, 2008, *inter alia* all business, assets and liabilities pertaining to the project finance business and asset based financing business of SIFL, including its shareholding in SIBPL (formerly Srei Insurance Services Limited) were transferred to our Company as a going concern on a slump sale basis 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 on April 2, 2008 (“**Effective Date**”) and the transfer in terms of the Scheme took place on and from the Effective Date.

Pursuant to the Scheme, *inter alia*:

1. All assets relating to (i) the entire equity share capital of Srei Insurance Services Limited; and (ii) the project finance business and asset based financing business of SIFL for equipment including construction equipment, transportation and materials handling (the “**Transferred Business**”), whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent were transferred to our Company.
2. All present and future liabilities arising out of the activities or operations of the Transferred Business including loans, debts, debentures, current liabilities, contingent liabilities, debt securities and statutory dues other than liabilities relating to direct tax were transferred to our Company.
3. All employees of SIFL (whether permanent or temporary) employed or engaged in relation to the Transferred Business became employees of our Company.
4. All licenses, consents, permissions, approvals, clearances, permits, subsidies, entitlements and registrations by the GoI, State Governments, local bodies, regulatory and statutory authorities in the control of, vested in or granted in favour of SIFL in relation to the Transferred Business were transferred to our Company.
5. Benefits of and obligations under all contracts, engagements, arrangements, quota rights, inquiries, sales orders, purchase orders, financing commitments and warranties thereunder, relating exclusively to, in connection with or forming part of the Transferred Business were transferred to our Company.
6. All rights, privileges and benefits of use and exploitation of all intangible assets relating to or forming part of the Transferred Business other than the ‘SREI’ trademark were transferred to our Company. Further, technical know-how, process know-how, confidential information, basic and detailed operation and maintenance manuals relating to any rights, benefits and goodwill of the Transferred Business were transferred to our Company.
7. A consideration of ₹ 3,750.00 million was paid for transfer of the Transferred Business.

## Material Agreements

### A. Share purchase and shareholders' agreements

Except as disclosed below we are not party to any share purchase or shareholders' agreements as on the date of this Draft Red Herring Prospectus or were parties to any share purchase or shareholders' agreements two years preceding such date.

*Share Purchase Agreement dated December 29, 2015 ("SPA") amongst our Company, BPLG, Srei Infrastructure Finance Limited, Srei Growth Trust (the "Seller"), Mr. Hemant Kanoria and Mr. Sunil Kanoria*

Our Company was a joint venture between SIFL and BPLG, in which each of SIFL and BPLG held 50% of the total paid-up equity share capital on a fully-diluted basis. BPLG expressed an intention to acquire 25,154,317 equity shares of SIFL representing 5% of the paid-up equity share capital of SIFL ("SIFL Shares") and in lieu thereof, sell its entire shareholding of 29,830,000 Equity Shares representing 50% of the total paid-up equity share capital, to SIFL, in accordance with applicable laws.

#### *Major Terms of the SPA*

Subject to the terms and conditions of the SPA, the Seller was to sell to BPLG, the SIFL Shares, free from all Encumbrances and together with all rights and advantages attaching or accruing thereto from the closing date.

Subject to applicable laws, the price per SIFL Share at which the SIFL Shares will be sold by the Seller and purchased by BPLG in accordance with the terms of the SPA ("**SEFL Purchase Consideration**") was mutually decided by the parties of the SPA. Further, subject to the terms and conditions of the SPA, on the closing date, BPLG shall sell to SIFL, and SIFL shall purchase from BPLG, the SEFL Shares for a consideration equal to the SEFL Purchase Consideration, free from all Encumbrances and together with all rights and advantages.

#### *Transfer of share holding*

BPLG sold its entire shareholding in our Company to SIFL for a consideration equal to the total consideration which BPLG paid for acquiring 25,154,317 equity shares of SIFL representing 5% of the total paid-up equity share capital from the Seller. Thereafter, RBI *vide* its letter no. DNBS.RO.Kol.No. 8555 /00.13.232/2015-16 dated May 20, 2016 granted its approval for the proposed transfer of shares by BPLG to SIFL and pursuant to Circular No. DNBR (PD) CC.No. 065/03.10.001/2015-16 dated July 09, 2015. Public notices were also published jointly by SIFL, BPLG and our Company.

Subsequently, in terms of the aforesaid approval granted by the RBI, the Board of Directors at its meeting dated June 17, 2016 gave effect to the transaction by passing requisite resolutions. Pursuant to this transaction, our Company became a wholly-owned subsidiary of SIFL with effect from June 17, 2016.

BPLG has received 25,154,317 equity shares of SIFL representing 5% of the total paid-up equity share capital of SIFL in lieu of its entire shareholding of 29,830,000 Equity Shares representing 50% of the total paid-up equity share capital of our Company.

### B. Other Agreements

Except as disclosed below and agreements entered into in relation to this Offer, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the last two years immediately preceding the date of this Draft Red Herring Prospectus.

*Letter Agreement dated June 17, 2016 between SIFL and our Company in relation to the 'Srei' trademark*

Pursuant to an assignment agreement dated March 18, 2016 ("**Assignment Agreement**"), Adisri Investment Private Limited ("**AIPL**"), the registered owner of the 'Srei' trademarks (the "**Trademark**"), assigned all rights, title and interest of whatever nature in the Trademark to Adisri Commercial Private Limited ("**ACPL**"), under conditions enumerated in the Agreement. In turn, pursuant to a letter dated March 19, 2016, ACPL has granted our Promoter, and/or its subsidiaries, a non-exclusive, non-transferable and royalty free license to use the Trademark. Further, pursuant to a letter dated June 17, 2016, our Promoter has confirmed that our Company,



being a wholly owned subsidiary of SIFL, may continue to enjoy a non-exclusive, non-transferable, royalty free, license to use the Trademark. Our Company does not pay any royalty for the use of the Trademark.

#### **Subsidiaries, Joint Ventures & Associates**

As on the date of this Draft Red Herring Prospectus our Company does not have any subsidiary, joint ventures or associates.

#### **Holding Company**

SIFL is our holding company.

For further details, please see “*Our Promoter and Promoter Group*” on page 198.

#### **Significant sale or purchase between our Group Companies**

There are no sales or purchases between our Company and any of the Group companies where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Company.

#### **Common Pursuits between the Company and Group Companies**

As on the date of this Draft Red Herring Prospectus, there are no common pursuits between our Company and our Group Companies.

#### **Strategic and financial partnerships**

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

#### **Guarantees given by the Promoter**

Our Promoter has not provided any guarantees in relation to loans availed by our Company.

## OUR MANAGEMENT

The Articles of Association require that our Board of Directors shall comprise not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board has five Directors of whom three Directors are independent directors including one woman director. The Chairman of the Board is an Executive Director.

### Board of Directors

The following table sets forth the details of our Board as of the date of filing of this Draft Red Herring Prospectus with SEBI:

Name, designation, address, occupation, nationality, date of appointment, term of appointment and DIN	Age (in years)	Other directorships
<p><b>Hemant Kanoria</b></p> <p><i>Designation:</i> Chairman and Managing Director</p> <p><i>Address:</i> “Kanoria House”, 3 Middle Road, Hastings, Kolkata – 700 022, West Bengal, India</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Nationality:</i> Indian</p> <p><i>Date of appointment:</i> May 12, 2007</p> <p><i>Term of appointment:</i> Five years, commencing November 1, 2013 up to October 31, 2018</p> <p><i>DIN:</i> 00193015</p>	55	<ol style="list-style-type: none"> <li>1. Srei Infrastructure Finance Limited</li> <li>2. India Power Corporation Limited</li> <li>3. Austrian Anadi Bank AG</li> </ol>
<p><b>Sunil Kanoria</b></p> <p><i>Designation:</i> Vice Chairman</p> <p><i>Address:</i> “Kanoria House”, 3 Middle Road, Hastings, Kolkata – 700 022, West Bengal, India</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Nationality:</i> Indian</p> <p><i>Date of appointment:</i> May 12, 2007</p> <p><i>Term of appointment:</i> Five years, commencing November 1, 2013 up to October 31, 2018</p> <p><i>DIN:</i> 00421564</p>	52	<ol style="list-style-type: none"> <li>1. Srei Infrastructure Finance Limited</li> <li>2. India Power Corporation Limited</li> <li>3. Avadh Sugar &amp; Energy Limited</li> <li>4. The Council of EU Chambers of Commerce in India</li> <li>5. Grupo Empresarial San Jose, S.A.</li> </ol>
<p><b>Shyamalendu Chatterjee</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> South City Apartments 375, Prince Shah Road, SVC - 2 Tower - 1, 17<sup>th</sup>, 17K, Jodhpur Park, Kolkata – 700 068, West Bengal, India</p> <p><i>Occupation:</i> Banker</p>	70	<ol style="list-style-type: none"> <li>1. Sahaj e-Village Limited</li> <li>2. Srei Capital Markets Limited</li> <li>3. Srei Infrastructure Finance Limited</li> </ol>



<p><i>Nationality:</i> Indian</p> <p><i>Date of appointment:</i> November 6, 2013</p> <p><i>Term of appointment:</i> Five consecutive years commencing from July 1, 2014 upto June 30, 2019</p> <p><i>DIN:</i> 00048249</p>		
<p><b>Supriya Prakash Sen</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 28-03, Scotts Road, Singapore 228 223</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Date of appointment:</i> September 9, 2017</p> <p><i>Term of appointment:</i> Five consecutive years, commencing from October 27, 2017 up to October 26, 2022</p> <p><i>DIN:</i> 07932937</p>	52	Nil
<p><b>Suresh Kumar Jain</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Flat no 201-202, Tower D, Ashok Tower, Dr. SS Rao Marg, Parel, Mumbai – 400 012, Maharashtra, India</p> <p><i>Occupation:</i> Retired Banker</p> <p><i>Nationality:</i> Indian</p> <p><i>Date of appointment:</i> October 25, 2017</p> <p><i>Term of appointment:</i> Five consecutive years, commencing from October 27, 2017 up to October 26, 2022</p> <p><i>DIN:</i> 05103064</p>	63	<ol style="list-style-type: none"> <li>1. PC Jeweller Limited</li> <li>2. Gandhar Oil Refinery (India) Limited</li> <li>3. Avanse Financial Services Limited</li> </ol>

### Brief profiles of our Directors

**Mr. Hemant Kanoria**, aged 55, is our Chairman & Managing Director. He holds a bachelor's degree in commerce from the University of Calcutta and has over 32 years of experience in industry, trade and financial services. He is currently serving as board member in the Indian Institute of Information Technology, Guwahati, Neotia University and New Delhi Institute of Management and is a member of the advisory board of the Calcutta Business School. He has held several prestigious positions, including serving as the president of Calcutta Chamber of Commerce and the chairman of the FICCI National Committee on Infrastructure, and has served on the board of governors of Indian Institute of Management, Calcutta. He is also a member of the Regional Direct Taxes Advisory Committee, GoI.

**Mr. Sunil Kanoria**, aged 52 is our Vice Chairman and executive Director. He is a chartered accountant with more than 28 years of experience in the financial services industry. He has been the president of the Associated

Chambers of Commerce & Industry of India, a former governing body member of the Construction Industry Development Council and is presently a council member of the Institute of Chartered Accountants of India. He is also presently the honorary consul of Spain in Kolkata, with jurisdiction over the State of West Bengal.

**Mr. Shyamalendu Chatterjee**, aged 70 is an Independent Director. He holds a bachelor's degree in arts from University of Ranchi. He an ex-banker and has been associated with the State Bank of India, and with UTI Bank Limited (now Axis Bank Limited) as an executive director in the past. In addition, he has also served as a member of the Board of Directors of Nabil Bank Limited, Nepal. He is currently an independent director on the board of directors of our Promoter.

**Ms. Supriya Prakash Sen**, aged 52 is an Independent Director. She holds a bachelors' degree in engineering (electronics and communication), and is a gold medallist from the Bangalore University, and holds a post-graduate diploma in management from Indian Institute of Management, Calcutta. She has also completed the 'Leaders in Development' from the John F. Kennedy School of Government of the Harvard University. She has experience in advising on financing transport, power and social infrastructure for Asia and Middle East. At present, she is a senior advisor in banking and infrastructure finance at McKinsey & Co., Singapore.

**Mr. Suresh Kumar Jain**, aged 63 is an Independent Director. He holds a bachelor's degree in science from Panjab University and a master's degree in economics from Kurukshetra University. He is also a certified associate of the Indian Institute of Bankers. He is a banker by profession, and has experience in domestic and international markets. He has formerly been associated with Bank of India and Union Bank of India as an executive director.

### **Confirmations**

- None of our Directors is or was a director of any company listed on the Stock Exchanges, whose shares are or were suspended from being traded on BSE or NSE during the five years prior to the date of this Draft Red Herring Prospectus, during the term of his/her directorship in such company.
- None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.
- Other than Mr. Hemant Kanoria and Mr. Sunil Kanoria, who are brothers, none of our Directors are related to one another.
- None of our Directors have been identified as 'wilful defaulters' as defined under the SEBI ICDR Regulations.
- None of our Directors have committed any violation of securities laws in the past and no such proceedings (initiated by SEBI) are pending against any of our Directors.
- None of our sundry debtors are related to our Directors in any manner.
- No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest, by any person, either to induce any of our Directors to become or to help them qualify as a Director, or otherwise for services rendered by him or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

### *Appointment of relatives of our Directors to any office or place of profit*

As on the date of this Draft Red Herring Prospectus, no relatives of any of our Directors have been appointed to a place or office of profit in our Company.

### *Arrangement or understanding with major Shareholders, customers, suppliers or others*

None of our Directors have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others.

### Service contracts with Directors

Except for the agreements entered into with our Chairman and Managing Director and our Vice Chairman, our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors. For details, please see “ – Details of remuneration for our Directors” below.

### Details of remuneration for our Directors

#### a) Terms of appointment of our Executive Directors

##### (i) Mr. Hemant Kanoria, Chairman and Managing Director

Mr. Hemant Kanoria, our Chairman and Managing Director, was first appointed to the Board on May 12, 2007 as an additional director, and was appointed as the vice chairman and managing director of our Company with effect from April 2, 2008. He was reappointed as our vice chairman and managing director for a period of five years with effect from November 1, 2013, pursuant to our conversion from a private limited company to a public limited one, in terms of a Board resolution dated February 4, 2014, and the resolution of our shareholders in their general meeting dated July 01, 2014. The Board, at their meeting held on June 17, 2016, has designated Mr. Hemant Kanoria as the Chairman and Managing Director of our Company for the remainder of his term on the Board, i.e. till October 31, 2018. He receives remuneration from our Company in accordance with the Board resolution dated August 4, 2016 and the resolution of our shareholders approved in their general meeting held on July 1, 2017, and the agreement dated September 8, 2016 entered into by our Company with him. For Fiscal 2017, the total remuneration paid to him was ₹ 52.30 million.

In terms of the resolution dated August 4, 2016 of the Board, the resolution dated July 1, 2017 of the Shareholders and the agreement dated September 8, 2016, Mr. Hemant Kanoria is entitled to the following remuneration with effect from October 1, 2016:

Particulars	Remuneration
<b>Salary</b>	₹ 2.50 million per month with authority granted to the Board to increase the same from time to time.
<b>Commission</b>	1.00% of the net profits of the Company as per audited profit and loss account of that year.
<b>Ex-gratia</b>	Ex-gratia payment of one month’s salary per annum or such other higher sum as may be decided by the Board.
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>a) <i>Housing</i>: Fully furnished residential accommodation including expenses relating to furniture, gas, electricity, water and other utilities</li> <li>b) <i>Medical Reimbursement</i>: Reimbursement of actual medical expenses incurred in India and / or abroad including hospitalization, nursing home and surgical charges for self and family.</li> <li>c) <i>Leave Travel Concession</i>: Reimbursement of actual traveling expenses, for proceeding on leave, once in a year in respect of self and family upto a maximum of one month’s salary.</li> <li>d) <i>Club Fees</i>: Reimbursement of membership fees for clubs in India and/or abroad, including admission and life membership fees.</li> <li>e) <i>Personal Accident Insurance</i>: Payment of premium in respect of one Personal Accident Insurance policy.</li> <li>f) <i>Leave</i>: Entitled for leave with full pay or encashment thereof as per the rules of the Company.</li> </ul>
<b>Statutory Payments</b>	<ul style="list-style-type: none"> <li>a) <i>Contribution to provident fund, superannuation fund and annuity fund</i>: The Company’s contribution to provident fund or superannuation or annuity fund as per the rules applicable to our Company for senior executives or such higher contribution as may be decided by the Board.</li> <li>b) <i>Gratuity</i>: 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 one month’s salary for each completed year of service as per the rules of the Company</li> </ul>

Our Board may, at the recommendation of the NRC (defined hereafter), increase, vary or alter the remuneration, perquisites and other terms and conditions including monetary value thereof, depending on our Company’s performance and terms of the agreement dated September 8, 2016. However, no sitting fees shall be paid to him.

##### (ii) Mr. Sunil Kanoria, Vice Chairman

Mr. Sunil Kanoria, our Vice Chairman, was first appointed to the Board on May 12, 2007, and was appointed as the joint managing director of our Company with effect from April 2, 2008. He was reappointed as a joint managing director of our Company for a period of five years with effect from November 1, 2013, pursuant to our

conversion from a private limited company to a public limited company, in terms of a Board resolution dated February 4, 2014, and the resolution of our shareholders in their general meeting dated July 01, 2014. The Board, at their meeting held on August 4, 2016, has designated Mr. Sunil Kanoria as the Vice Chairman of our Company for the remainder of his term on the Board, i.e. till October 31, 2018. He receives remuneration from our Company in accordance with the Board resolution dated August 4, 2016 and the resolution of our shareholders in their general meeting held on July 01, 2017, and the agreement dated September 8, 2016 entered into by our Company with him. For Fiscal 2017, the total remuneration paid to him was ₹ 51.60 million.

In terms of the resolution dated August 4, 2016 of the Board, the resolution dated July 1, 2017 of the Shareholders and the agreement dated September 8, 2016, Mr. Sunil Kanoria is entitled to the following remuneration with effect from October 1, 2016:

Particulars	Remuneration
<b>Salary</b>	₹ 2.50 million per month with authority granted to the Board to increase the same from time to time.
<b>Commission</b>	1.00% of the net profits of the Company as per audited profit and loss account of that year.
<b>Ex-gratia</b>	Ex-gratia payment of one month's salary per annum or such other higher sum as may be decided by the Board.
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>a) <i>Housing</i>: Fully furnished residential accommodation including expenses relating to furniture, gas, electricity, water and other utilities</li> <li>b) <i>Medical Reimbursement</i>: Reimbursement of actual medical expenses incurred in India and / or abroad including hospitalization, nursing home and surgical charges for self and family.</li> <li>c) <i>Leave Travel Concession</i>: Reimbursement of actual traveling expenses, for proceeding on leave, once in a year in respect of self and family upto a maximum of one month's salary.</li> <li>d) <i>Club Fees</i>: Reimbursement of membership fees for clubs in India and/or abroad, including admission and life membership fees.</li> <li>e) <i>Personal Accident Insurance</i>: Payment of premium in respect of one Personal Accident Insurance policy.</li> <li>f) <i>Leave</i>: Entitled for leave with full pay or encashment thereof as per the rules of the Company.</li> </ul>
<b>Statutory Payments</b>	<ul style="list-style-type: none"> <li>a) <i>Contribution to provident fund, superannuation fund and annuity fund</i>: The Company's contribution to provident fund or superannuation or annuity fund as per the rules applicable to our Company for senior executives or such higher contribution as may be decided by the Board.</li> <li>b) <i>Gratuity</i>: 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 one month's salary for each completed year of service as per the rules of the Company</li> </ul>

Our Board may, at the recommendation of the NRC, increase, vary or alter the remuneration, perquisites and other terms and conditions including monetary value thereof, depending on our Company's performance and terms of the agreement dated September 8, 2016. However, no sitting fees shall be paid to him.

#### b) Terms of appointment of our Independent Directors

Pursuant to a resolution of our Board in their meeting held on February 2, 2017, our Independent Directors are entitled to receive sitting fees of ₹ 0.10 million for attending each meeting of our Board. Our Independent Directors are also entitled to receive sitting fees of ₹ 25,000 for attending each meeting of our Audit Committee, Risk Committee, IPO Committee or separate meetings of the independent directors, and sitting fees of ₹ 10,000 for attending each meeting of our Executive Committee of Directors, Nomination and Remuneration Committee, ALM and Treasury Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Credit and Investment Committee and IT Strategy Committee. Our Independent Directors are also entitled to a commission annually for each of the five financial years commencing from Fiscal 2018 during which the remain Independent Directors on our Board, an amount not exceeding 1% (one per cent) of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, to be divided amongst the Directors aforesaid in such amounts or proportions and in such manner as the Board of Directors may from time to time determine.

Following are the details of remuneration paid to our Independent Directors for Fiscal 2017:

(in ₹million)

Name of Director	Designation	Total sitting fees paid for Fiscal 2017
Shyamalendu Chatterjee	Independent Director	1.43
Supriya Prakash Sen*	Independent Director	Nil
Suresh Kumar Jain*	Independent Director	Nil

\* Appointed in Fiscal 2018



## Payment of benefits to Directors

Except as disclosed below, no amount or benefit has been paid or given within the two financial years immediately preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given to any of our Directors except the normal remuneration and commission for services rendered in the capacity of being a Director, and reimbursement of expenses for attending meetings of the Board.

(in ₹ million)

Name of Director	Period for which payment was made	Remuneration
Hemant Kanoria	Fiscal 2017	52.30
	Fiscal 2016	38.00
Sunil Kanoria	Fiscal 2017	51.60
	Fiscal 2016	39.20

## Shareholding of our Directors in our Company

Our Articles do not require our Directors to hold any qualification shares. Following are the details of the shareholding of our Directors in our Company as on the date of this Draft Red Herring Prospectus:

Name of Director	Equity/ Preference shares	Number of Shares	Percentage of total share capital
Hemant Kanoria*	Equity	1	Negligible
Sunil Kanoria*	Equity	1	Negligible

\* As a nominee of SIFL

## Borrowing Powers

Pursuant to our Articles of Association and subject to the provisions of the Companies Act, 2013, the Shareholders have passed a special resolution in the extraordinary general meeting dated October 28, 2013, authorising our Board to borrow a sum not exceeding ₹ 250,000 million for and on behalf of our Company, from time to time.

## Loans to Directors

Our Company has not provided any loan to our Directors.

## Bonus or profit sharing plan for our Directors

Except as disclosed above in respect of the remuneration payable to Mr. Hemant Kanoria and Mr. Sunil Kanoria under the “- Terms of appointment of our Executive Director” on page 185, “Payment of benefit to Directors” on page 187 and in “Related Party Transactions” on page 218, our Company does not have any performance linked bonus or a profit-sharing plan for our Directors.

## Interest of Directors

All Directors may be deemed to be interested to the extent of remuneration and commission, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, commission and reimbursement of expenses payable to them.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. The Directors may also be regarded as interested in Equity Shares held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and trustees, pursuant to the Offer.

Certain of our Directors may be deemed to be interested in the contracts, transactions, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. There is no existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Offer.

Certain of our Directors are also directors in Group Companies and may be deemed to be interested to the extent of payments made between our Company and such Group Companies. Such Directors may also be deemed to be interested to the extent of remuneration received from such Group Companies. For details please see “Related Party Transactions” on page 218.

### *Appointment of relatives to a place of profit*

None of the relatives of the Directors have been appointed to an office or place of profit with our Company.

### *Interest of Directors in the promotion of our Company*

Mr. Hemant Kanoria, our Chairman and Managing Director is an executive director on the board of directors of our Promoter and Mr. Sunil Kanoria, our Vice Chairman is a director on the board of directors of our Promoter. Further, Mr. Hemant Kanoria is also the promoter of our Promoter. Except as aforesaid, as on the date of this Draft Red Herring Prospectus, none of our Directors are interested in the promotion of our Company.

### *Interest of Directors in the properties of our Company*

Our Directors do not have any interest in any property acquired in the preceding two years or proposed to be acquired by our Company within the two years from the date of filing of this Draft Red Herring Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

### *Business interest*

Except as stated in the section titled “*Related Party Transactions*” on page 218, our Directors do not have any other interest in our business or our Company.

### **Changes to the Board in the last three years**

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

<b>Name</b>	<b>Date</b>	<b>Reason</b>
Olivier De Ryck	May 12, 2015	Resignation
Pascale Charlotte Dufourcq Dennery	May 12, 2015	Appointed as an additional Director
Pascale Charlotte Dufourcq Dennery	July 22, 2015	Change in designation to Director
Pascale Charlotte Dufourcq Dennery	February 10, 2016	Appointed as Chairman of the Company
Didier Jean Chappet	February 10, 2016	Change in designation to Director
Didier Jean Chappet	May 10, 2016	Resignation
Philippe Denis Francis Desgeans	May 10, 2016	Appointed as an additional Director
Pascale Charlotte Dufourcq Dennery	June 17, 2016	Resignation
Philippe Denis Francis Desgeans	June 17, 2016	Resignation
Hemant Kanoria	June 17, 2016	Change in designation to Chairman and Managing Director
Sunil Kanoria	August 04, 2016	Change in designation to Vice Chairman
Tamali Sengupta	September 17, 2016	Appointed as an additional Director
Tamali Sengupta	July 01, 2017	Change in designation to Independent Director
Supriya Prakash Sen	September 09, 2017	Appointed as an additional Director
Kora Ipe Puthenpurackal	September 22, 2017	Resignation
Tamali Sengupta	October 25, 2017	Resignation
Suresh Kumar Jain	October 25, 2017	Appointed as an additional Director
Supriya Prakash Sen	October 27, 2017	Change in designation to Independent Director
Suresh Kumar Jain	October 27, 2017	Change in designation to Independent Director

### **Corporate Governance**

In addition to the applicable provisions of the Companies Act, 2013, with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

The Chairman of our Board is an executive director. Our Company currently has five Directors of which two are executive directors and three are independent directors, including one woman director. Our Company is in compliance with the applicable regulations in accordance with the corporate governance requirements under the SEBI Listing Regulations and the Companies Act, 2013, pertaining to the composition of the Board and the



committees thereof.

The Board functions either as a full board or through various committees constituted to oversee specific operational areas.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act, 2013.

### **Board-level committees**

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

1. Audit committee;
2. Nomination and Remuneration committee;
3. Stakeholders Relationship committee; and
4. Corporate Social Responsibility committee.

#### ***1. Audit committee***

The Audit committee was constituted by a resolution of our Board dated May 14, 2008. The Audit Committee was last re-constituted and the revised terms of reference of the Audit Committee were adopted on October 25, 2017. The current constitution of the Audit committee is as follows:

<b>Name of Director</b>	<b>Position in the Committee</b>	<b>Designation</b>
Shyamalendu Chatterjee	Chairman	Independent Director
Sunil Kanoria	Member	Vice Chairman
Supriya Prakash Sen	Member	Independent Director

Our Company Secretary and Compliance Officer is the secretary of the Audit committee.

The scope and function of the Audit committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

*Scope and terms of reference of the Audit committee:*

#### **I. Powers –**

- (a) To investigate any activity within its terms of reference;
- (b) To seek information from any employee;
- (c) To obtain outside legal or other professional advice;
- (d) To secure attendance of outsiders with relevant expertise, if it considers necessary;

#### **II. Role-**

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and the fixation of audit fee;
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) Reviewing / examining, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013.
  - ii. Changes, if any, in accounting policies and practices and reasons for the same.
  - iii. Major accounting entries involving estimates based on the exercise of judgement by management.
  - iv. Significant adjustments made in the financial statements arising out of audit findings.
  - v. Compliance with listing and other legal requirements relating to financial statements.
  - vi. Disclosure of any related party transactions.
  - vii. Modified opinions in the draft audit report.
- (e) Reviewing / examining, with the management, the quarterly financial statements before submission to the Board for approval;
  - (f) Reviewing / examining / monitoring, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - (g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - (h) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
  - (i) Scrutiny of inter-corporate loans and investments;
  - (j) Valuation of undertakings or assets of the Company, wherever it is necessary;
  - (k) Evaluation of internal financial controls and risk management systems;
  - (l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - (m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - (n) Discussion with internal auditors of any significant findings and follow up there on;
  - (o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - (p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - (q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - (r) To review the functioning of the Whistle Blower mechanism established by the Company with the Chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

- (s) Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

### III. Review of Information –

To mandatorily review the following information -

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7);
- Performing such other activities as may be delegated / referred to by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Audit Committee;
- To delegate any of the above matters to any executive of the Company / sub-committee except those not allowed to be delegated under law;

### 2. Nomination and Remuneration Committee (“NRC”)

The NRC was constituted by a resolution of our Board dated May 21, 2014. The NRC was last re-constituted and the revised terms of reference of the NRC were adopted by our Board on October 25, 2017. The current constitution of the NRC is as follows:

Name of Director	Position in the Committee	Designation
Shyamalendu Chatterjee	Chairman	Independent Director
Hemant Kanoria	Member	Chairman and Managing Director
Supriya Prakash Sen	Member	Independent Director
Suresh Kumar Jain	Member	Independent Director

The Company Secretary and Compliance Officer is the secretary of the NRC.

The scope and function of the NRC is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

*Scope and terms of reference of the NRC:*

- a) Evaluate the current composition and organization of the Board and its committees in light of requirements established by any Regulatory Body or any other applicable statute, rule or regulation which the Committee deems relevant and to make recommendations to the Board in respect to the appointment, re-appointment and resignation of Independent, Executive and Non – Executive Directors of the Company;
- b) Review the composition and size of the Board in order to ensure that the Board is comprised of members reflecting the proper expertise, skills, attributes, and personal and professional backgrounds for service as a Director of the Company, as determined by the Committee;

- c) Review and recommend to the Board an appropriate course of action upon the resignation of current Board members, or any planned expansion of the Board, and review the qualifications, experience and fitness for service on the Board of any potential new members of the Board;
- d) Review all stakeholders' proposals submitted to the Company (including any proposal relating to the nomination of a member of the Board) and the timeliness of the submission thereof and recommend to the Board appropriate action on each such proposal;
- e) Ensure "fit and proper" status of existing/proposed Directors of the Company in accordance with RBI Circular on Corporate Governance, issued from time to time;
- f) Formulate, administer and supervise the Company's Stock Option schemes, if any, in accordance with relevant laws;
- g) Ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- h) Ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- i) Ensure that remuneration to Directors, Key Managerial Personnel (KMPs) and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- j) Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel (KMPs) and other employees of the Company;
- k) Formulate the criteria for evaluation of Independent Directors and the Board;
- l) Devise a policy on Board diversity;
- m) Identify the persons who are qualified to become a Director and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- n) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- o) Review/recommendation/approval of Succession Plan for the Key Managerial Personnel (KMPs) and Senior Management of the Company;
- p) Performing such other activities as may be delegated / referred to by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;

### 3. *Corporate Social Responsibility Committee ("CSRC")*

The CSRC was constituted by a resolution of our Board dated May 21, 2014. The CSRC was last re-constituted on October 25, 2017. The current constitution of the CSRC is as follows:

<b>Name of Director</b>	<b>Position in the Committee</b>	<b>Designation</b>
Hemant Kanoria	Chairman	Chairman and Managing Director
Sunil Kanoria	Member	Vice Chairman
Shyamalendu Chatterjee	Member	Independent Director

Our Company Secretary and Compliance Officer is the secretary of the CSRC.

The scope and functions of the CSRC is in accordance with Section 135 of the Companies Act, 2013.

*Scope and terms of reference of the CSRC:*

- a) Formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 including inter alia list of activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, modalities of execution of such activities and implementation schedule for the same;
- b) Recommending the amount of expenditure to be incurred on the activities referred to in clause (a) above;
- c) Monitoring the CSR Policy of the Company from time to time;
- d) Instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;

#### 4. Stakeholders Relationship Committee (“SRC”)

The SRC was constituted by a resolution of our Board dated July 22, 2015. The SRC was last reconstituted and the current terms of reference of the SRC were adopted by our Board on October 25, 2017. The current constitution of the SRC is as follows:

Name of Director	Position in the Committee	Designation
Shyamalendu Chatterjee	Chairman	Independent Director
Hemant Kanoria	Member	Chairman and Managing Director
Sunil Kanoria	Member	Vice Chairman

Our Company Secretary and Compliance Officer is the secretary of the SRC.

The scope and function of the SRC is in accordance with Section 178(6) of the Companies Act, 2013, read with Regulation 20 of the SEBI Listing Regulations.

##### *Scope and terms of reference of the SRC:*

- a) To approve, authorise, authenticate and register transfer and / or transmission of all classes of shares and / or securities;
- b) To approve and / or authorise sub – division, consolidation, issuance, re – issuance and rematerialisation etc. of share certificates and / or other security certificates;
- c) To authorise issue of duplicate share / security certificates;
- d) To review the status of unpaid / unclaimed dividend accounts and take necessary actions thereof;
- e) To authorise affixation of common seal on share certificates and / or other security certificates or documents;
- f) To deal with matters relating to shares and / or securities as may be prescribed by applicable laws including inter alia the SEBI Listing Regulations, Depositories Act, Companies Act etc. or any amendments thereto;
- g) To consider and resolve the grievances of security holders of the Company including complaints referred to transfer of shares, non-receipt of annual report, non-receipt of declared dividends;
- h) To deal with matters relating to SEFL Code of Conduct for Prohibition of Insider Trading (SEFL Insider Code) as well as SEBI (Prohibition of Insider Trading) Regulations, 2015;
- i) Any other share and / or securities related matters as may be delegated to the Committee from time to time;
- j) To delegate powers of any of the above to any executive of the Company or to the Registrar and Share Transfer Agents (RTA) of the Company except those not allowed to be delegated under law;
- k) Oversee the performance of the Registrar and Share Transfer Agents (RTA) of the Company and to recommend measures for overall improvement in the quality of investor services; and
- l) Performing such other activities as may be delegated / referred to by the Board of Directors and/or are

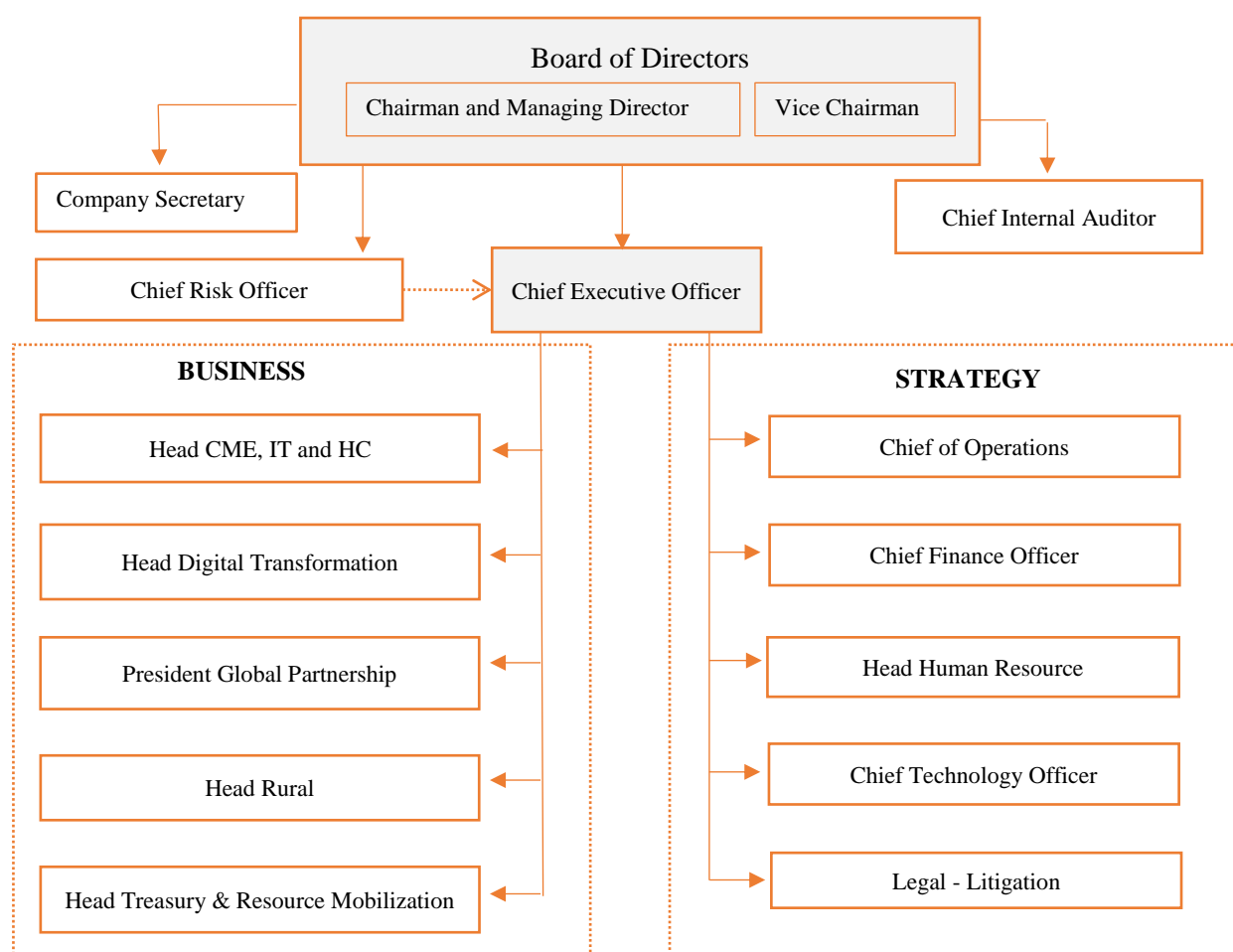
statutorily prescribed under any law to be attended to by the Stakeholders Relationship Committee.

### Other Committees

In addition to above committees, our Board has also constituted an IPO Committee for the purpose of the Offer, pursuant to a resolution dated August 17, 2017, and the current terms of reference of the IPO Committee were adopted on October 25, 2017. The IPO Committee currently comprises Mr. Hemant Kanoria, Mr. Sunil Kanoria and Mr. Shyamalendu Chatterjee. The Board has authorised the IPO Committee to take all decisions and approve, negotiate, finalise and carry out all activities in relation to the Offer, in accordance with its terms of reference. The IPO Committee is authorised to make any alteration, addition or make any variation in relation to the Offer, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to its terms of reference, deciding the exact Offer structure and the exact component of issue of Equity Shares.

Further, our Company has also constituted various other committees, including a Risk Committee, an Executive Committee of Directors, an ALM and Treasury Committee and a Credit and Investment Committee.

### Management organisation chart



### Key Management Personnel

The following persons are the Key Management Personnel of our Company.

For a brief profile of Mr. Hemant Kanoria, our Chairman and Managing Director and Mr. Sunil Kanoria, our Vice Chairman, please see “*Brief Profiles of our Directors*” above on page 183.

The details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are as follows:



**Mr. Devendra Kumar Vyas**, aged 48 years, is our Chief Executive Officer. He has been associated with the Group since 1997. He is an associate member of the Institute of Chartered Accountants of India (“ICAI”). He has over two decades of experience in the financial services sector. He is the chairman of the ASSOCHAM National Council on Construction Equipment and the ASSOCHAM NBFC Council. Further, he is a co-opted member of the Committee on Public Finance and Government Accounting of the ICAI. He is a member of the Governing Council of Indian Construction Equipment Manufacturers’ Association. He is also a life member of the Association of Corporate Advisors and Executives, Kolkata. He is also a member of PHD Chamber of Commerce and Industry. For Fiscal 2017, the remuneration paid or payable to him was ₹ 28.40 million. He is a Key Managerial Personnel under Companies Act, 2013.

**Mr. Manoj Kumar Beriwala**, aged 45 years, is our Chief Financial Officer. He has been associated with the Group since 1996. He holds a bachelor’s degree in commerce from the University of Calcutta and is a fellow member of the Institute of Chartered Accountants of India. He began his career with the Group and has over two decades of experience in the finance sector. For Fiscal 2017, the remuneration paid or payable to him was ₹ 6.54 million. He is a Key Managerial Personnel under the Companies Act, 2013.

**Ms. Ritu Bhojak**, aged 36 years, is the Company Secretary and Compliance Officer of our Company. She has been associated with the Group since 2011. She holds a bachelor’s degree in commerce from the University of Calcutta, and is a fellow member of the Institute of Company Secretaries of India. In the past, she has been associated with Magma Fincorp Limited. As she has been appointed as the Company Secretary of our Company in the current Fiscal, no remuneration was paid or is payable to her for Fiscal 2017. She is a Key Managerial Personnel under Companies Act, 2013.

All of our Key Management Personnel are permanent employees of our Company.

#### **Relationship of Key Management Personnel**

Except Mr. Hemant Kanoria, our Chairman and Managing Director and Mr. Sunil Kanoria, our Vice Chairman, none of our Key Management Personnel are related to any of our Directors or to each other.

#### **Arrangements and understanding with major shareholders, customers, suppliers or others**

None of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

#### **Shareholding of the Key Management Personnel**

Except for Mr. Hemant Kanoria and Mr. Sunil Kanoria each of whom hold one Equity Share as nominees of SIFL, none of our Key Management Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

#### **Service Contracts with Key Management Personnel**

Except as disclosed in “- *Service contracts with Directors*” on page 184 and Agreement dated September 24, 2013 and Agreement dated November 3, 2016 entered into with our Chief Executive Officer and Chief Financial Officer respectively, our Company has not entered into any service contract with our Key Management Personnel.

#### **Contingent and deferred compensation payable to Key Management Personnel**

Other than remuneration payable to our Mr. Hemant Kanoria, our Chairman and Managing Director and Mr. Sunil Kanoria, our Vice Chairman, under the “- *Terms of appointment of our Executive Directors*” on page 185, “- *Payment of benefit to Directors*” on page 187, there is no contingent or deferred compensation payable to Key Management Personnel, which does not form part of their remuneration.

#### **Bonus or profit sharing plan of the Key Management Personnel**

Except as disclosed above in respect of the remuneration payable to our Mr. Hemant Kanoria, our Chairman and Managing Director and Mr. Sunil Kanoria, our Vice Chairman, under the “- *Terms of appointment of our Executive Directors*” on page 185, “*Payment of benefit to Directors*” on page 187 and in “*Related Party Transactions*” on page 218, our Company does not have any performance linked bonus or a profit-sharing plan

for our Key Management Personnel.

### Interest of Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them, if any.

### Changes in the Key Management Personnel in last three years

The changes in our Key Management Personnel during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name	Designation	Date	Reason
C. R. Sudharsanam	Chief Financial Officer	June 30, 2016	Resignation
Manoj Kumar Beriwalla	Chief Financial Officer	November 3, 2016	Appointment
Naresh Mathur	Company Secretary	November 27, 2017	Resignation
Ritu Bhojak	Company Secretary	November 27, 2017	Appointment

### Senior Management Personnel

Apart from our Board of Directors and Key Management Personnel, following are the details of our Senior Management Personnel, who are vital for the operations of our Company:

**Mr. Debashis Ghosh**, aged 55 years is our Chief Internal Auditor. He has been associated with our Company since 2010. He holds a bachelor's degree in commerce from the University of Calcutta and he is also a fellow member of ICAI. He has around 29 years of experience in finance, auditing, risk and control assurance across organisations such as Quippo Infrastructure Equipment Limited, Indus Towers Limited, Punj Lloyd Limited, Tata Finance Limited, Usha Martin Industries, Remington Rand of India Limited and Lovelock & Lewes (a PwC affiliate).

**Mr. Indranil Sengupta**, aged 56 years, is our Chief Risk Officer. He has been associated with our Company since 2014. He holds a bachelor's degree in commerce from the University of Calcutta and is a certified associate of the Indian Institute of Bankers. He has over 17 years of experience in the banking and financial services sectors. In the past, he has worked in various capacities with the State Bank of India and BNP Paribas.

**Mr. Pavan Trivedi**, aged 47 years, is our Chief of Operations. He has been associated with our Company since 2016. He is a member of ICAI and an associate member of the Institute of Cost Accountants of India. He has over 20 years of experience in finance functions across organisations such as Usha Martin Limited, Tata Motors Finance Limited and Reliance Communications Limited.

**Mr. V. V. Ramana**, aged 44 years, is our Head of CME, Information Technology and Health Care Business. He has been associated with the Group since 2003. He is a chartered financial analyst from the Institute of Chartered Financial Analysts of India, Hyderabad and holds a post graduate diploma in business administration from the ICFAI Business School, Hyderabad. He has also completed the advanced management programme from the Wharton School of the University of Pennsylvania. He has over 15 years of experience in the finance sector. In the past, he has been associated with GE Capital Commercial Organisation.

**Mr. Debnil Chakravarty**, aged 44 years, is our Head Digital Transformation. He has been associated with the Group since 2008. He holds a diploma in business finance and an advanced diploma in finance from the Institute of Chartered Financial Analysts of India, Hyderabad, and a post graduate diploma in business administration from the ICFAI Business School, Hyderabad. He has been associated with ICICI Bank in the past.

**Mr. Rajesh Jain**, aged 48 years, is our Head Human Resources. He has been associated with our Company since 2015. He holds a masters' degree in business administration from the ICFAI University, Dehradun and a bachelors' degree in engineering in electronics from the Vikram University, Ujjain. He has several years of experience in businesses across diverse sectors such as financial services, energy and electrical products. He has been associated with Suzlon Energy Limited, Eaton Corporation and Modi Xerox Limited in the past.



**Mr. Somnath Bhattacharjee**, aged 54 years, is our President - Global Partnership. He has been associated with our Company since 2016. He holds a bachelor's degree in engineering from the University of North Bengal. He has over two decades of experience across various sectors including motor vehicles, engineering and construction equipment. He has in the past been associated with TIL Limited, Hindustan Motors Limited, Bharat Earth Movers Limited, Larsen & Toubro Limited and VE Commercial Vehicles Limited.

**Mr. Prakash Chand Patni**, aged 59 years, is our Head Treasury and Resource Mobilisation. He has been associated with the Group since 1995. He is an associate member of the Institute of Chartered Accountants of India. He has several years of experience in the finance sector. Prior to his appointment to our Company, he has been associated with KBLF Enterprises Limited as its vice president, finance and with SIFL as a senior vice president.

#### **Employee Stock Option Plan**

As of the date of this Draft Red Herring Prospectus, our Company does not have any employee stock options plans.

#### **Payment of non-salary related benefits to officers of our Company**

No amount or benefit has been paid or given to any Key Management Personnel within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

#### **Loans to Key Management Personnel**

Except as disclosed in "*Related Party Transactions*" on page 218, our Company has not provided loans to our Key Management Personnel.

## OUR PROMOTER AND PROMOTER GROUP

The Promoter of our Company is Srei Infrastructure Finance Limited. As on the date of this Draft Red Herring Prospectus, SIFL together with its nominees holds 59,660,000 Equity Shares, representing 100.00 % of the pre-Offer paid-up capital of our Company.

### Details of our Promoter

#### *Corporate information and history*

SIFL was originally incorporated by the name of ‘Shri Radha Krishna Export Industries Limited’ as a public limited company on March 29, 1985 with the RoC Delhi under the Companies Act, 1956 to undertake lease and hire purchase financing, bill discounting and manufacture and export of certain goods. SIFL obtained its certificate of commencement of business on April 9, 1985. SIFL’s name was changed from ‘Shri Radha Krishna Export Industries Limited’ 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 SIFL was further changed from ‘Srei International Finance Limited’ to its existing name of ‘Srei Infrastructure Finance Limited’ on August 31, 2004, vide a fresh certificate of incorporation consequent on change of name issued by RoC.

SIFL was initially registered with RBI on August 1, 1998 as a deposit taking NBFC. Thereafter, on May 15, 2007, SIFL was further classified as a deposit taking AFC. Subsequently, it converted into a non-deposit taking AFC on May 11, 2010. Presently, SIFL has been registered with the RBI as an Infrastructure Finance Company (“**IFC**”) with effect from March 31, 2011. Further, on September 26, 2011 SIFL was notified as a Public Financial Institution by the MCA *vide* notification bearing reference no. G.S.R. No. 2223(E) issued under Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013).

SIFL provides financial products and services for customers engaged in infrastructure development and construction, with focus on power, road, telecom, port, oil and gas and special economic zone sectors in India with a medium to long term perspective. SIFL is headquartered in Kolkata and has presence across India. SIFL’s equity shares are presently listed on the NSE, the BSE and the CSE.

As on the date of this Draft Red Herring Prospectus, the following are the details of SIFL’s shareholding in our Company:

Sr. No.	Total No. of Equity Shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares Pledged with respect to shares owned
1.	59,660,000*	59,660,000	100.00%	Nil	Nil

\*Mr. Hemant Kanoria, Mr. Sunil Kanoria, Mr. Sanjeev Sancheti, Mr. Shashi Bhushan Tiwari, Mr. Ganesh Prasad Bagree and Mr. Sandeep Lakhotia hold 1 (one) equity share each as nominees of SIFL.

#### *Board of directors*

The board of directors of SIFL as on the date of this Draft Red Herring Prospectus comprises the following:

1. Mr. Hemant Kanoria
2. Mr. Sunil Kanoria
3. Mr. Srinivasachari Rajagopal
4. Mr. Shyamalendu Chatterjee
5. Dr. Punita Kumar Sinha
6. Mr. T.C.A. Ranganathan
7. Mr. Ram Krishna Agarwal
8. Mr. Malay Mukherjee



*Shareholding pattern of SIFL*

The shareholding pattern of SIFL as on September 30, 2017 is as follows:

Category of Shareholder	No. of Share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (As a % of (A+B+C2))	No. of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (XI)=(VII)+(X) (As a % of (A+B+C2))	No. of Locked in Shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
							No. of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
							Class X	Class Y	Total								
<b>(II)</b>	<b>(III)</b>	<b>(IV)</b>	<b>(V)</b>	<b>(VI)</b>	<b>(VII)</b>	<b>(VIII)</b>	<b>(IX)</b>				<b>(X)</b>	<b>(XI)</b>	<b>(XII)</b>		<b>(XIII)</b>		<b>(XIV)</b>
A. Promoter & Promoter Group	4	305,868,559	0	0	305,868,559	60.80	30,586,8559	0	305,868,559	60.80	0	60.80	0	0.00	0	0.00	305,868,559
B. Public	55,033	197,217,774	0	0	197,217,774	39.20	197,217,774	0	197,217,774	39.20	0	39.20	0	0.00	Nil	Nil	194,067,186
C. Non-Promoter-Non-Public																	
C1. Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
C2. Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
<b>Total</b>	<b>55,037</b>	<b>503,086,333</b>	<b>0</b>	<b>0</b>	<b>503,086,333</b>	<b>100.00</b>	<b>503,086,333</b>	<b>0</b>	<b>503,086,333</b>	<b>100.00</b>	<b>0</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>499,935,745</b>

#### *Details of the promoter of our Promoter*

The promoter of SIFL is Mr. Hemant Kanoria.

#### *Change in control or management in the last three years*

There has not been any change in the control or management of SIFL in the three years immediately preceding the date of this Draft Red Herring Prospectus.

#### *Interests of our Promoter in the promotion of our Company*

SIFL is interested in our Company to the extent of being a Promoter, its shareholding in and control over our Company as our holding company, dividend payable on such shareholding and other distributions in respect of its Equity Shares, if any. For details of transactions between our Promoter and our Company see “*Related Party Transactions*” on page 218. For details of Equity Shares held by SIFL, please see “*Capital Structure*” on page 72.

#### *Interests of our Promoter in the property of our Company*

SIFL, *vide* its letter dated April 10, 2017 has sub-let four identified properties for our use and possession. This includes our Registered Office, Head Office, Corporate Office and a property located at Breach Candy, Mumbai. For details of rent paid to SIFL please see “*Related Party Transactions*” on page 218. Other than as aforesaid, SIFL has no interest, whether direct or indirect, in any property acquired by our Company in the two years immediately preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery, etc.

#### *Interest of SIFL in our Company arising out of being a member of firm or company*

No sum has been paid or agreed to be paid by our Company to SIFL or to such firm or company in cash or shares wherein SIFL is interested as a member or promoter or otherwise as an inducement by any person for services rendered by SIFL or by such firm or company in connection with the promotion or formation of our Company.

#### *Interests of our Promoter in our Company other than as a Promoter*

Except in the normal course of business and other than as disclosed below, our Company has not entered into any contract, agreement or arrangement in which SIFL is directly or indirectly interested and no payments have been made to SIFL in respect of the contracts, agreements or arrangements which are proposed to be made with it.

Our Company, pursuant to letter dated June 17, 2016, has been permitted the use of ‘Srei’ trademarks by SIFL. For further details, please see “*History and Certain Corporate Matters*” on page 176.

For details of SIFL’s interest in our Company, please see “*History and Certain Corporate Matters*”, “*Our Business*” and “*Financial Information*” on pages 176, 141 and 231 respectively.

#### *Common pursuits of our Promoter with our Company*

As on the date of this Draft Red Herring Prospectus, SIFL does not have any direct interest in any venture that is involved in any activities similar to those conducted by our Company.

#### *Payment or benefits to our Promoter or Promoter Group in the last two years*

Except in the ordinary course of business and dividends received by SIFL, as is disclosed in “*Related Party Transactions*” on page 218 and as disclosed below, there has been no payment or benefits by the Company to SIFL and members of our Promoter Group during the Fiscal 2016, Fiscal 2017 and six months ended September 30, 2017 nor is there any intention to pay or give any benefit to SIFL or our Promoter Group as on the date of this Draft Red Herring Prospectus.

#### *Financial Performance*





The following table sets forth brief details of the audited financial results on a standalone basis of SIFL for Fiscals 2017, 2016 and 2015:

(₹ in million)

Particulars	Fiscal		
	2017	2016	2015
Equity capital	5,032.40	5,032.40	5,032.40
Reserves (excluding revaluation reserves) and surplus	23,617.40	22,619.00	22,347.80
Sales/turnover (income, including other income)	22,996.20	18,963.30	19,000.30
Profit after tax/ (loss after tax)	960.70	574.00	909.30
Earnings per share (face value ₹ 10 each) (Basic and Diluted)	1.91	1.14	1.81
Net Asset Value per share (in ₹)*	55.87	53.69	52.81

(Source: SIFL Annual Reports for Fiscal 2017, 2016 and 2015)

The following table sets forth details of the audited financial results on a consolidated basis of SIFL for the Fiscals 2017, 2016 and 2015:

(₹ in million)

Particulars	Fiscal		
	2017	2016	2015
Equity Capital	5,032.40	5,032.40	5,032.40
Reserves (excluding revaluation reserves) and surplus	44,155.00	31,217.70	30,813.90
Sales/turnover (income, including other income)	46,657.60	32,619.40	33,603.20
Profit after tax/ (loss after tax)*	2,433.60	725.20	1,291.10
Earnings per share (face value ₹ 10 each) (Basic and Diluted)	4.84	1.44	2.57
Net Asset Value per share (in ₹)	90.07	64.23	63.08

(Source: SIFL Annual Reports for Fiscal 2016, 2015 and 2014)

\*Profit after tax/ (loss after tax) has been calculated after excluding taxes, minority interest and share of profit/loss of associates

There are no significant notes of the auditors in relation to the aforementioned financial statements:

#### Share price information

The following table sets forth details of the highest and lowest price of the equity shares of SIFL on BSE during the preceding six months:

Month	Quantum of equity shares traded	Monthly high (in ₹)	Monthly Low (in ₹)
October 2017	5,533,487	124.60	102.50
September 2017	5,837,251	130.00	99.50
August 2017	5,105,665	128.50	103.80
July 2017	8,475,694	137.70	112.00
June 2017	5,485,361	123.40	103.00
May 2017	10,637,455	116.40	91.00

Source: www.bseindia.com

The following table sets forth details of the highest and lowest price of the equity shares of SIFL on NSE during the preceding six months:

Month	Quantum of equity shares traded	Monthly high (in ₹)	Monthly Low (in ₹)
October 2017	42,313,586	124.65	103.00
September 2017	53,647,545	129.80	99.50
August 2017	41,401,460	128.50	103.55
July 2017	64,776,786	138.00	105.95
June 2017	31,087,804	123.70	102.80
May 2017	61,739,103	116.40	90.95

Source: www.nseindia.com

There has been no trading in equity shares of SIFL on the CSE. Accordingly, the highest and lowest price of the equity shares of SIFL on CSE during the preceding six months is not available.

#### Companies with which SIFL has disassociated in the preceding three years

Except as disclosed below, SIFL has not disassociated itself from any company or firm during the three years immediately preceding this Draft Red Herring Prospectus:

Sr. No.	Name of the entity from which promoter disassociated	Date of disassociation	Reason for disassociation
1.	Goldensons Construction Private Limited	June 30, 2015	Sale of shares
2.	Attivo Economic Zones Private Limited	November 21, 2014	Sale of shares
3.	Quippo Mauritius Private Limited, Mauritius	February 25, 2015	Ceased to be step down-subsiary
4.	Quippo Energy Nigeria Private Limited, Nigeria	February 25, 2015	Ceased to be step down-subsiary
5.	Quippo CJ Exploration & Production Private Limited	July 8, 2014	Ceased to be step down-subsiary
6.	Sahaj Retail Limited	May 17, 2016	Sale of shares
7.	Quippo Telecom Infrastructure Private Limited	January 13, 2017	Sale of shares
8.	Srei Growth Trust	March 31, 2017	Dissolution of the Trust
9.	Srei Advisors Pte. Limited, Singapore	July 4, 2017	Company struck off from the Register of Accounting and Corporate Regulatory Authority, Singapore

### *Mechanism for redressal of investor grievance*

The board of directors of SIFL has constituted a stakeholders relationship committee in accordance with the SEBI Listing Regulations to look into the redressal of shareholder/ investor complaints. It normally takes 5-7 days to dispose the various types of investor grievances. It received 3,377 investor complaints in the last three Fiscals and upto six months ended September 30, 2017 and of which no investor complaints remained unsolved as on September 30, 2017.

### *Other confirmations*

We confirm that the details of the PAN, bank account numbers, the company registration number and the addresses of the registrar of companies where the Promoter is registered, shall be submitted with the Stock Exchanges at the time of submission of this Draft Red Herring Prospectus.

Except in the ordinary course of business and as disclosed in “*Related Party Transactions*” on page 218, SIFL is not related to any sundry debtors of our Company.

SIFL has confirmed that it has not been identified as a wilful defaulter as defined under the SEBI ICDR Regulations.

Neither SIFL nor members of our Promoter Group have been prohibited from accessing or operating in capital markets, nor have they been restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory authority. SIFL is not, nor has it ever been a promoter or person in control of any company which is debarred from accessing capital markets under any order or directions made by SEBI.

SIFL is not a sick company in terms of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, does not have a negative net worth and is not being wound up. Further, during the five years preceding the date of this Draft Red Herring Prospectus, SIFL has not been a defunct company, nor has there been an application made to the registrar of companies for striking off its name.

Other than as disclosed in “*Outstanding Litigations and Material Developments*” on page 349, there are no litigations or legal actions pending or taken by a Government department or statutory body against SIFL during the five years immediately preceding the date of filing of this Draft Red Herring Prospectus.

For details of Promoters’ Contribution and lock-in, please see “*Capital Structure*” on page 72.

### **Promoter Group**

In addition to our Promoter, the following persons / entities constitute our Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations are:

1. Adisri Commercial Private Limited
2. Srei Capital Markets Limited
3. Srei Alternative Investment Managers Limited
4. Srei Infrastructure Advisors Limited
5. Srei Insurance Broking Private Limited



6. Controlla Electrotech Private Limited
7. Quippo Oil & Gas Infrastructure Limited
8. Quippo Energy Limited
9. Srei Mutual Fund Asset Management Private Limited
10. Srei Mutual Fund Trust Private Limited
11. Srei Asset Reconstruction Private Limited
12. Cyberabad Trustee Company Private Limited
13. Hyderabad Information Technology Venture Enterprises Limited
14. Bengal Srei Infrastructure Development Limited
15. Quippo Drilling International Private Limited
16. Bharat Road Network Limited
17. Sahaj e-Village Limited
18. Attivo Economic Zone (Mumbai) Private Limited
19. Srei International Infrastructure Services GmbH, Germany
20. Srei Alternative Investment Trust - Infra Advantage Fund
21. Srei Mutual Fund Trust
22. Srei Venture Capital Trust - Infra Construction Fund
23. Royal Infrasoft Private Limited
24. Srei Venture Capital Trust - Infrastructure Project Development Capital
25. Manufacturing Value Addition Fund - Make in India Fund

## OUR GROUP COMPANIES

As per the SEBI ICDR Regulations, for the purpose of identification of ‘Group Companies’, our Company has considered companies covered under the applicable accounting standard, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India (“AS 18”) as per the audited standalone financial statements for the period ended September 30, 2017 and Fiscal 2017, other than any company which has ceased to be the related party of the Company in terms of AS 18 subsequent to September 30, 2017.

Further, pursuant to a resolution of our Board dated October 25, 2017, for the purpose of disclosure in this Draft Red Herring Prospectus, apart from entities identified above, a company shall be considered material and disclosed as a Group Company if

- (i) the company is a member of the Promoter Group and our Company has entered into one or more transactions with such company (excluding contributions by members of the Promoter Group towards subscription of Equity Shares) in the last Fiscal and/or relevant stub period (in respect of which, financial statements are included in this Draft Red Herring Prospectus), cumulatively exceeding 10.00% of the revenue of our Company for such financial year / stub period; and
- (ii) companies which subsequent to the date of the latest Restated Financial Information, would require disclosure in the latest audited financial statements of our Company for subsequent periods as companies covered under AS 18 in addition to/other than those companies covered under AS 18 in the latest audited financial statements.

Based on the foregoing, in addition to our holding company, SIFL, the following companies are our group companies:

Sr. No.	Enterprises related to the Company	Relationship with SEFL
1.	Adisri Commercial Private Limited	Ultimate Holding Company
2.	Srei Capital Markets Limited	Fellow Subsidiary
3.	Srei Alternative Investment Managers Limited	Fellow Subsidiary
4.	Srei Infrastructure Advisors Limited	Fellow Subsidiary
5.	Controlla Electrotech Private Limited	Fellow Subsidiary
6.	Srei Mutual Fund Asset Management Private Limited	Fellow Subsidiary
7.	Srei Mutual Fund Trust Private Limited	Fellow Subsidiary
8.	Srei Insurance Broking Private Limited	Fellow Subsidiary
9.	Quippo Oil & Gas Infrastructure Limited	Fellow Subsidiary
10.	Quippo Energy Limited	Fellow Subsidiary
11.	Bengal Srei Infrastructure Development Limited	Fellow Subsidiary
12.	Hyderabad Information Technology Venture Enterprises Limited	Fellow Subsidiary
13.	Cyberabad Trustee Company Private Limited	Fellow Subsidiary
14.	Quippo Drilling International Private Limited	Fellow Subsidiary
15.	Srei Asset Reconstruction Private Limited	Fellow Subsidiary
16.	Indian Power Corporation Limited	Enterprise over which a relative of a KMP has significant influence

The details of our Group Companies are provided below.

### Top five Group Companies:

The top five Group Companies on the basis of turnover (other than India Power Corporation Limited) are as follows:

#### *i. India Power Corporation Limited (“IPCL”)*

IPCL was originally incorporated as ‘Dishegarh Power Supply Company Limited’ on July 2, 1919 under the Companies Act, 1913 with the RoC. Subsequently, the name of the company was changed to ‘DPSC Limited’ and a fresh certificate of incorporation was issued by the RoC on November 14, 2003. Thereafter, the name of the company was changed to ‘India Power Corporation Limited’ and a fresh certificate of incorporation was issued by the RoC on August 27, 2013. Its corporate identity number is L40105WB1919PLC003263 and its registered office is situated at Centre for Excellence, Plot X1 - 2 and 3, Block EP, Sector V, Salt Lake, Kolkata – 700 091,



West Bengal, India. The equity shares of IPCL are listed on NSE, CSE and Metropolitan Stock Exchange of India Limited.

IPCL is currently engaged in the business of supplying electrical energy for both, public and private purposes, in the states of West Bengal and Odisha.

*Interest of the Promoter*

Our Promoter has no interest in IPCL. However, our Chairman and Managing Director and Vice Chairman are non-executive directors on the board of IPCL. Further, a relative of the Chairman and Managing Director of our Company is an executive director on the board of directors of IPCL.

*Financial Information*

Set forth below is certain financial information of IPCL based on its audited consolidated financial statements for the last three audited Fiscals.

*(in ₹ million, except per share data)*

<b>Particulars</b>	<b>Fiscal 2017 <sup>(2)</sup></b>	<b>Fiscal 2016 <sup>(2)</sup></b>	<b>Fiscal 2015 <sup>(2)</sup></b>
Equity Capital	973.79	973.79	973.79
Reserves and surplus (excluding revaluation reserves)	9,661.00	9,059.72	8,730.14
Net Worth	11,238.94	10,637.65	10,308.07
Sales/Turnover	6,984.76	7,321.38	7,183.64
Profit/(Loss) after Tax	381.79	323.55	248.31
Basic EPS (₹)	0.24	0.21	0.16
Diluted EPS (₹)	0.24	0.21	0.16
Net Asset Value per share (₹)	7.12	6.74	6.53

<sup>(1)</sup> Figures for the Fiscal 2015 and Fiscal 2016 are as per Indian GAAP whereas figures for Fiscals 2017 is as per Ind AS and hence not comparable to that extent. The figures have been provided on consolidated basis.

*Significant notes of auditors*

Standalone financial statements:

There are no significant notes of the auditors in relation to the aforementioned financial statements, except as provided below:

Fiscal 2017:

Emphasis of Matter

Attention is invited to Note No. 10.2 of the standalone Ind AS financial statements regarding the beneficial interest in Power Trust amounting to ₹ 81,878.04 Lakhs, based on a professional expert opinion has been considered as financial asset. In absence of required details, the trust being an independent entity, value of said asset (beneficial interest) as considered has been taken based on the report of an independent firm of chartered accountant, appointed by the Power Trust, and the same has been relied for the purpose of these accounts and our opinion thereupon.

The opinion of the Auditor is not modified in respect of the said matter.

Note No. 10.2

Beneficial interest in Power Trust represent investments in Company's shares, associates and other unlisted companies net off borrowings and liabilities pertaining to investment division of erstwhile IPCL transferred to the said Power Trust in terms of the scheme of amalgamation (refer note 5). Considering that the Company's shares are held by an independent trust and are meant for sale in terms of Hon'ble Calcutta High Court order the beneficial interest (including Company's shares) has been treated as financial assets and fair valuation as required in terms of Ind As 109 has been carried out by an independent firm of chartered accountant and the resultant decrease of ₹ 22.80 lakhs (₹ 1.83 lakhs as on March 31, 2016 and increase of ₹ 16.65 lakhs as on April 1, 2015) in value thereof, has been adjusted from other comprehensive income.

Fiscal 2016:

### Emphasis of Matter

Attention is invited to Note 16.1 of the financial statements regarding the beneficial interest in Power Trust amounting to Rs. 81,886.01 lakhs, comprising of Investments and Liabilities pertaining to Investment division of the amalgamating Company transferred to said trust (Note 2). Based on Independent valuation carried out as at the year end, no adjustment in this respect has been considered necessary.

The opinion of the Auditor is not qualified in the above matter.

### Note No. 16.1

Beneficial interest in Power Trust represents Net Book Value of the Investments and liabilities pertaining to Investment division of erstwhile IPCL transferred pursuant to the scheme dealt with in Note 2. In terms of the valuation of an Independent firm of Chartered Accountants, underlying values thereof are not less than the value at which these have been carried and stated in the financial statements and as such no adjustment in this respect has been considered necessary.

### Consolidated Financial Statements:

#### Fiscal 2017:

#### Basis for Qualified Opinion

Attention is drawn to Note No 8.8 of the consolidated financial statements dealing with the absence of the financial statements of the subsidiary company i.e. Meenakshi Energy Limited for the year ended 31st March, 2017 as a result the financial statement for the same has not been considered in these Consolidated Financial statement as required in terms of the requirement of Indian Accounting Standard 110 on “Consolidated Financial Statements”. Consequently, the impact of the same on consolidated results and the value of investments in the said subsidiary are not presently ascertainable.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the impact of the matter as described in the basis of qualified opinion paragraph, and based on the consideration of the reports of others auditors, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group and its Joint Ventures as at 31st March, 2017, and their consolidated financial performance (including other Comprehensive Income), it's consolidated Cash Flows and consolidated statement of changes in equity for the year ended on that date.

### Emphasis of Matter

Attention is invited to Note No 10.2 of the consolidated Ind AS financial statements regarding the beneficial interest in Power Trust amounting to Rs. 81,878.04 lakhs, based on a professional expert opinion has been considered as financial asset. In absence of required details, the trust being an independent entity, value of said asset (beneficial interest) as considered has been taken based on report of an independent firm of chartered accountant appointed by the Power Trust, and the same has been relied for the purpose of these accounts and our opinion thereupon.

The opinion of the Auditor is not qualified in the above matters.

#### Fiscal 2016:

#### Emphasis of Matter

Attention is invited to Note 16.1 of the financial statements of the Holding Company regarding the beneficial interest in Power Trust amounting to Rs 81886.01 lakhs, comprising of Investments and Liabilities pertaining to Investment division of amalgamating Company transferred to said trust (Note 2 of the said financial statements).





Based on Independent valuation carried out as at the year end, no adjustment in this respect has been considered necessary.

The opinion of the Auditor is not qualified in the above matters.

*Share price information*

The following table sets forth details of the highest and lowest price of the equity shares of IPCL on NSE during the preceding six months:

Month	Monthly high (in ₹)	Monthly Low (in ₹)
October 2017	36.95	31.00
September 2017	37.95	31.55
August 2017	40.00	30.05
July 2017	40.95	33.05
June 2017	42.00	36.10
May 2017	43.90	37.25

Source: www.nseindia.com

There has been no trading in equity shares of IPCL on the CSE and MSEI. Accordingly, the highest and lowest price of the equity shares of IPCL on CSE and MSEI during the preceding six months is not available.

There has been no change in the capital structure of IPCL in the preceding six months. The market value of the equity shares of IPCL on the date of this Draft Red Herring Prospectus is ₹ 152.00 million.

Other than the failure to meet with minimum public shareholding requirements, IPCL has not failed to meet the listing requirements or have failed to list on any recognised stock exchange in India or abroad. For further details see “Risk Factors” and “Outstanding Litigation and Material Developments” on pages 15 and 349.

*Others*

SEBI, pursuant to an interim order dated June 4, 2013, has restricted the promoter/ promoter group and directors of IPCL, among other companies, from buying, selling or otherwise dealing in securities of IPCL other than to satisfy the minimum public shareholding requirement, alleging non-compliance with the requirement of minimum public shareholding in IPCL. For further details, please see “Risk Factors” and “Outstanding Litigation and Material Developments” on pages 15 and 349, respectively.

**ii. Quippo Oil and Gas Infrastructure Limited (“Quippo Oil”)**

Quippo Oil was originally incorporated as ‘Quippo Oil and Gas Infrastructure Private Limited’ on July 01, 2005 under the Companies Act, 1956 with RoC Delhi. Subsequently, the name of Quippo Oil was changed to ‘Quippo Oil and Gas Infrastructure Limited’ on conversion into a public limited company and a fresh certificate of incorporation was issued by RoC Delhi on July 10, 2006. Subsequently, the name of Quippo Oil was changed to ‘Quippo Oil and Gas Infrastructure Limited’ and a fresh certificate of incorporation was issued by RoC Delhi on February 18, 2008. The registered office of Quippo Oil was shifted from New Delhi to West Bengal. Its corporate identity number is U11120WB2005PLC218282 and its registered office is situated at ‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046, West Bengal, India.

Quippo Oil is currently engaged in the business of providing drilling rigs on rent.

*Interest of the Promoter*

Quippo Oil is a wholly owned subsidiary of our Promoter.

*Financial Information*

Set forth below is certain financial information of Quippo Oil based on its audited financial statements for the last three audited Fiscals.

(in ₹ million, except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity Capital	300.00	300.00	300.00
Reserves and surplus (excluding revaluation reserves)	(341.36)	(599.31)	(655.03)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net Worth <sup>(1)</sup>	151.63	(164.05)	(370.58)
Sales/Turnover	1,441.76	306.71	1,299.35
Profit/(Loss) after Tax	25.31	(301.78)	108.90
Basic EPS (in ₹)	0.84	(10.06)	3.63
Diluted EPS (in ₹)	0.50	(10.06)	3.63
Net asset value per share (in ₹) <sup>(2)</sup>	5.05	(5.47)	(12.35)

<sup>(1)</sup> Includes Preference Share Capital

<sup>(2)</sup> Networth /No. of Equity shares

#### Significant notes of auditors

There are no significant notes of the auditors in relation to the aforementioned financial statements, except as provided below:

#### Fiscal 2017:

#### Emphasis of Matter

We draw attention to the following matter:

Note no. 13 in the standalone financial statement which indicates management has recognized deferred tax assets based on virtual certainty that sufficient future taxable income would be available against which the same would be realized.

Our opinion is not modified in respect of this matter.

#### Note No. 13

#### Deferred Tax Assets (Net)

The company has recognized following deferred tax assets and liabilities determined on account of timing differences in accordance with Accounting Standard – 22 “Accounting of taxes on Income”

(Rs. in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Deferred Tax Assets</b>		
Unabsorbed depreciation	929.72	929.65
Provision for employee benefits	15.98	14.61
Provision for doubtful debts	8.52	2.81
<b>Total Deferred Tax Assets</b>	<b>954.22</b>	<b>947.07</b>
<b>Deferred Tax Liabilities</b>		
Property, Plant & Equipment	398.95	320.10
<b>Total Deferred Tax Liabilities</b>	<b>398.95</b>	<b>320.10</b>
<b>Total Deferred Tax (Net)</b>	<b>555.27</b>	<b>626.97</b>

Based on confirmed contracts for drilling rigs and increasing trend in demand in the industry to which company belongs and indefinite year of carryover of unabsorbed depreciation in Income Tax Act. Net deferred Tax Assets has been recognized as above. As the management of the company is virtually certain that the confirmed order for the rig is expected to generate sufficient profit in future years thereby net Deferred tax assets recognized as above will be absorbed in near future.

#### Fiscal 2016:

#### Emphasis of Matter

We draw attention to the following matters:

- Note no. 37 in the financial statements which indicates that the accumulated losses at the close of the financial year have exceeded its net worth and the financial statements have been prepared on going concern basis and for reasons explained in the said note, including future business plans and growth prospects, the company is



expected to generate sufficient profits in future years.

- ii. Note no 12 in the financial statement which indicates management has recognized deferred tax assets based on virtual certainty that sufficient future taxable income would be available against which the same would be realized.

Our opinion is not modified in respect of these matters.

Fiscal 2015:

Emphasis of Matter

We draw attention to the following matters in the Notes to the Financial Statements:

- i. Note no. 33 in the financial statements which indicates that the accumulated losses at the close of the financial year have exceeded its net worth and the financial statements have been prepared on going concern basis and for reasons explained in the said note, including future business plans and growth prospects, the company is expected to generate sufficient profits in future years.
- ii. Note no 12 in the financial statement which indicates management has recognized deferred tax assets based on virtual certainty that sufficient future taxable income would be available against which the same would be realized.

Our opinion is not modified in respect of these matters.

**iii. *Quippo Energy Limited (“Quippo Energy”)***

Quippo Energy was originally incorporated as ‘Quippo Engineering SEZ Private Limited’ on September 20, 2007 under the Companies Act, 1956 with the RoC Delhi. Subsequently, the name of Quippo Energy was changed to ‘Quippo Engineering SEZ Private Limited’ and a fresh certificate of incorporation was issued by the RoC Delhi on May 08, 2008. The name of Quippo Energy was subsequently changed to ‘Quippo Energy Private Limited’ and a fresh certificate of incorporation was issued by the RoC Delhi on January 07, 2009. Quippo Energy was converted into a public limited company and the name was changed to ‘Quippo Energy Limited’ upon a fresh certificate of incorporation being issued by the RoC Delhi on September 18, 2015. The registered office of Quippo Energy was shifted from New Delhi to West Bengal. Its corporate identity number is U70109WB2007PLC218320 and its registered office is situated at ‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046, West Bengal, India.

Quippo Energy is currently engaged in the business of *inter alia* providing services to power generating plants, including services related to leasing and sale of gas or diesel-based co-generation equipment, manpower and allied services.

*Interest of the Promoter*

Quippo Energy is a wholly owned subsidiary of our Promoter.

*Financial Information*

Set forth below is certain financial information of Quippo Energy based on its audited financial statements for the last three audited Fiscals.

*(in ₹ million, except per share data)*

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity Capital	10.00	10.00	10.00
Reserves and surplus (excluding revaluation reserves)	(50.50)	(50.61)	(52.14)
Net Worth <sup>(1)</sup>	(41.15)	(41.75)	(42.90)
Sales/Turnover	377.57	303.72	213.26
Profit/(Loss) after Tax	0.105	1.53	(100.68)
Basic EPS (in ₹)	0.10	1.53	(100.68)
Diluted EPS (in ₹)	0.10	1.53	(100.68)
Net asset value per share (in ₹) <sup>(2)</sup>	(41.15)	(41.75)	(42.90)

<sup>(1)</sup> Includes Preference Share Capital

<sup>(2)</sup> Net worth/No. of Equity Shares

*Significant notes of auditors*

There are no significant notes of the auditors in relation to the aforementioned financial statements, except as provided below:

Fiscal 2017:

Emphasis of Matter

We draw attention to the following matters:

- i. Note no. 39 in the financial statements which indicates that the accumulated losses at the close of the financial year have exceeded its net worth and the financial statements have been prepared on going concern basis and for reasons explained in the said note, including future business plans and growth prospects, the company is expected to generate sufficient profits in future years.
- ii. Note no 13 in the financial statement which indicates management has recognized deferred tax assets based on virtual certainty that sufficient future taxable income would be available against which the same would be realized.

Our opinion is not modified in respect of these matters.

Fiscal 2016:

Emphasis of Matter

We draw attention to the following matters:

- i. Note no. 37 in the financial statements which indicates that the accumulated losses at the close of the financial year have exceeded its net worth and the financial statements have been prepared on going concern basis and for reasons explained in the said note, including future business plans and growth prospects, the company is expected to generate sufficient profits in future years. Our opinion is not qualified in respect of this matter.
- ii. Note no 12 in the financial statement which indicates management has recognized deferred tax assets based on virtual certainty that sufficient future taxable income would be available against which the same would be realized.

Our opinion is not modified in respect of these matters.

Fiscal 2015

Emphasis of Matter

We draw attention to the following matters:

- i. Note no. 39 in the financial statements which indicates that the accumulated losses at the close of the financial year have exceeded its net worth and the financial statements have been prepared on going concern basis and for reasons explained in the said note, including future business plans and growth prospects, the company is expected to generate sufficient profits in future years.
- ii. Note no 13 in the financial statement which indicates management has recognized deferred tax assets based on virtual certainty that sufficient future taxable income would be available against which the same would be realized.

Our opinion is not modified in respect of these matters.

Note no. 13



#### Deferred Tax Assets (Net):

The company has recognized following deferred tax assets and liabilities determined on account of timing differences in accordance with Accounting Standard – 22 “Accounting of taxes on Income”

(Rs. in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Deferred Tax Liability</b>		
WDV of fixed assets	246.00	320.00
Total	<b>246.00</b>	320.00
<b>Deferred Tax Assets</b>		
Unabsorbed depreciation	769.00	769.00
Carry forward losses <sup>(S)</sup>	523.00	557.00
Provision for employee benefits	28.00	22.00
Provision for doubtful debts	5.00	59.00
	<b>1,325.00</b>	<b>1,407.00</b>
<b>Deferred Tax Assets (Net)</b>	<b>1,079.00</b>	<b>1,087.00</b>

<sup>(S)</sup> Based on confirmed orders in hand for Company's fleet of Power Generating Sets and strong outlook for the power rental industry worldwide, indefinite year of carryover of unabsorbed depreciation in Income Tax Act, Net deferred Tax Assets has been recognized as above. As the management of the company is virtually certain that the confirmed orders for Power Generating sets are expected to generate sufficient profits in future years, thereby net Deferred tax assets recognized as above will be absorbed in near future.

#### Note no. 39

Based on conformation orders in hand for Company's fleet of Power Generating Set and strong outlook for the power rental industry worldwide, the company is expected to generate sufficient profits in future years. Hence the accounts have been prepared on going concern basis.

#### iv. Srei Alternative Investment Managers Limited (“SAIML”)

SAIML was originally incorporated as ‘Global Asset Management Company Limited’ on October 31, 1994 under the Companies Act, 1956 with the RoC. Subsequently the name of SAIML was changed to ‘Srei Global Asset Management Limited’ and a fresh certificate of incorporation was issued by the RoC on July 23, 1999. Thereafter the name of SAIML was changed to ‘Srei Venture Capital Limited’ and a fresh certificate of incorporation was issued by the RoC on November 22, 2002. Subsequently, the name of SAIML was changed to its present name ‘Srei Alternative Investment Managers Limited’, and a fresh certificate of incorporation was issued by the RoC on May 21, 2013. SAIML received a certificate for commencement of business on January 23, 1995 from the Registrar of the Companies, West Bengal. Its corporate identity number is U65999WB1994PLC065722 and its registered office is situated at ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata - 700 046, West Bengal, India.

SAIML is currently engaged in the management of assets.

#### Interest of the Promoter

SAIML is a wholly owned subsidiary of our Promoter.

#### Financial Information

Set forth below is certain financial information of SAIML based on its audited financial statements for the last three audited Fiscals.

(in ₹million, except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity Capital	2.50	2.50	2.50
Reserves and surplus (excluding revaluation reserves)	133.69	126.80	116.18
Net Worth	136.12	129.29	118.61
Sales/Turnover	94.93	80.35	232.12
Profit/(Loss) after Tax	6.89	10.61	3.63
Basic EPS (in ₹)	27.55	42.46	14.50
Diluted EPS (in ₹)	27.55	42.46	14.50
Net asset value per share (in ₹)	544.49	517.17	474.45

#### Significant notes of auditors

There are no significant notes of the auditors in relation to the aforementioned financial statements.

**v. Srei Insurance Broking Private Limited (“SIBPL”)**

SIBPL was originally incorporated as ‘Srei Securities Broking Limited’ on August 16, 2002 under the Companies Act, 1956 with the RoC. Subsequently the name of SIBPL was changed to ‘Srei Risk Management Services Limited’ and a fresh certificate of incorporation was issued by RoC on March 28, 2003. Thereafter the name of SIBPL was changed to ‘Srei Insurance Services Limited’ and a fresh certificate of incorporation was issued by RoC on November 21, 2003. Subsequently, the name of SIBPL was changed to ‘Srei Insurance Broking Limited’, and a fresh certificate of incorporation was issued by RoC on August 27, 2007. SIBPL was converted into a private limited company and a fresh certificate of incorporation was issued by the RoC on April 23, 2008 reflecting the present name ‘Srei Insurance Broking Private Limited’. SIBPL received a certificate for commencement of business on May 14, 2003 from RoC. Its corporate identity number is U67120WB2002PTC095019 and its registered office is situated at ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata - 700 046, West Bengal, India.

SIBPL is currently engaged in the business of direct insurance broking, reinsurance broking and composite insurance broking.

*Interest of the Promoter*

SIBPL is a wholly owned subsidiary of our Promoter.

*Financial Information*

Set forth below is certain financial information of SIBPL based on its audited financial statements for the last three audited Fiscals.

*(in ₹million, except per share data)*

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity Capital	49.00	49.00	49.00
Reserves and surplus (excluding revaluation reserves)	(23.56)	(16.94)	(17.09)
Net Worth	25.31	31.94	31.83
Sales/Turnover	65.11	70.54	68.26
Profit/(Loss) after Tax	(6.62)	0.15	4.93
Basic EPS (in ₹)	(1.35)	0.03	1.13
Diluted EPS (in ₹)	(1.35)	0.03	1.13
Net asset value per share (in ₹)	5.17	6.52	6.50

*Significant notes of auditors*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

***Performance vis-à-vis objects***

None of our Group Companies has made any public or rights issue of equity shares in the ten years preceding the date of this Draft Red Herring Prospectus.

**Group Companies having negative net worth, under winding up or being sick industrial companies**

***Group Companies having negative net worth***

Other than Quippo Energy, as disclosed above, details of Group Companies having negative net worth is as follows.

**i. Controlla Electrotech Private Limited (“CEPL”)**

CEPL was originally incorporated as ‘Controlla Electrotech Private Limited’ on July 26, 1991 under the Companies Act, 1956 with the RoC. Its corporate identity number is U29303WB1991PTC052455 and its registered office is situated at Y10/EP, Sector-V, Salt Lake, Electronics Complex, Kolkata – 700 091, West Bengal, India.





CEPL is currently engaged in the business of leasing of property.

*Interest of the Promoter*

CEPL is a wholly owned subsidiary of our Promoter.

*Financial Information*

Set forth below is certain financial information of CEPL based on its audited financial statements for the last three audited Fiscals.

*(in ₹million, except per share data)*

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity Capital	0.35	0.35	0.35
Reserves and surplus (excluding revaluation reserves)	(39.67)	(35.96)	(32.27)
Net Worth	(39.32)	(35.60)	(31.92)
Sales/Turnover	1.39	1.37	1.32
Profit/(Loss) after Tax	(3.71)	(3.69)	(3.85)
Basic EPS (in ₹)	(105.16)	(104.37)	(108.97)
Diluted EPS (in ₹)	(105.16)	(104.37)	(108.97)
Net asset value per share (in ₹)	(1,113.62)	(1,008.46)	(904.09)

*Significant notes of auditors*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

**ii. Srei Mutual Fund Trust Private Limited (“SMFTPL”)**

SMFTPL was originally incorporated as ‘Srei Mutual Fund Trust Private Limited’ on November 27, 2009 under the Companies Act, 1956 with the RoC. Its corporate identity number is U65990WB2009PTC139790 and its registered office is situated at ‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046, West Bengal, India.

SMFTPL is currently engaged in the business of providing trusteeship functions to mutual funds.

*Interest of the Promoter*

SMFTPL is a wholly owned subsidiary of our Promoter.

*Financial Information*

Set forth below is certain financial information of SMFTPL based on its audited financial statements for the last three audited Fiscals.

*(in ₹million, except per share data)*

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity Capital	1.50	1.50	1.50
Reserves and surplus (excluding revaluation reserves)	(2.30)	(1.68)	(1.32)
Net Worth	(0.80)	(0.18)	0.18
Sales/Turnover	0.00	0.00	0.01
Profit/(Loss) after Tax	(0.62)	(0.36)	(0.44)
Basic EPS (in ₹)	(4.15)	(2.40)	(3.38)
Diluted EPS (in ₹)	(4.15)	(2.40)	(3.38)
Net asset value per share (in ₹)	(5.35)	(1.20)	1.20

*Significant notes of auditors*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

**iii. Quippo Drilling International Private Limited (“QDIPL”)**

QDIPL was originally incorporated as ‘Performance Drilling International Private Limited’ on January 23, 2015 under the Companies Act, 2013 with RoC Delhi. Subsequently, the name of QDIPL was changed to ‘Quippo Drilling International Private Limited’ on June 16, 2015 and a fresh certificate of incorporation was issued by the

RoC Delhi. The Registered Office of QDIPL was shifted from New Delhi to West Bengal. Its corporate identity number is U11100WB2015PTC218280 and its registered office is situated at ‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046, West Bengal, India.

QDIPL is was incorporated to undertake the business of renting or deploying or hiring out of oil field equipment. As on the date of this Draft Red Herring Prospectus, QDIPL is yet to commence its business operations.

#### *Interest of the Promoter*

QDIPL is a wholly owned subsidiary of Quippo Oil, a wholly owned subsidiary of our Promoter.

#### *Financial Information*

Set forth below is certain financial information of QDIPL based on its audited financial statements for the last three audited Fiscals.

*(in ₹ million, except per share data)*

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity Capital	0.10	0.10	0.10
Reserves and surplus (excluding revaluation reserves)	-	-	-
Networth	(0.083)	0.045	0.10
Sales/Turnover	NA	NA	NA
Profit/(Loss) after Tax	NA	NA	NA
Basic EPS (in ₹)	NA	NA	NA
Diluted EPS (in ₹)	NA	NA	NA
Net asset value per share (in ₹)	(8.26)	4.49	10.00

*\*No statement of profit and loss has been prepared since the company has not commenced commercial operations.*

#### *Significant notes of auditors*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

#### ***Sick Group Companies and Group Companies under Winding Up***

None of our Group Companies fall under the definition of sick industrial companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1995, nor have they been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further, no winding up proceedings or insolvency or bankruptcy proceedings have been initiated against them.

#### **Defunct Group Companies**

None of our Group Companies are defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

#### **Other Group Companies**

##### ***i. Adisri Commercial Private Limited (“Adisri”)***

Adisri was originally incorporated as ‘Adisri Commercial Private Limited’ on January 24, 2014 under the Companies Act, 1956 with the RoC. Its corporate identity number is U67190WB2014PTC199720 and its registered office is situated at 3, Middle Road, Hastings, Kolkata – 700 022, West Bengal, India.

Adisri is a holding company of our Promoter.

Adisri is currently engaged in the business of buying, selling, reselling, importing, exporting, transporting, storing, developing, promoting, marketing or supplying, trading, dealing in all types of goods on retail as well as on wholesale basis in India or elsewhere, and the business of investment, finance, acquisition by purchase or otherwise, buying, underwriting, subscription, exchange, holding, sale, transfer, hypothecation, dealing in and disposing of shares, bonds, stocks, obligations, securities, debentures, debenture stocks, bonds, properties and certificates.



**ii. Srei Capital Markets Limited (“SCML”)**

SCML was originally incorporated as ‘Srei Capital Markets Limited’ on May 19, 1998 under the Companies Act, 1956 with the RoC. SCML received a certificate for commencement of business on June 1, 1998 from the RoC. Its corporate identity number is U67190WB1998PLC087155 and its registered office is situated at ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata – 700 046, West Bengal, India.

SCML is a wholly owned subsidiary of our Promoter.

SCML is currently engaged in the business of merchant banking.

**iii. Srei Infrastructure Advisors Limited (“SIAL”)**

SIAL was originally incorporated as ‘Srei Insurance Agency & Broking Limited on June 19, 2001 under the Companies Act, 1956 with the RoC. Subsequently, the name of SIAL was changed to ‘Srei Investment Advisors Limited’ and a fresh certificate of incorporation was issued by the RoC on March 7, 2008. Thereafter, SIAL changed its name to ‘Srei Infrastructure Advisors Limited’ and a fresh certificate of incorporation was issued by the RoC on April 23, 2008. SIAL received a certificate for commencement of business on June 26, 2001 from the RoC. Its corporate identity number is U75131WB2001PLC093316 and its registered office is situated at ‘Vishwakarma’, 86C, Topsia Road (S), Kolkata – 700 046, West Bengal, India.

SIAL is a wholly owned subsidiary of our Promoter.

SIAL is currently engaged in the business of infrastructure advisory services.

**iv. Srei Mutual Fund Asset Management Private Limited (“SMFAMPL”)**

SMFAMPL was originally incorporated as ‘Srei Mutual Fund Asset Management Private Limited’ on November 27, 2009 under the Companies Act, 1956 with the RoC. Its corporate identity number is U65990WB2009PTC139801 and its registered office is situated at ‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046, West Bengal, India.

SMFAMPL is a wholly owned subsidiary of our Promoter.

SMFAMPL is currently engaged in the business of asset management and providing investment advisory services.

**v. Bengal Srei Infrastructure Development Limited (“BSIDL”)**

BSIDL was originally incorporated as ‘Bengal Srei Infrastructure Development Limited’ on November 25, 2004 under the Companies Act, 1956 with the RoC. BSIDL received a certificate for commencement of business on January 27, 2005 from the RoC. Its corporate identity number is U70109WB2004PLC100517 and its registered office is situated at ‘Vishwakarma’ 86C, Topsia Road (S), Kolkata – 700 046, West Bengal, India.

SIAL, a wholly owned subsidiary of our Promoter, holds 51.00% of BSIDL’s issued and paid up equity share capital.

BSIDL is currently engaged in the business of advisory services in relation to infrastructure activities and allied works.

**vi. Hyderabad Information Technology Venture Enterprises Limited (“HITVEL”)**

HITVEL was originally incorporated as ‘Hyderabad Information Technology Venture Enterprises Limited’ on April 22, 1998 under the Companies Act, 1956 with the Registrar of Companies, Hyderabad. HITVEL received a certificate for commencement of business on May 08, 1998 from the Registrar of Companies, Hyderabad. Its corporate identity number is U72200TG1998PLC029282 and its registered office is situated at 5-9-58/B, Parisrama Bhavanum, Fateh Maidan Road, Basheerbagh, Hyderabad – 500 004, Telangana, India.

SAIML, a wholly owned subsidiary of our Promoter, holds 51.00% of HITVEL’s issued and paid up equity share capital.

HITVEL is currently engaged in the business of asset management and investment advisory services.

**vii. Cyberabad Trustee Company Private Limited (“CTCPL”)**

CTCPL was originally incorporated as ‘Cyberabad Trustee Company Private Limited’ on December 23, 1999 under the Companies Act, 1956 with the Registrar of Companies, Hyderabad. Its corporate identity number is U72200TG1999PTC033128 and its registered office is situated at 5-9-98/B, 1<sup>st</sup> Floor, Parisrama Bhavanum, Basheerbagh, Hyderabad – 500 004, Telangana India.

SAIML, a wholly owned subsidiary of our Promoter, holds 51.00% of CTCPL’s issued and paid up equity share capital.

CTCPL is currently engaged in the business of providing trusteeship services.

**viii. Srei Asset Reconstruction Private Limited (“SARPL”)**

SARPL was originally incorporated as ‘Srei Asset Reconstruction Private Limited’ on June 30, 2014 under the Companies Act, 2013 with the RoC. Its corporate identity number is U65999WB2014PTC202301 and its registered office is situated at ‘Vishwakarma’, 86C Topsia Road (S), Kolkata – 700 046, West Bengal, India.

SARPL is a wholly owned subsidiary of our Promoter.

SARPL is currently engaged in the business to undertake asset reconstruction activity. As on the date of this Draft Red Herring Prospectus, SARPL is yet to commence its business operations.

**Loss making Group Companies**

Except as disclosed below, none of our Group Companies have incurred losses in the preceding Fiscal.

(in ₹million)

Name of Group Company	Details of Profit / (Loss)		
	Fiscal 2017	Fiscal 2016	Fiscal 2015
Controlla Electrotech Private Limited	(3.71)	(3.69)	(3.85)
Srei Mutual Fund Trust Private Limited	(0.62)	(0.36)	(0.44)
Srei Insurance Broking Private Limited	(6.62)	0.15	4.93
Hyderabad Information Technology Venture Enterprises Limited	(0.56)	(0.17)	(0.10)

**Interest of Group Companies in our Company**

**(a) Business interests**

Except as disclosed in “*Related Party Transactions*” and “*Our Promoter and Promoter Group*” on pages 218 and 198 respectively, and as disclosed below, none of our Group Companies have any interest in the promotion or any business or other interests in our Company. For further details in relation to the shareholding of our Group Companies in our Company, refer to “*Capital Structure*” on page 72.

Our Company has:

- entered into a loan agreement with Quippo Oil, whereby our Company has given Quippo Oil a loan of ₹ 120.00 million;
- The Company has entered into two lease agreements dated April 29, 2016 with Quippo Oil for the lease of two on-shore rigs;
- entered into four agreements with IPCL for the operation wind energy generators (‘WEG’) owned by our Company in Karnataka, Gujarat and Rajasthan respectively on a revenue-sharing basis. In this regard, our Company has received a sum of ₹ 153.20 million from June 1, 2017 till September 30, 2017;
- SCML acted as a lead manager in relation to our public offering of non-convertible debentures in Fiscal 2016. In this regard, our Company paid a sum of ₹ 2.50 million as fees to SCML in Fiscal 2016.

**(b) In the properties acquired or proposed to be acquired by our Company in the two years immediately preceding the date of this Draft Red Herring Prospectus**



None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the date of this Draft Red Herring Prospectus.

(c) ***In transactions for acquisition of land, construction of building and supply of machinery***

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

**Common Pursuits amongst the Group Companies and our Company**

There are no common pursuits between any of our Group Companies and our Company.

**Related Business Transactions with the Group Companies and significance on the financial performance of our Company**

For details of related party business transactions with the Group Companies and significance on the financial performance of our Company please see “*Related Party Transactions*” on page 218.

**Sale/Purchase between Group Companies and our Company**

Except as disclosed in “*Related Party Transactions*” on page 218, none of our Group Companies is involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

**Other confirmations**

Other than IPCL, which is listed on NSE, BSE and MSEI, none of the Group Companies are listed or have failed to list on any recognised stock exchange in India or abroad.

None of the Group Companies have made any public or rights issue of equity shares in preceding three years. However, IPCL has, pursuant to an order by the High Court of Calcutta dated January 27, 2017, undertaken two offers for sale through the stock exchange mechanism as required by SEBI in order to meet with the minimum public shareholding requirements.

None of the Group Companies have been debarred from accessing the capital market for any reasons by SEBI or any other authority.

None of the Group Companies have been identified as Wilful Defaulters.

Except as disclosed in this chapter and in “*Outstanding Litigations and Material Developments*” on page 349, none of the Group Companies have committed any violations of securities laws in the past and no proceeding pertaining to such penalties are pending against them.

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions during Fiscals 2017, 2016, 2015, 2014 and 2013, as per the requirements under Accounting Standard 18 '*Related Party Disclosures*' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act and as reported in Annexure XXXV – Note 5 of our Restated Financial Information on page 285.





## SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our Restated Financial Information on page 231, as well as “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 141 and 309, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

The following financial and statistical information relates to our Company and should be read in conjunction with our “Financial Information” on page 231.

### Return on Equity and Assets

The following table sets forth information relating to the Return on Equity and Assets for our Company for the year/periods indicated:

(₹ in million except for percentage and number)

Particulars	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
PAT <sup>(1)</sup>	1,095.10	1,488.40	1,203.80	1,540.00	2,334.70	2,654.60
AUM <sup>(2)</sup>	265,248.90	212,317.90	185,974.80	183,478.20	181,681.60	192,026.40
Earning Assets <sup>(3)</sup>	207,519.50	169,443.40	154,286.20	159,367.00	156,313.50	158,100.30
Average Earning Assets <sup>(4)</sup>	188,481.45	161,864.80	156,826.60	157,840.25	157,206.90	140,425.35
Gross Earning Assets <sup>(5)</sup>	254,170.80	209,459.50	183,642.70	179,900.90	176,705.40	186,381.30
Net Worth <sup>(6)</sup>	25,682.00	24,617.90	23,185.40	22,003.50	20,296.90	17,884.60
Average Net Worth <sup>(7)</sup>	25,149.95	23,901.65	22,594.45	21,150.20	19,090.75	15,588.70
Total Borrowings <sup>(8)</sup>	164,840.70	129,318.40	118,537.10	130,645.30	130,959.30	135,463.70
Average Borrowings <sup>(9)</sup>	147,079.55	123,927.75	124,591.20	130,802.30	133,211.50	119,293.55
Return on Average Earning Assets (%) <sup>(10)#</sup>	1.16	0.92	0.77	0.98	1.49	1.89
Return on Average Net Worth (%) <sup>(11)#</sup>	8.71	6.23	5.33	7.28	12.23	17.03
Average Borrowings/Average Net Worth (%) <sup>(12)</sup>	5.85	5.18	5.51	6.18	6.98	7.65
Average Net Worth/ Average Earning Assets (%) <sup>(13)</sup>	13.34	14.77	14.41	13.40	12.14	11.10
Basic Earnings per Share <sup>(14)*</sup>	18.36	24.95	20.18	25.81	39.13	46.81
Diluted Earnings per Share <sup>(14)*</sup>	18.36	24.95	20.18	25.81	39.13	46.81
Book Value per Equity Share <sup>(15)</sup>	430.47	412.64	388.63	368.82	340.21	299.78

Figures disclosed in the above table, except “PAT”, “Total Borrowings”, “Basic Earnings per Share” and “Diluted Earnings per Share” are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

The ratios or percentages or average balances for the year 2013 which have been derived from 2012 numbers are based on financial statements of the year ended 2012 .

Note:

# Return on Average Earning Assets and Return on Average Net Worth in the six months period ended September 30, 2017 have been presented on an annualised basis.

\* Basic Earnings per Share & Diluted Earnings per Share for the six months period ended September 20, 2017 have not been annualised.

- (1) PAT represents PAT for the relevant year/period as per the Restated Financial Information.
- (2) AUM as of the last day of the relevant year/period represents aggregate of Total Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- (3) Earning Assets as of the last day of the relevant year/period represents Long-term Financial Assets, Current maturities of Long-term Financial Assets, Short-term Financial Assets, Trade Receivables, Net Block of Assets given on Operating Lease, Net block of Assets for Own Use (Plant and Machinery) and Balances in Deposits Accounts as per Restated Financial Information. Assets for Own Use (Plant and Machinery) represent assets for use under Joint Controlled Operations.
- (4) Average Earning Assets represent average of our Earning Assets as of the last day of the relevant year/period and that as of the last day of the previous year.
- (5) Gross Earning Assets as of the last day of the relevant year/period represents aggregate of Earning Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- (6) Net Worth as of the last day of the relevant year/period represents aggregate of the paid-up share capital, share premium account and reserves and surplus (excluding revaluation reserve and cash flow hedge reserve) reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated loss (if any) as per the Restated Financial Information.
- (7) Average Net Worth represents the average of our Net Worth as of the last day of the relevant year/period and that as of the last day of the previous year.
- (8) Total Borrowings as of the last day of the relevant year/period represents aggregate of Long-Term Borrowings (including Current Maturities of Long-Term Borrowings) and Short-Term Borrowings as per Restated Financial Information.
- (9) Average Borrowings represents the average of Total Borrowings outstanding as of the last day of the relevant year/period and that as of the last day of the previous year.
- (10) Return on Average Earning Assets(%) is calculated as PAT for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (11) Return on Average Net Worth(%) is calculated as PAT for the relevant year/period as a percentage of Average Net Worth for such year/period.
- (12) Average Borrowings/Average Net Worth(%) is calculated as Average Borrowings for the relevant year/period as a percentage of Average Net Worth for such year/period.
- (13) Average Net Worth/Average Earning Assets(%) is calculated as the Average Net Worth for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (14) Basic Earnings per Share and Diluted Earnings per Share calculations are done in accordance with the Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under Section 133 of the Companies Act, 2013 read together with Paragraph 7 of the Companies (Account) Rules 2014 as per Restated Financial Information, as follows:

$$\text{Basic Earnings per Share} = \frac{\text{Net PAT, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

$$\text{Diluted Earnings per Share} = \frac{\text{Net PAT, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year/period}}$$

- (15) Book Value per Equity Share represents Net Asset Value per Equity Share as per Restated Financial Information. It is calculated as Net Worth as at the end of relevant year/period divided by the number of Equity Shares outstanding at the end of such year/period.

## Financial Ratios

The following table sets forth certain financial ratios for our Company for the year/period indicated:

(₹ in million except for percentage and number)

Particulars	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Disbursements <sup>(1)</sup>	83,093.40	117,148.76	91,588.78	77,196.72	77,294.00	108,100.00
Disbursement Growth (%) <sup>(2)#</sup>	41.86	27.91	18.64	(0.13)	(28.50)	(5.96)
AUM <sup>(3)</sup>	265,248.90	212,317.90	185,974.80	183,478.20	181,681.60	192,026.40
Average AUM <sup>(4)</sup>	238,783.40	199,146.35	184,726.50	182,579.90	186,854.00	183,393.75
AUM Growth (%) <sup>(5)</sup>	24.93	14.16	1.36	0.99	(5.39)	9.88
Earning Assets <sup>(6)</sup>	207,519.50	169,443.40	154,286.20	159,367.00	156,313.50	158,100.30

Particulars	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Average Earning Assets <sup>(7)</sup>	188,481.45	161,864.80	156,826.60	157,840.25	157,206.90	140,425.35
Earning Assets Growth(%) <sup>(8)</sup>	22.47	9.82	(3.19)	1.95	(1.13)	28.80
Number of current customers <sup>(9)</sup>	64,266	60,695	52,778	42,554	32,981	23,631
Revenue from Operations <sup>(10)</sup>	14,965.60	24,933.30	26,138.80	26,014.40	26,179.30	23,732.00
Other income <sup>(11)</sup>	39.70	20.00	12.10	83.40	14.00	5.70
Total income <sup>(12)</sup>	15,005.30	24,953.30	26,150.90	26,097.80	26,193.30	23,737.70
Finance costs <sup>(13)</sup>	7,289.20	13,324.00	14,098.80	14,407.90	15,214.70	13,740.50
Depreciation, amortisation and impairment expenses on assets given on operating lease and assets for own use (plant and machinery) <sup>(14)</sup>	2,478.00	3,422.70	3,081.70	2,810.70	2,327.00	2,178.10
Brokerage and service charges <sup>(15)</sup>	147.80	235.40	201.90	159.80	106.00	165.50
(Profit)/loss on sale of fixed assets (net) <sup>(16)</sup>	97.30	(8.80)	7.10	23.80	18.40	8.60
Net Interest Income <sup>(17)</sup>	4,953.30	7,960.00	8,749.30	8,612.20	8,513.20	7,639.30
Net Interest Margin (%) <sup>(18)#</sup>	5.26	4.92	5.58	5.46	5.42	5.44
Total expenses <sup>(19)</sup>	11,700.60	20,261.80	20,506.50	20,443.60	19,901.10	18,317.50
Operating expense <sup>(20)</sup>	1,688.30	3,279.70	3,117.00	3,041.40	2,235.00	2,224.80
Operating expense/Average Earning Assets (%) <sup>(21)#</sup>	1.79	2.03	1.99	1.93	1.42	1.58
Bad debts written off, provisions and contingencies <sup>(22)</sup>	1,662.20	2,527.30	3,961.80	3,365.70	2,594.10	1,451.50
Bad debts written off, provisions and contingencies/Average Earning Assets (%) <sup>(23)#</sup>	1.76	1.56	2.53	2.13	1.65	1.03
Cost to Income Ratio (%) <sup>24</sup>	33.81	41.14	35.58	34.98	26.21	29.10
Gross NPAs <sup>(25)</sup>	4,578.30	4,198.60	4,544.00	7,935.20	7,775.70	4,685.70
Gross NPAs/Earning Assets (%) <sup>(26)</sup>	2.21	2.48	2.95	4.98	4.97	2.96
Net NPAs <sup>(27)</sup>	3,232.20	2,990.30	3,075.60	6,098.30	6,355.60	3,554.70
Net NPAs/Earning Assets (%) <sup>(28)</sup>	1.56	1.76	1.99	3.83	4.07	2.25

Figures disclosed in the above table, except for “Revenue from Operations”, “Other income”, “Total income”, “Finance costs” “Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery)”, “Brokerage and service charges”, “(Profit)/Loss on sale of fixed assets (net)”, “Total expenses”, and “Bad debts written off, provision and contingencies” are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

The ratios or percentages or average balances for the year 2013 which have been derived from 2012 numbers are based on financial statements of the year ended 2012 .

Note:

# Disbursements Growth, Net Interest Margin (%), Operating Expenses/Average Earnings Assets and Bad debts written off, provisions and contingencies/Average Earning Assets for the six months ended September 30, 2017 have been presented on an annualised basis.

- (1) Disbursements represent the aggregate of loans and leases (both operating & finance lease) extended to our customers for the relevant year/period.
- (2) Disbursement Growth(%) represents percentage of growth in Disbursements for the relevant year/period over Disbursements for the previous year.
- (3) AUM as of the last day of the relevant year/period represents aggregate of Total Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- (4) Average AUM represents the average of AUM as of the last day of the relevant year/period and that as of the last day of the previous year.

- (5) *AUM Growth (%) represents percentage of growth in AUM as of the last day of the relevant year/period over that as of last day of the previous year.*
- (6) *Earning Assets as of the last day of the relevant year/period represents Long-term Financial Assets Current maturities of Long-term Financial Assets, Short-term Financial Assets, Trade Receivables, Net Block of Assets given on Operating Lease, Net Block of Assets for Own Use (Plant and Machinery) and Balances in Deposits Accounts as per the Restated Financial Information. Assets for Own Use (Plant and Machinery) represent assets for use under Joint Controlled Operations.*
- (7) *Average Earning Assets represent the average of our Earning Assets as of the last day of the relevant year/period and that as of the last day of the previous year.*
- (8) *Earning Assets Growth (%) represents percentage of growth in Earning Assets as of last day of the relevant year/period over that of the last day of the previous year.*
- (9) *Number of current customers represents the total number of current customers of our Company as of the last day of the relevant year/period.*
- (10) *Revenue from Operations as per the Restated Financial Information represents Income from Financial Assets, Income from Operating Lease, Interests on Deposits, Sale of Power, Interest income from Investments and Liabilities no longer required written back . Income from Financial Assets further includes spread on securitisation and assignment transactions as per applicable Reserve Bank of India guidelines.*
- (11) *Other income as per Restated Financial Information mainly represents Dividend Income from current investments, Profit on Sale from Current Investment and Profit on sale of fixed assets (net).*
- (12) *Total income represents the aggregate of Revenue from Operations and Other income.*
- (13) *Finance costs as per Restated Financial Information for the relevant year/period represents Interest Expense, Other borrowing costs, Net (Gain)/Loss on foreign currency transaction and translations and Mark to Market (Gain)/Loss on Derivative Financial Instrument (Net).*
- (14) *Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery) represents such expenses during the relevant year/period as per the Restated Financial Information. Assets for Own Use (Plant and Machinery) represents assets for use under Joint Controlled Operations.*
- (15) *Brokerage and service charges represents such expenses during the relevant year/period as per the Restated Financial Information.*
- (16) *Profit on sale of fixed assets (Net) and Loss on sale of fixed assets (net) represents such Profit or Loss during the relevant year/period as per Restated Financial Information.*
- (17) *Net Interest Income represents Revenue from Operations in the relevant year/period as reduced by Finance costs, Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery), Brokerage and service charges and (Profit)/loss on sale of fixed assets (net) in such year/period as per the Restated Financial Information.*
- (18) *Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average Earning Assets for such year/period.*
- (19) *Total expenses represent the aggregate of Finance costs, Employee benefit expenses, Depreciation, amortisation and impairment expense and Other expenses as per the Restated Financial Information.*
- (20) *Operating expenses represent Total expenses as reduced by Finance cost, Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery), Loss on sale of fixed asset (net) and Brokerage and Service charges for the relevant year/period as per the Restated Financial Information.*
- (21) *Operating Expense/Average Earning Assets (%) represent Operating expense for the relevant year/period as a percentage of Average Earning Assets for such year/period.*
- (22) *Bad debts written off, provisions and contingencies for the relevant year/period represent such expenses as per Restated Financial Information.*
- (23) *Bad debts written off, provisions and contingencies/Average Earning Assets (%) represents Bad debts written off, provisions and contingencies for the relevant year/period as a percentage of Average Earning Assets for such year/period.*
- (24) *Cost to Income Ratio (%) represents Operating expenses as a percentage of aggregate of Net Interest Income and Other income. Other income here excludes Profit on sale of fixed assets (net).*
- (25) *Gross NPAs as of the last day of the relevant year/period represents NPAs as per the Restated Financial Information, determined as per the relevant RBI Guidelines.*
- (26) *Gross NPAs/Earning Assets (%) represent Gross NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.*
- (27) *Net NPA as of the last day of the relevant year/period represents Gross NPAs as reduced by the Provision for NPAs and Standard Restructured Assets under CDR, SDR and S4A as per Restated Financial Information.*
- (28) *Net NPAs/Earning Assets (%) represents Net NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.*

## Yield and Cost of Funds

Particulars	As of September 30, 2017	2017	2016	2015	2014	2013
		Yield on Average Earning Assets (%) <sup>(1)</sup>	13.33*	13.15	14.57	14.58

Particulars	As of September 30, 2017	As of				
		2017	2016	2015	2014	2013
Average Yield on Disbursements (%) <sup>(2)</sup>	12.82	13.28	14.10	14.96	15.18	14.53
Cost of Borrowings (%) <sup>(3)</sup>	9.48	10.17	10.45	10.63	11.05	10.62
Spread (%) <sup>(4)</sup>	3.85	2.98	4.12	3.95	4.04	4.61

The ratios or percentages or average balances for the year 2013 which have been derived from 2012 numbers are based on financial statements of the year ended 2012 .

Note:

\* Earning Assets as of September 30, 2017 includes additions on the last day of the half-year ended September 30, 2017 amounting to ₹9,492.5 million (₹11,210 million including GST) which has been excluded for calculating Yield on Average Earning Assets for such period.

- (1) Yield on Average Earning Assets (%) has been calculated as Yield for the relevant year/period as a percentage of Average of Earning Assets for such year/period. Yield represents Revenue from Operations for the relevant period as reduced by Depreciation, amortisation and impairment on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery) Brokerage and service charges and (Profit)/Loss on sale of fixed assets (net).
- (2) Average Yield on Disbursements (%) represents weighted average Yield on Disbursements during the relevant year/period.
- (3) Cost of Borrowings (%) represents Interest cost and other related costs on borrowings for the relevant year/period as a percentage of daily average outstanding of borrowings for such year/period.
- (4) Spread (%) represents excess of Yield on Average Earning Assets (%) over Cost of borrowings (%).

### Productivity Ratios

The following table sets forth certain productivity ratios for our Company for the year/period indicated:

Particulars	As of September 30, 2017	As of March 31,				
		2017	2016	2015	2014	2013
Number of branches <sup>(1)</sup>	89	89	88	86	85	84
Number of employees <sup>(2)</sup>	2,005	1,865	1,659	1,798	1,443	1,309
Number of current customers <sup>(3)</sup>	64,266	60,695	52,778	42,554	32,981	23,631
AUM per branch <sup>(4)</sup> (in ₹ million)	2980.32	2385.59	2113.35	2133.47	2137.43	2286.03
AUM per employee <sup>(5)</sup> (in ₹ million)	132.29	113.84	112.10	102.05	125.91	146.70
AUM per current customer <sup>(6)</sup> (in ₹ million)	4.13	3.50	3.52	4.31	5.51	8.13
Disbursement per branch <sup>(7)*</sup> (in ₹ million)	1867.27	1316.28	1040.78	897.64	909.34	1286.90
Disbursement per employee <sup>(8)*</sup> (in ₹ million)	82.89	62.81	55.21	42.93	53.56	82.58

Note:

\* Disbursement per branch and Disbursement per employee in the six month period ended September 30, 2017 have been presented on an annualised basis and should not be considered as a reflection of our performance in Fiscal 2018.

- (1) Number of branches represents aggregate number of branches of our Company as of the last day of the relevant year/period.
- (2) Number of employee represents aggregate number of employees of our Company as of the last day of the relevant year/period.
- (3) Number of current customers represents aggregate number of current customers of our Company as of the last day of the relevant year/period.
- (4) AUM per branch represents AUM as of last day of the relevant year/period divided by Number of branches.
- (5) AUM per employee represents AUM as of the last day of the relevant year/period divided by Number of employees as of the last day of such year/period.
- (6) AUM per current customer represents AUM as of the last day of the year/period divided by Number of current customers as of the last day of such year/period
- (7) Disbursement per branch represents Disbursements in the relevant year/period divided by Number of branches.
- (8) Disbursement per employee represents Disbursements in the relevant year/period divided by Number of employees as of the last day of such year/period.



## Geographical Spread of Customer Contracts

The following table sets forth the geographic spread of our Company based on the number of Customer Contracts:

Zone	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015		Fiscal 2014		Fiscal 2013	
	No. of Customer Contracts	% of Total	No. of Customer Contracts	% of Total	No. of Customer Contracts	% of Total	No. of Customer Contracts	% of Total	No. of Customer Contracts	% of Total	No. of Customer Contracts	% of Total
North	21,345	29.53	18,373	28.28	14,764.00	27.69	12,143	27.54	9,366	25.42	6,555	21.58
East	15,747	21.78	14,187	21.84	10,871.00	20.39	8,921	20.23	8,193	22.23	8,406	27.68
West	16,480	22.80	14,897	22.93	12,585.00	23.60	10,260	23.27	8,165	22.16	6,360	20.94
South	18,714	25.89	17,508	26.95	15,098.00	28.32	12,770	28.96	11,123	30.19	9,051	29.80
<b>Total</b>	<b>72,286</b>	<b>100.00</b>	<b>64,965</b>	<b>100.00</b>	<b>53,318.00</b>	<b>100.00</b>	<b>44,094</b>	<b>100.00</b>	<b>36,847</b>	<b>100.00</b>	<b>30,372</b>	<b>100.00</b>

## Geographical Spread of Gross Earning Assets

The following table sets forth the state-wise spread of our Gross Earning Assets:

(Gross Earning Assets in ₹ million except for percentage)

Zone	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015		Fiscal 2014		Fiscal 2013	
	Gross Earning Assets	% of Total	Gross Earning Assets	% of Total	Gross Earning Assets	% of Total	Gross Earning Assets	% of Total	Gross Earning Assets	% of Total	Gross Earning Assets	% of Total
North	57,033.22	22.44	39,599.70	18.91	38,068.97	20.73	38,288.56	21.28	36,868.94	20.87	40,249.34	21.59
East	53,504.37	21.05	49,938.97	23.84	43,612.18	23.75	39,999.25	22.23	40,022.14	22.65	41,055.54	22.03
West	61,354.77	24.14	52,413.92	25.02	45,354.16	24.70	44,335.58	24.65	46,623.24	26.38	52,125.92	27.97
South	82,278.44	32.37	67,506.91	32.23	56,607.39	30.82	57,277.51	31.84	53,191.08	30.10	52,950.50	28.41
<b>Total</b>	<b>254,170.80</b>	<b>100.00</b>	<b>209,459.50</b>	<b>100.00</b>	<b>183,642.70</b>	<b>100.00</b>	<b>179,900.90</b>	<b>100.00</b>	<b>176,705.40</b>	<b>100.00</b>	<b>186,381.30</b>	<b>100.00</b>

## Securitisation and Assignment

(₹ in million, except for percentage)

Particulars	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Securitisation of receivables <sup>(1)</sup>	12,814.50	10,026.90	6,629.10	9,280.90	11,318.90	6,546.20
Assignment of receivables <sup>(2)</sup>	33,836.80	29,989.20	22,727.40	11,253.00	9,073.00	21,734.80
<b>Total securitisation and assignment of receivables outstanding<sup>(3)</sup></b>	<b>46,651.30</b>	<b>40,016.10</b>	<b>29,356.50</b>	<b>20,533.90</b>	<b>20,391.90</b>	<b>28,281.00</b>
Gross Earning Assets <sup>(4)</sup>	254,170.80	209,459.50	183,642.70	179,900.90	176,705.40	186,381.30
Securitisation and assignment of receivables outstanding/ Gross Earning Assets (%) <sup>(5)</sup>	18.35	19.10	15.99	11.41	11.54	15.17

Note:

<sup>(1)</sup> Securitisation of receivables as of the last day of the relevant year/period represents assets derecognised by way of securitisation of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.

<sup>(2)</sup> Assignment of receivables as of the last day of the relevant year/period represents assets derecognised by way of assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.

<sup>(3)</sup> Total securitisation and assignment of receivables outstanding as of the last day of the relevant year/period represents aggregate of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period.

<sup>(4)</sup> Gross Earning Assets as of the last day of the relevant year/period represents aggregate of Earning Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.





(5) *Securitisation and assignment of receivables outstanding/ Gross Earning Assets (%) for a relevant year/period represent Securitisation and assignment of receivables outstanding for the relevant year/period as a percentage of Gross Earning Assets for such year/period.*

### **Maturity and Interest Rate Sensitivity Analysis for Advances and Borrowings as of September 30, 2017**

#### **Advances**

<b>Particulars</b>	<b>Up to 1 year</b>	<b>1 -5 years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Total Advances<sup>(1)</sup> (in ₹ million)</b>	<b>66,442.10</b>	<b>123,056.80</b>	<b>5,090.20</b>	<b>194,589.10</b>
Fixed (in ₹ million)	18,631.70	37,773.20	1,534.40	57,939.30
Floating (in ₹ million)	47,810.40	85,283.60	3,555.80	136,649.80
Fixed as percentage of Total Advances (%)	28.04	30.70	30.14	29.78
Floating as percentage of Total Advances (%)	71.96	69.30	69.86	70.22

#### **Total Borrowings**

<b>Particulars</b>	<b>Up to 1 year</b>	<b>1 -5 years</b>	<b>Above 5 years</b>	<b>Total</b>
<b>Total Borrowings<sup>(2)</sup> (in ₹ million)</b>	<b>57,084.70</b>	<b>91,440.20</b>	<b>16,315.70</b>	<b>164,840.70</b>
Fixed (in ₹ million)	15,206.40	18,764.00	12,642.90	46,613.30
Floating (in ₹ million)	41,878.30	72,676.20	3,672.90	118,227.40
Fixed as percentage of Total Borrowings (%)	26.64	20.52	77.49	28.28
Floating as percentage of Total Borrowings (%)	73.36	79.48	22.51	71.72

*Note:*

*The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in proportion to the maturity pattern of the financial assets.*

- (1) *Total Advances represents aggregate of Long-term Financial Assets, Current Maturities of Long-term Financial Assets and Short-term Financial Assets, and Future Minimum Lease Receivables in respect of non-cancellable of operating leases as per the Restated Financial Information.*
- (2) *Total Borrowings as of the last day of the relevant year/period represents aggregate of Long term borrowings (including current maturities of Long Term Borrowings) and Short term Borrowings as per Restated Financial Information.*

## Sources of Funding

The following table sets forth our sources of funding:

Particulars	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015		Fiscal 2014		Fiscal 2013	
	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total
<b>Non-convertible debentures – Secured</b>	<b>10,297.00</b>	<b>6.25</b>	<b>9,797.00</b>	<b>7.58</b>	<b>6,497.00</b>	<b>5.48</b>	<b>9,260.00</b>	<b>7.09</b>	<b>5,302.40</b>	<b>4.05</b>	<b>11,031.30</b>	<b>8.14</b>
<b>Non-convertible debentures – Unsecured</b>	<b>20.00</b>	<b>0.01</b>	<b>20.00</b>	<b>0.02</b>	-	-	-	-	-	-	-	-
<b>Subordinated perpetual debentures (Tier I Capital) - Unsecured</b>	<b>375.00</b>	<b>0.23</b>	<b>375.00</b>	<b>0.29</b>	<b>375.00</b>	<b>0.32</b>	<b>375.00</b>	<b>0.29</b>	<b>375.00</b>	<b>0.29</b>	<b>375.00</b>	<b>0.28</b>
<b>Subordinated redeemable Non-convertible debentures – Unsecured (Tier II)</b>	<b>17,668.90</b>	<b>10.72</b>	<b>13,249.00</b>	<b>10.25</b>	<b>10,964.00</b>	<b>9.25</b>	<b>7,868.00</b>	<b>6.02</b>	<b>7,458.00</b>	<b>5.69</b>	<b>6,190.00</b>	<b>4.57</b>
<b>Term loans –Rupee subordinated loans (Tier II) - Unsecured</b>	<b>1,166.70</b>	<b>0.71</b>	<b>2,500.00</b>	<b>1.93</b>	<b>3,000.00</b>	<b>2.53</b>	<b>2,500.00</b>	<b>1.91</b>	<b>2,500.00</b>	<b>1.91</b>	<b>2,500.00</b>	<b>1.85</b>
Banks	1,166.70	0.71	2,500.00	1.93	3,000.00	2.53	2,500.00	1.91	2,500.00	1.91	2,500.00	1.85
<b>Term loans – Secured Rupee Loans</b>	<b>28,555.50</b>	<b>17.32</b>	<b>19,434.40</b>	<b>15.03</b>	<b>14,879.30</b>	<b>12.55</b>	<b>21,287.90</b>	<b>16.29</b>	<b>29,886.60</b>	<b>22.82</b>	<b>28,233.30</b>	<b>20.84</b>
Banks	13,165.50	7.99	9,691.40	7.49	12,355.30	10.42	17,557.90	13.44	24,975.60	19.07	25,388.80	18.74
Financial institutions	15,390.00	9.34	9,743.00	7.53	2,524.00	2.13	3,730.00	2.86	4,911.00	3.75	2,844.50	2.10
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Term loans – Unsecured – Rupee Loans</b>	<b>2,000.00</b>	<b>1.21</b>	-	-	-	-	-	-	-	-	-	-
Banks	2,000.00	1.21	-	-	-	-	-	-	-	-	-	-
<b>Term Loans – Secured - Foreign currency loans</b>	<b>6,969.50</b>	<b>4.23</b>	<b>7,225.40</b>	<b>5.59</b>	<b>8,406.90</b>	<b>7.09</b>	<b>10,447.80</b>	<b>8.00</b>	<b>11,916.30</b>	<b>9.10</b>	<b>15,623.30</b>	<b>11.53</b>
Banks	2,593.80	1.57	3,689.40	2.85	8,333.70	7.03	10,248.80	7.84	11,539.30	8.81	13,794.30	10.18
Financial Institutions	4,375.70	2.65	3,536.00	2.73	73.20	0.06	199.00	0.15	377.00	0.29	1,829.00	1.35
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Term Loans – Unsecured- Foreign currency loans</b>	<b>1,561.50</b>	<b>0.95</b>	<b>1,476.00</b>	<b>1.14</b>	-	-	-	-	-	-	<b>62.60</b>	<b>0.05</b>
Banks	1,561.50	0.95	1,476.00	1.14	-	-	-	-	-	-	-	-



Particulars	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015		Fiscal 2014		Fiscal 2013	
	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total	₹ in million	% of Total
Financial Institutions	-	-	-	-	-	-	-	-	-	-	62.60	0.05
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other loans – Secured – Buyer’s credit in foreign currency</b>	<b>3,066.40</b>	<b>1.86</b>	<b>1,571.60</b>	<b>1.22</b>	<b>1,519.50</b>	<b>1.28</b>	<b>1,088.20</b>	<b>0.83</b>	<b>2,592.60</b>	<b>1.98</b>	<b>3,293.10</b>	<b>2.43</b>
Banks	3,066.40	1.86	1,571.60	1.22	1,519.50	1.28	1,088.20	0.83	2,592.60	1.98	3,293.10	2.43
<b>Cash Credit - Secured</b>	<b>37,828.00</b>	<b>22.95</b>	<b>29,294.96</b>	<b>22.65</b>	<b>3,646.06</b>	<b>3.08</b>	<b>27,060.00</b>	<b>20.71</b>	<b>17,791.50</b>	<b>13.59</b>	<b>20,614.20</b>	<b>15.22</b>
Banks	37,828.00	22.95	29,294.96	22.65	3,646.06	3.08	27,060.00	20.71	17,791.50	13.59	20,614.20	15.22
<b>Working Capital Demand Loans - Secured</b>	<b>49,300.00</b>	<b>29.91</b>	<b>38,450.00</b>	<b>29.73</b>	<b>69,000.00</b>	<b>58.21</b>	<b>44,130.00</b>	<b>33.78</b>	<b>47,980.00</b>	<b>36.64</b>	<b>46,500.00</b>	<b>34.33</b>
Banks	49,300.00	29.91	38,450.00	29.73	69,000.00	58.21	44,130.00	33.78	47,980.00	36.64	46,500.00	34.33
<b>Working Capital Foreign Currency Demand Loan - Secured</b>	<b>953.80</b>	<b>0.58</b>	<b>1,066.34</b>	<b>0.82</b>	<b>249.34</b>	<b>0.21</b>	-	-	-	-	-	-
Banks	953.80	0.58	1,066.34	0.82	249.34	0.21	-	-	-	-	-	-
<b>Commercial Paper – Unsecured</b>	<b>5,078.40</b>	<b>3.08</b>	<b>4,858.70</b>	<b>3.76</b>	-	-	<b>6,628.40</b>	<b>5.07</b>	<b>5,156.90</b>	<b>3.94</b>	<b>1,040.90</b>	<b>0.77</b>
<b>Total</b>	<b>164,840.70</b>	<b>100.00</b>	<b>129,318.40</b>	<b>100.00</b>	<b>118,537.10</b>	<b>100.00</b>	<b>130,645.30</b>	<b>100.00</b>	<b>130,959.30</b>	<b>100.00</b>	<b>135,463.70</b>	<b>100.00</b>
<b>Securitisation</b>	<b>12,814.50</b>	<b>100.00</b>	<b>10,026.90</b>	<b>100.00</b>	<b>6,629.10</b>	<b>100.00</b>	<b>9,280.90</b>	<b>100.00</b>	<b>11,318.90</b>	<b>100.00</b>	<b>6,546.20</b>	<b>100.00</b>
Banks	12,814.50	100.00	10,026.90	100.00	6,629.10	100.00	9,280.90	100.00	11,318.90	100.00	6,546.20	100.00
Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
<b>Assignments</b>	<b>33,836.80</b>	<b>100.00</b>	<b>29,989.20</b>	<b>100.00</b>	<b>22,727.40</b>	<b>100.00</b>	<b>11,253.00</b>	<b>100.00</b>	<b>9,073.00</b>	<b>100.00</b>	<b>21,734.80</b>	<b>100.00</b>
Banks	33,836.80	100.00	29,989.20	100.00	22,727.40	100.00	11,253.00	100.00	8,259.75	91.04	15,469.70	71.17
Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-	813.25	8.96	6,265.10	28.83

## Classification of Assets

The Prudential Norms Directions prescribed by the RBI, among other matters, require us to observe the classification of our assets, treatment of NPAs and provisioning against NPAs. For further information, see “Regulations and Policies” on page 164 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting Policies” on page 314.

The following table sets forth the details of the Financial Assets including Standard & Non Performing Assets of the Company:

(₹ in millions)

Asset Classification	Six month ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
(a) Financial Assets excluding Non-Performing Assets*	1,56,344.30	1,38,367.90	1,33,280.10	1,32,516.70	1,31,093.80	1,32,559.40
(b) Sub-Standard Assets	1,915.50	2,504.94	2,855.66	7,813.50	7504.00	4,505.10
(c) Doubtful Assets	2,662.80	1,693.66	1,688.34	121.70	210.00	150.00
<b>Total**</b>	<b>1,60,922.60</b>	<b>1,42,566.50</b>	<b>1,37,824.10</b>	<b>1,40,451.90</b>	<b>1,38,807.80</b>	<b>1,37,214.50</b>

\*Financial Assets includes Restructured standard assets under Strategic Debt Restructuring (SDR)/Corporate Debt Restructuring (CDR)/Sustainable Structuring of Stressed Assets (S4A), Assets pending to be given on finance (repossessed assets) and Tangible assets/receivables/Equity Shares/Compulsory Convertible Preference Shares acquired in satisfaction of debt.

\*\* Total represents aggregate of long term financial asset, current maturities of long term financial assets and short term financial asset, before netting off Provision for Non-Performing Assets and Standard Restructured Assets under CDR, SDR and S4A.

## Provisioning and Contingencies

Our company classifies its loan into performing and NPAs based on number of days, principal or interest remains past due in accordance with the RBI guidelines. Our Company recognises provisions for NPAs and Standard assets in accordance with applicable guidelines issue by the RBI. Our Company also makes additional provisions for NPAs to the extent considered necessary based on our management’s best estimates.

The provisioning rates as prescribed by the NBFC-ND-SI Master Directions for non-performing loans are as follows:

Overdue (in months)	As of March 31,					
	September 30, 2017	2017	2016	2015	2014	2013
Up to three months overdue	0%	0%	0%	0%	0%	0%
Above three months up to four months overdue	10%	0%	0%	0%	0%	0%
Above four months up to five months overdue	10%	10%	0%	0%	0%	0%
Above five months up to six months overdue	10%	10%	10%	0%	0%	0%
Above six months up to 15 months overdue	10%	10%	10%	10%	10%	10%
Above 15 months up to 18 months overdue	20%	10%	10%	10%	10%	10%
Above 18 months up to 21 months overdue	20%	20%	10%	10%	10%	10%
Above 21 months up to 24 months overdue	20%	20%	20%	10%	10%	10%
Above 24 months up to 27 months overdue	20%	20%	20%	20%	20%	20%
Above 27 months up to 30 months overdue	30%	20%	20%	20%	20%	20%
Above 30 months up to 33 months overdue	30%	30%	20%	20%	20%	20%
Above 33 months up to 36 months overdue	30%	30%	30%	20%	20%	20%
Above 36 months up to 51 months overdue	30%	30%	30%	30%	30%	30%
Above 51 months up to 54 months overdue	50%	30%	30%	30%	30%	30%
Above 54 months up to 57 months overdue	50%	50%	30%	30%	30%	30%
Above 57 months up to 60 months overdue	50%	50%	50%	30%	30%	30%
Above 60 months overdue	50%	50%	50%	50%	50%	50%

Contingent Provision on Standard assets is made pursuant to the NBFC-ND-SI Master Directions at the following rate:



Particulars	As of March 31,					
	September 30, 2017	2017	2016	2015	2014	2013
Standard assets	0.40%	0.35%	0.30%	0.25%	0.25%	0.25%

The following table sets forth certain information regarding our provisioning on Financial Assets including Standard & Non-Performing Assets::

(₹ in million)

Particulars	As at March 31,					
	September 30, 2017	2017	2016	2015	2014	2013
Contingent provisions on Standard assets	626.10	485.50	400.00	331.50	328.00	331.40
Standard Restructured Assets under CDR/SDR/S4A	306.41	359.37	560.93	620.51	389.10	-
Sub-standard Assets	269.60	414.49	360.27	1,184.02	967.80	1082.80
Doubtful Assets	770.10	434.44	547.20	32.37	57.00	45.00
<b>Total</b>	<b>1,972.20</b>	<b>1,693.80</b>	<b>1,868.40</b>	<b>2168.40</b>	<b>1741.90</b>	<b>1459.20</b>

### Capital to Risk Assets Ratio (CRAR)

Our Company is subject to the CRAR requirements prescribed by the RBI. As of September 30, 2017, our Company was required to maintain a minimum CRAR of 15%, based on the total capital to risk-weighted assets.

The following table sets forth certain information relating to the CRAR of our Company as of the year/period indicated:

(₹ in million, except for percentage)

Particulars	September 30, 2017	As at March 31,				
		2017	2016	2015	2014	2013
Tier I Capital	24,869.45	23,898.49	22,819.54	21,432.99	19,913.93	18,228.84
Tier II Capital	12,099.69	8,674.52	7,753.79	5,970.10	7,137.60	7,570.94
<b>Total Capital</b>	<b>36,969.14</b>	<b>32,573.00</b>	<b>30,573.33</b>	<b>27,403.09</b>	<b>27,051.61</b>	<b>25,799.78</b>
<b>Total Risk Weighted Assets</b>	<b>220,125.91</b>	<b>175,167.73</b>	<b>155,995.21</b>	<b>161,239.23</b>	<b>158,455.54</b>	<b>160,423.70</b>
<b>Capital to Risk Asset Ratio</b>						
Tier I Capital (as a Percentage of Total Risk Weighted Assets) (%)	11.30	13.64	14.63%	13.29	12.57	11.36
Tier II Capital (as a Percentage of Total Risk Weighted Assets) (%)	5.50	4.95	4.97	3.70	4.50	4.72
<b>Total Capital (as a Percentage of Total Risk Weighted Assets) (%)</b>	<b>16.80</b>	<b>18.59</b>	<b>19.60</b>	<b>16.99</b>	<b>17.07</b>	<b>16.08</b>

## **DIVIDEND POLICY**

As on the date of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder) and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations and the overall financial condition of our Company. There is no guarantee that any dividends will be declared or paid in the future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deem relevant, including among others, our results of operations, financial condition, revenues, profits, cash flow, cash requirements, capital requirements, business prospects and any other financing arrangements. The Board may also, from time to time, declare interim dividend.

Our Company has not declared any dividend during the last five Fiscals.





**SECTION V – FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL INFORMATION

### To the Board of Directors

Srei Equipment Finance Limited  
Vishwakarma,  
86C Topsis Road (South),  
Kolkata 700 046

Dear Sirs,

1. We have examined as appropriate (refer paragraphs 3 and 4 below), the attached Restated Financial Information of Srei Equipment Finance Limited (the "Company"), which comprises of the Restated Summary Statement of Assets and Liabilities as at September 30, 2017 and at March 31, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Statement of Profit and Loss and the Restated Summary Statement of Cash Flows for the six months ended September 30, 2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 respectively, and the Summary of Significant Accounting Policies (collectively, the "Restated Financial Information") as approved by the Board of Directors of the Company at their meeting held on November 27, 2017 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer of equity shares (herein after referred to as the "Issue"), prepared in terms of the requirements of :
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules");
  - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").
2. The preparation of the Restated Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, the Rules, ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Financial Information and confirm whether such Restated Financial Information comply with the requirements of the Act, the Rules, ICDR Regulations and the Guidance Note.
3. We have examined such Restated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 18, 2017 in connection with the Offer;
  - b) The Guidance Note; and
  - c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which includes the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
4. These Restated Financial Information have been compiled by the Management from the audited Financial Statements of the Company as at and for the six months ended September 30, 2017 and as at and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 which have been approved by Board of Directors at their meetings held on October 25, 2017, May 8, 2017, May 10, 2016, April 24, 2015, May 21, 2014 and May 15, 2013, respectively.

Audit for the financial years ended March 31, 2014 and 2013 was conducted by previous auditors and accordingly, reliance has been placed on the restated financial information examined by them for the said years. The restated financial report included for the years ended March 31, 2014 and 2013 are based solely on the report submitted by them. Previous auditor, have also confirmed that the restated financial information relating to above mentioned years:

- a) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
- b) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
- c) do not contain any extra-ordinary items that need to be disclosed separately in the Restated Financial Information and do not contain any qualification requiring adjustments.

5. Based on our examination, we report that:

- a) The Restated Summary Statement of Assets and Liabilities of the Company, including as at March 31, 2014 and 2013 examined and reported upon by the previous auditor, on which reliance has been placed by us, and as at September 30, 2017, and as at March 31, 2017, 2016, and 2015, examined by us, as set out in Annexure 1 to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure 4 - Statement of Material Adjustments and regroupings.
- b) The Restated Summary Statement of Profit and Loss of the Company including for the years ended March 31, 2014 and 2013 examined and reported upon by the previous auditor, on which reliance has been placed by us, and for the six months ended September 30, 2017 and for the years ended March 31, 2017, 2016 and 2015 examined by us, as set out in Annexure 2 to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure 4 - Statement of Material Adjustments and regroupings.
- c) The Restated Summary Statement of Cash Flows of the Company including for the years ended March 31, 2014 and 2013 examined and reported upon by the previous auditor, on which reliance has been placed by us, and for the six months ended September 30, 2017 and for the years ended March 31, 2017, 2016 and 2015 examined by us, as set out in Annexure 3 to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure 4 - Statement of Material Adjustments and regroupings.
- d) Based on the above and according to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditor for the respective years, we further report that the Restated Financial Information:
  - (i) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
  - (ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
  - (iii) do not contain any extra-ordinary items that need to be disclosed separately and do not contain any qualification requiring adjustments.

6. We have also examined the following Restated Other Financial Information of the Company set out in the Annexures, proposed to be included in the offer document, prepared by the management and approved by the Board of Directors on November 27, 2017 for the six months ended September 30, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013. In respect of the years ended March 31 2014 and 2013 these information have been included based upon the reports submitted by the previous auditor and relied upon by us:

- a) Summary Statement of Material Adjustments and regroupings as included in Annexure 4;
- b) Summary of Significant Accounting Policies as included in Annexure 5;
- c) Restated Summary Statement of Share Capital as included in Annexure 6;
- d) Restated Summary Statement of Reserves And Surplus as included in Annexure 7;
- e) Restated Summary Statement of Long-Term Borrowings as included in Annexure 8;
- f) Restated Summary Statement of Net Deferred Tax Assets/Liabilities as included in Annexure 9;
- g) Restated Summary Statement of Other Long-Term Liabilities as included in Annexure 10;
- h) Restated Summary Statement of Long-Term Provisions as included in Annexure 11;
- i) Restated Summary Statement of Short-Term Borrowings as included in Annexure 12;
- j) Restated Summary Statement of Trade Payables as included in Annexure 13;
- k) Restated Summary Statement of Other Current Liabilities as included in Annexure 14;
- l) Restated Summary Statement of Short-Term Provisions as included in Annexure 15;
- m) Restated Summary Statement of Property Plant and Equipment –Tangible & Intangible assets as included in Annexure 16;
- n) Restated statement of Leases as included in Annexure 17;
- o) Restated Summary Statement of Non-Current And Current Investments as included in Annexure 18;
- p) Restated Summary Statement of Financial Assets as included in Annexure 19;
- q) Restated Summary Statement of Other Long-Term Advances as included in Annexure 20;
- r) Restated Summary Statement of Other Non-Current Assets as included in Annexure 21;
- s) Restated Summary Statement of Trade Receivables as included in Annexure 22;
- t) Restated Summary Statement of Cash and Cash Equivalents as included in Annexure 23;
- u) Restated Summary Statement of Other Short-Term Advances as included in Annexure 24;
- v) Restated Summary Statement of Other Current Assets as included in Annexure 25;
- w) Restated Summary Statement of Revenue From Operations as included in Annexure 26;
- x) Restated Summary Statement of Other Income as included in Annexure 27;
- y) Restated Summary Statement of Finance Costs as included in Annexure 28;
- z) Restated Summary Statement of Employee Benefits Expense as included in Annexure 29;
- aa) Restated Summary Statement of Other Expense as included in Annexure 30;
- bb) Restated Summary Statement of Accounting Ratios as included in Annexure 31;
- cc) Restated Summary Statement of Capitalisation as included in Annexure 32;
- dd) Restated Summary Statement of Tax Shelter as included in Annexure 33;
- ee) Restated Statement of Dividend Paid as included in Annexure 34;
- ff) Restated Summary Statement of Notes to restated summary statement of Assets and Liabilities , Profit and Loss and Cash Flows as included in Notes 35 and Note 36

According to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditor, in our opinion, the Restated Financial Information contained in Annexures 1 to 4, 6 to 33, 35 and 36 accompanying this report read with Summary of Significant Accounting Policies and Notes to Accounts as set out in Annexure 5 and 35 respectively, are prepared after making adjustments and regroupings/reclassifications as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013 read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, ICDR Regulations and the Guidance Note.

- 7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- 8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.



10. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, West Bengal in connection with the Issue. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

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

**Shrenik Baid**  
Partner  
(Membership Number: 103884)

Mumbai November 27, 2017

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE - I**

**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Annexure	As at					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>EQUITY AND LIABILITIES</b>							
<b>I Shareholders' funds</b>							
Share capital	VI	596.60	596.60	596.60	596.60	596.60	596.60
Reserves and Surplus	VII	25,703.50	24,602.50	23,009.90	21,806.10	20,274.70	17,940.00
		<b>26,300.10</b>	<b>25,199.10</b>	<b>23,606.50</b>	<b>22,402.70</b>	<b>20,871.30</b>	<b>18,536.60</b>
<b>II Non-current liabilities</b>							
Long-term borrowings	VIII	49,023.20	42,325.90	27,788.40	32,149.50	40,923.80	43,288.60
Deferred tax liabilities (Net)	IX	2,929.50	2,382.10	1,706.30	1,778.10	1,526.90	1,444.50
Other long term liabilities	X	3,796.90	1,765.20	1,631.50	1,424.20	1,562.80	1,707.50
Long-term provisions	XI	521.20	483.10	397.10	407.20	229.60	284.70
		<b>56,270.80</b>	<b>46,956.30</b>	<b>31,523.30</b>	<b>35,759.00</b>	<b>44,243.10</b>	<b>46,725.30</b>
<b>III Current liabilities</b>							
Short-term borrowings	XII	98,326.60	75,341.60	76,314.90	81,856.60	73,952.10	74,363.80
Trade payables	XIII	-	-	-	-	-	-
(i) Due to Micro and Small Enterprises		-	-	-	-	-	-
(ii) Due to Others		17,195.90	10,295.30	7,681.20	3,836.40	2,770.40	3,805.60
Other current liabilities	XIV						
(i) Current maturities of long term borrowings		17,490.90	11,650.90	14,433.80	16,639.20	16,083.40	17,811.30
(ii) Other current liabilities		2,763.20	2,654.60	2,764.30	2,125.60	2,299.80	1,708.60
Short-term provisions	XV	250.10	204.00	294.30	324.80	1,069.60	794.20
		<b>136,026.70</b>	<b>100,146.40</b>	<b>101,488.50</b>	<b>104,782.60</b>	<b>96,175.30</b>	<b>98,483.50</b>
<b>TOTAL (I+II+III)</b>		<b>218,597.60</b>	<b>172,301.80</b>	<b>156,618.30</b>	<b>162,944.30</b>	<b>161,289.70</b>	<b>163,745.40</b>
<b>ASSETS</b>							
<b>IV Non-current assets</b>							
Property Plant and Equipment	XVI						
(i) Tangible assets		39,215.10	23,130.60	13,832.30	16,194.60	12,535.80	12,428.30
(ii) Intangible assets		175.10	237.40	347.60	389.10	378.60	181.00
Non current investments	XVIII	350.00	0.70	21.80	80.50	11.30	18.40
Long-term loans and advances							
(i) Financial assets	XIX	100,218.00	85,682.10	78,628.60	74,383.90	76,305.80	83,718.60
(ii) Other long term advances	XX	4,322.30	1,507.50	232.00	341.60	347.90	802.70
Other non current assets	XXI	2,857.40	773.10	1,342.50	1,708.00	2,631.80	1,903.10
		<b>147,137.90</b>	<b>111,331.40</b>	<b>94,404.80</b>	<b>93,097.70</b>	<b>92,211.20</b>	<b>99,052.10</b>
<b>V Current assets</b>							
Current investments	XVIII	2,500.00	20.80	57.20	72.50	297.10	295.30
Trade receivables	XXII	753.40	557.90	698.30	659.00	659.70	402.00
Cash and cash equivalents	XXIII	6,629.60	3,612.30	2,078.30	3,532.90	6,173.60	10,289.40
Short-term loans and advances							
(i) Financial assets	XIX	19,271.90	18,506.90	21,676.30	22,852.80	16,442.40	9,659.00
(ii) Other short term advances	XXIV	1,279.90	506.30	304.20	328.00	207.90	235.80
Other current assets							
(i) Current maturities of long term financial assets	XIX	40,086.60	37,169.20	36,050.80	41,378.30	44,645.70	42,709.00
(ii) Other current assets	XXV	938.30	597.00	1,348.40	1,023.10	652.10	1,102.80
		<b>71,459.70</b>	<b>60,970.40</b>	<b>62,213.50</b>	<b>69,846.60</b>	<b>69,078.50</b>	<b>64,693.30</b>
<b>TOTAL (IV+V)</b>		<b>218,597.60</b>	<b>172,301.80</b>	<b>156,618.30</b>	<b>162,944.30</b>	<b>161,289.70</b>	<b>163,745.40</b>

**Note:**

The above statement should be read with the basis of preparation and significant accounting policies appearing in Note II of Annexure V and Statement of material adjustments and regroupings appearing in Annexure IVA to the restated financial information.

As per our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**On behalf of Board of Directors**

**Shrenik Baid**  
Partner

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

**Devendra Kumar Vyas**  
Chief Executive Officer

Place: Mumbai  
Date: 27 November, 2017

**Manoj Kumar Beriwala**  
Chief Financial Officer  
Place: Kolkata

**Ritu Bhojak**  
Company Secretary



## RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Annexure	For the six months/years ended					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I INCOME</b>							
Revenue from operations	XXVI	14,965.60	24,933.30	26,138.80	26,014.40	26,179.30	23,732.00
Other income	XXVII	39.70	20.00	12.10	83.40	14.00	5.70
<b>Total Income</b>		<b>15,005.30</b>	<b>24,953.30</b>	<b>26,150.90</b>	<b>26,097.80</b>	<b>26,193.30</b>	<b>23,737.70</b>
<b>II EXPENDITURE</b>							
Finance costs	XXVIII	7,289.20	13,324.00	14,098.80	14,407.90	15,214.70	13,740.50
Employee benefits expense	XXIX	787.30	1,547.90	1,459.70	1,425.60	960.30	1,152.10
Depreciation, amortization and impairment expenses	XVI	2,561.50	3,592.90	3,226.10	2,925.70	2,423.40	2,239.40
Other expenses	XXX	1,062.60	1,797.00	1,721.90	1,684.40	1,302.70	1,185.50
<b>Total</b>		<b>11,700.60</b>	<b>20,261.80</b>	<b>20,506.50</b>	<b>20,443.60</b>	<b>19,901.10</b>	<b>18,317.50</b>
<b>III PROFIT BEFORE BAD DEBTS WRITTEN OFF, PROVISIONS, CONTIGENCIES AND TAX (I - II)</b>		<b>3,304.70</b>	<b>4,691.50</b>	<b>5,644.40</b>	<b>5,654.20</b>	<b>6,292.20</b>	<b>5,420.20</b>
Bad debts written off, provisions and contingencies	XXXV	1,662.20	2,527.30	3,961.80	3,365.70	2,594.10	1,451.50
<b>IV PROFIT BEFORE TAX</b>		<b>1,642.50</b>	<b>2,164.20</b>	<b>1,682.60</b>	<b>2,288.50</b>	<b>3,698.10</b>	<b>3,968.70</b>
<b>V Tax expense :</b>							
(1) Current tax		342.30	459.90	550.60	492.90	1,281.00	920.20
(2) MAT Credit Entitlement		(342.30)	(459.90)	-	-	-	-
(3) Deferred tax		547.40	675.80	(71.80)	255.60	82.40	393.90
<b>Net Tax Expense (1+2+3)</b>		<b>547.40</b>	<b>675.80</b>	<b>478.80</b>	<b>748.50</b>	<b>1,363.40</b>	<b>1,314.10</b>
<b>VI PROFIT AFTER TAX (IV - V)</b>		<b>1,095.10</b>	<b>1,488.40</b>	<b>1,203.80</b>	<b>1,540.00</b>	<b>2,334.70</b>	<b>2,654.60</b>
<b>VII Earnings per equity share ( basic and diluted )</b> [Face Value of Equity Shares of ₹ 10/- each ]		18.36	24.95	20.18	25.81	39.13	46.81

**Note:**

The above statement should be read with the basis of preparation and significant accounting policies appearing in Note II of Annexure V and Statement of material adjustments and regroupings appearing in Annexure IVA to the restated financial information.

As per our report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

On behalf of Board of Directors

**Shrenik Baid**  
Partner

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

**Devendra Kumar Vyas**  
Chief Executive Officer

Place: Mumbai  
Date: 27 November, 2017

**Manoj Kumar Beriwal**  
Chief Financial Officer  
Place: Kolkata

**Ritu Bhojak**  
Company Secretary

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE - III

RESTATEd SUMMARY STATEMENT OF CASH FLOW

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Cash Flows from Operating Activities</b>						
Profit Before Tax	1,642.50	2,164.20	1,682.60	2,288.50	3,698.10	3,968.70
<b>Adjustment for :</b>						
Depreciation, amortization and impairment expenses	2,561.50	3,592.90	3,226.10	2,925.70	2,423.40	2,239.40
Bad debts written off, provisions and contingencies	1,662.20	2,527.30	3,961.80	3,365.70	2,594.10	1,451.50
(Profit) / Loss on sale of Property Plant and Equipment (net)	97.30	(8.80)	7.10	23.80	18.40	8.60
Finance costs other than Mark to Market (Gain)/Loss on Derivative Financial Instrument	7,289.20	13,324.00	14,177.10	14,422.80	15,337.30	13,674.40
Mark to Market (Gain)/Loss on Derivatives Financial Instrument (Net)	-	-	(78.30)	(14.90)	(122.60)	66.10
Profit on sale from Current investments	-	-	-	(75.40)	-	-
Unrealised exchange(Gain)/Loss	(49.10)	(56.60)	220.10	-	-	-
Dividend Income from Current Investments (Non Trade)	(38.60)	(9.40)	(11.20)	(7.20)	(13.50)	(4.40)
<b>Operating profit before working capital changes</b>	<b>13,165.00</b>	<b>21,533.60</b>	<b>23,185.30</b>	<b>22,929.00</b>	<b>23,935.20</b>	<b>21,404.30</b>
<b>Changes in working capital :</b>						
(Increase) / Decrease in Trade Receivables/ Others	(2,251.80)	(265.40)	30.60	79.40	(32.60)	467.60
(Increase) / Decrease in Financial Assets	(20,248.60)	(10,488.70)	(12.30)	(8,142.00)	(3,901.60)	(37,084.10)
Increase / (Decrease) in Trade Payables/Others	(2,291.50)	432.80	4,127.30	1,196.70	(507.80)	(2,574.40)
(Increase) / Decrease in Deposit (Deposits with original maturity period of more than three months)	(3,444.50)	(1,244.50)	65.50	2,245.70	3,771.80	623.20
<b>Cash (used in)/generated from operations</b>	<b>(15,071.40)</b>	<b>9,967.80</b>	<b>27,396.41</b>	<b>18,308.80</b>	<b>23,265.00</b>	<b>(17,163.40)</b>
Interest paid (net of foreign exchange fluctuation)	(7,257.00)	(13,681.30)	(13,468.00)	(14,563.60)	(15,307.50)	(12,974.90)
Advance taxes paid (including tax deducted at source)	(342.30)	(577.50)	(676.70)	(1,122.70)	(1,047.00)	(653.20)
<b>Net Cash (used in) / generated from operating activities</b>	<b>(22,670.70)</b>	<b>(4,291.00)</b>	<b>13,251.70</b>	<b>2,622.50</b>	<b>6,910.50</b>	<b>(30,791.50)</b>
<b>II. Cash flows from investing activities</b>						
Purchase of Property Plant and Equipment	(8,343.10)	(8,090.10)	(2,447.80)	(3,128.70)	(2,413.80)	(2,455.00)
Proceeds from Redemption of Investments in units of pass through certificates and trust/schemes of venture funds	21.50	57.50	74.00	230.80	5.30	-
Investment in mutual funds and in units of trust and schemes of venture funds	(2,850.00)	-	-	-	-	(313.70)
Dividend Income from Current Investments (Non Trade)	38.60	9.40	11.20	7.20	13.50	4.40
Proceeds from Sale of Property Plant and Equipment	149.90	213.40	51.90	33.20	107.20	17.40
<b>Net Cash used in Investing Activities</b>	<b>(10,983.10)</b>	<b>(7,809.80)</b>	<b>(2,310.70)</b>	<b>(2,857.50)</b>	<b>(2,287.80)</b>	<b>(2,746.90)</b>
<b>III. Cash Flows from Financing Activities</b>						
Increase in Equity Share Capital (including Securities Premium)	-	-	-	-	-	1,996.40
Proceeds from issuance of debentures	6,370.00	10,265.00	7,193.00	8,660.00	1,268.00	6,620.00
Repayment on redemption of debentures	(1,450.10)	(4,660.00)	(6,860.00)	(4,292.40)	(5,728.90)	(6,151.90)
Increase / (Decrease) in Working Capital facilities (net)	20,484.30	(3,822.20)	2,064.80	3,879.80	(1,980.50)	25,852.70
Increase / (Decrease) in Other Loans (net)	9,911.70	10,694.10	(14,456.20)	(8,630.50)	1,502.30	5,761.70
<b>Net Cash (used in) / generated from Financing Activities</b>	<b>35,315.90</b>	<b>12,476.90</b>	<b>(12,058.40)</b>	<b>(383.10)</b>	<b>(4,939.10)</b>	<b>34,078.90</b>
<b>IV. Net increase / (decrease) in Cash and Cash Equivalents (I+II+III)</b>	<b>1,662.10</b>	<b>376.10</b>	<b>(1,117.40)</b>	<b>(618.10)</b>	<b>(316.40)</b>	<b>540.50</b>
<b>V. Cash and Cash Equivalents at beginning of the period/year</b>	<b>718.30</b>	<b>342.21</b>	<b>1,459.60</b>	<b>2,077.70</b>	<b>2,394.10</b>	<b>1,853.60</b>
<b>VI. Cash and cash equivalents at the end of period/year (IV+V)</b>	<b>2,380.40</b>	<b>718.30</b>	<b>342.21</b>	<b>1,459.60</b>	<b>2,077.70</b>	<b>2,394.10</b>

The above statement should be read with the basis of preparation and significant accounting policies appearing in Note II of Annexure V and Statement of material adjustments and regroupings appearing in Annexure IVA to the restated financial information.

As per our report of even date

For Deloitte Haskins & Sells  
Chartered Accountants

On behalf of Board of Directors

Shrenik Baid  
Partner

Hemant Kanoria  
Chairman and Managing Director  
(DIN : 00193015)

Devendra Kumar Vyas  
Chief Executive Officer

Place: Mumbai  
Date: 27 November, 2017

Manoj Kumar Beriwal  
Chief Financial Officer  
Place: Kolkata

Ritu Bhojak  
Company Secretary

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE - IV A**

**Statement of Material adjustments and regroupings**

**1) Material adjustments**

The summary of results of restatements made in the audited financial statements for the respective period/years and its impact on the Profit after tax of the Company are as follows:

*(All amounts in Millions Rupees except for share data or as otherwise stated)*

Particulars	For the six month /year ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Profit after tax (as per audited financial statements) (i)</b>	1,095.10	1,488.40	1,152.60	1,530.20	2,253.80	2,699.20
<b>Restatement Adjustments:</b>						
Finance cost - Mark to Market (gain)/loss on fair valuation of derivative financial instruments (net) (Refer Note A)	-	-	78.30	14.90	122.60	(66.10)
Deferred tax impact on above adjustment	-	-	(27.10)	(5.10)	(41.70)	21.50
<b>Total Restatement Adjustments (ii)</b>	-	-	51.20	9.80	80.90	(44.60)
<b>Profit after tax (as restated) (i)+(ii)</b>	<b>1,095.10</b>	<b>1,488.40</b>	<b>1,203.80</b>	<b>1,540.00</b>	<b>2,334.70</b>	<b>2,654.60</b>

The summary of results of restatements made in the audited financial statements for the respective period/years and its impact on the Reserves and Surplus of the Company are as follows:

*(All amounts in Millions Rupees except for share data or as otherwise stated)*

Particulars	For the six month /year ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Debt redemption reserve (as per audited financial statements) (i)</b>	5,860.00	5,860.00	5,860.00	5,574.70	4,095.60	2,677.60
Cumulative restatement adjustment to Surplus in the Statement of Profit and Loss - Refer Note B (ii)	(4,838.30)	(5,184.70)	(5,574.70)	(5,574.70)	(4,095.60)	(2,677.60)
<b>Debt redemption reserve (as restated) (i)+(ii)</b>	1,021.70	675.30	285.30	-	-	-
<b>Surplus in the Statement of Profit and Loss as per audited financial statements (i)</b>	5,123.50	4,355.70	3,409.60	3,215.30	3,878.40	3,493.40
<b>Cumulative restatement adjustments:</b>						
Mark to market (gain)/loss on fair valuation of derivative financial instruments (net), net of deferred tax - Refer Note A (ii)	(4.90)	(4.90)	(33.30)	(84.50)	(94.30)	(175.20)
Debt redemption reserve - Refer Note B (iii)	4,838.30	5,184.70	5,574.70	5,574.70	4,095.60	2,677.60
<b>Surplus in the Statement of Profit and Loss (as restated) (i)+(ii)+(iii)</b>	<b>9,956.90</b>	<b>9,535.50</b>	<b>8,951.00</b>	<b>8,705.50</b>	<b>7,879.70</b>	<b>5,995.80</b>

**Opening Reconciliation of Surplus in the Statement of Profit and Loss**

Particulars	₹ in Million
Surplus in the Statement of Profit and Loss as at 1 April, 2012 (as per audited financial statements) (i)	2,441.00
<b>Cumulative restatement adjustments:</b>	
Mark to market (gain)/loss on fair valuation of derivative financial instruments (net), net of deferred tax - Refer Note A (ii)	(130.60)
Debt redemption reserve - Refer Note B (iii)	1,570.70
<b>Surplus in the Statement of Profit and Loss as at 1 April, 2012 (as restated) (i)+(ii)+(iii)</b>	<b>3,881.10</b>

**Note A :** The restatement adjustment of finance cost on account of mark to market (gain)/loss on fair valuation of derivative financial instruments through statement of profit and loss pursuant to the retrospective application of the Guidance Note on Accounting for Derivative Contracts issued by the ICAI ("Guidance Note") which was applied with effect from 1 April, 2016 for audited financial statements.

During the financial year ended 31 March 2017 and six months ended 30 September 2017, the Company has applied hedge accounting effective from 1 April 2016 and the corresponding mark to market (gain)/loss on derivative financial instruments has been routed through cash flow hedge reserve in compliance with the aforesaid Guidance Note. Further, as per the requirement of the Guidance Note, the Company is not permitted to designate hedge relationship retrospectively and hence the changes in fair valuation of derivative financial instruments during the financial years ended 31 March 2013 to 31 March 2016 has been taken to Statement of Profit and Loss as stated above.

**Note B :** As per Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014 read with Section 71(4) of the Companies Act, 2013 in case of Non-Banking Finance Companies (NBFCs) registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, no Debt Redemption Reserve (DRR) is required to be created in the case of privately placed subordinated debentures/loans, however in case of public issue of Non-Convertible debentures (NCD) 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue.

As a matter of prudence, the Company, as per the management's discretion, created DRR for redemption of privately placed subordinated debentures / loans qualifying for Tier I / Tier II Capital on straight line basis over the tenure of the respective privately placed subordinated debentures / loans till the financial year ended 31st March, 2015. Thereafter, the Management discontinued creation of DRR on privately placed subordinated debentures/loans. Hence, the DRR created on such instruments for past financial years has been restated and presented under Surplus in the Statement of Profit and Loss. However, the DRR created on public issue of debentures have been retained in the books.

The above adjustments have been recognised for each of the years presented in the Restated Financial Information to align relevant accounting policies of those years with the accounting policies adopted for preparation of the audited financial statements of the six months ended 30 September, 2017

**2) Material regrouping**

Necessary adjustments by way of reclassification/regrouping of the corresponding items revenue, expenses, assets, liabilities and cash flows, wherever required, have been recognised for each of the years presented in the Restated Financial Information to bring them in line with classification/groupings as per the audited financial statements of the Company for the six months ended 30 September, 2017 including the following :

(i) Provision for Non-Performing Assets (NPA) and Standard Restructured Assets under Corporate Debt Restructuring (CDR) Mechanism aggregating to ₹ 1,413.90 million and ₹ 1,127.90 million were presented as part of "Long term provisions" as at 31 March 2014 and 31 March 2013 respectively which have been regrouped and shown as deduction from financial assets.

(ii) Provision for NPA and Standard Restructured Assets under CDR, SDR and S4A as at 30 September, 2017, 31 March, 2017, 31 March, 2016, 31 March, 2015, 31 March, 2014, 31 March, 2013 aggregating to ₹ 1,346.10 million, ₹ 1,208.30 million, ₹ 1,468.40 million, ₹ 1,836.90 million, ₹ 1,413.90 million and ₹ 1,127.90 million respectively were disclosed as deduction from "Long-term financial assets" have been bifurcated and regrouped between those related to "Long-term financial assets", "Current maturities of long-term financial assets" and "Short-term financial assets".

(iii) Bad Debts Written-off were disclosed as part of "Provision for NPA " as at 31 March, 2017, 31 March, 2016 and 31 March, 2015, has now been netted off from financial assets amounting to ₹ 2,701.90 million, ₹ 4,261.80 million and ₹ 2,945.50 million respectively.

**3) Significant Changes in Estimate**

(i) Pursuant to the enactment of the Companies Act 2013 during the year ended 31 March, 2015, the management has reviewed and re-estimated the useful lives and residual values of all its fixed assets which has resulted in lower charge of depreciation amounting to ₹ 118.50 million in that year.

(ii) During the year ended 31 March 31, 2013, consequent to the changes in business dynamics and operations and emerging trend of useful lives of various items of fixed assets deployed under operating lease, the Company has changed the estimated useful life of Plant & Machinery, Earthmoving Equipment, Motor Vehicles and Furniture & Fixture which has resulted in higher charge of depreciation amounting to ₹ 346.70 million in that year.

(iii) Pursuant to the RBI Notification No. DNBR. 009/ CGM (CDS) -2015 dated March 27, 2015, effective 1 April 2015, the Company has revised its estimates of provisioning for standard assets and for classification of overdue loans into Non-Performing, Sub-standard and Doubtful assets in a phased manner.

For the purpose of Restated Summary Statements these changes in estimates have not been restated.

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE - IV B**

**Non adjusting items**

**Companies (Auditor's Report) Order**

Remarks / comments included in the Annexure to Auditors' Reports in terms of Companies (Auditor's Report) Order, 2016 for the year ended 31 March 2017, Companies (Auditor's Report) Order, 2015 for the year ended 31 March 2016 and Companies (Auditor's Report) Order, 2003, as amended, for the years ended 31 March 2015, 2014 and 2013, which do not require any corrective adjustment in the Restated Summary Statements are as follows:

**I For the year ended 31 March, 2017**

**Clause (vii)(c)**

Details of dues of Income-tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on 31 March, 2017 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in ₹ millions
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2002-03 to 2014-15	374.90*
Central Sales Tax and VAT Laws	Central Sales Tax and VAT	At various level from Commissioner to High Court	Various years from 2007-08 to 2014-15	147.70#
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2008-09 to 2013-14	698.00

\*Net of ₹ 30.70 millions paid under protest

# Net of ₹ 1.00 millions paid under protest

**II For the year ended 31 March, 2016**

**Clause (vii)(c)**

Details of dues of Income-tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on 31 March, 2016 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in ₹ millions
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2002-03 to 2009-10	21.9*
Central Sales Tax and VAT Laws	Central Sales Tax and VAT	At various level from Commissioner to High Court	Various years from 2007-08 to 2014-15	161.0#
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2008-09 to 2012-13	496.10

\*Net of ₹ 30.00 millions paid under protest

# Net of ₹ 1.70 millions paid under protest

**III For the year ended 31 March, 2015**

**Clause (iv)(c)**

Details of dues of Income-tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on 31 March, 2015 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in ₹ millions
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2002-03 to 2009-10	25.50
Central Sales Tax and VAT Laws	Central Sales Tax and VAT	At various level from Commissioner to High Court	Various years from 2007-08 to 2011-12	107.70
The Income tax Act, 1961	Income tax	Commissioner of Income-tax (Appeals)	2008-09 to 2011-12	2.20

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE - IV B**

**Non adjusting items (Continued)**

**IV For the year ended 31 March, 2014**

**Clause (ix) (c)**

Details of dues outstanding of Income-tax, sales tax, wealth tax, service tax, customs duty and Cess that has not been deposited as on 31 March, 2014 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in ₹ millions
WB-CST	Tax on Sec 5(2) & 6 (2) of the CST Act	Appellate Authority, West Bengal	2010-11	6.20
Finance Act, 1994	Service tax on Financial and Business Auxiliary Services, interest payment and utilization of Cenvat credit	High Court, Calcutta	2002-03 to 2009-10	53.50
WB-VAT	VAT on sale of fixed assets and Sec 6(2) of the CST Act, 1956	Appellate Authority, West Bengal	2007-08, 2009-10	7.50
AP-VAT	VAT on sale of Repossessed assets	High Court, Andhra Pradesh	2008-09, 2011-12	45.20
Income Tax Act, 1961	Income Tax	Jurisdictional Assessing Officer / CIT (Appeals), Kolkata	2008-09 to 2011-12	67.30

**V For the year ended 31 March, 2013**

**Clause (ix) (c)**

Details of dues outstanding of Income-tax, sales tax, wealth tax, service tax, customs duty and Cess that has not been deposited as on 31 March, 2013 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount in ₹ millions
UP Trade Tax Act, 1948	Sales Tax	Deputy Commissioner ( Appeals), A.C Assessment, Trade Tax, Kanpur.	1995-96 to 1999-00	0.70
Finance Act, 1994	Service tax on Financial and Business Auxiliary Services, interest payment and utilization of Cenvat credit	High Court at Calcutta	2002-03 to 2009-10	53.50
WB- VAT	VAT on sale of fixed assets	Appellate Authority, West Bengal	2007-08, 2009-10	11.80
AP- VAT	Entry Tax	AP- Commercial Tax Authority	2008-09	11.90
Income Tax Act, 1961	Income Tax	Jurisdictional Assessing Officer / CIT (Appeals), Kolkata	2008-09 to 2011-12	62.70

NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS

BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

I. GENERAL CORPORATE INFORMATION

Srei Equipment Finance Limited, a wholly owned subsidiary of Srei Infrastructure Finance Limited, is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company had received a Certificate of Registration from the Reserve Bank of India ('RBI') on 3 September, 2008 to commence / carry on the business of Non-Banking Financial Company ('NBFC') without accepting public deposits, classified as Systemically Important NBFC (NBFC-NDSI). Subsequently, the Company has been issued a new certificate by the RBI dated 19 February, 2014 consequent to conversion from Private Limited Company to Public Limited Company.

II. BASIS OF PREPARATION

The Company is proposing an Initial Public Offering (IPO) of its equity shares of face value of INR 10 each ("the Issue") under the Securities and Exchange Board of India ("SEBI") Issue of Capital and Disclosure Requirement Regulations 2009 as amended from time to time ("SEBI Regulations") and the relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

These Restated Financial information have been specifically prepared for inclusion in the prospectus to be filed by the Company with the SEBI in connection with the Issue. The Restated Financial information consist of the restated summary statement of assets and liabilities of the Company as at 30 September 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, the related restated summary statement of profit and loss and the related restated summary statement of cash flows for the six months ended 30 September 2017 and for each of the years ended 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013.

These Restated Financial information have been prepared to comply in all material respects with the requirements of Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Act and the SEBI Regulations 2009. The Act and the SEBI Regulations require the information to be disclosed in respect of the assets and liabilities and profit and loss of the Company for each of the five years immediately preceding the issue of the Prospectus.

These Restated Financial information has been approved by the Board of Directors of the Company in their meeting held on 27 November, 2017.

These Restated Financial information have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards specified under Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with the relevant provisions of the Act, as applicable and as per the guidelines issued by the RBI as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulations'). The notified Accounting Standards (AS) is followed by the Company in so far as they are not inconsistent with the NBFC Regulations.

III. SIGNIFICANT ACCOUNTING POLICIES

The Company has followed the same accounting policies in preparation of the Restated Financial Information as those followed in preparation of the interim condensed financial statements as at and for the six months ended 30 September, 2017. These Restated Financial Information should be read in conjunction with the respective audited financial statements and the related notes.

i. Operating cycle

'An operating cycle' is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The normal operating cycle of the Company is considered to be of twelve months.

ii. Presentation and disclosure in financial statements

The financial statements are presented and prepared according to Part I and Part II of Schedule III notified under the Act.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Schedule III to the Act

iii. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

iv. Property Plant and Equipment and Depreciation /Amortisation

a) Property Plant and Equipment

Tangible Property Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.

Gains or losses arising from de-recognition of Property Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.



## Annexure-V

## NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS

## b) Depreciation/Amortization

## Six months ended 30 September 2017 and Year ended 2016-17, 2015-16 and 2014-15

Depreciation on tangible Property Plant and Equipment are computed using straight-line method based on the useful lives of various assets prescribed in Schedule II to the Act except in respect of the following categories of assets, in whose case useful lives of assets have been assessed as under based on technical advice:

## Operating lease Assets

Class of Assets	Useful Lives as per the Companies Act 2013	Useful Lives as followed by the management
Computers	3 and 6 years	5 years
Earth Moving Equipment	9 years	7 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 and 30 years	8 and 15 years
Windmill	22 years	20 years

## Own Use Assets

Class of Assets	Useful Lives as per the Companies Act 2013	Useful Lives as followed by the management
Computer and office equipments	3 and 6 years	5 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 and 22 years	8 and 22 years

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

Lease hold asset including improvements is amortized over the period of estimated useful life of the asset or lease period whichever is lower.

Depreciation on assets purchased / sold during the period are recognized on a pro-rata basis.

Amortization of intangibles asset is computed using straight line method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Class of Assets	Useful Life as followed by the management
Software	5 years*

\*Software includes license amortized over the period of license life or 5 years, whichever is lower.

## Financial Year 2013-14 and 2012-13

Depreciation/Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective Property Plant and Equipment and the rates derived from such useful lives are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

The rate of depreciation considered by the Company where the rate is higher than the Schedule XIV is as follows:

Particulars	Useful lives considered by the Company
Plant and Machinery	5 to 12 years
Heavy Earth Moving Equipment	6 years
Motor Vehicles	5 years 6 months
Furniture and Fixture	7 years

Property Plant and Equipment costing up to ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Lease hold assets including improvements are amortised over the period of the lease.

Depreciation on assets purchased / sold during the period is recognized on a pro-rata basis.

## c) Impairment of assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized to the extent, the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price and its value in use.

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

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed, had usual depreciation been charged and no impairment provision recognized.

**NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS**

**v. Borrowing Costs**

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds and includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs of borrowings are amortised over the life of the underlying borrowings.

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**vi. Operating Leases**

**Where the Company is the lessor**

Leases under which substantially all risks and benefits of ownership of the asset are not transferred to the lessee are classified as operating leases. Assets given on operating leases are included in Property Plant and Equipment. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred for execution of operating lease arrangements are recognized immediately in Statement of Profit and Loss.

**Where the Company is the lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**vii. Finance Leases**

Leases under which substantially all risks and benefits of ownership of the asset are transferred to the lessee are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

**viii. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, provision for diminution in the value is recognized in case of a decline other than temporary, in the value of a long term investment. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

**ix. Financial Assets**

- a) Financial Assets include loans granted under hypothecation facilities, repossessed assets/receivables acquired in satisfaction of debt, and instruments (equity shares, preference shares, loans and debentures) received in consideration under Corporate Debt Restructuring (CDR), or Strategic Debt Restructuring (SDR) or Scheme for Sustainable Structuring of Stressed Assets (S4A).
- b) Loans are carried at the amount advanced, interest accrued, as reduced by the amounts received and loans securitised or assigned.
- c) Repossessed assets and assets/receivables acquired in satisfaction of debt are carried at lower of cost and estimated net realizable value, calculated based on the valuation of the underlying assets, where applicable, carried out by an external valuer.
- d) Securities received under CDR, SDR and S4A are carried based on the applicable guidelines issued by the RBI.
- e) The Company considers a restructured account as one where the Company, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Company would not otherwise consider. Restructuring would normally involve modification of terms of the advance or securities/collaterals, which would generally include, among others, alteration of repayment period, repayable amount, the amount of installments, rate of interest, etc. Restructured accounts are classified as standard or sub-standard in accordance with guidelines on restructuring applicable to NBFCs.

**x. Bad debts written-off, provisions and contingencies**

The Company classifies its loans into performing and non-performing assets (NPAs) based on number of days - principal or interest remains past due in accordance with the RBI guidelines. The Company recognizes provisions for NPAs and standard assets in accordance with applicable guidelines issued by the RBI. The Company also makes additional provision for NPA based on the management's best estimate, which as per the management are not likely to be recovered.

Loan contracts which as per the management are not likely to be recovered are considered as bad debts written-off. Loss on repossessed assets or on assets/receivables acquired in satisfaction of debt are written-off as bad debts. Recoveries made from previously written off assets are netted from bad-debts written off.

**xi. Foreign currency transactions and balances**

**a) Initial recognition**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the prevailing exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**b) Conversion**

Year-end foreign currency monetary items are reported using the year-end foreign exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates prevailing at the date when the values are determined.

## Annexure-V

## NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS

**c) Exchange differences**

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous period

and / or on conversion of monetary items, are recognized as income or expenses in the period in which they arise except as stated in paragraph (e).

**d) Forward Exchange Contracts (not intended for trading or speculation purpose)**

The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract and any charge payable in respect of such foreign exchange contracts are recognized when such charges become due under the terms of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the period.

**e) Derivatives and Hedging**

The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates or variable interest benchmark (LIBOR) on underlying liability, enters into the derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes. The Company with effect from 1st April 2016 (referred to as "Transition date"), has applied the Guidance Note on Accounting for Derivative Contracts issued by the ICAI (herein after referred to as the "Guidance Note") which is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS) like forward contracts (or other financial instruments which in substance are forward contracts covered) which is covered by AS 11. Further the said Guidance Note applies to all derivative contracts covered by it and are outstanding as on the transition date with the cumulative impact (net of taxes) as on the transition date recognized in reserves as a transition adjustment and disclosed separately.

As per the requirement of the Guidance Note, all applicable derivatives are recognized in the Balance Sheet at Fair Value and classified as hedging derivative, if the same are designated as part of an effective hedge relationship. The carrying amounts of derivatives are re measured at fair value throughout the life of the contract. The method of recognizing the resulting fair value gain or loss on derivative depends on whether the derivative is designated as hedging instrument and, if so on the nature of the item hedged. Hedge accounting is used for derivative designated in the aforesaid way provided certain criteria as stated in the Guidance Note are met.

The Company has designated the derivatives covered under the Guidance Note as hedges of the highly probable future cash flows attributable to a recognized asset or liability (Cash Flows Hedge). The effective portion of the changes in fair value of derivative in case of cash flow hedges are recognized in the cash flows hedge reserve as part of the Equity. The accumulated hedge reserves in the equity are adjusted in the periods in which the hedge items effects the Income Statement. When the hedging instruments expires or sold or when the hedge no longer meet the criteria for hedge accounting, the cumulative gain / loss existing in the equity as hedging reserve remains in the equity and are adjusted when the forecasted transactions / hedge element is ultimately recognized in the Statement of Profit and Loss.

**xii. Revenue recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from Operations is recognized in the Statement of Profit and Loss on an accrual basis as stated herein below except that revenue

from non-performing assets is recognized on receipt basis as per the Prudential Norms / Directions of the RBI, applicable to NBFCs.

**(a) Financial Assets**

- (i) Income from financial assets is recognized based on the internal rate of return to provide a constant periodic rate of return on the net investment outstanding over the period of the contract or as per the terms of the contract.
- (ii) Fees for processing of loans are recognized upfront when a binding obligation for granting loan has been entered into.
- (iii) Interest for delayed payment and changes to the Company's benchmark interest rate revision are accrued, however due to uncertainty of realization, are recognized only to the extent of probable recovery. These charges are usually realized on full and final settlement.
- (iv) Gains and interest differential arising on securitized or assigned assets are recognized over the tenure of agreements as per the guideline on securitization of standard assets issued by the RBI and included under income from financial assets, while loss, if any is recognized upfront.
- (v) Referral income is recognized when it becomes due under the term of relevant mutually agreed arrangement.

**(b) Operating Lease**

- (i) Income from operating lease is recognized as rentals (net of applicable tax), on straight line basis over the period of the lease.
- (ii) Fees for processing of operating lease are recognized upfront when a binding obligation for assets given on operating lease has been entered into.
- (iii) Interest for delayed payment and changes to the Company's benchmark interest rate revision are accrued, due to uncertainty of realization are recognized only to the extent of probable recovery. These charges are usually realized on full and final settlement.
- (c) Interest income on fixed deposits/margin money/pass through certificates is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (d) Revenue from sale of power is recognised to the extent of the Company's share of income from jointly controlled operations arising out of sale of units generated as per the terms of the respective power purchase agreements with the State Electricity Boards.
- (e) Income from dividend is recognised when the Company's right to receive such dividend is established by the Balance Sheet date.

**xiii. Retirement and other employee benefits**

- (a) Employee benefits in the form of Provident Fund and Employees' State Insurance are defined contribution plans and related contributions are charged to the Statement of Profit and Loss, when an employee renders the related service. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance

Annexure-V

NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS

sheet date, then the excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- (b) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date.
- (c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.
- (d) Actuarial gains/losses are immediately recognized in the Statement of Profit and Loss.

**xiv. Income tax**

Tax expense comprises of current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that these can be realized against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is recognized by crediting to Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**xv. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xvi. Provisions , Contingent Liabilities and Contingent Assets**

**a) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**b) Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

**xvii. Cash and cash equivalents**

Cash and cash equivalents in the Cash Flows Statement comprise of cash on hand and balances with banks, cheques on hand, remittances in transit and short-term investments with an original maturity of three months or less.

**xviii. Debt Redemption Reserve ("DRR")**

As per Rule 18(7)(b)(ii) of the Companies (Share Capital and Debentures) Rules, 2014 read with Section 71(4) of the Act in case of NBFC registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, in the case of privately placed debentures there is no requirement for creation of DRR, however in case of public issue of Non-Convertible debentures (NCD) 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue.

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE VI

RESTATED SUMMARY STATEMENT OF SHARE CAPITAL

SHARE CAPITAL

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at											
	30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>												
Equity shares of ₹ 10/- par value	500,000,000	5,000.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00
Preference shares of ₹ 100/- par value	50,000,000	5,000.00	-	-	-	-	-	-	-	-	-	-
<b>Issued, Subscribed and fully paid up</b>												
Equity shares of ₹ 10/- par value	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60
<b>Total</b>												

Reconciliation of Equity Shares

The reconciliation of the number of Equity shares outstanding and the corresponding amount thereof, as at the Balance Sheet date is set out below:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Equity Shares	As at											
	30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
At the beginning of the period/year	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	53,220,000	532.20
Add: Issued as fully paid up during the period/year	-	-	-	-	-	-	-	-	-	-	6,440,000	64.40
At the end of the period/year	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60	59,660,000	596.60

Terms/rights attached to Equity and Preference Shares

The Company's authorized capital consists of two classes of shares referred to as Equity Shares and Preference shares having par value of ₹ 10/- each and ₹ 100/- each, respectively. Each holder of Equity Shares is entitled to one vote per share. Preference Shareholder has a preferential right over equity shareholders, in respect of repayment of capital and payment of dividend. However, no such preference shares have been issued by the Company during the six months ended 30 September, 2017 and are outstanding as at that date.

The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

The details of shareholders holding more than 5% shares are set out as below:

Class of shares and names of shareholders	As at											
	30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
	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	No. of shares	% of holding
<b>Equity Shares, ₹10/- par value</b>												
Srei Infrastructure Finance Limited [Refer note (a)]	59,660,000	100	59,660,000	100	29,830,000	50	29,830,000	50	29,830,000	50	29,830,000	50
BNP Paribas Lease Group [Refer note (a) and (b)]	-	-	-	-	29,830,000	50	29,830,000	50	29,830,000	50	29,830,000	50

Notes:

(a) Including nominee shareholders.

(b) Pursuant to the Share Purchase Agreement ("SPA") dated 29 December, 2015 executed between Srei Infrastructure Finance Limited (SIFL), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL) and others, BPLG agreed to sell its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL in accordance with applicable laws. The transaction received all the requisite approvals and BPLG sold its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL. Pursuant to this transaction, SEFL became the wholly-owned subsidiary of SIFL with effect from 17 June, 2016.

(c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV, V, XXXV and XXXVI.

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE VII

RESTATED SUMMARY STATEMENT OF RESERVES AND SURPLUS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Capital reserve</b>						
Opening balance	3.10	3.10	3.10	3.10	3.10	3.10
Add/Less: Transferred from / to Surplus	-	-	-	-	-	-
Closing Balance	<b>3.10</b>	<b>3.10</b>	<b>3.10</b>	<b>3.10</b>	<b>3.10</b>	<b>3.10</b>
<b>Securities premium reserve</b>						
Opening balance	10,398.00	10,398.00	10,398.00	10,398.00	10,398.00	8,466.00
Add: Received on issue of equity shares for the period/year	-	-	-	-	-	1,932.00
Closing Balance	<b>10,398.00</b>	<b>10,398.00</b>	<b>10,398.00</b>	<b>10,398.00</b>	<b>10,398.00</b>	<b>10,398.00</b>
<b>Debt redemption reserve</b>						
Opening balance	675.30	285.30	-	-	-	-
Add: Transferred from Surplus in the Statement of Profit and Loss for the period/year [Refer note (a)]	346.40	390.00	285.30	-	-	-
Closing Balance	<b>1,021.70</b>	<b>675.30</b>	<b>285.30</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow hedge reserve</b>						
Opening balance	104.20	-	-	-	-	-
Add: Addition during the period/year [Refer note (a)]	165.60	104.80	-	-	-	-
Less: Utilised during the period/year [Refer note (a)]	159.70	0.60	-	-	-	-
Closing balance	<b>110.10</b>	<b>104.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Special reserve (created pursuant to Section 45IC of the Reserve Bank of India Act, 1934)</b>						
Opening balance	2,830.60	2,532.90	2,302.30	1,993.90	1,543.10	1,003.20
Add: Transferred from Surplus in the Statement of Profit and Loss for the period/year [Refer note (b)]	219.10	297.70	230.60	308.40	450.80	539.90
Closing Balance	<b>3,049.70</b>	<b>2,830.60</b>	<b>2,532.90</b>	<b>2,302.30</b>	<b>1,993.90</b>	<b>1,543.10</b>
<b>Income tax special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961 )</b>						
Opening balance	1,055.80	839.60	397.20	-	-	-
Add: Transferred from Surplus in the Statement of Profit and Loss for the period/year	108.20	216.20	442.40	397.20	-	-
Closing balance	<b>1,164.00</b>	<b>1,055.80</b>	<b>839.60</b>	<b>397.20</b>	<b>-</b>	<b>-</b>
<b>Surplus in the Statement of Profit and Loss</b>						
Opening balance, as restated	9,535.50	8,951.00	8,705.50	7,879.70	5,995.80	3,881.10
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on Property Plant and Equipment with nil remaining useful life [Net of deferred tax of ₹ 4.40 millions ]	-	-	-	8.60	-	-
Add: Profit after tax transferred from Statement of Profit and Loss	1,095.10	1,488.40	1,203.80	1,540.00	2,334.70	2,654.60
Amount available for appropriation	10,630.60	10,439.40	9,909.30	9,411.10	8,330.50	6,535.70
<b>Appropriations:</b>						
Less: Amount transferred to Special reserve	219.10	297.70	230.60	308.40	450.80	539.90
Less: Amount transferred to Income tax special reserve	108.20	216.20	442.40	397.20	-	-
Less: Amount transferred to Debt redemption reserve	346.40	390.00	285.30	-	-	-
Closing balance	<b>9,956.90</b>	<b>9,535.50</b>	<b>8,951.00</b>	<b>8,705.50</b>	<b>7,879.70</b>	<b>5,995.80</b>
<b>Total</b>	<b>25,703.50</b>	<b>24,602.50</b>	<b>23,009.90</b>	<b>21,806.10</b>	<b>20,274.70</b>	<b>17,940.00</b>

Notes:

(a) Refer Note 1(III)(xviii) of Annexure V for policy on Debt Redemption Reserve (DRR) .

Refer Note 1 (III)(xi) (e) of Annexure V for policy on Derivatives and Hedging .

(b) Transfer of 20% of the profit after tax before restatement adjustment, if any, to the statutory reserves in accordance with the provision of section 45 – IC of the RBI Act 1934

(c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE VIII

RESTATED SUMMARY STATEMENT OF LONG TERM BORROWINGS

Non Current

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Secured</b>						
Debtentures						
Non-convertible debtentures [Refer note (a)]	6,659.00	9,417.50	4,497.00	3,650.00	1,010.00	5,302.40
Term loans [Refer note (b)]						
From banks						
- Rupee loans	9,836.60	6,732.90	5,108.00	8,196.60	15,722.90	15,732.00
- Foreign currency loans	-	1,448.20	3,776.40	6,969.10	9,906.90	10,542.50
From financial institutions						
- Rupee loans	10,280.00	7,310.00	1,318.00	2,524.00	3,730.00	2,220.50
- Foreign currency loans	4,375.70	3,536.00	-	66.80	221.00	327.40
Other loans from banks						
Buyer's credit in foreign currency	-	-	-	-	-	98.80
<b>Total</b>	<b>31,151.30</b>	<b>28,444.60</b>	<b>14,699.40</b>	<b>21,406.50</b>	<b>30,590.80</b>	<b>34,223.60</b>
<b>II. Unsecured</b>						
Debtentures						
Subordinated perpetual debtentures (Tier I Capital) [Refer note (c)]	375.00	375.00	375.00	375.00	375.00	375.00
Subordinated redeemable non convertible debtentures (Tier II Capital) [Refer note (d)]	15,588.90	11,499.00	10,214.00	7,868.00	7,458.00	6,190.00
Non convertible debtentures [refer note (f)]	20.00	20.00	-	-	-	-
Term loans from banks [Refer note (e)]						
Rupee subordinated loans (Tier II Capital)	500.00	666.70	2,500.00	2,500.00	2,500.00	2,500.00
Foreign currency loans	1,388.00	1,320.60	-	-	-	-
<b>Total</b>	<b>17,871.90</b>	<b>13,881.30</b>	<b>13,089.00</b>	<b>10,743.00</b>	<b>10,333.00</b>	<b>9,065.00</b>
<b>Total (I+II)</b>	<b>49,023.20</b>	<b>42,325.90</b>	<b>27,788.40</b>	<b>32,149.50</b>	<b>40,923.80</b>	<b>43,288.60</b>



SREI EQUIPMENT FINANCE LIMITED

ANNEXURE VIII ( Continued)

RESTATED SUMMARY STATEMENT OF LONG TERM BORROWINGS

Current Maturities of Long Term Borrowings

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Secured</b>						
Debtentures						
Non-convertible debtentures [Refer note (a)]	3,538.00	279.50	1,350.00	3,910.00	4,292.40	3,103.90
Term loans [Refer note (b)]						
From banks						
- Rupee loans	3,328.90	2,958.50	5,997.30	8,111.30	8,502.70	9,656.80
- Foreign currency loans	2,593.80	2,241.20	4,557.30	3,279.70	1,632.40	2,437.30
From financial institutions						
- Rupee loans	5,110.00	2,433.00	1,206.00	1,206.00	1,181.00	624.00
- Foreign currency loans	-	-	73.20	132.20	156.00	1,501.60
Other loans from banks						
Buyer's credit in foreign currency	-	-	-	-	318.90	425.10
<b>Total</b>	<b>14,570.70</b>	<b>7,912.20</b>	<b>13,183.80</b>	<b>16,639.20</b>	<b>16,083.40</b>	<b>17,748.70</b>
<b>II. Unsecured</b>						
Debtentures						
Subordinated redeemable non convertible debtentures (Tier II Capital) [Refer note (d)]	2,080.00	1,750.00	750.00	-	-	-
Term loans from banks [(Refer note (e))						
- Rupee subordinated loans (Tier II Capital)	666.70	1,833.30	500.00	-	-	-
- Foreign currency loans	173.50	155.40	-	-	-	-
Other loans						
From financial institutions						62.60
- Foreign currency loans	-	-	-	-	-	-
<b>Total</b>	<b>2,920.20</b>	<b>3,738.70</b>	<b>1,250.00</b>	<b>-</b>	<b>-</b>	<b>62.60</b>
<b>Total (I+II)</b>	<b>17,490.90</b>	<b>11,650.90</b>	<b>14,433.80</b>	<b>16,639.20</b>	<b>16,083.40</b>	<b>17,811.30</b>
<b>Less: Amount disclosed under the head "Other Current Liabilities" (Refer annexure XIV)</b>	<b>17,490.90</b>	<b>11,650.90</b>	<b>14,433.80</b>	<b>16,639.20</b>	<b>16,083.40</b>	<b>17,811.30</b>
<b>Net amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE VIII ( Continued)**

**RESTATED SUMMARY STATEMENT OF LONG TERM BORROWINGS**

**(a) Secured Non-convertible debentures**

Date of Allotment	Face Value per Debenture (₹)	Amount outstanding (₹ in million) *	Interest rate (%)	Earliest redemption date
		As at 30 September 2017		
20 December 2016	1,000,000	100.00	9.00%	20 December 2026
15 September 2017	1,000,000	200.00	8.50%	15 September 2024
20 June 2017	1,000,000	200.00	9.23%	22 June 2024
20 June 2014	1,000,000	100.00	10.90%	20 June 2024
13 June 2014	1,000,000	100.00	10.92%	13 June 2024
31 May 2017	1,000,000	100.00	9.32%	31 May 2024
26 May 2017	1,000,000	200.00	9.45%	26 May 2024
02 December 2016	1,000,000	50.00	9.00%	02 December 2023
06 October 2016	1,000,000	50.00	9.95%	06 October 2021
11 May 2015 [Refer note (2)]	1,000	4,097.00	**	**
17 January 2017 [Refer note (2)]	1,000	5,000.00	***	***
<b>Total</b>		<b>10,197.00</b>		

\* Includes current maturities

\*\* The above debenture are allotted through public issue of Secured Non Convertible Debenture and are redeemable over a tenure of 3 - 7 Years having rate of interest ranging from 9.75% to 10.50%.

\*\*\* The above debenture are allotted through public issue of Secured Non Convertible Debenture and are redeemable over a tenure of 1 - 5 Years having rate of interest ranging from 8.60% to 9.76%.

**Notes**

**Security:**

1. All the above non-convertible debentures except those issued to public are secured by way of pari passu charge on the Company's immovable properties located at West Bengal, having carrying value of ₹ 1.80 million, and an exclusive first charge on the specific receivables arising from the underlying loan/lease/ assets of the Company.

2. During the six months ended 30 September 2017, the company raised ₹ NIL million (31 March, 2017: ₹ 5,000.00 million, 31 March, 2016 : ₹ 4,097.00 million, 31 March, 2015: ₹ Nil million, 31 March, 2014: ₹ Nil million and 31 March, 2013: ₹ Nil million) through Public Issue of Secured Non Convertible Debenture which are secured by way of pari passu charge on the Company's immovable properties located at Chennai, having carrying value of ₹ 5.10 million, and specific receivables/assets of the Company.

**(b) Term Loan from banks and financial Institutions**

Particulars	Outstanding (₹ in million) As at 30 September, 2017	Repayment terms (₹ in million)				Tenure (years)	Rate of Interest per annum	Nature of security
		Monthly	Quarterly	Half yearly	Single installment			
<b>Rupee term loans</b>								
From banks	13,165.50	1,950.50	11,215.00	-	-	0 - 6	8%-12%	Hypothecation of specific assets covered by hypothecation loan agreements and operating lease agreements with customers and receivables arising there from.
From financial institutions	15,390.00	715.00	3,175.00	11,500.00	-	1 - 6	8%-12%	
<b>Total</b>	<b>28,555.50</b>	<b>2,665.50</b>	<b>14,390.00</b>	<b>11,500.00</b>	<b>-</b>			
<b>Foreign currency term loans</b>								
From banks	2,593.80	-	1,092.30	1,501.50	-	0 - 1	4%-6%	Hypothecation of specific assets covered by hypothecation loan agreements and operating lease agreements with customers and receivables arising there from.
From financial Institutions	4,375.70	-	-	3,559.70	816.00	2 - 8	3%-6%	
<b>Total</b>	<b>6,969.50</b>	<b>-</b>	<b>1,092.30</b>	<b>5,061.20</b>	<b>816.00</b>			

\* Includes current maturities.

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE VIII ( Continued)**

**RESTATED SUMMARY STATEMENT OF LONG TERM BORROWINGS**

**c. Unsecured subordinated perpetual debentures (Tier I Capital)**

As at 30 September, 2017, the amount outstanding in respect of unsecured subordinated perpetual debentures is ₹ 375.00 millions which is 1.51% of total Tier I Capital as on Balance Sheet date. These perpetual debentures have call option which is exercisable on or after 31 December, 2021 with prior approval of RBI. The coupon rate of these perpetual debentures is 12.50% per annum which shall be stepped up by 100 basis points to 13.50% per annum for subsequent years, if Call Option is not exercised by the Company at the end of 10th year from the date of allotment i.e. 31 December, 2021.

**d. Unsecured Subordinated Redeemable Non-Convertible Debentures (Tier II Capital)**

During the six months ended 30 September, 2017, the Company raised subordinated redeemable non-convertible debentures qualifying for Tier II Capital amounting ₹ 5,669.90 millions .The following table sets forth, the detail of the bonds outstanding as at the Balance Sheet date:

Date of Allotment	Face value per debenture (₹)	Amount outstanding	Coupon rate (%)	Earliest redemption date
		(₹ in million) As at 30 September, 2017		
08 August 2017	1000	5,619.90		[Refer note (i) ]
23 June 2017	500000	50.00	9.00%	23 June 2027
30 March 2017	500000	500.00	10.25%	30 March 2027
04 November 2016	1000000	100.00	9.85%	04 November 2026
07 October 2016	1000000	400.00	10.75%	07 October 2026
04 October 2016	1000000	150.00	10.75%	04 October 2026
24 August 2016	1000000	300.00	9.50%	24 August 2026
26 May 2016	1000000	35.00	10.25%	26 May 2026
25 May 2016	1000000	200.00	10.75%	25 May 2026
31 March 2016	1000000	200.00	10.00%	31 March 2026
18 March 2016	1000000	50.00	10.70%	18 March 2026
05 February 2016	1000000	50.00	10.60%	05 February 2026
20 January 2016	1000000	50.00	10.60%	20 January 2026
11 January 2016	1000000	150.00	10.60%	11 January 2026
24 September 2015	1000000	50.00	10.50%	24 September 2025
20 August 2015	1000000	100.00	10.50%	20 August 2025
13 August 2015	1000000	1,500.00	10.75%	13 August 2025
16 March 2015	1000000	50.00	11.00%	16 March 2025
01 March 2017	1000000	50.00	10.40%	01 June 2024
25 October 2016	1000000	500.00	9.80%	25 April 2024
10 March 2017	1000000	750.00	10.45%	10 March 2024
07 May 2013	1000000	208.00	11.25%	07 May 2023
24 September 2015	1000000	120.00	10.40%	24 April 2023
29 March 2016	1000000	20.00	10.70%	29 March 2023
24 January 2013	1000000	90.00	11.25%	24 January 2023
17 December 2012	1000000	170.00	11.50%	17 December 2022
13 August 2015	1000000	500.00	10.75%	13 August 2022
09 March 2017	1000000	50.00	10.18%	09 June 2022
01 February 2016	1000000	70.00	10.15%	01 May 2021
24 September 2015	1000000	236.00	10.30%	24 April 2021
20 December 2013	1000000	100.00	11.10%	20 December 2020
27 September 2013	1000000	160.00	11.00%	27 September 2020
31 March 2015	1000000	360.00	11.00%	30 June 2020
29 June 2013	1000000	100.00	10.85%	29 June 2020
31 March 2010	1000000	745.00	10.00%	31 March 2020
19 March 2010	1000000	255.00	10.00%	19 March 2020
24 December 2009	1000000	1,000.00	10.00%	24 December 2019
29 November 2013	1000000	100.00	11.00%	29 May 2019
29 November 2013	1000000	50.00	11.00%	29 May 2019
24 July 2013	1000000	150.00	10.75%	24 May 2019
29 June 2013	1000000	250.00	10.75%	29 April 2019
28 March 2013	1000000	250.00	11.50%	28 September 2018
27 September 2011	1000000	680.00	12.00%	27 September 2018
08 February 2013	1000000	500.00	11.60%	08 August 2018
07 May 2013	1000000	150.00	11.10%	07 August 2018
31 March 2011	1000000	500.00	11.50%	31 March 2018
<b>Total</b>		<b>17,668.90</b>		

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

**Note**

(i) The above debenture are allotted through public issue of Unsecured Subordinate Non Convertible Debenture and are redeemable over a tenure of 5 - 10 Years having rate of interest ranging from 9.25% per annum to 9.75% per annum.

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE VIII ( Continued)**

**RESTATED SUMMARY STATEMENT OF LONG TERM BORROWINGS**

**e. Unsecured term loans from banks**

Particulars	Outstanding (₹ in million)*	Repayment terms (₹ in million)			Tenure (years)	Rate of Interest per annum
	As at 30 September, 2017	Quarterly	Half yearly	Single installment		
Rupees Subordinated term loans (Tier II Capital)	1,166.70	333.30	333.40	500.00	0 - 4	11%-12%
Foreign currency loans	1,561.50	-	1,561.50	-	0 - 9	1%-2%
<b>Total</b>	<b>2,728.20</b>	<b>333.30</b>	<b>1,894.90</b>	<b>500.00</b>		

\* Includes current maturities.

**f. Unsecured non-convertible debentures**

The following table sets forth, the detail of the unsecured non-convertible debentures outstanding as at the Balance Sheet date:

Date of Allotment	Face value per debenture (₹)	Amount outstanding (₹ in million)	Coupon rate (%)	Earliest redemption date
		As at 30th September, 2017		
28 October 2016	10,00,000	10.00	9.95%	28 April 2020
28 April 2016	10,00,000	10.00	10.00%	28 April 2020
<b>Total</b>		<b>20.00</b>		

The above debentures are redeemable at par in single installment.

(g) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(h) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE IX

RESTATED SUMMARY STATEMENT OF NET DEFERRED TAX ASSETS/LIABILITIES

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

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Deferred tax liabilities on :						
Depreciation/amortization on Property Plant and Equipment	3,338.00	2,902.80	2,072.20	2,134.20	1,801.00	1,657.70
Deferred Revenue Expenditure (Unamortized Debt Issue expenses etc.)	218.90	176.80	144.70	154.40	220.90	215.30
Gross deferred tax liabilities (I)	3,556.90	3,079.60	2,216.90	2,288.60	2,021.90	1,873.00
Deferred tax assets on :						
Provisions for Non Performing Asset and Standard Assets	547.80	506.80	477.10	453.50	444.10	331.30
Unabsorbed Depreciation carried forward	57.60	152.40	-	-	-	-
Mark to Market loss/(gain) on derivatives (Net)	10.30	10.30	10.30	37.40	42.50	84.20
Others	11.70	28.00	23.20	19.60	8.40	13.00
Gross deferred tax assets (II)	627.40	697.50	510.60	510.50	495.00	428.50
<b>Net Deferred Tax Liabilities (I-II)</b>	<b>2,929.50</b>	<b>2,382.10</b>	<b>1,706.30</b>	<b>1,778.10</b>	<b>1,526.90</b>	<b>1,444.50</b>

Notes:

(a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE X**

**RESTATED SUMMARY STATEMENT OF OTHER LONG-TERM LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Trade Payables						
Acceptances	422.60	265.90	234.00	42.70	81.70	45.70
Others						
Interest accrued but not due on borrowings	32.60	100.90	55.70	444.40	271.10	526.80
Sundry liabilities (Interest Capitalisation) Account (Refer note a)	-	-	-	-	94.30	-
Forward contracts payable	6.50	-	-	-	-	-
Trade deposits received	3,330.10	1,396.90	1,329.90	869.90	1,007.90	959.00
Derivative Financial Liability	-	-	5.90	49.90	107.80	176.00
Others liabilities (Refer note b)	5.10	1.50	6.00	17.30	-	-
<b>Total</b>	<b>3,796.90</b>	<b>1,765.20</b>	<b>1,631.50</b>	<b>1,424.20</b>	<b>1,562.80</b>	<b>1,707.50</b>

**Notes:**

(a) As per Reserve Bank of India Guidelines.

(b) It includes deferred payment liability amounting to ₹ 5.10 millions for 30 September 2017 (Previous Years includes 31 March, 2017: ₹ 1.50 millions , 31 March 2016 ₹ 6.00 millions and 31 March 2015 : ₹ 17.30 millions )

(c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XI

## RESTATED SUMMARY STATEMENT OF LONG-TERM PROVISIONS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Provision for employee benefits						
Provision for Gratuity	33.70	81.00	66.90	56.70	24.80	40.00
Provision for compensated absence	111.50	120.60	106.90	100.10	72.90	68.00
(I)	145.20	201.60	173.80	156.80	97.70	108.00
Less: Current portion of provision for employee benefits (refer annexure XV)						
Provision for Gratuity	-	-	-	10.00	20.00	15.00
Provision for compensated absence	24.10	19.00	14.80	13.30	10.80	9.20
(II)	24.10	19.00	14.80	23.30	30.80	24.20
<b>III=(I-II)</b>	121.10	182.60	159.00	133.50	66.90	83.80
Other provisions						
Contingent provision against standard assets	400.10	300.50	238.10	273.70	162.70	200.90
(IV)	400.10	300.50	238.10	273.70	162.70	200.90
<b>Total (III+IV)</b>	<b>521.20</b>	<b>483.10</b>	<b>397.10</b>	<b>407.20</b>	<b>229.60</b>	<b>284.70</b>

**Notes:**

(a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .



**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XII**

**RESTATED SUMMARY STATEMENT OF SHORT-TERM BORROWINGS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Secured</b>						
<b>From Banks :</b>						
Working capital facilities (Rupee loan) [ Refer note (a)]	87,128.00	67,745.00	72,646.10	71,190.00	65,771.50	67,114.20
Working capital facilities (Foreign Currency loan) [Refer note (a)]	953.80	1,066.30	249.30	-	-	-
Short- term foreign currency loan from banks	-	-	-	-	-	814.50
Buyer's credit foreign currency loans [ Refer note (b)]	3,066.40	1,571.60	1,519.50	1,088.20	2,273.70	2,769.20
Short- term rupee loan	-	-	1,250.00	1,250.00	750.00	-
<b>From Others :</b>						
Debentures [Refer note (d)]	100.00	100.00	650.00	1,700.00	-	2,625.00
<b>I</b>	<b>91,248.20</b>	<b>70,482.90</b>	<b>76,314.90</b>	<b>75,228.20</b>	<b>68,795.20</b>	<b>73,322.90</b>
<b>II. Unsecured</b>						
<b>From others :</b>						
Short- term rupee loan [Refer note (c)]	2,000.00	-	-	-	-	-
Commercial papers [Refer note (e)]	5,078.40	4,858.70	-	6,628.40	5,156.90	1,040.90
<b>II</b>	<b>7,078.40</b>	<b>4,858.70</b>	<b>-</b>	<b>6,628.40</b>	<b>5,156.90</b>	<b>1,040.90</b>
<b>Total (I+II)</b>	<b>98,326.60</b>	<b>75,341.60</b>	<b>76,314.90</b>	<b>81,856.60</b>	<b>73,952.10</b>	<b>74,363.80</b>

**(a) Working capital facilities from banks**

Working capital facilities (earmarked against cash credit limits) from banks are secured by hypothecation of underlying assets (both short-term and long-term financial assets) covered by respective hypothecation loan agreements and operating lease agreements with customers and receivables arising therefrom ranking pari passu (excluding assets specifically charged to others). As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. As at 30 September, 2017 working capital facilities from banks include working capital demand loans aggregating ₹ 49,300.00 millions. Rate of interest for working capital demand loans ranges from 8% to 10% per annum and for working capital facilities (cash credit), ranges from 9% to 14% per annum. Working capital facilities in the form of foreign currency demand loan from bank bearing interest rate 4% to 5% per annum.

**(b) Buyer's credit foreign currency loans from banks**

Buyer's credit in the form of foreign currency loans from banks are secured by import documents covering title to capital goods and extension of pari passu charge for working capital facilities bearing interest rate ranging from 0% to 3% per annum.

**(c) Short- term rupee loan from banks**

Short- term rupee loans from banks bearing interest rate from 8% to 9% per annum.

**(d) Secured Non-Convertible Debentures**

Date of allotment	Face Value per debenture (₹)	Amount outstanding (₹ in million) * As at 30 September, 2017	Interest Rate (%)	Earliest redemption date
22 August 2016	1,000,000	100	9.50%	22 August 2018**
<b>Total</b>		<b>100</b>		

\* All the above debentures are redeemable at par.

\*\* Contains put options exercisable on a quarterly basis.

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

**(e) Commercial papers**

Rate of Interest ranges from 7% to 9% per annum. The maximum amount outstanding during the six months ended 30 September, 2017, was ₹ 39,270.00 millions.

(f) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(g) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XIII

## RESTATED SUMMARY STATEMENT OF TRADE PAYABLES

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Due to Micro and Small Enterprises [Refer Note (a)]	-	-	-	-	-	-
<b>Due to Others</b>						
Acceptances	1,309.80	3,824.90	3,204.40	725.80	647.00	325.40
Other than acceptance	15,804.00	6,289.70	4,401.90	3,035.50	2,050.10	3,252.40
Employees payables	60.20	150.90	63.40	59.80	50.70	200.80
Commission payable to Directors	21.90	29.80	11.50	15.30	22.60	27.00
<b>Total</b>	<b>17,195.90</b>	<b>10,295.30</b>	<b>7,681.20</b>	<b>3,836.40</b>	<b>2,770.40</b>	<b>3,805.60</b>

**Notes:**

(a) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the period/years and also as at the end of the period/years. 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.

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE XIV

RESTATED SUMMARY STATEMENT OF OTHER CURRENT LIABILITIES

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Current maturities of long-term borrowings (Refer annexure VIII)</b>	17,490.90	11,650.90	14,433.80	16,639.20	16,083.40	17,811.30
<b>I</b>	17,490.90	11,650.90	14,433.80	16,639.20	16,083.40	17,811.30
<b>II. Other Current Liabilities</b>						
Interest accrued but not due on borrowings	1,524.50	1,436.20	1,942.00	927.90	1,388.50	1,066.00
Sundry liabilities (Interest Capitalisation) Account [Refer note (a)]	-	-	-	143.60	311.70	-
Other payables						
Trade deposits received	566.80	763.80	492.70	750.40	260.40	129.40
Forward contracts payable	267.30	227.80	74.00	43.70	87.70	161.90
Advances from customers for operating leases	88.20	95.80	14.60	7.50	12.40	83.30
Derivative Financial Liability	-	-	34.70	65.90	61.10	76.80
Other liabilities [Refer note (b)]	316.40	131.00	206.30	186.60	178.00	191.20
<b>II</b>	2,763.20	2,654.60	2,764.30	2,125.60	2,299.80	1,708.60
<b>Total (I+II)</b>	<b>20,254.10</b>	<b>14,305.50</b>	<b>17,198.10</b>	<b>18,764.80</b>	<b>18,383.20</b>	<b>19,519.90</b>

(a) As per Reserve Bank of India Guidelines.

(b) Other Liabilities represents :

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(i) Swap and hedging premium accrued but not due	35.10	43.50	86.00	119.70	124.70	151.30
(ii) Deferred Payment Liabilities	1.50	4.90	14.00	12.70	-	-
(iii) Statutory liabilities	229.60	46.70	75.50	41.00	37.90	28.80
(iv) Others	50.20	35.90	30.80	13.20	15.40	11.10
<b>Total</b>	<b>316.40</b>	<b>131.00</b>	<b>206.30</b>	<b>186.60</b>	<b>178.00</b>	<b>191.20</b>

(c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE XV

RESTATED SUMMARY STATEMENT OF SHORT-TERM PROVISIONS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Provision for employee benefits (refer annexure XI)						
Provision for Gratuity	-	-	-	10.00	20.00	15.00
Provision for compensated absence	24.10	19.00	14.80	13.30	10.80	9.20
(i)	24.10	19.00	14.80	23.30	30.80	24.20
Other provisions						
Contingent provision against standard assets	226.00	185.00	161.90	57.80	165.30	130.50
Provision for Income taxes [Refer note (a)]	-	-	117.60	243.70	873.50	639.50
(ii)	226.00	185.00	279.50	301.50	1,038.80	770.00
<b>Total (i+ii)</b>	<b>250.10</b>	<b>204.00</b>	<b>294.30</b>	<b>324.80</b>	<b>1,069.60</b>	<b>794.20</b>

Note (a)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Net of Advance tax / Tax deducted at source	-	5,086.70	4,500.10	3,823.40	3,117.30	2,061.10

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

## RESTATE SUMMARY STATEMENT OF PROPERTY PLANT AND EQUIPMENT - TANGIBLE ASSETS &amp; INTANGIBLE ASSETS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Tangible Assets							Intangible Assets			Grand Total (I+II)
	Asset for own use							Asset for own use			
	Freehold Land	Buildings	Furniture and fixtures	Plant & Machinery	Motor vehicles	Computers and office equipment	Total (I)	Software	Tenancy right	Total (II)	
<b>Gross Block</b>											
<b>As at April 1, 2012</b>	0.40	7.20	194.40	-	15.30	116.10	333.40	67.50	0.80	68.30	401.70
Additions during the period/year	-	2.00	9.40	-	8.00	15.20	34.60	6.80	-	6.80	41.40
Disposals/Adjustments during the period/year	-	-	0.20	-	4.70	6.80	11.70	0.10	-	0.10	11.80
<b>As at March 31, 2013</b>	0.40	9.20	203.60	-	18.60	124.50	356.30	74.20	0.80	75.00	431.30
Additions during the period/year	-	-	9.30	-	6.60	10.80	26.70	246.20	-	246.20	272.90
Disposals/Adjustments during the period/year	-	-	-	-	4.80	-	4.80	-	-	-	4.80
<b>As at March 31, 2014</b>	0.40	9.20	212.90	-	20.40	135.30	378.20	320.40	0.80	321.20	699.40
Additions during the period/year	-	-	9.80	-	6.90	20.70	37.40	95.40	-	95.40	132.80
Disposals/Adjustments during the period/year	-	-	-	-	4.00	8.60	12.60	-	-	-	12.60
<b>As at March 31, 2015</b>	0.40	9.20	222.70	-	23.30	147.40	403.00	415.80	0.80	416.60	819.60
Additions during the period/year	-	-	19.00	-	7.30	82.70	109.00	59.80	-	59.80	168.80
Disposals/Adjustments during the period/year	-	-	3.60	-	-	0.60	4.20	-	-	-	4.20
<b>As at March 31, 2016</b>	0.40	9.20	238.10	-	30.60	229.50	507.80	475.60	0.80	476.40	984.20
Additions during the period/year [Refer note (d)]	-	-	3.40	2,250.00	-	7.30	2,260.70	38.20	-	38.20	2,298.90
Disposals/Adjustments during the period/year	-	-	2.80	-	-	6.20	9.00	-	-	-	9.00
<b>As at March 31, 2017</b>	0.40	9.20	238.70	2,250.00	30.60	230.60	2,759.50	513.80	0.80	514.60	3,274.10
Additions during the period/year	-	-	0.80	-	6.90	6.70	14.40	12.20	-	12.20	26.60
Disposals/Adjustments during the period/year	-	-	-	-	2.70	1.60	4.30	-	-	-	4.30
<b>As at September 30, 2017</b>	0.40	9.20	239.50	2,250.00	34.80	235.70	2,769.60	526.00	0.80	526.80	3,296.40
<b>Depreciation/amortization/Impairment</b>											
<b>As at April 1, 2012</b>	-	0.60	56.10	-	6.60	52.10	115.40	40.00	0.80	40.80	156.20
Charge for the period/year	-	0.20	27.90	-	1.80	16.20	46.10	15.20	-	15.20	61.30
Disposals/Adjustments during the period/year	-	-	0.10	-	2.50	6.50	9.10	0.10	-	0.10	9.20
Impairment charge for the period/year	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	-	0.80	83.90	-	5.90	61.80	152.40	55.10	0.80	55.90	208.30
Charge for the period/year	-	0.20	25.80	-	1.90	16.40	44.30	52.10	-	52.10	96.40
Disposals/Adjustments during the period/year	-	-	-	-	2.60	-	2.60	-	-	-	2.60
Impairment charge for the period/year	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	-	1.00	109.70	-	5.20	78.20	194.10	107.20	0.80	108.00	302.10
Charge for the period/year	-	0.20	23.60	-	4.20	19.90	47.90	67.10	-	67.10	115.00
Retained Earnings /Transition Adjustment	-	-	0.20	-	0.20	9.60	10.00	0.30	-	0.30	10.30
Disposals/Adjustments during the period/year	-	-	-	-	3.80	8.60	12.40	-	-	-	12.40
Impairment charge for the period/year	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2015</b>	-	1.20	133.50	-	5.80	99.10	239.60	174.60	0.80	175.40	415.00
Charge for the period/year	-	0.20	27.80	-	3.60	23.30	54.90	89.50	-	89.50	144.40
Disposals/Adjustments during the period/year	-	-	2.30	-	-	0.50	2.80	-	-	-	2.80
Impairment charge for the period/year	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March, 2016</b>	-	1.40	159.00	-	9.40	121.90	291.70	264.10	0.80	264.90	556.60
Charge for the period/year	-	0.20	22.90	2.60	4.50	39.60	69.80	103.00	-	103.00	172.80
Disposals/Adjustments during the period/year	-	-	1.50	-	-	6.20	7.70	-	-	-	7.70
Impairment charge for the period/year	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March, 2017</b>	-	1.60	180.40	2.60	13.90	155.30	353.80	367.10	0.80	367.90	721.70
Charge for the period/year	-	0.10	9.60	51.30	2.40	18.30	81.70	53.10	-	53.10	134.80
Disposals/Adjustments during the period/year	-	-	-	-	1.70	1.70	3.40	-	-	-	3.40
Impairment charge for the period/year	-	-	-	-	-	-	-	-	-	-	-
<b>As at September 30, 2017</b>	-	1.70	190.00	53.90	14.60	171.90	432.10	420.20	0.80	421.00	853.10
<b>Net Block :</b>											
<b>As at March 31, 2013</b>	0.40	8.40	119.70	-	12.70	62.70	203.90	19.10	-	19.10	223.00
<b>As at March 31, 2014</b>	0.40	8.20	103.20	-	15.20	57.10	184.10	213.20	-	213.20	397.30
<b>As at March 31, 2015</b>	0.40	8.00	89.20	-	17.50	48.30	163.40	241.20	-	241.20	404.60
<b>As at March 31, 2016</b>	0.40	7.80	79.10	-	21.20	107.60	216.10	211.50	-	211.50	427.60
<b>As at March 31, 2017</b>	0.40	7.60	58.30	2,247.40	16.70	75.30	2,405.70	146.70	-	146.70	2,552.40
<b>As at September 30, 2017</b>	0.40	7.50	49.50	2,196.10	20.20	63.80	2,337.50	105.80	-	105.80	2,443.30

## RESTATED STATEMENT OF PROPERTY PLANT AND EQUIPMENT - TANGIBLE ASSETS &amp; INTANGIBLE ASSETS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Tangible Assets							Intangible Assets		Grand Total (I+II)	
	Asset given on Operating Lease							Asset given on Operating Lease			
	Aircrafts	Earthmoving Equipment	Motor vehicles	Plant & Machinery [Refer (a) (b)]	Wind Mills [Refer (a) (b)]	Computers	Furniture and fixtures	Total (I)	Software		Total (II)
<b>Gross Block</b>											
<b>As at April 1, 2012</b>	80.60	2,480.00	4,687.00	2,013.40	4,027.70	1,883.40	297.10	15,469.20	234.10	234.10	15,703.30
Additions during the period/year	-	308.40	847.70	353.50	-	510.30	165.80	2,185.70	74.60	74.60	2,260.30
Disposals/Adjustments during the period/year	-	26.00	37.00	5.70	-	-	-	68.70	-	-	68.70
<b>As at March 31, 2013</b>	80.60	2,762.40	5,497.70	2,361.20	4,027.70	2,393.70	462.90	17,586.20	308.70	308.70	17,894.90
Additions during the period/year	-	534.80	914.10	428.80	-	478.50	149.80	2,506.00	75.20	75.20	2,581.20
Disposals/Adjustments during the period/year	-	126.30	225.00	-	-	201.20	-	552.50	0.30	0.30	552.80
<b>As at March 31, 2014</b>	80.60	3,170.90	6,186.80	2,790.00	4,027.70	2,671.00	612.70	19,539.70	383.60	383.60	19,923.30
Additions during the period/year	-	1,490.60	2,868.40	1,051.10	300.00	649.50	114.80	6,474.40	57.80	57.80	6,532.20
Disposals/Adjustments during the period/year	-	23.90	162.50	3.40	-	151.70	-	341.50	119.70	119.70	461.20
<b>As at March 31, 2015</b>	80.60	4,637.60	8,892.70	3,837.70	4,327.70	3,168.80	727.50	25,672.60	321.70	321.70	25,994.30
Additions during the period/year	-	917.30	711.40	265.60	-	482.60	45.90	2,422.80	42.30	42.30	2,465.10
Disposals/Adjustments during the period/year	-	402.00	2,222.10	133.10	-	43.20	-	2,800.40	-	-	2,800.40
<b>As at March 31, 2016</b>	80.60	5,152.90	7,382.00	3,970.20	4,327.70	3,608.20	773.40	25,295.00	364.00	364.00	25,659.00
Additions during the period/year	-	3,646.80	2,055.60	4,183.70	-	478.30	311.30	10,675.70	11.00	11.00	10,686.70
Disposals/Adjustments during the period/year	-	97.70	510.70	90.20	-	596.10	9.30	1,304.00	28.10	28.10	1,332.10
<b>As at March 31, 2017</b>	80.60	8,702.00	8,926.90	8,063.70	4,327.70	3,490.40	1,075.40	34,666.70	346.90	346.90	35,013.60
Additions during the period/year	-	3,435.50	2,013.50	12,682.00	-	517.20	156.00	18,804.20	0.20	0.20	18,804.40
Disposals/Adjustments during the period/year	-	32.90	792.40	61.80	-	45.80	8.20	941.10	1.30	1.30	942.40
<b>As at September 30, 2017</b>	80.60	12,104.60	10,148.00	20,683.90	4,327.70	3,961.80	1,223.20	52,529.80	345.80	345.80	52,875.60
<b>Depreciation/amortization/Impairment</b>											
<b>As at April 1, 2012</b>	20.90	615.50	1,561.80	323.50	368.30	342.70	53.10	3,285.80	90.00	90.00	3,375.80
Charge for the period/year	4.90	424.50	793.90	224.20	216.30	348.40	55.50	2,067.70	56.80	56.80	2,124.50
Disposals/Adjustments during the period/year	-	16.80	28.00	0.50	-	-	-	45.30	-	-	45.30
Impairment charge for the period/year	-	8.40	23.20	-	-	-	22.00	53.60	-	-	53.60
<b>As at March 31, 2013</b>	25.80	1,031.60	2,350.90	547.20	584.60	691.10	130.60	5,361.80	146.80	146.80	5,508.60
Charge for the period/year	4.90	354.20	885.10	250.40	216.50	391.90	72.40	2,175.40	69.30	69.30	2,244.70
Disposals/Adjustments during the period/year	-	121.80	215.60	-	-	91.80	-	429.20	0.20	0.20	429.40
Impairment charge for the period/year	-	9.90	22.60	-	-	47.50	80.00	137.00	2.30	2.30	141.80
<b>As at March 31, 2014</b>	30.70	1,273.90	3,043.00	797.60	801.10	1,038.70	203.00	7,188.00	218.20	218.20	7,406.20
Charge for the period/year	4.00	465.80	834.70	405.40	206.40	670.40	59.20	2,645.90	73.80	73.80	2,719.70
Retained Earnings / Transition Adjustment	-	-	-	0.20	-	2.60	-	2.80	-	-	2.80
Disposals/Adjustments during the period/year	-	23.50	140.30	1.60	-	119.50	-	284.90	119.60	119.60	404.50
Impairment charge for the period/year	-	3.50	12.20	38.20	-	26.30	9.40	89.60	1.40	1.40	91.00
<b>As at March 31, 2015</b>	34.70	1,719.70	3,749.60	1,239.80	1,007.50	1,618.50	271.60	9,641.40	173.80	173.80	9,815.20
Charge for the period/year	4.00	664.20	810.10	490.60	221.40	631.10	62.70	2,884.10	49.60	49.60	2,933.70
Disposals/Adjustments during the period/year	-	360.30	523.60	77.20	-	29.10	-	990.20	-	-	990.20
Impairment charge for the period/year	-	13.80	17.90	59.60	35.10	16.50	0.60	143.50	4.50	4.50	148.00
<b>As at 31 March, 2016</b>	38.70	2,037.40	4,054.00	1,712.80	1,264.00	2,237.00	334.90	11,678.80	227.90	227.90	11,906.70
Charge for the period/year	4.00	851.10	925.80	663.00	218.90	519.40	75.90	3,258.10	49.60	49.60	3,307.70
Disposals/Adjustments during the period/year	-	66.70	445.40	53.50	-	528.80	6.30	1,100.70	28.10	28.10	1,128.80
Impairment charge for the period/year	-	26.10	8.70	34.50	-	8.30	28.00	105.60	6.80	6.80	112.40
<b>As at 31 March, 2017</b>	42.70	2,847.90	4,543.10	2,356.80	1,482.90	2,235.90	432.50	13,941.80	256.20	256.20	14,198.00
Charge for the period/year	2.00	756.40	628.90	530.60	109.70	255.60	51.30	2,334.50	18.60	18.60	2,353.10
Disposals/Adjustments during the period/year	-	8.10	628.00	28.80	-	27.20	2.80	694.90	1.10	1.10	696.00
Impairment charge for the period/year	-	27.40	36.70	1.80	-	4.90	-	70.80	2.80	2.80	73.60
<b>As at September 30, 2017</b>	44.70	3,623.60	4,580.70	2,860.40	1,592.60	2,469.20	481.00	15,652.20	276.50	276.50	15,928.70
<b>Net Block :</b>											
<b>As at March 31, 2013</b>	54.80	1,730.80	3,146.80	1,814.00	3,443.10	1,702.60	332.30	12,224.40	161.90	161.90	12,386.30
<b>As at March 31, 2014</b>	49.90	1,897.00	3,143.80	1,992.40	3,226.60	1,632.30	409.70	12,351.70	165.40	165.40	12,517.10
<b>As at March 31, 2015</b>	45.90	2,917.90	5,143.10	2,597.90	3,320.20	1,550.30	455.90	16,031.20	147.90	147.90	16,179.10
<b>As at March 31, 2016</b>	41.90	3,115.50	3,328.00	2,257.40	3,063.70	1,371.20	438.50	13,616.20	136.10	136.10	13,752.30
<b>As at March 31, 2017</b>	37.90	5,854.10	4,383.80	5,706.90	2,844.80	1,254.50	642.90	20,724.90	90.70	90.70	20,815.60
<b>As at September 30, 2017</b>	35.90	8,481.00	5,567.30	17,823.50	2,735.10	1,492.60	742.20	36,877.60	69.30	69.30	36,946.90

	Net Block Tangible Assets and Intangible Assets						Depreciation, amortization and impairment expense
	Own Assets	Operating Lease Assets	Tangibles Total	Own Assets	Operating Lease Assets	Intangibles Total	
<b>As at March 31, 2013</b>	203.90	12,224.40	12,428.30	19.10	161.90	181.00	2,239.40
<b>As at March 31, 2014</b>	184.10	12,351.70	12,535.80	213.20	165.40	378.60	2,423.40
<b>As at March 31, 2015</b>	163.40	16,031.20	16,194.60	241.20	147.90	389.10	2,925.70
<b>As at March 31, 2016</b>	216.10	13,616.20	13,832.30	211.50	136.10	347.60	3,226.10
<b>As at March 31, 2017</b>	2,405.70	20,724.90	23,130.60	146.70	90.70	237.40	3,592.90
<b>As at September 30, 2017</b>	2,337.50	36,877.60	39,215.10	105.80	69.30	175.10	2,561.50

## Notes:

(a) Gross Block as at 31 March, 2016 and 31 March, 2015 includes assets pending to be given on operating lease amounting to ₹ 825.60 million and ₹ 863.50 million respectively.

(b) As a result of the change in the estimated useful life, the charge on account of depreciation for the year ended 31 March, 2015, is lower by ₹ 118.50 million compared to useful lives estimated in earlier periods. In case of assets whose useful lives have ended, the carrying value, net of residual value as at 1 April, 2014 amounting to ₹ 8.60 million (net of deferred tax of ₹ 4.40 million) has been adjusted to the opening surplus in the Statement of Profit and Loss as on 1 April, 2014 pursuant to the provisions of Schedule II to the Companies Act, 2013.

(c) The Company has tested for impairment purposes, the carrying value of certain motor vehicles, computers, software, plant and machinery, earthmoving equipment, furniture and fixtures and wind mills with due consideration to expected recovery of such carrying value based on past trends and from redeployment to customers or thereafter under highly competitive market conditions. Based on the above, impairment losses have been recognised in the statement of profit and loss for the respective years.

(d) Refer note number 11 of annexure XXXV for the addition of Plant and Machinery made during the financial year 31 March 2017.

(e) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(f) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV, V, XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XVII**

**RESTATED SUMMARY STATEMENT OF LEASES**

**a) In the capacity of Lessee**

(i) The Company has taken certain office premises under cancellable operating lease arrangements which generally, range between 11 months to 9 years, and are usually renewable by mutual agreement.

(ii) In addition to the above, the Company has also taken certain other office premises under non-cancellable operating lease arrangements which, generally range between 2 to 9 years, and are usually renewable by mutual agreement.

Lease payments charged to the Statement of Profit and Loss with respect to such leasing arrangements are as follows :

<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>For the six month/years ended</b>						
<b>Particulars</b>	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
(i) Office Premises ( Under Cancellable operating lease arrangement - range between 11 months to 9 years )	41.70	269.20	260.70	236.10	225.60	203.60
(ii) Office Premises ( Under Non - Cancellable operating lease arrangement - range between 2 years to 9 years )	7.00	18.20	11.30	11.10	10.70	17.80

(iii) The future minimum lease payments in respect of above non-cancellable operating leases are as follows:

<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>As at</b>						
<b>Particulars</b>	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Not later than one year	8.80	9.80	3.90	10.80	11.60	13.70
Later than 1 year but not later than 5 years	4.70	8.10	4.30	7.40	15.10	11.00
Later than five years	-	-	-	-	0.80	-
<b>Total</b>	<b>13.50</b>	<b>17.90</b>	<b>8.20</b>	<b>18.20</b>	<b>27.50</b>	<b>24.70</b>

None of the operating lease agreements entered into by the Company provides for any contingent rent payment.

**b) In the capacity of Lessor (Operating lease)**

The Company has given assets on operating lease arrangements for periods ranging between 1 to 12 years. Some of the arrangements have clauses for contingent rent. Total contingent rent recognized as income in the Statement of Profit and Loss are as follows:

<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>For the six month/years ended</b>						
<b>Particulars</b>	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Contingent Rent	102.80	156.70	-	-	-	-
Refer note (a)						

Note

(a) The lease arrangements do not have clauses for contingent rent for the year.

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

<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>As at</b>						
<b>Particulars</b>	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
Not later than one year	9,212.30	4,793.00	3,952.30	4,340.20	3,424.90	3,794.60
Later than 1 year but not later than 5 years	23,422.60	12,076.20	6,368.80	8,830.40	5,983.70	6,570.70
Later than five years	1,031.60	1,061.20	1,020.80	1,539.40	1,861.10	1,801.70
<b>Total</b>	<b>33,666.50</b>	<b>17,930.40</b>	<b>11,341.90</b>	<b>14,710.00</b>	<b>11,269.70</b>	<b>12,167.00</b>



**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XVII**

**RESTATED SUMMARY STATEMENT OF LEASES**

**c) In the capacity of lessor (Finance Lease)**

The Company has given assets under finance lease arrangement for a period of 5 years. Such arrangement does not have clause for contingent rent and hence, the Company has not recognized any contingent rent as income during the period/year.

The details of gross investments, unearned finance income and future minimum lease payments in respect of the above non-cancellable finance lease are as follows :

<b>Gross Investments</b>						
<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>Particulars</b>	<b>As at</b>					
	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
i. Not later than one year;	56.10	43.00	34.50	34.50	7.40	7.00
ii. Later than one year and not later than five years;	76.00	63.20	60.10	94.60	15.10	22.50
iii. Later than five years;	-	-	-	-	-	-
<b>Total</b>	<b>132.10</b>	<b>106.20</b>	<b>94.60</b>	<b>129.10</b>	<b>22.50</b>	<b>29.50</b>

<b>Unearned finance Income</b>						
<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>Particulars</b>	<b>As at</b>					
	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
i. Not later than one year;	13.30	9.70	9.60	13.20	2.30	3.00
ii. Later than one year and not later than five years;	8.60	5.80	9.10	18.70	2.20	4.50
iii. Later than five years;	-	-	-	-	-	-
<b>Total</b>	<b>21.90</b>	<b>15.50</b>	<b>18.70</b>	<b>31.90</b>	<b>4.50</b>	<b>7.50</b>

<b>Minimum lease payments</b>						
<b>(All amounts in Millions Rupees except for share data or as otherwise stated)</b>						
<b>Particulars</b>	<b>As at</b>					
	<b>30 September 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
i. Not later than one year;	42.70	33.50	24.40	20.90	5.10	4.00
ii. Later than one year and not later than five years;	67.40	56.00	50.40	74.80	12.90	18.00
iii. Later than five years;	-	-	-	-	-	-
<b>Total</b>	<b>110.10</b>	<b>89.50</b>	<b>74.80</b>	<b>95.70</b>	<b>18.00</b>	<b>22.00</b>

**Note:**  
(a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

## RESTATED SUMMARY STATEMENT OF NON-CURRENT and CURRENT INVESTMENTS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at											
	30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
<b>Other investments</b>												
<b>In Mutual Funds - Quoted</b>												
Investment in Indiabulls Ultra Short Term Fund 1,501,004.502 units of initial Face Value of ₹ 1,665.5513 each	-	2,500.00	-	-	-	-	-	-	-	-	-	-
<b>Aggregate amount of quoted investment</b>	-	2,500.00	-	-	-	-	-	-	-	-	-	-
<b>Aggregate market value of quoted investment</b>	-	2,512.10	-	-	-	-	-	-	-	-	-	-
<b>Unquoted</b>												
<b>Others [Refer note (a)]</b>												
Pass Through Certificates -Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2012 37 units of initial Face Value of ₹ 1,29,512 each as at 31 March 2015, of ₹ 4,72,156 each as at 31 March, 2014 and of ₹ 9,09,897.50 each as at 31 March, 2013	-	-	-	-	-	-	0.20	4.60	4.80	12.70	18.40	15.30
Pass Through Certificates -Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2013 12 units of initial Face Value of ₹10,00,756.63 each as at 31 March, 2016 and of ₹ 5,32,744 each as at 31 March, 2015 and of ₹ 9,12,259 each as at 31 March, 2014.	-	-	-	-	-	2.00	2.00	4.40	6.50	4.40	-	-
Pass Through Certificates -Series A2 in Indian Infrastructure Equipment Receivable Trust, October 2014 114 units of initial Face Value of ₹ 10,04,717.81 each as at 31 March, 2017 and 31 March, 2016 and of ₹ 8,52,551 each as at 31 March, 2015	-	-	0.40	14.40	14.80	37.00	52.90	44.30	-	-	-	-
Pass Through Certificates -Series A2 in Indian Infrastructure Equipment Receivable Trust, December 2014 49 units of initial Face Value of ₹ 10,02,123.56 each as at 31 March, 2017 and 31 March, 2016 and of ₹ 9,10,071 each as at 31 March, 2015	-	-	0.30	6.40	7.00	18.20	25.40	19.20	-	-	-	-
<b>Total (II)</b>	-	-	0.70	20.80	21.80	57.20	80.50	72.50	11.30	17.10	18.40	15.30
<b>In Units of trust and scheme of Venture Funds</b>												
India Global Competitive Fund (IGCF) 2,800,000 units of Face Value of ₹ 100 each [Refer note (b) ]	-	-	-	-	-	-	-	-	-	280.00	-	280.00
Vision India Fund (VIF) 35,00,000 units of initial Face Value of ₹ 100 each [ Refer Note (a) ]	350.00	-	-	-	-	-	-	-	-	-	-	-
<b>Aggregate amount of unquoted investment</b>	350.00	-	-	-	-	-	-	-	-	280.00	-	280.00
<b>Aggregate amount of quoted and unquoted investment</b>												
<b>Total (I+II+III)</b>	350.00	2,500.00	0.70	20.80	21.80	57.20	80.50	72.50	11.30	297.10	18.40	295.30

**Note:**

(a) At cost

(b) At cost or market value, whichever is lower.

(c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

## Annexure XIX

## RESTATED SUMMARY STATEMENT OF FINANCIAL ASSETS

## Long term financial asset

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Secured, considered good, unless otherwise stated)						
Financial assets [Refer note (a),(b), (c), (d) and (e) ]	100,734.40	86,272.90	79,726.40	75,597.00	76,931.40	84,100.60
Less :Provision for Non Performing Assets and Standard Restructured Assets under CDR, SDR and S4A [ Refer note (f)]	516.40	590.80	1,097.80	1,213.10	625.60	382.00
<b>Total</b>	<b>100,218.00</b>	<b>85,682.10</b>	<b>78,628.60</b>	<b>74,383.90</b>	<b>76,305.80</b>	<b>83,718.60</b>

## Current maturities of long term financial assets

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Secured, considered good, unless otherwise stated)						
Financial assets [Refer note (a),(b), (c), (d) and (e) ]	40,342.60	37,394.10	36,313.40	41,759.50	44,828.20	42,771.00
Less :Provision for Non Performing Assets and Standard Restructured Assets under CDR, SDR and S4A [ Refer note (f)]	256.00	224.90	262.60	381.20	182.50	62.00
<b>Total</b>	<b>40,086.60</b>	<b>37,169.20</b>	<b>36,050.80</b>	<b>41,378.30</b>	<b>44,645.70</b>	<b>42,709.00</b>

## Short term financial asset

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Secured, considered good, unless otherwise stated)						
Financial assets [Refer note (a),(b), (c), (d) and (e) ]	19,845.60	18,899.50	21,784.30	23,095.40	17,048.20	10,342.90
Less :Provision for Non Performing Assets and Standard Restructured Assets under CDR, SDR and S4A [ Refer note (f)]	573.70	392.60	108.00	242.60	605.80	683.90
<b>Total</b>	<b>19,271.90</b>	<b>18,506.90</b>	<b>21,676.30</b>	<b>22,852.80</b>	<b>16,442.40</b>	<b>9,659.00</b>

## Note:

(a). Financial assets are secured by underlying hypothecated assets/receivables and in certain cases, are additionally secured by immovable properties and pledge of equity shares of the borrowers by way of collateral security. Securities, created / to be created by the borrowers, against financial assets are based on the valuation of the underlying assets, where applicable, carried out by an external valuer.

As at period/year end, the financial assets includes the following :

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(b). Non-performing assets	4,578.30	4,198.60	4,544.00	7,935.20	7,714.00	4,655.10
(c). Restructured standard assets under Corporate Debt Restructuring (CDR) [Net of advances/deposits] [Refer annexure note 2 of annexure XXXVI]	1,188.40	1,484.50	3,995.10	8,161.00	4,120.30	386.40
(d) Restructured standard assets under Strategic Debt Restructuring (SDR) [ Refer Note 3 of Annexure XXXVI ]	572.20	567.60	1,252.20	-	-	-
(e) Others						
(i) Assets pending to be given on finance (repossessed assets)	6,579.90	8,073.90	8,933.40	5,019.30	4,463.20	462.30
(ii) Tangible assets/receivables acquired in satisfaction of debt	4,523.70	4,746.60	2,407.60	4,413.80	988.00	391.80
(iii) Exposure under Scheme for Sustainable Structuring of Stressed Assets (S4A) (refer note 14 of annexure XXXV)	906.20	863.60	-	-	-	-
(iv) Equity shares acquired in satisfaction of debt	-	-	9.80	9.80	-	-
(v) Compulsory Convertible Preference Shares acquired in consideration of receivables under Corporate Debt Restructuring (CDR) Mechanism	544.70	544.70	-	-	-	-
(vi) Equity shares acquired in consideration of receivables under Corporate Debt Restructuring (CDR) Mechanism.	36.50	52.40	67.70	102.30	-	-
(vii) Equity shares acquired in consideration of receivables under Strategic Debt Restructuring (SDR) Mechanism	56.60	59.20	20.40	-	-	-

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(f) Provision for Non Performing Assets and Standard Restructured Assets						
Provision for Non performing assets	1,039.70	848.93	907.47	1,216.39	1,024.80	1,127.80
Standard restructured assets under Corporate Debt Restructuring (CDR) Mechanism	68.00	129.81	421.11	620.51	389.10	-
Standard restructured assets under Strategic Debt Restructuring (SDR) Mechanism	57.20	56.76	139.83	-	-	-
Scheme for Sustainable Structuring of Stressed Assets ( S4A)	181.20	172.80	-	-	-	-

(g) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(h). The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XX**

**RESTATED SUMMARY STATEMENT OF OTHER LONG-TERM ADVANCES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Unsecured, considered good)						
Capital advances	2,010.60	779.70	50.10	105.30	89.20	529.50
Security deposits						
Related Parties [Refer Note (a)]	4.30	4.30	80.40	80.30	81.20	110.30
Others	42.00	31.90	19.50	19.50	37.00	4.10
Balances with Service Tax / VAT/ GST Authorities, etc	1,394.30	38.80	27.90	84.80	89.00	106.90
Other loans and advances						
Advances to employees	20.10	24.10	5.30	2.90	2.70	3.10
Advance income tax (net of Income tax provision of ₹ 16.20 millions as at 30 September 2017, net of Income tax provision of ₹ 16.20 million as at 31 March, 2017 of ₹16.20 million as at 31 March, 2016, ₹16.20 million as at 31 March, 2015; ₹ 16.20 million as at 31 March, 2014; ₹ 16.20 million as at 31 March, 2013)	48.80	48.80	48.80	48.80	48.80	48.80
Advance for investment	-	120.00	-	-	-	-
MAT Credit Entitlement	802.20	459.90	-	-	-	-
<b>Total</b>	<b>4,322.30</b>	<b>1,507.50</b>	<b>232.00</b>	<b>341.60</b>	<b>347.90</b>	<b>802.70</b>

**Note:**

**(a) Following are the amounts due from related parties**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Srei Infrastructure Finance Limited	4.30	4.30	80.40	80.30	81.20	110.30
<b>Total</b>	<b>4.30</b>	<b>4.30</b>	<b>80.40</b>	<b>80.30</b>	<b>81.20</b>	<b>110.30</b>

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXI**

**RESTATED SUMMARY STATEMENT OF OTHER NON CURRENT ASSETS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Unsecured, considered good)						
Non-current portion of other bank balances						
Deposit with banks (refer annexure XXIII )	2,451.30	362.00	275.40	3.70	226.80	199.20
Interest accrued on deposits	12.40	-	-	-	-	-
Unamortized public issue expenses for non convertible debentures	148.20	80.90	38.50	-	-	-
Prepaid expenses	209.80	238.80	246.50	202.00	336.90	379.20
Receivable on forward exchange contracts	3.60	79.30	666.70	1,391.80	1,872.60	1,212.60
Derivative Financial Assets	12.90	12.10	115.40	107.90	192.90	107.10
Other*	19.20	-	-	2.60	2.60	5.00
<b>Total</b>	<b>2,857.40</b>	<b>773.10</b>	<b>1,342.50</b>	<b>1,708.00</b>	<b>2,631.80</b>	<b>1,903.10</b>

\* It includes Deferred Premium on Forward Contracts as at 30 September, 2017.

**Notes:**

(a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

## SREI EQUIPMENT FINANCE LIMITED

## Annexure XXII

## RESTATED SUMMARY STATEMENT OF TRADE RECEIVABLES

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Unsecured, considered good unless otherwise stated)						
Debts outstanding for a period exceeding six months from the date they became due						
Considered good	-	-	310.40	49.80	30.10	0.80
Considered doubtful (Non Performing Assets)	-	-	-	-	60.00	15.10
	(I)	-	310.40	49.80	90.10	15.90
Other debts						
Considered good	753.40	557.90	387.90	609.20	574.10	373.70
Considered doubtful (Non Performing Assets)	-	-	-	-	1.70	15.50
	(II)	753.40	557.90	387.90	609.20	389.20
<b>Total III = (I+II)</b>		<b>753.40</b>	<b>557.90</b>	<b>698.30</b>	<b>659.00</b>	<b>405.10</b>
Less: Provision for bad and doubtful debts	(IV)	-	-	-	6.20	3.10
<b>Total (III - IV)</b>		<b>753.40</b>	<b>557.90</b>	<b>698.30</b>	<b>659.70</b>	<b>402.00</b>

## Notes:

(a) Trade receivables includes amount due in respect of Operating leases only.

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

## SREI EQUIPMENT FINANCE LIMITED

## Annexure XXIII

## RESTATED SUMMARY STATEMENT OF CASH AND CASH EQUIVALENTS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Cash and cash equivalents</b>						
Cash in hand	53.60	74.20	94.50	67.10	67.80	44.80
Balances with banks- In current accounts	2,326.80	644.10	247.70	1,392.50	2,009.90	2,349.30
	(I) <b>2,380.40</b>	<b>718.30</b>	<b>342.20</b>	<b>1,459.60</b>	<b>2,077.70</b>	<b>2,394.10</b>
<b>II. Other bank balances</b>						
In deposit accounts [Refer Note (a) and (b)]	6,700.50	3,256.00	2,011.50	2,077.00	4,322.70	8,094.50
Less: Non-current portion of other bank balances (Refer annexure XXI)	2,451.30	362.00	275.40	3.70	226.80	199.20
	(II) <b>4,249.20</b>	<b>2,894.00</b>	<b>1,736.10</b>	<b>2,073.30</b>	<b>4,095.90</b>	<b>7,895.30</b>
<b>Total (I+II)</b>	<b>6,629.60</b>	<b>3,612.30</b>	<b>2,078.30</b>	<b>3,532.90</b>	<b>6,173.60</b>	<b>10,289.40</b>

## Notes:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>(a) Balances with banks held as</b>						
Security against borrowings	3.30	3.30	3.30	3.30	3.40	3.40
Letter of credit/Bank guarantee	4,271.70	1,407.40	319.20	14.30	47.60	62.40
Cash collateral for securitisation of receivables	2,402.10	1,835.20	1,668.60	2,035.50	4,228.80	8,017.50

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>(b) Balances include deposits</b>						
Having original maturity of more than 12 months	3,839.10	1,057.60	1,216.80	1,321.10	1,223.00	2,684.90

(c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.



SREI EQUIPMENT FINANCE LIMITED

Annexure XXIV

RESTATED SUMMARY STATEMENT OF OTHER SHORT TERM ADVANCES

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Unsecured, considered good)						
Advances to employees	33.40	34.00	29.20	61.50	25.00	21.90
Security deposits						
Related Parties [Refer Note (a)]	153.30	153.30	74.70	72.50	64.70	32.20
Others	60.60	32.10	38.40	30.80	12.10	43.10
Balances with Service Tax / VAT / GST Authorities etc.	800.30	177.60	69.30	67.30	63.80	106.60
Advance income tax [net of Income tax provision of ₹ 5,431.00 million as at 30th September, 2017, ₹ 5,086.70 million as at 31st March, 2017, ₹ nil million as at 31st March, 2016, 2015, 2014 and 2013]]	11.00	9.10	-	-	-	-
Advances to vendors	221.30	100.20	92.60	95.90	42.30	32.00
<b>Total</b>	<b>1,279.90</b>	<b>506.30</b>	<b>304.20</b>	<b>328.00</b>	<b>207.90</b>	<b>235.80</b>

Note:

(a) Following are the amounts due from related parties

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Srei Infrastructure Finance Limited	153.30	153.30	74.70	72.50	64.70	32.20
<b>Total</b>	<b>153.30</b>	<b>153.30</b>	<b>74.70</b>	<b>72.50</b>	<b>64.70</b>	<b>32.20</b>

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI .

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXV**

**RESTATED SUMMARY STATEMENT OF OTHER CURRENT ASSETS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Interest accrued on deposits	22.70	5.70	5.30	5.40	25.80	31.10
Unamortized public issue expenses for non convertible debentures	61.10	52.70	27.50	16.80	-	-
Prepaid expenses	85.80	101.50	105.50	177.30	234.40	269.70
Receivable on forward exchange contracts	506.90	144.50	1,113.90	797.90	296.50	689.60
Derivative Financial Assets	117.40	143.60	58.80	2.30	30.30	32.30
Others [ Refer note (a) ]	144.40	149.00	37.40	23.40	65.10	80.10
<b>Total</b>	<b>938.30</b>	<b>597.00</b>	<b>1,348.40</b>	<b>1,023.10</b>	<b>652.10</b>	<b>1,102.80</b>

**Notes:**

(a)

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Deferred Premium on Forward Contracts	122.90	135.00	35.30	21.00	57.10	75.60
Others	21.50	14.00	2.10	2.40	8.00	4.50
<b>Total</b>	<b>144.40</b>	<b>149.00</b>	<b>37.40</b>	<b>23.40</b>	<b>65.10</b>	<b>80.10</b>

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXVI**

**RESTATED SUMMARY STATEMENT OF REVENUE FROM OPERATIONS**

**(All amounts in Millions Rupees except for share data or as otherwise stated)**

Particulars	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Income from Financial assets [Refer note (a)]	11,349.00	20,455.20	22,139.90	22,110.70	21,584.70	19,202.40
Income from Operating lease	3,396.00	4,339.10	3,852.20	3,598.80	4,029.60	3,640.90
Interest on deposits	115.70	136.30	140.00	300.40	560.90	793.40
Sale of Power [Refer note 11 of annexure XXXV ]	104.70	-	-	-	-	-
Interest Income from investments	0.20	2.70	6.70	4.50	4.10	11.60
Liabilities no longer required written back	-	-	-	-	-	83.70
<b>Total</b>	<b>14,965.60</b>	<b>24,933.30</b>	<b>26,138.80</b>	<b>26,014.40</b>	<b>26,179.30</b>	<b>23,732.00</b>

(a) Represents interest income from financial assets and assets securitised/assigned aggregating to ₹ 10,501.10 millions for the six months ended 30 September 2017, ₹ 19,156.60 million for the year ended 31 March, 2017 ₹ 20,717.40 million for year ended 31 March, 2016, ₹ 21,014.50 million for year ended 31 March, 2015 , ₹ 20,574.50 million for year ended 31 March, 2014, ₹ 17,766.00 million for year ended 31 March, 2013, fee income and other income attributable to financial assets.

(b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXVII**

**RESTATED SUMMARY STATEMENT OF OTHER INCOME**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Dividend income from current investments	38.60	9.40	11.20	7.20	13.50	4.40
Profit on sale from current investments	-	-	-	75.40	-	-
Profit on sale of fixed assets (Net)	-	8.80	-	-	-	-
Miscellaneous income	1.10	1.80	0.90	0.80	0.50	1.30
<b>Total</b>	<b>39.70</b>	<b>20.00</b>	<b>12.10</b>	<b>83.40</b>	<b>14.00</b>	<b>5.70</b>

**Notes:**

(a) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXVIII**

**RESTATED SUMMARY STATEMENT OF FINANCE COSTS**

**(All amounts in Millions Rupees except for share data or as otherwise stated)**

Particulars	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Interest expense	5,968.50	11,704.40	12,297.70	11,304.80	13,278.10	11,493.10
Other borrowing costs	1,358.20	1,641.70	1,876.20	3,131.30	2,054.00	2,093.50
Net (Gain)/Loss on foreign currency transaction and translations	(37.50)	(22.10)	3.20	(13.30)	5.20	87.80
Mark to Market (Gain)/Loss on Derivative Financial Instrument (Net)	-	-	(78.30)	(14.90)	(122.60)	66.10
<b>Total</b>	<b>7,289.20</b>	<b>13,324.00</b>	<b>14,098.80</b>	<b>14,407.90</b>	<b>15,214.70</b>	<b>13,740.50</b>

**Notes:**

(a) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXIX**

**RESTATED SUMMARY STATEMENT OF EMPLOYEE BENEFITS EXPENSE**

**(All amounts in Millions Rupees except for share data or as otherwise stated)**

Particulars	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Salaries, allowances, commission and bonus [Refer note (a)]	766.20	1,417.20	1,348.50	1,294.90	873.80	1,059.60
Contribution to provident and other funds	(6.90)	83.30	74.50	93.70	53.10	62.10
Staff welfare expenses	28.00	47.40	36.70	37.00	33.40	30.40
<b>Total</b>	<b>787.30</b>	<b>1,547.90</b>	<b>1,459.70</b>	<b>1,425.60</b>	<b>960.30</b>	<b>1,152.10</b>

**Notes:**

(a) Includes provision no longer required written back in respect of performance incentive for the year ended 31st March, 2014 aggregating to ₹ 85.50 million .

(b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**Annexure XXX**

**RESTATED SUMMARY STATEMENT OF OTHER EXPENSES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Communication expenses	19.60	43.60	43.40	38.40	36.90	32.00
Legal and professional fees	245.30	379.40	393.30	449.00	291.40	204.10
Electricity charges	20.20	38.10	36.30	38.10	33.90	32.60
Rent	48.70	287.40	272.00	247.20	236.30	221.40
Rates and taxes	21.90	3.30	2.80	2.20	2.70	3.30
Brokerage and service charges	147.80	235.40	201.90	159.80	106.00	165.50
Payment to Auditors [Refer note (a)]	5.80	15.90	18.50	12.70	11.60	12.10
Repairs to machineries	95.30	145.40	133.60	93.60	66.10	45.00
Repairs others	65.60	175.10	168.10	166.90	107.00	103.40
Travelling and conveyance	161.50	270.10	260.70	265.80	241.50	218.40
Director's sitting fees	1.40	2.30	1.30	1.20	0.20	0.10
Insurance	20.80	5.80	10.60	5.70	2.80	3.20
Printing and stationery	11.40	21.70	22.10	18.70	18.70	16.10
Advertisement and subscription	20.30	40.90	18.50	19.70	12.60	17.70
Conference and seminar	7.60	16.40	23.40	7.50	17.20	10.80
Corporate social responsibility expenses	21.40	22.60	21.00	12.70	-	-
Charity and donations	0.40	0.60	1.90	37.90	38.30	34.80
Loss on sale of Fixed assets (net)	97.30	-	7.10	23.80	18.40	8.60
Exchange Fluctuations (net)	0.10	-	12.30	-	-	-
Miscellaneous expenses	50.20	93.00	73.10	83.50	61.10	56.40
<b>Total</b>	<b>1,062.60</b>	<b>1,797.00</b>	<b>1,721.90</b>	<b>1,684.40</b>	<b>1,302.70</b>	<b>1,185.50</b>

**Notes:**

(a) Payment to Auditors

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Audit Fees	3.10	6.00	5.00	5.00	4.60	3.60
Other services (certification etc.) [Refer Note (b)]	2.70	8.80	-	-	-	-
Reimbursement of expenses [Refer Note (c)]	-	1.10	12.30	7.00	6.30	8.20
<b>Total</b>	<b>5.80</b>	<b>15.90</b>	<b>18.50</b>	<b>12.70</b>	<b>11.60</b>	<b>12.10</b>

(b) Includes payment to erstwhile auditor amounting to ₹ 0.80 million for the year ended 31 March, 2015.

(c) Includes payment to erstwhile auditor amounting to ₹ 0.30 million for the year ended 31 March, 2015.

(d) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(e) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.



SREI EQUIPMENT FINANCE LIMITED

Annexure XXXI

SUMMARY STATEMENT OF ACCOUNTING RATIOS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars		As at					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Basic earnings per share [Refer Note (a)(i) below]	A/C	18.36*	24.95	20.18	25.81	39.13	46.81
Diluted earnings per share [Refer Note (a)(ii) below]	A/C	18.36*	24.95	20.18	25.81	39.13	46.81
Return on net worth [Refer Note (a)(iii) below]	A/B	4.26	6.05	5.19	7.00	11.50	14.84
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	430.47	412.64	388.63	368.82	340.21	299.78
Net profit after tax, as restated, attributable to equity shareholders	A	1,095.10	1,488.40	1,203.80	1,540.00	2,334.70	2,654.60
Net worth at the end of the period/years	B	25,682.00	24,617.90	23,185.40	22,003.50	20,296.90	17,884.60
Weighted average number of equity shares outstanding during the period/years, used for Basic/Diluted earnings per share	C	59,660,000	59,660,000	59,660,000	59,660,000	59,660,000	56,704,658
Face value per share [Refer Note (b) below]		10.00	10.00	10.00	10.00	10.00	10.00
Total number of shares outstanding at the end of the period/years	E	59,660,000	59,660,000	59,660,000	59,660,000	59,660,000	59,660,000

\* Not annualized

Notes:

(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (₹)	=	$\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/years}}$
(ii) Diluted earnings per share (₹)	=	$\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period/years}}$
(iii) Return on net worth (%)	=	$\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the period/years}}$
(iv) Net asset value per equity share (₹)	=	$\frac{\text{Net worth at the end of the period/years}}{\text{Total number of equity shares outstanding at the end of period/years}}$

(b) Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

(c) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any )

(d) The figures disclosed above are based on the Restated Summary Statements.

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XXXII**

**SUMMARY STATEMENT OF CAPITALISATION**

*(All amounts in Millions Rupees except for share data or as otherwise stated)*

Particulars	Pre-issue as at 30 September 2017	As adjusted for issue
<b>Debt</b>		
I. Short term borrowings [Refer Note (c)]	98,326.60	[ ]
II. Long term borrowings [Refer Note (d)]	66,514.10	[ ]
<b>III. Total borrowings (I+II)</b>	<b>164,840.70</b>	[ ]
<b>Shareholders' funds</b>		
Share capital	596.60	[ ]
Capital reserve	3.10	[ ]
Securities premium reserve	10,398.00	[ ]
Debt redemption reserve	1,021.70	[ ]
Special reserve (created pursuant to Section 45IC of the Reserve Bank of India Act, 1934)	3,049.70	[ ]
Income tax special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961 )	1,164.00	[ ]
Surplus in the Statement of Profit and Loss	9,956.90	[ ]
<b>IV. Total Shareholders' funds</b>	<b>26,190.00</b>	[ ]
<b>Long Term Debt/Equity (II/IV) [Refer Note (a)]</b>	2.54	[ ]
<b>Total Debt/Equity (III/IV) [Refer Note (b)]</b>	6.29	[ ]

**Notes:**

(a) Long term debt / equity has been computed as

$$\frac{\text{Long term borrowings}}{\text{Total shareholders' funds}}$$

(b) Total debt / equity has been computed as

$$\frac{\text{Total borrowings}}{\text{Total shareholders' funds}}$$

(c) Short term borrowings represents borrowings due within 12 months from the balance sheet date.

(d) Long term borrowings represents borrowings due after 12 months from the balance sheet date and also includes current maturities of long term borrowings.

(e) The figures disclosed above are based on the restated summary statement of assets and liabilities and profit and loss of the Company.

(f) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V, XXXV and XXXVI.

[ ] Post issue capitalisation will be determined after finalization of issue price.

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXIII

## SUMMARY STATEMENT OF TAX SHELTER

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Restated Profit before tax	1,642.50	2,164.20	1,682.60	2,288.50	3,698.10	3,968.70
Income Tax Rate (A)	34.61%	34.61%	34.61%	33.99%	33.99%	32.45%
Income Tax at above rate (B)	<b>568.40</b>	<b>749.00</b>	<b>582.31</b>	<b>777.90</b>	<b>1,257.00</b>	<b>1,287.70</b>
<b>Adjustments:</b>						
<b>Permanent Differences:</b>						
Dividend income from mutual fund U/s 10(35)	(38.60)	(9.40)	(11.20)	(7.20)	(13.50)	(4.40)
(Profit)/Loss on sale of fixed assets	97.30	(8.80)	7.10	23.80	18.40	8.50
Donation	10.90	11.60	11.50	36.70	30.40	28.60
Disallowance of Income tax special reserve created pursuant to U/s 36(1)(viii) of the Income tax Act 1961	(108.10)	(216.20)	(327.00)	(205.10)	-	-
Others	-	0.40	-	(6.50)	0.20	1.10
<b>Sub Total (C)</b>	<b>(38.50)</b>	<b>(222.40)</b>	<b>(319.60)</b>	<b>(158.30)</b>	<b>35.50</b>	<b>33.80</b>
<b>Timing Difference</b>						
Difference between book depreciation and depreciation under Income tax Act	(1,311.90)	(2,391.70)	191.40	(917.30)	(207.80)	(1,425.70)
Disallowance of Provisions for Non Performing Assets and Standard Asset	140.50	85.50	68.50	3.50	285.80	132.40
Disallowance provision for gratuity U/s 40 A (7) of the Income tax Act 1961	(47.10)	21.20	13.90	35.50	5.00	18.20
Deferred Revenue Expenditure	(111.40)	(97.20)	32.80	213.60	23.60	1.10
Finance cost (Mark to Market gain/(loss) on derivative)	-	-	(78.30)	(14.90)	(122.60)	66.10
<b>Sub Total (D)</b>	<b>(1,329.90)</b>	<b>(2,382.20)</b>	<b>228.30</b>	<b>(679.60)</b>	<b>(16.00)</b>	<b>(1,207.90)</b>
<b>Net Adjustments (E)=(C)+(D)</b>	<b>(1,368.40)</b>	<b>(2,604.60)</b>	<b>(91.30)</b>	<b>(837.90)</b>	<b>19.50</b>	<b>(1,174.10)</b>
Tax on adjustment (F)=(E*A)	<b>(473.60)</b>	<b>(901.40)</b>	<b>(31.60)</b>	<b>(284.80)</b>	<b>6.60</b>	<b>(381.00)</b>
<b>Net Tax after Adjustments (G)=(B)+(F)</b>	<b>94.80</b>	<b>(152.40)</b>	<b>550.70</b>	<b>493.10</b>	<b>1,263.60</b>	<b>906.70</b>
Less: Tax Adjustment on account of Unabsorbed Depreciation carried forward	(94.80)	-	-	-	-	-
Normal Tax Provision (H)	-	(152.40)	550.70	493.10	1,263.60	906.70
Tax Liability Under MAT (I)	342.30	459.90	135.50	100.90	354.20	476.40
Tax Provision (J)= (Higher of H or I)	342.30	459.90	550.70	493.10	1,263.60	906.70
MAT Credit entitlement/adjustment (K)	(342.30)	(459.90)	-	-	-	-
Tax Liability after MAT credit adjustment (L)=(J)+(K)	-	-	550.70	493.10	1,263.60	906.70
Provision for Tax	-	-	550.70	493.10	1,281.00	920.20
Deferred Tax Adjustment	547.40	675.80	(71.80)	255.60	82.40	393.90
Interest u/s 234C	-	-	-	-	17.4	13.50

**Notes:**

- (a) The aforesaid Statement of Tax Shelter has been prepared as per the restated summary statement of assets and liabilities and profit and loss of the Company.
- (b) Tax rate includes applicable surcharge, education Cess and secondary and higher education Cess for the respective period/years concerned.
- (c) The above statement has been prepared based on the tax computation of respective years. The figures for six months ended 30 September, 2017 and year ended 31 March, 2017 is based on the provisional computation of total income prepared by the Company and are subject to any changes that may be considered at the time of filling of the return of income.
- (d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XXXIV**

**SUMMARY STATEMENT OF DIVIDEND PAID**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Issued number of shares	59,660,000	59,660,000	59,660,000	59,660,000	59,660,000	59,660,000
Face value per share (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of dividend	-	-	-	-	-	-
Amount of dividend per share (₹)	-	-	-	-	-	-
Total amount of dividend	-	-	-	-	-	-
Total dividend tax	-	-	-	-	-	-

**Notes:**

(a) The figures disclosed above are based on the restated summary statement of assets and liabilities and profits and losses of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profit and loss and cash flows as appearing in Annexure IV , V , XXXV and XXXVI.

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE XXXV

NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS

1 Bad debts written off, provisions and contingencies includes the following:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the period/year					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Financial Assets/Receivable written off ( net of recoveries)	1,383.90	2,701.90	4,261.80	2,945.50	2,308.30	1,319.10
Provision for non performing assets	190.79	(58.61)	(308.93)	185.29	(99.90)	45.70
Provision for standard restructured assets under Corporate Debt Restructuring (CDR) mechanism	(61.84)	(291.29)	(199.40)	231.41	389.10	
Provision for standard restructured assets under Strategic Debt Restructuring (SDR) mechanism	0.47	(83.07)	139.83	-		
Provision for standard restructured assets under Scheme for Sustainable Structuring of Stressed Assets (S4A)	8.38	172.87	-	-		
Contingency provision against standard assets	140.50	85.50	68.50	3.50	(3.40)	86.70
<b>Total</b>	<b>1,662.20</b>	<b>2,527.30</b>	<b>3,961.80</b>	<b>3,365.70</b>	<b>2,594.10</b>	<b>1,451.50</b>

2 Contingent Liabilities and Commitments (To the extent not provided for)

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Contingent liabilities</b>						
Claims against the company not acknowledged as debt						
Disputed demands [Refer note (a)]						
Sales tax	20.40	20.40	34.50	17.10	6.20	0.70
Service tax	348.40	355.70	1.90	5.50	55.50	55.50
Value added tax (VAT)	114.90	127.30	128.20	90.60	52.70	23.70
Income tax	530.00	530.00	530.00	39.70	123.20	118.60
<b>(I)</b>	<b>1,013.70</b>	<b>1,033.40</b>	<b>694.60</b>	<b>152.90</b>	<b>237.60</b>	<b>198.50</b>
<b>Guarantees</b>						
Bank guarantees [ Refer note (b) and (c) ]	4,209.00	1,080.80	35.20	14.40	48.00	78.60
<b>(II)</b>	<b>4,209.00</b>	<b>1,080.80</b>	<b>35.20</b>	<b>14.40</b>	<b>48.00</b>	<b>78.60</b>
<b>Total (I+II)</b>	<b>5,222.70</b>	<b>2,114.20</b>	<b>729.80</b>	<b>167.30</b>	<b>285.60</b>	<b>277.10</b>
<b>Commitments</b>						
Estimated amount of capital contracts remaining to be executed (Net of advances) [ Refer note (d)]	4,019.30	3,593.40	157.90	142.60	379.20	647.00
Other commitments (refer note 3 of annexure XXXV)						

a. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.

b. Excludes ₹5.60 million as at 30 September 2017 and 31 March 2017 issued on behalf of the holding company against which the Company holds counter guarantee.

c. Excludes ₹ 5.60 million as at 31 March 2016 , ₹ 69.70 million as at 31 March, 2015, ₹ 69.70 million as at 31 March, 2014 and ₹ 69.70 million as at 31 March, 2013, issued on behalf of the Joint Venturer to give effect to the Scheme of Arrangement, against which the Company holds counter guarantee.

d.

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Advances	2,010.60	779.70	50.10	74.80	89.20	529.50

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XXXV**

**NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)**

3. The Company has entered into Options/Swaps/Forward contracts for the purpose of hedging currency and interest rate related risks in relation to borrowings. Option, Swap and Forward contracts outstanding as at the balance sheet date are as follows:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Category	Currency	As at											
		30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
		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	No. of contracts	Amount in foreign currency
Currency Options / Swaps	USD/INR	8	USD 106.80	8	USD 111.40	12	USD 117.70	12	USD 165.10	13	USD 192.20	22	USD 276.10
	YEN/USD	-	-	-	-	-	-	-	-	1	YEN 1359.80	1	YEN 2621.70
	EUR/INR	1	EUR 20.30	1	EUR 21.40	-	-	1	EUR 1.70	1	EUR 2.80	2	EUR 4.80
	SGD/USD	-	-	1	SGD 4.20	1	SGD 12.60	1	SGD 20.90	1	SGD 27.90	1	SGD 34.90
Forward Contracts	USD/INR	31	USD 36.10	47	USD 43.30	12	USD 17.40	9	USD 4.70	25	USD 11.00	22	USD 25.00
	EUR/INR	48	EUR 33.60	43	EUR 27.10	21	EURO 9.70	14	EUR 5.70	21	EUR 12.00	26	EUR 16.00
	GBP/INR	1	GBP 0.20	1	GBP 0.20	-	-	-	-	-	-	-	-
	YEN/INR	-	-	-	-	-	-	-	-	1	YEN 51.50	-	-
	AUD/INR	-	-	-	-	-	-	1	AUD 1.00	-	-	-	-
	SGD/INR	-	-	-	-	-	-	1	SGD 2.70	-	-	-	-
	CHF/INR	-	-	-	-	-	-	-	-	-	-	1	CHF 0.40
Interest Rate Swaps	USD	2	USD 17.80	3	USD 23.80	5	USD 72.20	6	USD 110.10	6	USD 124.70	7	USD 152.80
	EUR	-	-	-	-	1	EURO .60	1	EURO 1.70	1	EUR 2.80	1	EUR 3.90

**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XXXV**

**NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)**

**4. Derivative Disclosure**

4.1 The Company with effect from 1 April 2016 has applied the hedge accounting as per the Guidance Note on Accounting for Derivative Contracts issued by Institute of Chartered Accountants of India (ICAI) (herein after referred to as "Guidance Note") which is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS) like forward contracts or other financial instruments which in substance are forward contracts which are covered by AS 11. Further the said Guidance Note applies to all derivative contracts covered by it and are outstanding as on the transition date with the cumulative impact (net of taxes) as on the transition date recognized in reserves as a transition adjustment and disclosed separately.

**4.2 Overall financial risk management objective and policies**

Asset Liability Committee (ALCO) manages the Foreign Currency and Interest Rate Risks, besides other market risks / core functions. The company has put in place policies for hedging / mitigating risks / strategies and processes for continuous monitoring of risks, which will enable the company to quantify risk, both on account of Foreign Currency and Interest Rate Risks. Apart from ALCO there is a Risk Committee of the Board which guides the company in these risks. Risk is measured on the basis of Fair Value as on reporting date. The Board has delegated authority to company officials in the Treasury department for entering into Generic derivative products besides Forward Contracts, on behalf of the company, to hedge the Foreign Currency and Interest Rate Risk exposures. The company has a Risk Management Policy which paves the way for risk reporting and risk monitoring systems. The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates / variable interest benchmark (LIBOR) on underlying liability, enters into the derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes.

**4.3 Methodology used to arrive at the fair value of the derivative contracts**

In estimating the fair value of derivative, the Company obtains the marked-to-market values from banks with whom the hedge deals are done. The fair value gains/losses recognized in the Statement of Profit and Loss and in hedge reserve (equity) are disclosed as follows:

(All amounts in Millions Rupees except for share data or as otherwise stated)

		Six month/year ended											
		30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
SL. No.	Particulars	Cross Currency Derivatives	Interest Rate Derivatives	Cross Currency Derivatives	Interest Rate Derivatives	Cross Currency Derivatives	Interest Rate Derivatives	Cross Currency Derivatives	Interest Rate Derivatives	Cross Currency Derivatives	Interest Rate Derivatives	Cross Currency Derivatives	Interest Rate Derivatives
(i)	The amount recognised in hedge reserve (equity) during the period/ year	12.00	6.10	39.10	65.10	-	-	-	-	-	-	-	-
(ii)	The amount recycled from the hedge reserve (equity) and reported in statement of profit and loss (net).	-	-	-	-	-	-	-	-	-	-	-	-
(iii)	Realised gain/loss recognized in hedge reserve (equity).	(4.60)	3.70	128.00	35.50	-	-	-	-	-	-	-	-
(iv)	Unrealised gain/loss recognized in hedge reserve (equity).	16.60	(9.80)	(88.90)	29.60	-	-	-	-	-	-	-	-
(v)	Fair Value (gain)/loss on derivatives recognised in the statement of Profit and Loss	-	-	-	-	(3.10)	(75.20)	38.20	(53.10)	(38.80)	(83.80)	12.40	53.70

**4.4 Hedge accounting relationship**

The Company effective from 1st April 2016 designated derivatives instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.



**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XXXV**

**NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)**

**5 Related Party Disclosure**

Related party disclosures, as stipulated by "AS 18: Related Party Disclosures" are given below:

**List of Related Parties**

Ultimate Holding Company	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Adisri Commercial Private Limited	√	√	-	-	-	-

Holding Company	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Srei Infrastructure Finance Limited [Refer note (b)]	√	√	-	-	-	-

Joint Venture	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Srei Infrastructure Finance Limited [Refer note (b)]	-	-	√	√	√	√
BNP Paribas Lease Group [Refer note (b)]	-	-	√	√	√	√

[Refer Note (b)]

Fellow Subsidiaries	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Srei Capital Markets Limited	√	√	-	-	-	-
Srei Alternative Investment Managers Limited	√	√	-	-	-	-
Srei Infrastructure Advisors Limited	√	√	-	-	-	-
Controlla Electrotech Private Limited	√	√	-	-	-	-
Srei Mutual Fund Asset Management Private Limited	√	√	-	-	-	-
Srei Mutual Fund Trust Private Limited	√	√	-	-	-	-
Srei Insurance Broking Private Limited	√	√	-	-	-	-
Quippo Oil & Gas Infrastructure Limited	√	√	-	-	-	-
Quippo Energy Limited	√	√	-	-	-	-
Srei Asset Reconstruction Private Limited	√	√	-	-	-	-
Srei International Infrastructure Services GmbH, Germany (till 21 June 2016)	-	√	-	-	-	-
Srei Forex Limited (till 17 May 2016)	-	√	-	-	-	-
AO Srei Leasing, Russia (till 21 June 2016)	-	√	-	-	-	-
Srei Advisors PTE Limited, Singapore (till 21 June 2016)	-	√	-	-	-	-
Bengal Srei Infrastructure Development Limited	√	√	-	-	-	-
Hyderabad Information Technology Venture Enterprises Limited	√	√	-	-	-	-
Cyberabad Trustee Company Private Limited	√	√	-	-	-	-
Quippo Drilling International Private Limited	√	√	-	-	-	-

## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)

## Related Party Disclosure (Continued)

		As at					
Key management personnel (KMP)	Designation	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Mr. Hemant Kanoria	Chairman and Managing Director	√	√	-	-	-	-
	Vice Chairman and Managing Director	-	-	√	√	√	√
Mr. Sunil Kanoria	Vice Chairman	√	√	-	-	-	-
	Joint Managing Director	-	-	√	√	√	√
Mr. D K Vyas	Chief Executive Officer	√	√	√	√	√	√
Mr. CR Sudharsanam (Till 30 June, 2016)	Chief Financial Officer	-	-	√	√	√	√
Mr. Manoj Kumar Beriwalla (with effect from 3 November, 2016)	Chief Financial Officer	√	√	-	-	-	-
Mr. Sanjay Chaurasia (till 30 June, 2014)	Company Secretary	-	-	-	-	√	-
Mr. Naresh Mathur (with effect from 1 July, 2014)	Company Secretary	√	√	√	√	-	-
		As at					
Relative of Key management personnel (KMP)	Relation	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Ms. Sangeeta Vyas	Relative	√	√	√	√	√	√
		As at					
Enterprise over which KMP has significant influence		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Viom Networks Limited (Till 21 April, 2016)		-	-	√	√	√	√
		As at					
Enterprise over which relative of KMP has significant influence		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
India Power Corporation Limited (with effect from 1 June, 2017)		√	-	-	-	-	-

√ Related party as on period/year end date.

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXV

## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)

## Related Party Disclosure (Continued)

## Summary Of Transactions:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Name of the Related Party & Nature of relationship	Nature of transactions	As at											
		30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
		Amount	Outstanding as at period end	Amount	Outstanding as at year end	Amount	Outstanding as at year end	Amount	Outstanding as at year end	Amount	Outstanding as at year end	Amount	Outstanding as at year end
<b>(A) Holding Company</b>													
Srei Infrastructure Finance Limited [Refer note (b)]	Issue of Equity Shares including securities premium.	-	-	-	-	-	-	-	-	-	-	998.20	-
	Sale of Investment in units of India Global Competitive Fund	-	-	-	-	-	-	355.40	-	-	-	-	-
	Purchase of equity shares of Srei Asset Reconstruction Private Limited	-	-	-	-	-	-	0.50	-	-	-	-	-
	Valuation Fees	-	-	-	-	1.50	-	1.40	-	-	-	-	-
	Balance receivable - Others	-	-	-	-	-	-	-	2.90	-	-	-	-
	Balance Payable - Others	-	-	-	-	-	-	-	35.10	-	-	-	-
	Rent payment	-	-	184.50	-	173.50	-	164.30	-	156.80	-	145.60	-
	Security Deposit paid for Leased Premises	-	157.60	2.60	157.60	2.20	155.10	6.90	152.80	3.40	145.90	-	142.50
<b>(B) Subsidiary of Holding Company:</b>													
Quippo Oil and Gas Infrastructure Limited	Rental income on asset given on operating lease	98.20	75.70	123.20	-	-	-	-	-	-	-	-	-
	Loan Given	120.00	120.00	-	-	-	-	-	-	-	-	-	-
	Interest Income on Loan Given	4.30	4.30	-	-	-	-	-	-	-	-	-	-
<b>(C) Joint Venturer</b>													
BNP Paribas Lease Group [Refer note (b) ]	Issue of equity shares including securities premium	-	-	-	-	-	-	-	-	-	-	998.20	-
	Professional fees	-	-	1.20	-	15.90	-	133.80	-	-	-	-	-
	Balance payable	-	-	-	-	-	-	-	124.20	-	-	-	-

## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)

## Related Party Disclosure (Continued)

## Summary Of Transactions:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Name of the Related Party & Nature of relationship	Nature of transactions	As at											
		30 September 2017		31 March 2017		31 March 2016		31 March 2015		31 March 2014		31 March 2013	
		Amount	Outstanding as at period end	Amount	Outstanding as at year end	Amount	Outstanding as at year end	Amount	Outstanding as at year end	Amount	Outstanding as at year end	Amount	Outstanding as at year end
<b>(D) Key management personnel (KMP):</b>													
Mr. Hemant Kanoria (Refer note ( a ) ]	Remuneration	30.50	13.00	52.30	18.20	38.00	9.80	40.60	11.80	36.10	12.90	37.50	16.70
Mr. Sunil Kanoria [Refer note ( a )	Remuneration	31.20	11.10	51.60	17.20	39.20	7.80	39.90	10.10	37.00	12.80	37.50	15.90
Mr. D K Vyas	Remuneration	19.30	1.00	28.40	2.00	29.20	1.00	23.60	0.90	26.10	2.40	24.50	1.60
	Loan Given	-	10.00	20.00	18.60	-	-	-	-	-	-	-	1.30
	Repayment of loan given	8.60	-	1.40	-	-	-	-	-	(1.30)	-	(2.20)	-
	Interest Income on loan given	0.60	-	0.70	-	-	-	-	-	-	0.04	0.20	-
	Rent paid for leased premise	0.50	-	1.00	-	0.80	-	0.80	-	0.50	-	-	-
Mr. CR Sudharsanam (Till 30th June, 2016)	Remuneration	-	-	3.00	-	8.70	-	8.20	-	8.50	-	9.40	-
	Advance given	-	-	-	-	-	0.50	-	0.50	-	0.50	-	-
	Refund	-	-	0.50	-	-	-	-	-	-	-	-	-
Mr. Manoj Kumar Beriwala	Remuneration	3.60	0.60	2.70	0.60	-	-	-	-	-	-	-	-
Mr. Naresh Mathur	Remuneration	1.30	0.10	2.40	0.20	2.60	0.10	1.80	0.10	-	-	-	-
Mr. Sanjay Chaurasia	Loan Given / (Repayment)	-	-	-	-	-	-	(0.03)	0.50	(0.02)	0.30	-	-
	Interest income	-	-	-	-	-	-	0.01	-	0.01	-	-	-
	Remuneration	-	-	-	-	-	-	0.30	0.03	-	0.03	-	-
<b>(D) Transaction with Relative of Key management personnel (KMP):</b>													
Ms. Sangeeta Vyas	Rent paid for leased premise	-	-	-	-	-	-	-	-	-	-	0.80	-
	Refund of Security deposit for leased premise	-	-	-	-	-	-	-	-	(0.40)	-	-	-
	Security deposit paid for leased premise	-	-	-	-	-	-	-	-	-	-	-	0.40
<b>(E) Enterprise over which KMP has significant influence:</b>													
Viom Networks Limited (with effect from 18th November, 2011)	Interest income	-	-	-	-	-	-	-	-	152.40	-	163.30	-
	Loan given	-	-	-	-	-	-	-	-	-	-	-	1,209.30
<b>(F) Enterprise over which relative of KMP has significant influence</b>													
India Power Corporation Limited (with effect from 1 June, 2017)	Rental Income on asset given on operating lease	153.20	218.50	-	-	-	-	-	-	-	-	-	-

(A) Apart from the transactions referred above, Mr. Hemant Kanoria and Mr. Sunil Kanoria have extended their personal guarantees in favour of financial institution / banks, the outstanding amount of which as at 30 September 2017 ₹ Nil, 31 March 2017 ₹ Nil, 31 March 2016 ₹ Nil, 31 March, 2015 is ₹ Nil lakhs, 31 March, 2014: ₹ 84.0 millions, 31 March, 2013: ₹ 830.3 millions, and as at 30 September 2017 ₹ Nil, 31 March 2017 ₹ Nil, 31 March 2016 ₹ Nil, 31 March, 2015, ₹ Nil millions, 31 March, 2014: ₹ 84.0 millions, 31 March, 2013: ₹ 442.8 millions, respectively for the loans taken by the Company from such institutions / banks.

(B) Pursuant to the Share Purchase Agreement ("SPA") dated 29 December, 2015 executed between Srei Infrastructure Finance Limited (SIFL), BNP Paribas Lease Group (BPLG), Srei Equipment Finance Limited (SEFL) and others, BPLG agreed to sell its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL in accordance with applicable laws. The transaction received all the requisite approvals and BPLG sold its entire shareholding of 2,98,30,000 equity shares of SEFL representing 50 per cent of the total paid-up equity share capital of SEFL to SIFL. Pursuant to this transaction, SEFL became the wholly-owned subsidiary of SIFL with effect from 17 June, 2016.

## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)

## 6 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:

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Gratuity (funded)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Current service cost	14.20	22.90	24.20	16.70	17.70	14.50
Interest cost	5.50	10.20	9.20	7.50	6.20	5.00
Expected return on plan assets	(3.00)	(5.60)	(5.50)	(5.00)	(4.20)	(2.80)
Past Service Cost	-	-	-	-	-	-
Net actuarial losses/(gains)	(64.00)	(6.30)	(14.00)	16.30	(14.70)	1.50
<b>Net benefit expense (refer annexure XXIX)</b>	<b>(47.30)</b>	<b>21.20</b>	<b>13.90</b>	<b>35.50</b>	<b>5.00</b>	<b>18.20</b>
Expected return on plan assets	8.35%	8.35%	8.75%	8.75%	9.25%	9.25%

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Compensated absence (Unfunded)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Current service cost	14.00	23.50	26.00	25.40	20.50	19.20
Interest cost	2.50	3.90	3.60	2.90	2.80	2.40
Expected return on plan assets	-	-	-	-	-	-
Past Service Cost	-	-	-	-	-	-
Net actuarial losses/(gains)	(16.00)	17.00	8.10	26.10	3.30	7.20
<b>Net benefit expense (refer annexure XXIX)</b>	<b>0.50</b>	<b>44.40</b>	<b>37.70</b>	<b>54.40</b>	<b>26.60</b>	<b>28.80</b>
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Gratuity (funded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	116.10	154.00	134.70	120.20	81.50	76.70
Fair value of plan assets	(82.40)	(73.00)	(67.80)	(63.50)	(56.70)	(36.70)
<b>Net liability</b>	<b>33.70</b>	<b>81.00</b>	<b>66.90</b>	<b>56.70</b>	<b>24.80</b>	<b>40.00</b>

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Compensated absence (Unfunded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	111.50	120.60	106.90	100.10	72.90	68.00
Fair value of plan assets	-	-	-	-	-	0
<b>Net liability</b>	<b>111.50</b>	<b>120.60</b>	<b>106.90</b>	<b>100.10</b>	<b>72.90</b>	<b>68.00</b>

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

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Gratuity (funded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Opening defined benefit obligation	154.00	134.70	120.20	81.50	76.70	58.60
Interest cost	5.50	10.20	9.20	7.50	6.20	5.00
Current service cost	14.20	22.90	24.20	16.70	17.70	14.50
Benefit paid	(3.10)	(7.20)	(4.90)	(1.80)	(3.30)	(2.50)
Actuarial losses/(gains)	(64.00)	(6.60)	(14.00)	16.30	(15.80)	1.10
Acquisitions Cost	9.40	-	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>116.00</b>	<b>154.00</b>	<b>134.70</b>	<b>120.20</b>	<b>81.50</b>	<b>76.70</b>

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Compensated absence (Unfunded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Opening defined benefit obligation	120.60	106.90	100.10	72.90	68.00	56.80
Interest cost	2.50	3.90	3.60	2.90	2.80	2.40
Current service cost	14.00	23.50	26.00	25.40	20.50	19.20
Benefit paid	(9.60)	(30.70)	(30.90)	(27.20)	(21.70)	(17.60)
Actuarial losses/(gains)	(16.00)	17.00	8.10	26.10	3.30	7.20
Plan Amendments	-	-	-	-	-	-
<b>Closing defined benefit obligation</b>	<b>111.50</b>	<b>120.60</b>	<b>106.90</b>	<b>100.10</b>	<b>72.90</b>	<b>68.00</b>

## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS (CONTINUED)

## Employee Benefits (Continued)

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

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Gratuity (funded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Opening fair value of plan assets	73.00	67.80	63.50	56.70	36.70	26.60
Expected return on plan assets *	3.00	5.60	5.50	5.00	4.20	2.80
Contribution by the Company	-	7.10	3.60	3.70	20.20	10.20
Acquisition Adjustment	9.40	-	-	-	-	-
Benefits paid	(3.10)	(7.20)	(4.90)	(1.80)	(3.30)	(2.50)
Actuarial (losses) / gains	0.10	(0.30)	0.10	(0.10)	(1.10)	(0.40)
<b>Closing fair value of plan assets</b>	<b>82.40</b>	<b>73.00</b>	<b>67.80</b>	<b>63.50</b>	<b>56.70</b>	<b>36.70</b>

\* Determined based on government bond rate

e) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows :

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Gratuity (funded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Investments with Insurer	100%	100%	100%	100%	100%	100%

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

Particulars	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Discount rate (%)	7.00%	7.15%	7.80%	7.80%	9.25%	8.20%
Expected Return on Plan Assets (Gratuity Scheme)	8.35%	8.35%	8.75%	8.75%	9.25%	9.25%
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult	Indian Assured Lives Mortality (2006-08) (modified) Ult

(g) The amounts for the period / year are as follows :

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Gratuity (funded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	116.10	154.00	134.70	120.20	81.50	76.70
Fair value of plan assets	82.40	73.00	67.80	63.50	56.70	36.70
Deficit	33.70	81.00	66.90	56.70	24.80	40.00
Experience adjustments on plan liabilities – gains/ (losses)	8.90	19.20	13.90	5.30	2.80	4.20
Experience adjustments on plan assets – gains/(losses)	(0.10)	(0.30)	0.10	(0.10)	(1.00)	(0.40)

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	Compensated absence (Unfunded)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	111.50	120.60	106.90	100.10	72.90	68.00
Fair value of plan assets	-	-	-	-	-	-
Deficit	111.50	120.60	106.90	100.10	72.90	68.00
Experience adjustments on plan liabilities – gains/ (losses)	(15.60)	(12.40)	(8.10)	(17.00)	(8.90)	(4.60)
Experience adjustments on plan assets – gains/(losses)	-	-	-	-	-	-

h) 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.

i) Best estimate of employers expected contribution to the gratuity fund for the next year ₹ 7.00 millions as at 31 March 2017; ₹ NIL millions as at 31 March, 2016; ₹ 10.00 millions as at 31 March, 2015; ₹ 20.00 millions as at 31 March, 2014 and ₹ 15.00 millions as at 31 March, 2013.

j) Amount provided for defined contribution plans are as follows:

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	For the period/year					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Provident fund	35.70	56.00	55.50	52.20	47.40	43.20
Employee state insurance	2.70	2.10	1.10	0.90	0.70	0.70
<b>Total (Refer note k)</b>	<b>38.40</b>	<b>58.10</b>	<b>56.60</b>	<b>53.10</b>	<b>48.10</b>	<b>43.90</b>

(k) Also includes in respect to Managerial Personnel .

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXV

## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)

## 7 C.I.F Value of Imports

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Capital goods (for operating lease)	986.40	1,007.20	332.80	355.40	128.20	174.50
<b>Total</b>	<b>986.40</b>	<b>1,007.20</b>	<b>332.80</b>	<b>355.40</b>	<b>128.20</b>	<b>174.50</b>

## 8 Expenditure in Foreign Currency

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Finance charges	316.30	469.60	435.20	529.70	694.30	682.20
Others	16.50	34.50	171.50	147.50	19.20	13.20
<b>Total</b>	<b>332.80</b>	<b>504.10</b>	<b>606.70</b>	<b>677.20</b>	<b>713.50</b>	<b>695.40</b>



## NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFIT AND LOSS AND CASH FLOWS (CONTINUED)

- 9 Pursuant to the MCA notification G.S.R 308 (E) dated March 30, 2017 details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 presented as below:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	47.70	18.10	65.80
(+) Permitted receipts	-	70.00	70.00
(+) Other receipts – (Amount directly deposited by the customers in banks)*	255.30	56.70	312.00
(-) Permitted payments	-	3.10	3.10
(-) Amount deposited in Banks*	47.70	69.00	116.70
(-) Amount deposited in Banks directly by the customers*	255.30	56.70	312.00
Closing cash in hand as on 30 December 2016	-	16.00	16.00

\* The figures stated in the above table is based on the certificate received from Banks.

10 **Segment Reporting**

The Company is primarily engaged in providing asset finance to customers in India. Consequently, it has one reportable business segment i.e. asset financing and one reportable geographical segment, i.e. India.

11 **DISCLOSURE OF JOINT CONTROLLED OPERATION**

The Company has entered into agreements with PL Solar Renewable Limited, PL Sunrays Power Limited and PL Surya Vidut Limited ("SPVs"), respectively, for joint use and operation of certain assets in relation to Solar Power Generation project. These SPVs have already entered into purchase power agreement (PPA) with Uttarakhand Power Corporation Limited (UPCL). Pursuant to the agreement, the revenue generated from the sale of power to UPCL will be shared among the Company and SPVs in the ratio of 80:20.

Accordingly, an amount of ₹ 104.70 million has been recognized as "Sale of Power" under the head "Income from Operations". None of the Company's assets has been transferred to the Joint Venture and there is no liability incurred in this respect. There are no Contingent Liabilities or Capital Commitments in this respect.

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXVI

## Additional disclosure as per Reserve Bank of India Guidelines

## 1. SECURITISATION AND ASSIGNMENT OF RECEIVABLES

## 1.1 Securitisation of receivables

In terms of Reserve Bank of India Guidelines on securitization of assets issued on 1 February, 2006, details of financial assets securitized by the Company are as under:

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Total number of contracts securitized	3,316	10,888	3,550	2,821	4,570	3,484
Book Value of contracts securitized	5,889.90	8,761.00	3,237.80	4,309.60	8,731.40	6,740.90
Sales consideration [Refer note (a)]	5,889.90	8,761.00	3,237.80	4,309.60	8,731.40	6,740.90
Gain/(Loss) (net) on securitization	-	-	-	-	-	-
Subordinated assets as on Balance Sheet date	-	-	-	-	-	-

(a) Excludes unmatured finance charges thereon.

The aggregate amount of collateral security provided by the Company against the securitized pools stands as follows on the Balance Sheet date:

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Bank/Other deposits provided as collateral as on Balance Sheet date	2,402.10	1,835.20	1,668.60	2,035.60	1,662.20	801.10
Credit enhancements provided by third parties;						
First loss facility	-	-	-	-	-	-
Second loss facility	-	-	-	-	-	-

## 1.2 Assignment of receivables

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	For the six months/years ended					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Assignment of Financial assets	14,849.00	25,353.10	20,416.70	10,199.80	5,000.00	-
Purchase consideration for assignment of financial assets	14,849.00	25,353.10	20,416.70	10,199.80	5,000.00	-
Exposure retained by Company on such assignment to comply with Minimum Retention Requirement(MRR)	1,649.90	2,817.00	2,281.30	1,139.40	500.00	-
Company lodged bank deposits as collateral against total assigned contracts outstanding	-	-	-	-	2,570.00	7,216.40

1.3 The aggregate amount of assets derecognized/loans originated in terms of note 1.1 to 1.2 above are as under :

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Securitization of receivables	12,814.50	10,026.90	6,629.10	9,280.90	11,318.90	6,546.20
Assignment of receivables	33,836.80	29,989.20	22,727.40	11,253.00	9,073.00	21,734.80
<b>Total</b>	<b>46,651.30</b>	<b>40,016.10</b>	<b>29,356.50</b>	<b>20,533.90</b>	<b>20,391.90</b>	<b>28,281.00</b>

## 1.4 The details of securitized contracts by the Company outstanding at the period/year ended are as under :

Particulars	(All amounts in Millions Rupees except for share data or as otherwise stated)					
	As at					
	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
No of Special Purpose Vehicles (SPVs) sponsored by the NBFC for securitisation transactions	10	9	7	12	9	6
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	12,814.50	10,026.90	6,629.10	9,280.90	11,318.90	6,546.20
Total amount of exposures retained by the NBFC to comply with Minimum retention ratio (MRR) as on the date of Balance Sheet						
<b>a) Off-balance sheet exposures</b>						
* First loss	-	-	-	-	-	-
* Others	-	-	-	-	-	-
<b>b) On-balance sheet exposures</b>						
* First loss	2,402.10	1,707.60	1,507.40	1,747.90	1,504.30	643.20
* Others	-	21.50	79.00	153.00	28.40	33.70
Amount of exposures to securitisation transactions other than MRR						
<b>a) Off-balance sheet exposures</b>						
i) Exposure to own securitisations						
* First loss	-	-	-	-	-	-
* Loss	-	-	-	-	-	-
ii) Exposure to third party securitisations						
* First loss	-	-	-	-	-	-
* Others	-	-	-	-	-	-
<b>b) On-balance sheet exposures</b>						
i) Exposure to own securitisations						
* First loss	-	-	-	-	-	-
* Others	-	127.60	161.20	287.70	157.90	157.90
ii) Exposure to third party securitisations						
* First loss	-	-	-	-	-	-
* Others	-	-	-	-	-	-

(a) The above figures are based on the information obtained from the SPVs, which is duly certified by the SPV's auditor.

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE XXXVI

Additional disclosure as per Reserve Bank of India Guidelines (Continued)

1.5 The details of direct assignment contracts by the Company outstanding at the period/year ended are as under:

(All amounts in Millions Rupees except for share data or as otherwise stated)

		As at					
Sl.No	Particulars	30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
1	No of transactions assigned by the Company	45	39	23	10	10	22
2	Total amount outstanding	33,836.80	29,989.20	22,727.40	11,253.00	9,073.00	21,734.80
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet						
	<b>a) Off-balance sheet exposures</b>						
	* First loss	-	-	-	-	-	-
	* Others	-	-	-	-	-	-
	<b>b) On-balance sheet exposures</b>						
	* First loss	-	-	-	-	1,720.50	5,001.00
	* Others	3,762.00	3,337.30	2,538.90	1,256.40	1,349.50	2,215.40
4	Amount of exposures to securitisation transactions other than MRR						
	<b>a) Off-balance sheet exposures</b>						
	i) Exposure to own securitisations						
	* First loss	-	-	-	-	-	-
	* Loss	-	-	-	-	-	-
	ii) Exposure to third party securitisations						
	* First loss	-	-	-	-	-	-
	* Others	-	-	-	-	-	-
	<b>b) On-balance sheet exposures</b>						
	i) Exposure to own securitisations						
	* First loss	-	-	-	-	-	-
	* Others	-	-	-	-	-	-
	ii) Exposure to third party securitisations						
	* First loss	-	-	-	-	-	-
	* Others	-	-	-	-	-	-

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXVI

## Additional disclosure as per Reserve Bank of India Guidelines (Continued)

## 2 Disclosure of Restructured Accounts

Period ended 30 September 2017

(All amounts in Millions Rupees except for share data or as otherwise stated)

SI No	Type of Restructuring		Under CDR Mechanism				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts on 1 April 2017	No. of Borrowers	4	2	-	-	6
		Amount Outstanding	1,406.40	174.30	-	-	1,580.70
		Provision there on [Refer note (a)]	125.90	47.20	-	-	173.10
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
3	Upgradation to restructured Standard category during the period	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next period	No. of Borrowers	1	-	-	-	1
		Amount Outstanding	567.60	-	-	-	567.60
		Provision there on [Refer note (a)]	37.90	-	-	-	37.90
5	Downgradations of restructured accounts during the period	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
6	Write-Offs of restructured accounts during the period	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
7	Restructured Accounts on 30 September 2017	No. of Borrowers	3	1 [Refer note (b)]	-	-	4
		Amount Outstanding	1,188.40	73.60	-	-	1,262.00
		Provision there on [Refer note (a)]	68.00	20.10	-	-	88.10

(a) Provision as stated above includes provision for diminution in fair value of restructured advances.

(b) It excludes one account which has been settled during the six months ended 30 September, 2017.

## Financial Year: 2016-17

(All amounts in Millions Rupees except for share data or as otherwise stated)

SI No	Type of Restructuring		Under CDR Mechanism				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts on 1 April 2016	No. of Borrowers	6	1 [Refer note (b)]	-	-	7
		Amount Outstanding	3,995.10	132.70 [Refer note (b)]	-	-	4,127.80
		Provision there on [Refer note (a)]	421.10	33.20 [Refer note (b)]	-	-	454.30
2	Fresh restructuring during the year	No. of Borrowers	1	-	-	-	1
		Amount Outstanding [Refer	78.10	-	-	-	78.10
		Provision there on [Refer note (a)]	3.90	-	-	-	3.90
3	Upgradation to restructured Standard category during the Year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	No. of Borrowers	2	-	-	-	2.00
		Amount Outstanding	2,105.00	-	-	-	2,105.00
		Provision there on [Refer note (a)]	256.40	-	-	-	256.40
5	Downgradations of restructured accounts during the Year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
6	Write-Offs of restructured accounts during the Year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
7	Restructured Accounts on 31 March 2017	No. of Borrowers	5	1	-	-	6
		Amount Outstanding	1,484.50	96.20	-	-	1,580.70
		Provision there on [Refer note (a)]	129.80	43.30	-	-	173.10

## Note

(a). Provision as stated above includes provision for diminution in fair value of restructured advances.

(b). It excludes one account where Strategic Debt Restructuring (SDR) has been invoked during the year.

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE XXXVI

Financial Year: 2015-16

(All amounts in Millions Rupees except for share data or as otherwise stated)

SI No	Type of Restructuring		Under CDR Mechanism				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts on 1 April 2015	No. of Borrowers [Refer note (c)]	8	2	-	-	10
		Amount Outstanding [Refer note (c)]	8,161.00	429.90	-	-	8,590.90
		Provision there on [Refer note (a) and (c)]	620.50	49.00	-	-	669.50
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding [Refer note (b)]	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
3	Upgradation to restructured Standard category during the Year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
5	Downgradations of restructured accounts during the Year	No. of Borrowers	(1)	1	-	-	1
		Amount Outstanding	(17.80)	17.00	-	-	17.00
		Provision there on [Refer note (a)]	(0.90)	1.70	-	-	1.70
6	Write-Offs of restructured accounts during the Year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
7	Restructured Accounts on 31 March 2016	No. of Borrowers [Refer note (b) and (c)]	6	2	-	-	8
		Amount Outstanding [Refer note (b) and (c)]	3,995.10	149.70	-	-	4,144.80
		Provision there on [Refer note (a) (b) and (c)]	421.10	34.90	-	-	456.00

- Note:**
- Provision as stated above includes provision for diminution in fair value of restructured advances.
  - Fresh restructuring during the year includes fresh / additional sanction to existing restructured accounts.
  - It excludes one accounts where Strategic Debt Restructuring (SDR) has been invoked and one account where the Company has exited from CDR during the year.

Financial Year: 2014-15

(All amounts in Millions Rupees except for share data or as otherwise stated)

SI No	Type of Restructuring		Under CDR Mechanism				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
	Details						
1	Restructured Accounts on 1 April 2014	No. of Borrowers	7	1	-	-	8.00
		Amount Outstanding	4,120.30	743.10	-	-	4,863.40
		Provision there on [Refer note (a)]	389.10	74.30	-	-	463.40
2	Fresh restructuring during the year	No. of Borrowers	2	-	-	-	2.00
		Amount Outstanding [Refer note (b)]	3,731.20	-	-	-	3,731.20
		Provision there on [Refer note (a) and (b)]	215.11	-	-	-	215.11
3	Upgradation to restructured Standard category during the Year	No. of Borrowers	1	(1)	-	-	1
		Amount Outstanding	746.50	(743.10)	-	-	746.50
		Provision there on [Refer note (a)]	45.20	(74.30)	-	-	45.20
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
5	Downgradations of restructured accounts during the Year	No. of Borrowers	(2)	2	-	-	2
		Amount Outstanding	(437.00)	429.90	-	-	429.90
		Provision there on [Refer note (a)]	(29.00)	49.00	-	-	49.00
6	Write-Offs of restructured accounts during the Year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
7	Restructured Accounts on 31 March 2015	No. of Borrowers	8	2	-	-	10
		Amount Outstanding	8,161.00	429.90	-	-	8,590.90
		Provision there on [Refer note (a)]	620.51	49.00	-	-	669.51

- Note:**
- Provision as stated above includes provision for diminution in fair value of restructured advances.
  - Fresh restructuring during the year of fresh / additional sanction to existing restructured accounts

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXVI

Financial Year: 2013-14

(All amounts in Millions Rupees except for share data or as otherwise stated)

SI No	Type of Restructuring		Under CDR Mechanism				
	Asset Classification	Details	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts on 1 April 2013	No. of Borrowers	1	2	-	-	3
		Amount Outstanding	386.40	601.00	-	-	987.40
		Provision there on [Refer note (a)]	-	60.10	-	-	60.10
2	Fresh restructuring during the year	No. of Borrowers	4	1	-	-	5
		Amount Outstanding	2,929.10	743.10	-	-	3,672.20
		Provision there on [Refer note (a)]	280.70	74.30	-	-	355.00
3	Upgradation to restructured Standard category during the year	No. of Borrowers	2	(2)	-	-	2
		Amount Outstanding [Refer note (b)]	804.80	(601.00)	-	-	804.80
		Provision there on [Refer note (a)]	108.40	(60.10)	-	-	108.40
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
6	Write-Offs of restructured accounts during the year	No. of Borrowers	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-
		Provision there on [Refer note (a)]	-	-	-	-	-
7	Restructured Accounts on 31 March 2014	No. of Borrowers	7	1	-	-	8
		Amount Outstanding	4,120.30	743.10	-	-	4,863.40
		Provision there on [Refer note (a)]	389.10	74.30	-	-	463.40

**Note:**

- a. Provision as stated above includes provision for diminution in fair value of restructured advances.  
b. Being the opening balance as increased by interest accruals up to the balance sheet date

SREI EQUIPMENT FINANCE LIMITED

ANNEXURE XXXVI

Additional disclosure as per Reserve Bank of India Guidelines (Continued)

3. Disclosure on Strategic Debt Restructuring ( SDR ) scheme (accounts which are currently under the stand-still period)

(All amounts in Millions Rupees except for share data or as otherwise stated)

As at	No. of accounts where SDR has been invoked	Amount outstanding		Amount outstanding with respect to accounts where conversion of debt to equity is pending		Amount outstanding with respect to accounts where conversion of debt to equity has taken place	
		Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
30 September 2017	Two number of Accounts	572.20	16.70	-	-	572.20	16.70
31 March 2017	Two number of Accounts	567.60	16.70	-	-	567.60	16.70
31 March 2016	One number of Account	1,252.20	-	-	-	1,252.20	-

4. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets ( S4A )

(All amounts in Millions Rupees except for share data or as otherwise stated)

As at	No. of accounts where S4A has been applied	Aggregate amount outstanding	Amount outstanding		Provision held
			In part A	In part B [Refer note (a)]	
30 September 2017	One number of account classified as Standard	906.20	539.50	366.70	181.20
31 March 2017	One number of account classified as Standard	863.60	496.90	366.70	172.80

(a) Part B represents the Optionally Convertible Debentures received as per the S4A guidelines.

5. Capital to Risk Asset Ratio (CRAR)

(All amounts in Millions Rupees except for share data or as otherwise stated)

Sl no.	Items	For the six months/years ended					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
i	CRAR (%)	16.80	18.59	19.60	16.99	17.07	16.08
ii	CRAR – Tier I Capital (%)	11.30	13.64	14.63	13.29	12.57	11.36
iii	CRAR – Tier II Capital (%)	5.50	4.95	4.97	3.70	4.50	4.72
iv	Amount of subordinated debt raised as Tier-II capital	5,669.90	3,035.00	3,596.00	410.00	1,268.00	1,010.00
v	Amount raised by issue of perpetual Debt Instruments	-	-	-	-	-	-



**SREI EQUIPMENT FINANCE LIMITED**

**ANNEXURE XXXVI**

**Additional disclosure as per Reserve Bank of India Guidelines (Continued)**

**6. Asset Liability Management**

Maturity pattern of certain items of assets and liabilities are as follows;

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars		Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Deposits	As of September 30, 2017	-	-	-	-	-	-	-	-	-
	As of March 31, 2017	-	-	-	-	-	-	-	-	-
	As of March 31, 2016	-	-	-	-	-	-	-	-	-
	As of March 31, 2015	-	-	-	-	-	-	-	-	-
	As of March 31, 2014	-	-	-	-	-	-	-	-	-
	As of March 31, 2013	-	-	-	-	-	-	-	-	-
Advances	As of September 30, 2017	7,224.50	7,148.80	6,403.90	15,350.90	30,313.90	89,043.40	34,013.40	5,090.30	194,589.10
	As of March 31, 2017	8,303.00	6,993.40	3,662.80	10,521.30	27,533.10	74,428.70	24,001.40	5,053.20	160,496.90
	As of March 31, 2016	8,983.20	9,691.00	7,201.20	11,704.00	24,843.50	65,076.80	19,887.50	1,778.70	149,165.90
	As of March 31, 2015	9,556.90	10,512.30	8,000.60	13,431.20	27,177.40	63,727.70	17,859.30	4,896.50	155,161.90
	As of March 31, 2014	13,136.90	9,337.90	6,428.10	12,871.40	23,527.10	64,999.50	15,430.00	4,346.60	150,077.50
	As of March 31, 2013	7,551.60	5,891.70	6,034.20	12,058.40	25,372.60	70,914.40	17,070.80	4,487.80	149,381.50
Investments	As of September 30, 2017	2,500	-	-	-	-	-	-	350.00	2,850.00
	As of March 31, 2017	3.10	2.90	2.70	6.80	5.30	0.70	-	-	21.50
	As of March 31, 2016	5.40	5.40	5.40	15.70	25.30	21.80	-	-	79.00
	As of March 31, 2015	6.00	6.00	6.00	18.10	36.40	79.80	0.70	-	153.00
	As of March 31, 2014	1.60	1.50	1.50	4.40	288.00	11.30	0.10	-	308.40
	As of March 31, 2013	1.30	1.30	1.30	3.80	287.60	18.20	0.20	-	313.70
Borrowing	As of September 30, 2017	6,897.80	5,202.00	4,233.50	11,630.60	29,120.70	63,460.20	27,980.00	16,315.90	164,840.70
	As of March 31, 2017	7,033.30	6,057.40	3,813.90	7,679.20	17,706.50	55,433.60	20,899.50	10,695.00	129,318.40
	As of March 31, 2016	6,937.00	5,470.70	5,476.30	10,188.80	19,830.90	50,466.50	15,122.20	5,044.70	118,537.10
	As of March 31, 2015	6,089.40	10,427.60	7,988.40	12,397.90	22,249.70	53,013.20	14,938.50	3,540.60	130,645.30
	As of March 31, 2014	7,175.20	8,707.90	7,413.00	11,227.70	17,622.30	54,799.50	18,888.60	5,125.10	130,959.30
	As of March 31, 2013	5,162.00	4,025.60	5,497.30	14,468.20	19,536.00	57,940.10	21,275.00	7,559.50	135,463.70
Foreign Currency Assets	As of September 30, 2017	-	-	-	-	-	-	-	-	-
	As of March 31, 2017	-	-	-	-	-	-	-	-	-
	As of March 31, 2016	-	-	-	-	-	-	-	-	-
	As of March 31, 2015	-	-	-	-	-	-	-	-	-
	As of March 31, 2014	-	-	-	-	-	-	-	-	-
	As of March 31, 2013	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	As of September 30, 2017	143.60	252.70	59.00	299.60	554.90	422.60	-	-	1,732.40
	As of March 31, 2017	1,056.50	481.20	557.90	1,204.00	525.30	265.90	-	-	4,090.80
	As of March 31, 2016	49.10	-	-	1,110.10	2,045.20	234.00	-	-	3,438.40
	As of March 31, 2015	19.50	62.10	180.70	193.20	270.30	42.70	-	-	768.50
	As of March 31, 2014	488.80	32.00	-	118.20	8.00	81.70	-	-	728.70
	As of March 31, 2013	44.50	41.70	57.20	90.50	91.50	45.70	-	-	371.10

**Note:**

(a) The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in proportion to the maturity pattern of the financial assets.

## SREI EQUIPMENT FINANCE LIMITED

## ANNEXURE XXXVI

Additional disclosure as per Reserve Bank of India Guidelines (Continued)

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

(All amounts in Millions Rupees except for share data or as otherwise stated)

SL. No.	Particulars	As at					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(i)	<b>Movement of NPAs (Gross)</b>						
	(a) Opening balance	4,198.60	4,544.00	7,935.20	7,775.70	4,685.70	3,611.30
	(b) Additions during the period/year	1,448.20	2,212.20	2,270.20	5,076.20	5,933.30	2,906.20
	(c) Reductions during the period/year [Refer note (a)]	1,068.50	2,557.60	5,661.40	4,916.70	2,843.30	1,831.80
	(d) Closing balance	4,578.30	4,198.60	4,544.00	7,935.20	7,775.70	4,685.70
(ii)	<b>Movement of Net NPAs</b>						
	(a) Opening balance	2,990.30	3,075.60	6,098.30	6,355.60	3,554.70	2,526.00
	(b) Additions during the period/year	1,312.10	2,343.60	2,101.00	4,664.20	5,729.90	2,621.30
	(c) Reductions during the period/year [Refer note (a)]	1,070.20	2,428.90	5,123.70	4,921.50	2,929.00	1,592.60
	(d) Closing balance	3,232.20	2,990.30	3,075.60	6,098.30	6,355.60	3,554.70
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets) [Refer note (b)]</b>						
	(a) Opening balance	1,208.30	1,468.40	1,836.90	1,420.10	1,130.90	1,085.20
	(b) Provisions made during the period/year	384.70	802.40	554.60	1,142.70	961.70	682.10
	(c) Write-off / write-back of excess provisions	246.90	1,062.50	923.10	725.90	672.50	636.40
	(d) Closing balance	1,346.10	1,208.30	1,468.40	1,836.90	1,420.10	1,130.90

(a) It includes write-off during the period/years.

(b) It includes Provision for Standard Restructured Assets under CDR, SDR and S4A as mentioned below :

(All amounts in Millions Rupees except for share data or as otherwise stated)

SL. No.	Particulars	As at					
		30 September 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(i)	Corporate Debt Restructuring (CDR) mechanism	68.00	129.81	421.11	620.51	389.10	-
(ii)	Strategic Debt Restructuring (SDR) mechanism	57.20	56.76	139.83	-	-	-
(iii)	Sustainable Structuring of Stressed Assets ( S4A)	181.20	172.80	-	-	-	-

On behalf of the Board of Directors

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

**Devendra Kumar Vyas**  
Chief Executive Officer

Place: Kolkata  
Date: 27 November, 2017

**Manoj Kumar Beriwal**  
Chief Financial Officer

**Ritu Bhojak**  
Company Secretary

## STATEMENT OF CAPITALISATION

We have set out below the details of the summary statement of capitalisation in relation to Annexure XXXII of the Restated Financial Information on page 279.

(₹ in million)

Particulars	Pre-Offer as at September 30, 2017	As adjusted for issue <sup>(2)</sup>
<b>Debt</b>		
I. Short term borrowings [Refer Note (c)]	98,326.60	
II. Long term borrowings [Refer Note (d)]	66,514.10	
<b>III. Total borrowings (I+II)</b>	<b>164,840.70</b>	
<b>Shareholders' funds</b>		
Share capital	596.60	
Capital reserve	3.10	
Securities premium reserve	10,398.00	
Debt redemption reserve	1,021.70	
Special reserve (created pursuant to Section 45IC of the Reserve Bank of India Act, 1934)	3,049.70	
Income tax special reserve (created pursuant to Section 36(1)(viii) of the Income Tax Act, 1961 )	1,164.00	
Surplus in the Statement of Profit and Loss	9,956.90	
<b>IV. Total Shareholders' funds</b>	<b>26,190.00</b>	
<b>Long Term Debt/Equity (II/IV) [Refer Note (a)]</b>	<b>2.54</b>	
<b>Total Debt/Equity (III/IV) [Refer Note (b)]</b>	<b>6.29</b>	

Notes:

(a) Long term debt / equity has been computed as

$$\frac{\text{Long term borrowings}}{\text{Total shareholders' funds}}$$

(b) Total debt / equity has been computed as

$$\frac{\text{Total borrowings}}{\text{Total shareholders' funds}}$$

(c) Short term borrowings represents borrowings due within 12 months from the balance sheet date.

(d) Long term borrowings represents borrowings due after 12 months from the balance sheet date and also includes current maturities of long term borrowings.

(e) The figures disclosed above are based on the restated summary statement of assets and liabilities and profit and loss of the Company.

(f) The above statement should be read with the notes to Restated Summary Statement Of Assets And Liabilities, Profit And Loss and Cash Flows as appearing in Annexure IV, V, XXXV and XXXVI in the section "Financial Statements" beginning on page 231.

<sup>(2)</sup>Post Offer capitalisation shall be determined after finalisation of Offer Price



## SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND INDAS

The financial statements have been prepared in accordance with Indian GAAP, which differs in certain material respects from Ind AS.

The following table summarizes certain areas in which differences between Indian GAAP and IND AS could be significant to the Company's financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and Ind AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in the financial statements (or notes thereto).

Certain principal differences between Indian GAAP and Ind AS that may have a material effect on the financial statements are summarized below. Our Company's Management has not quantified all of the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that the financial statements would not be materially different if prepared in accordance with Ind AS.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind AS and how those differences might affect the financial information disclosed in this Draft Red Herring Prospectus.

Particulars	Treatment as per Indian GAAP	Treatment as per Ind AS
<b>Primary Literature</b>	<b>AS 1 – Disclosure of Accounting Policies / Schedule III to the Companies Act, 2013</b> <b>AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies</b>	<b>Ind AS 1 – Presentation of Financial Statements</b>
Statement of profit or loss and other comprehensive income (statement of comprehensive income)	Statement of profit and loss is the Indian GAAP equivalent of separate statement of profit or loss and other comprehensive income under Ind AS.  Some items such as revaluation surplus, which are treated as “other comprehensive income” under Ind AS, are recognised directly in equity under Indian GAAP. There is no concept of “other comprehensive income” in Indian GAAP.	The statement of profit or loss and other comprehensive income includes all items of income and expense – (i.e. all “non- owner” changes in equity) including:  (a) components of profit or loss; and (b) other comprehensive income.  An entity is required to present all items of income and expense including components of other comprehensive income in a period in a single statement of profit and loss.
Statement of changes in equity	A statement of changes in equity is not presented. Movements in share capital, retained earnings and other reserves are presented in the notes to accounts.	The statement of changes in equity includes the following information: <ul style="list-style-type: none"> <li>total comprehensive income for the period;</li> <li>the effects on each component of equity of retrospective application or retrospective restatement in accordance with Ind AS 8; and</li> <li>for each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.</li> </ul>
Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.  Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity	Presentation of any items of income or expense as extraordinary is prohibited.
Reclassification	A disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosures for the nature, amount and reason for reclassification.	When comparative amounts are reclassified, the nature, amount and reason for reclassification are disclosed.

Critical judgments	Does not require disclosure of judgments that management has made in the summary of significant accounting policies or other notes.	Requires disclosure of critical judgments made by management in applying accounting policies.
Estimation uncertainty	Does not require an entity to disclose information about the assumptions that it makes about the future and other major sources of estimation uncertainty at the end of the reporting period though other standards may require certain disclosures of the same.	Requires disclosure of key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The nature of the uncertainty and the carrying amounts of such assets and liabilities at the end of the reporting period are required to be disclosed
<b>Primary Literature</b>	<b>AS 5 – Net Profit Or Loss For The Period, Prior Period Items And Changes In Accounting Policies</b>	<b>Ind AS 8– Accounting Policies, Changes in Accounting Estimates and Errors</b>
Changes in accounting policies	Changes in accounting policies should be made only if required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
Errors	Prior period items are included in determination of net profit or loss for the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in such a manner that the impact on current profit or loss can be perceived	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet
<b>Primary Literature</b>	<b>AS 22 – Accounting for Taxes on Income</b>	<b>Ind AS 12 – Income Taxes</b>
Deferred income taxes	Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.
Recognition of deferred tax assets for unused tax losses etc.	Deferred tax asset for unused tax losses and unabsorbed depreciation is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.  Deferred tax asset for all other unused credits/timing differences are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised	Deferred tax asset is recognised for carry forward unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Where an entity has a history of tax losses, the entity recognises a deferred tax asset only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.
<b>Primary Literature</b>	<b>AS 10 – Property, Plant and Equipment</b>	<b>Ind AS 16 – Property, Plant and Equipment</b>
Change in method of depreciation	Requires retrospective re-computation of depreciation and any excess or deficit on such re-computation is required to be adjusted in the period in which such change is affected. Such a change is treated as a change in accounting policy and its effect is quantified and disclosed.	Changes in depreciation method are considered as changes in accounting estimate and applied prospectively.
<b>Primary Literature</b>	<b>AS 19 – Leases</b>	<b>Ind AS 17 – Leases Appendix C to Ind AS 17 – Determining Whether an Arrangement Contains a Lease</b>
Interest in leasehold land	Leasehold land is recorded and classified as fixed assets	Recognised as operating lease or finance lease as per definition and classification criteria
Determining whether an	No specific guidance. Payments under such arrangements are recognised in accordance with the nature of expense incurred.	Arrangements that do not take the legal form of a lease but fulfilment of which is dependent on the use of

arrangement contains a lease		specific assets and which convey the right to use the assets are accounted for as lease.
Operating lease rentals – recognition	Lease payments/receipts under an operating lease should be recognised as an expense/income in the statement of profit and loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the use of the leased asset is diminished.	The increase/escalation of operating lease rentals that are in line with the expected general inflation are essentially to compensate the lessor for expected inflationary cost increases. Accordingly such increase/escalation should not be straight-lined by the lessor as well as the lessee.
<b>Primary Literature</b>	<b>AS – 15 – (Revised 2005) – Employee Benefits</b>	<b>Ind AS 19 – Employee Benefits</b>
Actuarial gains and losses	All actuarial gains and losses should be recognised immediately in the statement of profit and loss.	Actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognised in other comprehensive income and not reclassified to profit or loss in a subsequent period.
<b>Primary Literature</b>	<b>AS 11 – The Effects of Changes in Foreign Exchange Rates</b>	<b>Ind AS 21 – The Effects of Changes in Foreign Exchange Rates</b>
Forward exchange contracts	In respect of forward exchange contracts not intended for trading or speculation purposes: <ul style="list-style-type: none"> <li>Any premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract.</li> <li>Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.</li> </ul> In respect of forward exchange contract intended for trading or speculation purposes: <ul style="list-style-type: none"> <li>The premium or discount on the contract is ignored and at each balance sheet date, the value of the contract is marked to its current market value and the gain or loss on the contract is recognised.</li> </ul>	Accounted for as a derivative as per IndAS 109.
<b>Primary literature</b>	<b>Since AS 31 Financial Instruments: Presentation is not yet mandatory (as not notified under the Companies (Accounting Standards) Rules, 2006) the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices.</b>	<b>Ind AS 32 – Financial Instruments: Presentation</b>
Classification of financial liabilities	Financial instruments are classified based on legal form – preference shares are classified as equity only.  Preference dividends are always recognised similar to equity dividend and are never treated as interest expense.	Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement, (and not its legal form), and the definition of financial liabilities and equity instruments.  Dividends on financial instruments classified as financial liability is recognised as an interest expense in the statement of profit or loss and other comprehensive income.
Offsetting	There are no offset rules. However, in practice the rules under IFRS/Ind AS are applied.	A financial asset and financial liability can only be offset if the entity currently has a legally enforceable right to set off the recognised amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.
<b>Primary Literature</b>	<b>AS 28 – Impairment of Assets</b> <b>AS 26 – Intangible Assets</b>	<b>Ind AS 36 – Impairment of Assets</b>
Annual impairment test for goodwill and intangibles	Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired.	Goodwill, intangible assets not yet available for use and intangible assets with indefinite life are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.

<b>Primary Literature</b>	<b>AS 29 – Provisions, Contingent Liabilities and Contingent Assets</b>	<b>Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets</b>
Recognition of provisions	Provisions are not recognised based on constructive obligations though some provisions may be needed in respect of obligations arising from normal practice, custom and a desire to maintain good business relations or to act in an equitable manner	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably
Discounting	Discounting of liabilities is not permitted and provisions are carried at their full values. However, as per recent amendments in AS 29, discounting of decommissioning, restoration and other similar liabilities to present value will be required.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be require to settle the obligation.
<b>Primary Literature</b>	<b>AS 26 – Intangible Assets</b>	<b>Ind AS 38 – Intangible Assets</b>
Measurement	Measured only at cost.	Intangible assets can be measured at either cost or revalued amounts.
Goodwill	Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years.	Not amortised but subject to annual impairment test or more frequently whenever there is an impairment indication
Useful Life	The useful life not be indefinite. There is rebuttable presumption that the useful life of an intangible asset will not exceed 10 years from the date when asset is available for use.	Useful life may be finite or indefinite.
<b>Primary Literature</b>	<b>No equivalent standard on investment property. At present, Ind AS 40 – Investment Property covered by AS 13 – Accounting for Investments</b>	<b>Ind AS 40 – Investment Property</b>
Definition and scope	AS 13 defines investment property as an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of the investing entity.	Investment property is land or building (or part thereof) or both held (whether by owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both.
<b>Primary literature</b>	<b>AS 24 – Discontinued Operations AS 10 – Accounting for Fixed Assets</b>	<b>Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations Appendix A to Ind AS 10– Distributions of Non-cash Assets to Owners</b>
Recognition, measurement and presentation	AS 10 deals with assets held for disposal. Items of fixed assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown separately in the balance sheet.  Any expected loss is recognised immediately in the statement of profit and loss.	Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable.  Depreciation ceases on the date when the assets (individually or as part of a disposal group) are classified as held for sale.  These are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets classified as held for sale, and the assets and liabilities in a disposal group classified as held for sale, are presented separately in the balance sheet.
<b>Primary literature</b>	<b>AS 17 – Segment Reporting</b>	<b>Ind AS 108 – Operating Segments</b>
Determination of segments	AS 17 requires an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
Measurement	Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole.  A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the enterprise’s financial statements	Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker.  The Standard requires reconciliation of segment performance measures with the corresponding amounts reported in the financial statements.

Primary Literature	AS 13 – Accounting for Investments <i>Since AS 30 – Financial Instruments: Recognition And Measurement is not yet mandatory (as not notified under the Companies (Accounting Standards) Rules, 2006) the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices.</i>	Ind AS 109 Financial Instruments
Initial measurement	No specific guidance	All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.
Investments, deposits loans and advances	<p>Investments are classified as long-term or current. Long term investments are carried at cost less provision for diminution in value, which is other than temporary. Current investments carried at lower of cost and fair value.</p> <p>Deposits, loans and advances are measured at cost less valuation allowance.</p>	<p>All financial assets are classified as measured at amortised cost or measured at fair value.</p> <p>Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss, or recognised in other comprehensive income.</p> <p>Debt Instrument held within a business model to:</p> <ol style="list-style-type: none"> <li>Collect contractual cash flows – measured at Amortised cost</li> <li>Collect contractual cash flows and selling financial assets – measured at fair value through other comprehensive income</li> </ol> <p>Ind AS 109 provides an option to irrevocably designate, at initial recognition, financial assets as measured at fair value through profit or loss if doing so eliminates an accounting mismatch.</p> <p>In respect of certain equity instruments, an option to irrevocably designate them at fair value through other comprehensive income is available so that subsequent changes in fair value are recognised in other comprehensive income. Dividend income from such assets are recognised in Statement of Profit and Loss.</p>
Impairment	<p>An entity should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as</p> <ul style="list-style-type: none"> <li>past experience,</li> <li>actual financial position and</li> <li>cash flows of the debtors.</li> </ul> <p>Different methods are used for making provisions for bad debts, including:</p> <ul style="list-style-type: none"> <li>the ageing analysis,</li> <li>an individual assessment of recoverability.</li> </ul>	<p>The impairment model in Ind AS 109 is based on expected credit losses. Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to:</p> <ul style="list-style-type: none"> <li>The 12 month expected credit losses; or</li> <li>Lifetime expected credit losses if credit risk has increased significantly since initial recognition of the financial instrument.</li> </ul>
Hedge Accounting	Application of hedge accounting is governed by the Guidance Note on Accounting for Derivative Contracts issued by Institute of Chartered Accountants of India (ICAI). This is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS) like forward contracts (or other financial instruments which in substance are forward contracts covered) which is covered by AS 11.	Application of hedge accounting is a choice and is available for all types of derivative instruments. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures they hedge.
De-recognition of financial assets and securitisation	There is no current equivalent standard.	<p>De-recognition of financial assets is permitted only upon:</p> <ul style="list-style-type: none"> <li>expiry of the contractual rights to the cash flows from the financial assets;</li> <li>transfer of the financial assets.</li> </ul>



		<p>An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows under an arrangement that meets certain specified conditions.</p> <p>Once an entity has determined that the asset has been transferred, it would need to evaluate the extent to which it retains the risks and rewards of ownership of the financial asset.</p> <p>If substantially all the risks and rewards have been retained or if the entity has retained control over the assets, de-recognition of the asset is precluded.</p>
<b>Primary Literature</b>	<b>No equivalent standard</b>	<b>Ind AS 113 – Fair Value Measurement</b>
Classification and disclosure	No equivalent standard.	<p>Requires with some exceptions, classification of these measurements into a ‘fair value hierarchy’ based on the nature of inputs:</p> <ul style="list-style-type: none"> <li>• Level 1 – quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date;</li> <li>• Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;</li> <li>• Level 3 – unobservable inputs for the asset or liability.</li> </ul> <p>Requires various disclosures depending on the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.</p>



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Restated Financial Information, which are included in this Draft Red Herring Prospectus. The following discussion and analysis of our financial condition and results of operations are based on our Restated Financial Information, including the related notes and reports, which are prepared under Indian GAAP, in accordance with requirements of the Companies Act, and restated in accordance with the SEBI ICDR Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries, and our assessment of the factors that may affect our prospects and performance in future periods. Our Restated Financial Information have been derived from our audited financial statements. Accordingly, the degree to which our Restated Financial Information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian GAAP.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" on pages 15 and 14, respectively, and elsewhere in this Draft Red Herring Prospectus.*

*Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months ended March 31 of that year.*

### Overview

We are the leading financier in the Construction, Mining and allied Equipment ("CME") sector in India, with an approximately 32.7% market share in Fiscal 2017 (Source: Feedback Report). This sector primarily consists of equipment used for earthmoving and mining, concreting, road building, material handling, material processing and allied activities. Our product offerings include loans, for new and used equipment, and leases.

In more than 27 years of our Group's operations, we have demonstrated clear market differentiation through our holistic approach to providing equipment financing solutions (Source: Feedback Report). This approach covers the value chain in the equipment life cycle by providing financing to and sustaining continuous engagement with customers across equipment procurement, deployment, maintenance and exit stages. The equipment-centric services we provide include preferred financing schemes offered by us in conjunction with Original Equipment Manufacturers ("OEMs"), equipment deployment assistance during project downtime, spare parts financing, exchange programme financing and used equipment financing.

Our partnerships with OEMs are key to our equipment-centric business model. These include various arrangements such as general associations, preferred financier associations (with or without risk-sharing arrangements) and private label associations. We offer innovative financing solutions to equipment purchasers under these arrangements, which we believe are relatively new to the Indian equipment financing market (Source: Feedback Report). As of September 30, 2017, we had 191 OEM partnerships. We believe we are well positioned to sustain and develop OEM partnerships due to our significant CME market share, pan-India presence and continuous customer engagement approach.

We believe that our customer-focussed approach also has contributed to our success. As of September 30, 2017, we had more than 64,000 current customers. We cater to a wide range of customers, from 'First Time Users' ("FTUs") and 'First Time Buyers' ("FTBs") to fleet owners and mid-size contractors to large corporations and project owners. Supported by our holistic equipment financing solutions approach, our customer-focussed approach has helped us retain our customers as their business has grown in size as well as expand our customer base through their referrals. In Fiscals 2017, 2016 and 2015, over 60% of our total disbursements were to our repeat customers.

Our exclusive distribution partners, Srei Entrepreneur Partners ("SEPs"), help us in sourcing customers and ensuring regular repayment. An SEP's local risk insight and on the ground presence facilitates our customer acquisition, screening and access and broadens our market coverage. Our training also benefits the SEPs by helping them to diversify and broaden their business operations. As of September 30, 2017, we had 120 SEPs across India.

Our years of experience in the equipment financing business have provided us with deep insight into various equipment categories, diverse geographies and multiple customer segments. Our risk assessment framework and credit appraisal policies are an outcome of this experience, which we have progressively institutionalised. As we continue to diversify our customer exposures, we are scaling up our asset-centric risk approach to cover multi-dimensional risks. We increasingly are managing risk by deploying technology including real time equipment location identification through GPS/ GPRS devices, use of handheld devices by field personnel, customer service through online portals, mobile applications and customised risk prognosis tools.

Our widespread network of branches demonstrates our strength across India to cater to the needs of our stakeholders including our customers, OEMs, SEPs, dealers, local industry bodies and regulatory agencies. As of September 30, 2017, we were present in 21 states through our 89 branches and four offices including our head office in Kolkata, India. We also cater to 77 additional satellite locations where our employees service customers directly using technology without a physical branch office. In addition, as of September 30, 2017, we had 77 stockyards for equipment maintenance helping us to preserve the repossessed equipment quality for potential redeployment or resale.

We believe that our human resources have played an important part in our success. Our senior and mid-level management include professionals from financial services and OEM background. We develop our employees' functional and leadership competencies through structured training initiatives focussed on consistently meeting customer expectations. Our customer relationship managers provide personalised customer service helping us enhance our brand.

In addition to CME, we have also diversified into financing of Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets. As of September 30, 2017, our total Gross Earning Assets were ₹254,170.80 million comprising ₹189,767.77 million in CME, ₹21,013.82 million in Tippers, ₹9,477.62 million in IT and allied equipment, ₹3,066.10 million in Medical and allied equipment, ₹5,574.38 million in Farm equipment and ₹25,271.11 million in Other assets.

We have access to multiple sources of liquidity. Our sources of funding comprise unsecured subordinated non-convertible debentures, secured redeemable non-convertible debentures, subordinated loans, term loans (Rupee loans and foreign currency loans) from banks and financial institutions, external commercial borrowings, working capital facilities and commercial paper. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our Total Borrowings were, ₹164,840.70 million, ₹129,318.40 million, ₹118,537.10 million and ₹130,645.30 million, respectively, and our Cost of Borrowings was 9.48%, 10.17%, 10.45% and 10.63% for these periods. Our current long-term credit ratings include CARE AA-; Positive, CARE A+; Positive and CARE A+; Positive, from CARE, BWR AA+/Stable from Brickwork and SMERA AA+/Stable from SMERA Ratings. In relation to our short-term credit ratings, our current credit ratings include ICRA A1+ from ICRA Limited, CARE A1+ from CARE and BWR A1+ from Brickwork.

We are a wholly owned subsidiary of SIFL, a well-established name in the Indian infrastructure financing business.

We have an established track record of consistent financial performance and growth. As of September 30, 2017, our Net Worth was ₹25,682.00 million. For the six months ended September 30, 2017 and for Fiscals 2017, 2016 and 2015:

- Our AUM were ₹265,248.90 million, ₹212,317.90 million, ₹185,974.80 million and ₹183,478.20 million, respectively;
- Our PAT was ₹1,095.10 million, ₹1,488.40 million, ₹1,203.80 million and ₹1,540.00 million, respectively;
- Our Gross NPAs were ₹4,578.30 million, ₹4,198.60 million, ₹4,544.00 million and ₹7,935.20 million, respectively;
- Our Revenue from Operations was ₹14,965.60 million, ₹24,933.30 million, ₹26,138.80 million and ₹26,014.40 million, respectively; and
- Our Disbursements were ₹83,093.40 million, ₹117,148.76 million, ₹91,588.78 million and ₹77,196.72 million, respectively.

## Significant Factors Affecting our Results of Operations

The following is a discussion of certain factors that have had, and will continue to have, a significant effect on our financial results:

### *Availability of Cost-Effective Sources of Funding*

The availability of cost-effective funding affects our results of operations. Our funding sources are varied, as we believe a diversified debt profile ensures we are not overly dependent on any one type or source for funding. As an NBFC-ND-SI-AFC, we have greater access to diverse sources of liquidity, including from both domestic and international financial markets. Our primary sources of funds include proceeds from non-convertible debentures, term loans from banks and financial institutions, external commercial borrowings, working capital facilities, commercial paper, subordinated debt instruments and securitisation and assignment of loan portfolio. This enables us to optimise our cost of borrowings, funding and liquidity requirements, capital management and asset liability management.

As of September 30, 2017, our aggregate secured borrowings were ₹136,970.20 million, representing 83.09% of our Total Borrowings. Our current maturities of the secured long-term borrowings were ₹14,570.70 million and our secured short-term borrowings were ₹91,248.20 million, aggregating to ₹105,818.90 million, representing 64.19% of our Total Borrowings, all of which are due and payable on or before September 30, 2018. Our secured short-term borrowings outstanding as on September 30, 2017 included working capital facilities amounting to ₹88,081.80 million that are renewed on year-to-year basis and are therefore revolving in nature. For further details, please see “*Financial Indebtedness*” on page 344.

Our ability to continue to meet customer demand for new borrowings will depend primarily on our ability to raise funds by issuing equity and debt securities and to borrow from various external sources on suitable interest rates and competitive terms in a timely manner. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings, cash flows and available credit limits. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our Total Borrowings were ₹164,840.70 million, ₹129,318.40 million, ₹118,537.10 million and ₹130,645.30 million, respectively. Any increase in our cost of funds may lead to a reduction in our margins, or require us to increase interest rates on disbursements to customers in the future to maintain our margins. This however is managed through a floating interest rate mechanism on both lending and borrowing sides. Further, our Cost of borrowing has reduced from 10.63% for Fiscal 2015 to 9.48% for the six months ended September 30, 2017. For further details, please see “*Selected Statistical Information*” on page 219. The table below sets our details on our Yield and Cost of funds:

Particulars	As of September 30, 2017	As of March 31,		
		2017	2016	2015
Yield on Average Earning Assets (%) <sup>(1)</sup>	13.33*	13.15	14.57	14.58
Average Yield on Disbursements (%) <sup>(2)</sup>	12.82	13.28	14.10	14.96
Cost of Borrowings (%) <sup>(3)</sup>	9.48	10.17	10.45	10.63
Spread (%) <sup>(4)</sup>	3.85	2.98	4.12	3.95

Note:

\* Earning Assets as of September 30, 2017 includes additions on the last day of the half-year ended September 30, 2017 amounting to ₹9,492.50 million (₹11,210.00 million including GST) which has been excluded for calculating Yield on Average Earning Assets for such period.

- (1) Yield on Average Earning Assets (%) has been calculated as Yield for the relevant year/period as a percentage of Average of Earning Assets for such year/period. Yield represents Revenue from Operations for the relevant period as reduced by Depreciation, amortisation and impairment on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery), Brokerage and service charges and (Profit)/Loss on sale of fixed assets (net).
- (2) Average Yield on Disbursements (%) represents weighted average Yield on Disbursements during the relevant year/period.
- (3) Cost of Borrowings (%) represents Interest cost and other related costs on borrowings for the relevant year/period as a percentage of daily average outstanding of borrowings for such year/period.
- (4) Spread (%) represents excess of Yield on Average Earning Assets (%) over Cost of borrowings (%).

Additionally, fluctuations in the exchange rate of INR against foreign currencies will affect our finance costs. We

currently engage in borrowing from the international market as well as from Indian lenders in foreign currency, including USD, GBP and Euros. The fluctuations of the foreign exchange would affect our expense denominated in such currencies, resulting in foreign exchange gains or losses. Further, as our financial statements are presented in INR, the fluctuations of the foreign exchange rate will also affect the translation value of our foreign currency transactions. We identify and measure the impact of changes in the exchange rate on our operations mainly through foreign exchange exposure and exchange rate sensitivity analysis and mitigate exchange rate risk by entering into derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes.

### **Volatility in Borrowing and Lending Rates**

Our results of operations depend substantially on the level of our net interest income, which represents revenue from operations as reduced by finance costs, depreciation, amortisation and impairment expenses on assets given on operating lease and assets for own use – plant and machinery, brokerage and service charges and (profit)/loss on sale of fixed assets (net). Income from financial assets is the largest component of our revenue from operations, and constituted 75.83%, 82.04%, 84.70% and 84.99% of our revenue from operations for the six months ended September 30, 2017 and Fiscals 2017, 2016 and 2015, respectively.

While any changes in interest rates could affect our revenue from operations on our floating interest-bearing advances and our finance costs on our floating interest-bearing borrowings, this risk is mitigated by maintaining similar ratios of floating interest-bearing advances to total advances and floating interest-bearing borrowings to Total Borrowings. For further details, please see “*Selected Statistical Information*” on page 219.

The table below sets out certain key financial indicators as of or for the period/year specified in connection with this factor.

(₹ in million)

Particulars	As of September 30, 2017	As of March 31,		
		2017	2016	2015
Total Borrowings	164,840.70	129,318.40	118,537.10	130,645.30
Revenue from operations	14,965.60	24,933.30	26,138.80	26,014.40
Finance costs	7,289.20	13,324.00	14,098.80	14,407.90
Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery)	2,478.00	3,422.70	3,081.70	2,810.70
Brokerage and service charges	147.80	235.40	201.90	159.80
(Profit)/Loss on sale of fixed assets (net)	97.30	(8.80)	7.10	23.80
Net Interest Income <sup>(a)</sup>	4,953.30	7,960.00	8,749.30	8,612.20
Average Earning Assets <sup>(b)(c)</sup>	1,88,481.45	1,61,864.80	1,56,826.60	1,57,840.25
Net Interest Margin (%) <sup>(d)#</sup>	5.26	4.92	5.58	5.46

Figures disclosed in the above table, except for “Total Borrowings”, “Revenue from Operations”, “Finance costs”, “Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery)”, “Brokerage and services charges” and “(Profit)/Loss on sale of fixed assets (net)” are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

#### Notes:

# Net interest margin for the six months ended September 30, 2017 has been presented on an annualised basis.

- (a) Net Interest Income represents Revenue from Operations in the relevant year/period as reduced by Finance costs, Depreciation, amortisation and impairment expenses on Assets given on Operating Lease and Assets for Own Use (Plant and Machinery), Brokerage and service charges and (Profit)/loss on sale of fixed assets (net), in such year/period as per the Restated Financial Information.
- (b) Earning Assets as of the last day of the relevant year/period represents Long-term Financial Assets, Current maturities of Long-term Financial Assets, Short-term Financial Assets, Trade Receivables, Net Block of Assets given on Operating Lease, Net Block of Assets for Own Use (Plant and Machinery) and Balances in Deposits Accounts as per the Restated Financial Information. Assets for Own Use (Plant and Machinery) represent assets for use under Joint Controlled Operations.
- (c) Average Earning Assets represent the average of our Earning Assets as of the last day of the relevant year/period and that as of the last day of the previous year.
- (d) Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average Earning Assets for such year/period.

For further information on our Net interest income and Net Interest Margins, please see “*Selected Statistical Information*” on page 219. Any adverse change to net interest income and net interest margins in our business lines will have a significant impact on our results of operations. Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, adverse liquidity conditions, inflation, GDP growth rates, deregulation of the financial sector in India and domestic and international economic conditions. As a result, our results of operations are affected by changes in interest rates and our inability to re-price our interest earning assets accordingly. However, as of September 30, 2017, 70.22% of our total advances were at floating rate. For further details, please see “*Selected Statistical Information*” on page 219.

### ***Credit Quality and Provisioning***

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets (“**NPA**s”), is a key driver of our results of operations. In addition to requiring us to make a provision on standard assets, the RBI requires us to classify and, depending on the duration of non-payment, make a provision on loans that become NPAs, which are further sub-classified as sub-standard, doubtful and loss assets. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases. As an NBFC, the NBFC-SI Directions currently specify that loans be classified as NPAs where principal or interest remains past due for three months or more for Fiscal 2018 and thereafter. For further details, please see “*Regulations and Policies*” on page 164.

The following table illustrates our NPAs for the dates indicated:

Particulars	As of September 30,	As of March 31,		
	2017	2017	2016	2015
Gross NPAs (₹ in million) <sup>(1)</sup>	4,578.30	4,198.60	4,544.00	7,935.20
Gross NPAs/Earning Assets (%) <sup>(2)</sup>	2.21	2.48	2.95	4.98
Net NPAs (₹ in million) <sup>(3)</sup>	3,232.20	2,990.30	3,075.60	6,098.30
Net NPAs/Earning Assets (%) <sup>(4)</sup>	1.56	1.76	1.99	3.83

**Notes:**

- (1) Gross NPAs as of the last day of the relevant year/period represents NPAs as per Restated Financial Information, determined as per the relevant RBI Guidelines.
- (2) Gross NPAs/Earning Assets (%) represent Gross NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.
- (3) Net NPA as of the last day of the relevant year/period represents Gross NPAs as reduced by the Provision for NPAs and Standard Restructured Assets under CDR, SDR and S4A as per Restated Financial Information.
- (4) Net NPAs/Earning Assets (%) represents Net NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.

Strong risk management and prudent underwriting guidelines coupled with proactive recovery-resolution process, have led to a year-on-year improvement in our Gross NPAs and Net NPAs. Further, these improvements have been supported by an enhanced focus on asset quality management and portfolio diversification. For further details, please see “*Our Business*” on page 141.

### ***OEM, customer, SEP and employee relationships***

The key drivers of our revenues across our various business verticals are the number and quality of our OEM and customer relationships, as well as the range of products and services we provide to each customer. The number of customers we serve depends on the success of our SEP channel partners and relationship managers, the reach and strength of our distribution network, and the demand for, and competitiveness of, our products and services. It is essential for us to efficiently manage OEM, customer, SEP and employee relationships and refresh our practices related to these on an ongoing basis.

Employee cost is a large component of our total cost. The Indian financial services sector is highly competitive, and it can be difficult and expensive to hire, assimilate and retain talented and experienced employees. As the compensation structure for many of our businesses may include a variable component tied to the amount of revenues generated by such businesses, personnel costs are to some extent correlated to changes in our income. In the six months ended September 30, 2017 and Fiscals 2017, 2016 and 2015, employee benefits expenses were ₹ 787.30 million, ₹ 1,547.90 million, ₹ 1,459.70 million and ₹ 1,425.60 million, respectively. We continue to focus on employee retention and productivity.



### ***Government Policy and Regulation***

Our results of operations and continued growth depend on stable government policies and regulation. Our Company is classified as an NBFC-ND-SI-AFC and it will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, NPA provisioning norms, priority sector and other lending stipulations and other operational restrictions. For further details, please see “*Regulations and Policies*” on page 164. Any change in the regulatory framework affecting NBFCs and in particular those requiring NBFCs to maintain certain financial ratios, placing restrictions on securitisation, accessing funds or lending to NBFCs among others, would adversely affect our results of operations and growth. Government policies that affect the demand for equipment in the verticals where we are present, significantly the CME vertical, could also affect our results of operations. Further, the Government’s decision on demonetisation resulted in greater market volatility and a reduction in income of some of our customers, and adversely affected our business in the short term.

### ***Infrastructure development and macroeconomic conditions in India***

India is one of the fastest growing major economies in the world. In the past, India has implemented macroeconomic reforms, particularly as it has sought to reduce its fiscal deficit and current account deficit. India’s economic reforms continued in Fiscal 2017, which was marked by two major domestic policy developments, namely demonetisation of higher-denomination notes and the passage of a Constitutional amendment paving way for the implementation of a goods and services tax.

The enhanced focus of the GoI on the development of infrastructure creates a strategic opportunity for the equipment financing and leasing industry. Owing to the GoI’s continued allocation to infrastructure projects, we believe that the Indian infrastructure equipment sales will continue to increase in turn ensuring the continued growth of the equipment financing industry.

According to Feedback’s Report titled “Market Assessment of the Construction Mining & Allied Equipment (CME) Segment in India”, Indian CME sector is expected to grow at a CAGR of 14% for the next three years to reach a volume of approximately 125,000 units in Fiscal 2020 from 83,600 units in Fiscal 2017 and at a CAGR of 18% by value to reach a value of ₹490 billion in Fiscal 2020. The disbursements in CME segment are expected to grow at a CAGR of 19% to reach a value of ₹470 billion in Fiscal 2020.

In healthcare, according to Feedback’s Report titled “Medical Device Market in India”, the medical equipment market in India is estimated to be ₹108.9 billion in Fiscal 2018 and projected to reach ₹160.3 billion in Fiscal 2020 at a CAGR of 21% during the three years period.

As a financial institution operating in India, our financial condition and results of operation are also influenced by the general economic conditions prevailing in India. A slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. More specifically, slowdown in any of the verticals in which we provide equipment financing, including CME, Tippers, IT and allied equipment, Medical and allied equipment, Farm equipment and Other assets, may have a significant and direct impact on our business.

Various factors beyond our control, such as a rise in unemployment, prolonged recessionary conditions in the global economy, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan portfolio. Any trends or events, which have a significant impact on the economic situation in India, including a rise in interest rates, could have an adverse impact on our business. For further details, please see “*Industry Overview*” on page 91.

While business cycles and negative macroeconomic trends may adversely impact our business, our experience in managing such changes have enabled us to analyse trends in advance and take proactive measures to attend to these changes.

### **Significant Accounting Policies**

Our significant accounting policies are those that we believe are the most important to the portrayal of our financial condition and results of operations and that require our management’s most difficult, subjective or complex judgements. In many cases, the accounting treatment of a particular transaction is specifically dictated by applicable accounting policies with no need for the application of our judgement. In certain circumstances,

however, the preparation of financial statements in conformity with applicable accounting policies requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period. Actual results could differ from those estimates. We base our estimates on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. However, significant accounting estimates are reflective of significant judgements and uncertainties and are sufficiently sensitive to result in materially different results under different assumptions and conditions. We believe that our significant accounting estimates are those described below.

### ***Basis of Preparation***

The Restated Financial Information of the Company have been specifically prepared for inclusion in the document to be filed by the Company with the SEBI in connection with the Offer. The Restated Financial Information consist of the restated summary statement of assets and liabilities of the Company as at September 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, the related restated summary statement of profit and losses and the related restated summary statement of cash flows for the six months ended September 30, 2017 and for each of the years ended, March 31, 2017, March 31, 2016 and March 31, 2015.

The Restated Financial Information have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards specified under Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with the relevant provisions of the Act, as applicable and as per the guidelines issued by the RBI as applicable to a Non-Banking Financial (Non-deposit accepting or holding) Companies ('NBFC Regulations'). The Company follows the notified Accounting Standards (AS) insofar as they are not inconsistent with the NBFC Regulations.

### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

### ***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. Revenue from operations is recognised in the Statement of Profit and Loss on an accrual basis as stated herein below except that revenue from non-performing assets is recognised on receipt basis as per the Prudential Norms / Directions of the RBI, applicable to NBFCs.

### ***Financial assets***

- (i) Income from financial 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.
- (ii) Fees for processing of loans are recognised upfront when a binding obligation for granting loan has been entered into.
- (iii) Interest for delayed payment and changes to the Company's benchmark interest rate revision are accrued, however due to uncertainty of realisation, are recognised only to the extent of probable recovery. These charges are usually realised on full and final settlement.
- (iv) Gains and interest differential arising on securitised or assigned assets are recognised over the tenure of agreements as per the guideline on securitisation of standard assets issued by the RBI and included under income from financial assets, while loss, if any is recognised upfront.
- (v) Referral income is recognised when it becomes due under the term of relevant mutually agreed arrangement.

### ***Operating lease***

- (i) Income from operating lease is recognised as rentals (net of applicable tax), on a straight line basis over



- the period of the lease.
- (ii) Fees for processing of operating lease are recognised upfront when a binding obligation for assets given on operating lease has been entered into.
  - (iii) Interests for delayed payment and lease rate variation due to revision to the Company's benchmark rate are accrued, however due to uncertainty of realisation, are recognised only to the extent of probable recovery. These charges are usually realised on full and final settlement.

Interest income on fixed deposits/margin money/Pass Through Certificates is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Revenue from sale of power is recognised to the extent of the Company's share of income of the joint controlled operations arising out of sale of unit electricity are generated.

Income from dividend is recognised and included in other income when the Company's right to receive such dividend is established by the balance sheet date.

### ***Property, Plant and Equipment***

Tangible fixed assets are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost comprises purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

### ***Depreciation/amortisation***

Depreciation on tangible fixed assets are computed using straight-line method based on the useful lives of various assets prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in which case useful lives of assets have been assessed as under based on technical advice.

#### *Operating lease Assets*

<b>Class of Assets</b>	<b>Useful Lives as per the Companies Act 2013</b>	<b>Useful Lives as followed by the management</b>
Computers	3 and 6 years	5 years
Earth Moving Equipment	9 years	7 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 and 30 years	8 and 15 years
Windmill	22 years	20 years

#### *Own Use Assets*

<b>Class of Assets</b>	<b>Useful Lives as per the Companies Act 2013</b>	<b>Useful Lives as followed by the management</b>
Computer and office equipment	3 and 6 years	5 years
Motor Vehicles	8 years	7 years
Plant and Machinery	15 and 22 years	8 and 22 years

Management believes that useful lives of these assets reflect the periods over which these assets are expected to be used.

Leasehold asset including improvements is amortised over the period of estimated useful life of the asset or lease period whichever is lower.



Depreciation on assets purchased / sold during the period is recognised on a pro-rata basis.

Amortisation of intangibles asset is computed using straight-line method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Class of Assets	Useful Life as followed by the management
Software	5 years*

\*Software includes license amortised over the period of license life or 5 years, whichever is lower.

### ***Impairment of assets***

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised to the extent, the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the net selling price and its value in use.

After impairment, depreciation/amortisation 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, had usual depreciation been charged and no impairment provision recognised.

### ***Borrowing costs***

Borrowing costs consists of interest and other ancillary cost that an entity incurs in connection with borrowing of funds and includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary costs of borrowings are amortised over the life of the underlying borrowings.

Borrowing costs relating to the acquisition / construction of qualifying assets are 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. All other borrowing costs are charged to revenue.

### ***Operating Leases***

#### **Where the Company is the lessor**

Leases under which substantially all risks and benefits of ownership of the asset are not transferred to the lessee are classified as operating leases. Assets given on operating leases are included in Property Plant and Equipment. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs incurred for execution of operating lease arrangements are recognised immediately in Statement of Profit and Loss.

#### **Where the Company is the lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

### ***Finance Leases***

Leases under which substantially all risks and benefits of ownership of the asset are transferred to the lessee are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit

and Loss.

### ***Investment***

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, provision for diminution in the value is recognised in case of a decline other than temporary, in the value of a long term investment. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

### ***Financial Assets***

Financial Assets include loans granted under hypothecation facilities, repossessed assets/receivables acquired in satisfaction of debt, and instruments (equity shares, preference shares, loans and debentures) received in consideration under Corporate Debt Restructuring (“**CDR**”), or Strategic Debt Restructuring (“**SDR**”) or Scheme for Sustainable Structuring of Stressed Assets (“**S4A**”).

Loans are carried at the amount advanced, interest accrued, as reduced by the amounts received and loans securitised or assigned.

Repossessed assets and assets/receivables acquired in satisfaction of debt are carried at lower of cost and estimated net realizable value, calculated based on the valuation of the underlying assets, where applicable, carried out by an external valuer.

Securities received under CDR, SDR and S4A are carried based on the applicable guidelines issued by the RBI.

The Company considers a restructured account as one where the Company, for economic or legal reasons relating to the borrower’s financial difficulty, grants to the borrower concessions that the Company would not otherwise consider. Restructuring would normally involve modification of terms of the advance or securities/collaterals, which would generally include, among others, alteration of repayment period, repayable amount, the amount of instalments, rate of interest, etc. Restructured accounts are classified as standard or sub-standard in accordance with guidelines on restructuring applicable to NBFCs.

### ***Bad debts written-off, provisions and contingencies***

The Company classifies its loans into performing and non-performing assets (NPAs) based on number of days - principal or interest remains past due in accordance with the RBI guidelines. The Company recognises provisions for NPAs and standard assets in accordance with applicable guidelines issued by the RBI. The Company also makes additional provision for NPA to the extent considered necessary based on the management’s best estimate.

Loans and advances which as per the management are not likely to be recovered are written off as bad debt. Loss on repossessed assets or on assets/receivables acquired in satisfaction of debt are written-off as bad debts. Recoveries made from previously written off assets are netted from bad-debts written off.

### ***Foreign Currency Transaction and Balances***

#### ***Initial recognition***

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the prevailing exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### ***Conversion***

Year-end foreign currency monetary items are reported using the year-end foreign exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates prevailing at the date when the values are determined.

### *Exchange differences*

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous period and / or on conversion of monetary items, are recognised as income or expenses in the period in which they arise except as stated in “*Derivatives and hedging*” below.

### *Forward exchange contracts (not intended for trading or speculation purpose)*

The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract and any charge payable in respect of such foreign exchange contracts are recognised when such charges become due under the terms of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the period.

### *Derivatives and hedging*

The Company, in order to hedge itself against the adverse impact of fluctuations in foreign currency rates or variable interest benchmark (LIBOR) on underlying liability, enters into the derivative contracts. The Company does not enter into derivative contracts for speculation or trading purposes. The Company with effect from 1st April 2016 (referred to as “Transition date”), has applied the Guidance Note on Accounting for Derivative Contracts issued by the ICAI (herein after referred to as the “Guidance Note”) which is applicable for all derivative contracts other than those covered by an existing notified Accounting Standard (AS) like forward contracts (or other financial instruments which in substance are forward contracts covered) which is covered by AS 11. Further the said Guidance Note applies to all derivative contracts covered by it and are outstanding as on the transition date with the cumulative impact (net of taxes) as on the transition date recognised in reserves as a transition adjustment and disclosed separately.

As per the requirement of the Guidance Note, all applicable derivatives are recognised in the Balance Sheet at Fair Value and classified as hedging derivative, if the same are designated as part of an effective hedge relationship. The carrying amounts of derivatives are re measured at fair value throughout the life of the contract. The method of recognizing the resulting fair value gain or loss on derivative depends on whether the derivative is designated as hedging instrument and, if so on the nature of the item hedged. Hedge accounting is used for derivative designated in the aforesaid way provided certain criteria as stated in the Guidance Note are met.

The Company has designated the derivatives covered under the Guidance Note as hedges of the highly probable future cash flows attributable to a recognised asset or liability (Cash Flows Hedge). The effective portion of the changes in fair value of derivative in case of cash flow hedges are recognised in the cash flows hedge reserve as part of the Equity. The accumulated hedge reserves in the equity are adjusted in the periods in which the hedge items effects the Income Statement. When the hedging instruments expires or sold or when the hedge no longer meet the criteria for hedge accounting, the cumulative gain / loss existing in the equity as hedging reserve remains in the equity and are adjusted when the forecasted transactions / hedge element is ultimately recognised in the Statement of Profit and Loss.

### ***Provisions, Contingent Liabilities and Contingent Assets***

#### *Provisions*

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 the best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates

#### *Contingent liabilities and contingent assets*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to

settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

### ***Retirement and other employee benefits***

Employee benefits in the form of Provident Fund and Employees' State Insurance are defined contribution plans and related contributions are charged to the Statement of Profit and Loss, when an employee renders the related service. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation under projected unit credit method at the Balance Sheet date.

Short-term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.

Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss.

### ***Income Tax***

Tax expense comprises of current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred tax reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are 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 these 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 the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is recognised by crediting to Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## **Principal Components of Our Profit and Loss Statement**

### ***Income***

Our income comprises revenue from operations and other income.

#### ***Revenue from operations***



Our revenue from operations comprises: (i) income from financial assets, (ii) income from operating leases, (iii) interest on deposits, (iv) interest income from investments and (v) sale of power. Income from financial assets further include spread on securitisation and assignment transactions as per the applicable RBI guidelines.

The following table sets forth a breakdown of our revenue from operations for the period/year indicated:

Particulars	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)	(₹ in million)	(%)
Income from financial assets	11,349.00	75.84	20,455.20	82.04	22,139.90	84.70	22,110.70	84.99
Income from operating leases	3,396.00	22.69	4,339.10	17.40	3,852.20	14.73	3,598.80	13.84
Interest on deposits	115.70	0.77	136.30	0.55	140.00	0.54	300.40	1.15
Interest income from investments	0.20	0.00	2.70	0.01	6.70	0.03	4.50	0.02
Sale of power	104.70	0.70	-	-	-	-	-	-
<b>Total revenue from operations</b>	<b>14,965.60</b>	<b>100.00</b>	<b>24,933.30</b>	<b>100.00</b>	<b>26,138.80</b>	<b>100.00</b>	<b>26,014.40</b>	<b>100.00</b>

#### *Other income*

Our other income primarily consists of: (i) dividend income from current investment, (ii), profit on sale from current investments, (iii) profit on sale of fixed assets (net) and (iv) miscellaneous income.

#### *Expenditure*

Our expenditure comprises: (i) finance costs, (ii) employee benefits expense, (iii) depreciation, amortisation and impairment expenses and (iv) other expenses.

#### *Finance costs*

Our finance costs comprises: (i) interest expense, (ii) other borrowing costs, (iii) net (gain)/loss on foreign currency transaction and translation (iv) mark to market (gain)/loss on derivative financial instrument (net).

The following table sets forth a breakdown of our finance cost for the period/year indicated:

Particulars	(₹ in million)			
	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Interest expense	5,968.50	11,704.40	12,297.70	11,304.80
Other borrowing costs	1,358.20	1,641.70	1,876.20	3,131.30
Net (gain)/loss on foreign currency transactions and translations	(37.50)	(22.10)	3.20	(13.30)
Mark to market (gain)/loss on derivative financial instrument (Net)	-	-	(78.30)	(14.90)
<b>Total finance costs</b>	<b>7,289.20</b>	<b>13,324.00</b>	<b>14,098.80</b>	<b>14,407.90</b>

#### *Employee benefits expense*

Our employee benefits expense comprises: (i) salaries, allowances, commission and bonus, (ii) contribution to provident and other funds and (iii) staff welfare expenses.

#### *Depreciation, amortisation and impairment expenses*

Tangible and intangible assets are depreciated and amortised over periods corresponding to their estimated useful lives. Impairment of assets is reviewed at each balance sheet date to determine if there is any indication of impairment based on internal or external factors. Please see “Significant Accounting Policies – Property Plant and Equipment” and “Significant Accounting Policies – Depreciation/ Amortisation and Impairment of assets” above.

### Other expenses

Our other expenses primarily comprises: (i) legal and professional fees, (ii) rent, (iii) brokerage and service charges, (iv) repair to machineries, (v) repair others, (vi) travelling and conveyance and (vii) loss on sale of fixed assets (net).

### Bad debts written off, provisions and contingencies

Our bad debts written off, provisions and contingencies comprise: (i) financial assets/receivable written off (net of recoveries), (ii) provision for non-performing assets, (iii) provision for standard restructured assets under Corporate Debt Restructuring (CDR) mechanism, (iv) provision for standard restructured assets under Strategic Debt Restructuring (SDR) mechanism, (v) provision for standard restructured assets under Scheme for Sustainable Structuring of Stressed Assets (S4A) and (vi) contingency provision against standard assets.

The following table sets forth a breakdown of our bad debts written off, provisions and contingencies for the period/year indicated:

Particulars	(₹ in million)			
	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Financial assets/receivable written off (net of recoveries)	1,383.90	2,701.90	4,261.80	2,945.50
Provision for non-performing assets	190.79	(58.61)	(308.92)	185.29
Provision for standard restructured assets under CDR mechanism	(61.84)	(291.29)	(199.40)	231.41
Provision for standard restructured assets under SDR mechanism	0.47	(83.07)	139.83	-
Provision for standard restructured assets under S4A	8.38	172.87	-	-
Contingency provision against standard assets	140.50	85.50	68.50	3.50
<b>Total bad debts written off, provisions and contingencies</b>	<b>1,662.20</b>	<b>2,527.30</b>	<b>3,961.80</b>	<b>3,365.70</b>

### Tax expenses

Our tax expense comprises: (i) current tax, (ii) Minimum Alternate Tax (“MAT”) credit entitlement and (iii) deferred tax.

### Key Financial Indicators

In evaluating our business, we consider and use certain key financial indicators that are presented below, as supplemental measures to review and assess our operating and financial performance. The presentation of these key financial indicators is not intended to be considered in isolation or as a substitute for the Restated Financial Information included in this Draft Red Herring Prospectus. We present these key financial indicators because they are used by our management to evaluate our operating and financial performance. These key financial indicators have limitations as analytical tools. Further, these key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to our Restated Financial Information.

The following table sets forth certain key performance indicators for the year/period indicated therein.

Particulars	(₹ in million, except for percentages)			
	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Disbursements <sup>(1)</sup>	83,093.40	117,148.76	91,588.78	77,196.72
AUM <sup>(2)</sup>	265,248.90	212,317.90	185,974.80	183,478.20
Earning Assets <sup>(3)</sup>	207,519.50	169,443.40	154,286.20	159,367.00
PAT <sup>(4)</sup>	1,095.10	1,488.40	1,203.80	1,540.00
Net Interest Margin (%) <sup>(5)#</sup>	5.26	4.92	5.58	5.46
Operating expense/Average Earning Assets (%) <sup>(6)#</sup>	1.79	2.03	1.99	1.93
Bad debts written off, provisions and	1.76	1.56	2.53	2.13



Particulars	As of and for the			
	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
contingencies/Average Earning Assets (%) <sup>(7)#</sup>				
Gross NPAs/Earning Assets (%) <sup>(8)</sup>	2.21	2.48	2.95	4.98
Return on Average Earning Assets (%) <sup>(9)#</sup>	1.16	0.92	0.77	0.98
Return on Average Net Worth (%) <sup>(10)#</sup>	8.71	6.23	5.33	7.28

Figures disclosed in the above table, except for “PAT” are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Note:

# Net Interest Margin, Operating expense/Average Earning Assets, Bad debts written off, provisions and contingencies/Average Earning Assets, Return on Average Earning Assets and Return on Average Net Worth for the six months ended September 30, 2017 have been presented on an annualised basis.

- (1) Disbursements represent the aggregate of loans and leases (both operating & finance lease) extended to our customers for the relevant year/period.
- (2) AUM as of the last day of the relevant year/period represents the aggregate of Total Assets and assets derecognised by way of securitisation and assignment of receivables outstanding as of the last day of the relevant year/period as per the Restated Financial Information.
- (3) Earning Assets as of the last day of the relevant year/period represents Long-term Financial Assets, Current maturities of Long-term Financial Assets, Short-term Financial Assets, Trade Receivables, Net Block of Assets given on Operating Lease, Net Block of Assets for Own Use (Plant and Machinery) and Balances in Deposits Accounts as per the Restated Financial Information. Assets for Own Use (Plant and Machinery) represent assets for use under Joint Controlled Operations.
- (4) PAT represents PAT for the relevant year/period as per the Restated Financial Information.
- (5) Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (6) Operating Expense/Average Earning Assets (%) represent Operating expense for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (7) Bad debts written off, provisions and contingencies/Average Earning Assets (%) represents Bad debts written off, provisions and contingencies for the relevant year/period as a percentage of Average Earning Assets for such year/period.
- (8) Gross NPAs/Earning Assets (%) represent Gross NPAs as of the last day of the relevant year/period as a percentage of Earning Assets as of the last day of the relevant year/period.
- (9) Return on Average Earning Assets (%) is calculated as PAT for the relevant year/period as a percentage of the Average Earning Assets for such year/period.
- (10) Return on Average Net Worth (%) is calculated as PAT for the relevant year/period as a percentage of the Average Net Worth for such year/period.

### Disbursements

Our Disbursements increased by 18.64% from ₹77,196.72 million in Fiscal 2015 to ₹91,588.78 million in Fiscal 2016. Our Disbursements further increased by 27.91% from ₹91,588.78 million in Fiscal 2016 to ₹117,148.76 million in Fiscal 2017. Our increased Disbursements during the last three Fiscal was primarily driven by an increase in our loan and lease business.

Our Disbursement was ₹83,093.40 million for the six months ended September 30, 2017.

### AUM

Our AUM increased by 1.36% from ₹183,478.20 million as of March 31, 2015 to ₹185,974.80 million as of March 31, 2016. Our AUM further increased by 14.16% from ₹185,974.80 million as of March 31, 2016 to ₹212,317.90 million as of March 31, 2017. Our increase in AUM during the last three Fiscal was primarily due to increased Disbursements.

Our AUM was ₹265,248.90 million as of September 30, 2017.

### Net Interest Margin

Our Net Interest Margin increased from 5.46% in Fiscal 2015 to 5.58% in Fiscal 2016. This was primarily due to reduction in cost of borrowing from 10.63% in Fiscal 2015 to 10.45% in Fiscal 2016, partially offset by a decrease



in Yield on Average Earning Assets from 14.58% in Fiscal 2015 to 14.57% in Fiscal 2016.

Our Net Interest Margin decreased from 5.58% in Fiscal 2016 to 4.92% in Fiscal 2017. This was primarily due to reduction in Yield on Average Earning Assets from 14.57% in Fiscal 2016 to 13.15% in Fiscal 2017, partly offset by decrease in cost of borrowing from 10.45% in Fiscal 2016 to 10.17% in Fiscal 2017.

Our Net Interest Margin increased from 4.92% in Fiscal 2017 to 5.26% for the six months ended September 30, 2017. This was due to reduction in Cost of borrowing from 10.17% in Fiscal 2017 to 9.48% for the six months ended September 30, 2017 and an increase in Yield on Average Earning Assets from 13.15% in Fiscal 2017 to 13.33% for the six months ended September 30, 2017.

#### ***Operating Expenses/Average Earning Assets***

Our Operating Expenses/Average Earning Assets increased marginally from 1.93% in Fiscal 2015 to 1.99% in Fiscal 2016. This was primarily due to an increase in employee benefits expense and other expenses, as well as due to a decrease in Average Earning Assets.

Our Operating Expenses/Average Earning Assets increased marginally from 1.99% in Fiscal 2016 to 2.03% in Fiscal 2017. This was primarily due to an increase in manpower resulting in increased employee benefits expense and other expenses, partially offset by an increase in Average Earning Assets.

Our Operating Expenses/Average Earning Assets decreased from 2.03% in Fiscal 2017 to 1.79% for the six months ended September 30, 2017. This was due to an increase in Average Earning Assets from ₹161,864.80 million as of March 31, 2017 to ₹188,481.45 million as of September 30, 2017.

#### ***Bad debts written off, provisions and contingencies/Average Earning Assets***

Our bad debts written off, provisions and contingencies/Average Earning Assets increased from 2.13% in Fiscal 2015 to 2.53% in Fiscal 2016 primarily due to an increase in financial assets/receivable written off (net of recoveries) and provision for standard restructured assets under SDR mechanism. The increase was due to change in the NBFC- SI Directions specifying loans to be classified as NPAs being five months or more for Fiscal 2016 as against six months or more for Fiscal 2015 and the contingent provision against standard assets increasing to 0.30% in Fiscal 2016 from 0.25% in Fiscal 2015. For further details, please see “*Regulations and Policies*” on page 164.

Our Bad debts written off, provisions and contingencies/Average Earning Assets decreased from 2.53% in Fiscal 2016 to 1.56% in Fiscal 2017. This decrease was due to decreases in financial assets/receivables written off (net of recoveries) and provision for standard restructured assets under CDR and SDR mechanism, partially offset by increases in provision for NPAs, contingency provision against standard assets and provision for standard restructured assets under S4A mechanism. The reduction in this ratio was also supported by an increase in Average Earning Assets. This improvement was possible despite the change in the NBFC-SI Directions specifying loans be classified as NPAs being outstanding (with respect to repayments) four months or more for Fiscal 2017 as against five months or more for Fiscal 2016 and the contingent provision against standard assets increasing to 0.35% in Fiscal 2017 from 0.30% in Fiscal 2016. For details, please see “*Regulations and Policies*” on page 164.

Our bad debts written off, provisions and contingencies/Average Earning Assets increased from 1.56% in Fiscal 2017 to 1.76% for the six months ended September 30, 2017. This increase was due change in the NBFC- SI Directions specifying loans be classified as NPAs being outstanding (with respect to repayments) three months or more for the six months ended September 30, 2017 as against four months or more for Fiscal 2017 and the contingent provision against standard assets increasing to 0.40% for the six months ended September 30, 2017 from 0.35% in Fiscal 2017. This was partially offset by an increase in Average Earning Assets. For details, please see “*Regulations and Policies*” on page 164.

#### ***Gross NPAs/Earning Assets***

Our Gross NPAs/Earning Assets decreased from 4.98% in Fiscal 2015 to 2.95% in Fiscal 2016, primarily due to a decrease in Gross NPAs, partially offset by a decrease in Earning Assets.

Our Gross NPA/Earning Assets decreased from 2.95% in Fiscal 2016 to 2.48% in Fiscal 2017. This decrease was primarily due to a decrease in Gross NPAs and an increase in Earning Assets.



Our Gross NPA/Earning Assets decreased from 2.48 % in Fiscal 2017 to 2.21% for the six months ended September 30, 2017. This decrease was due to an increase in Earning Assets, partially offset by an increase in Gross NPAs.

#### *Return on Average Earning Assets*

Our Return on Average Earning Assets decreased from 0.98% in Fiscal 2015 to 0.77% in Fiscal 2016, primarily due to a decrease in PAT, partially offset by a decrease in Average Earning Assets.

Our Return on Average Earning Assets increased from 0.77% in Fiscal 2016 to 0.92% in Fiscal 2017. This increase was due to an increase in PAT, partially offset by an increase in Average Earning Assets.

Our Return on Average Earning Assets increased from 0.92% in Fiscal 2017 to 1.16% for the six months ended September 30, 2017.

#### *Return on Average Net Worth*

Our Return on Average Net Worth decreased from 7.28% in Fiscal 2015 to 5.33% in Fiscal 2016 due to a decrease in PAT and an increase in Average Net Worth.

Our Return on Average Net Worth increased from 5.33% in Fiscal 2016 to 6.23% in Fiscal 2017. This increase was due to an increase PAT, partially offset by an increase in Average Net Worth.

Our Return on Average Net Worth increased from 6.23% in Fiscal 2017 to 8.71% for the six months ended September 30, 2017.

#### **Results of Operations**

The following table sets forth our statement of profit and loss for the period/year indicated:

Particulars	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	(₹ in million)	(%)*	(₹ in million)	(%)*	(₹ in million)	(%)*	(₹ in million)	(%)*
<b>Income</b>								
Revenue from operations	14,965.60	99.74	24,933.30	99.92	26,138.80	99.95	26,014.40	99.68
Other income	39.70	0.26	20.00	0.08	12.10	0.05	83.40	0.32
<b>Total Income</b>	<b>15,005.30</b>	<b>100.00</b>	<b>24,953.30</b>	<b>100.00</b>	<b>26,150.90</b>	<b>100.00</b>	<b>26,097.80</b>	<b>100.00</b>
<b>Expenditure</b>								
Finance costs	7,289.20	48.58	13,324.00	53.40	14,098.80	53.91	14,407.90	55.21
Employee benefits expense	787.30	5.25	1,547.90	6.20	1,459.70	5.58	1,425.60	5.46
Depreciation, amortisation and impairment expenses	2,561.50	17.07	3,592.90	14.40	3,226.10	12.34	2,925.70	11.21
Other expenses	1,062.60	7.08	1,797.00	7.20	1,721.90	6.59	1,684.40	6.45
<b>Total expenses</b>	<b>11,700.60</b>	<b>77.98</b>	<b>20,261.80</b>	<b>81.20</b>	<b>20,506.50</b>	<b>78.42</b>	<b>20,443.60</b>	<b>78.33</b>
<b>Profit before bad debts written off, provisions, contingencies and tax</b>	<b>3,304.70</b>	<b>22.02</b>	<b>4,691.50</b>	<b>18.80</b>	<b>5,644.40</b>	<b>21.58</b>	<b>5,654.20</b>	<b>21.67</b>
Bad debts written off, provisions and contingencies	1,662.20	11.08	2,527.30	10.13	3,961.80	15.15	3,365.70	12.90
<b>Profit before tax</b>	<b>1,642.50</b>	<b>10.94</b>	<b>2,164.20</b>	<b>8.67</b>	<b>1,682.60</b>	<b>6.43</b>	<b>2,288.50</b>	<b>8.77</b>
<b>Tax expense</b>								
Current tax	342.30	2.28	459.90	1.84	550.60	2.11	492.90	1.89
MAT credit	(342.30)	(2.28)	(459.90)	(1.84)	-	-	-	-

Particulars	Six months ended September 30, 2017		Fiscal 2017		Fiscal 2016		Fiscal 2015	
	(₹ in million)	(%)*	(₹ in million)	(%)*	(₹ in million)	(%)*	(₹ in million)	(%)*
entitlement								
Deferred tax	547.40	3.64	675.80	2.71	(71.80)	(0.27)	255.60	0.98
<b>Total tax for six months/ year ended</b>	<b>547.40</b>	<b>3.64</b>	<b>675.80</b>	<b>2.71</b>	<b>478.80</b>	<b>1.83</b>	<b>748.50</b>	<b>2.87</b>
<b>Profit after tax</b>	<b>1,095.10</b>	<b>7.30</b>	<b>1,488.40</b>	<b>5.96</b>	<b>1,203.80</b>	<b>4.60</b>	<b>1,540.00</b>	<b>5.90</b>

\* (%) column represents percentage of total income.

## Six months ended September 30, 2017

### Income

Our Total Income was ₹15,005.30 million for the six months ended September 30, 2017, comprising revenue from operations of ₹14,965.60 million and other income of ₹39.70 million.

#### Revenue from operations

Our revenue from operations was ₹14,965.60 million for the six months ended September 30, 2017, primarily comprising income from financial assets of ₹11,349.00 million, income from operating lease of ₹3,396.00 million, interest on deposits of ₹115.70 million, and interest income from investments of ₹0.20 million.

In addition, towards the end of Fiscal 2017, we entered into agreements with three special purpose vehicle (SPVs) for the joint use and operation of certain assets in relation to solar power generation. The SPVs have entered into power purchase agreements with the Uttarakhand Power Corporation Limited (“UPCL”), pursuant to which the revenue generated from sale of power to UPCL will be shared among us and the SPVs in the ratio of 80:20. As a result, we recorded revenue from sale of power of ₹104.70 million for the six months ended September 30, 2017.

#### Other income

Our other income was ₹39.70 million for the six months ended September 30, 2017, primarily comprising dividend income from current investments of ₹38.60 million.

### Expenditure

Our total expenses were ₹11,700.60 million for the six months ended September 30, 2017, comprising finance costs, employee benefits expense, depreciation, amortisation and impairment expenses and other expenses.

#### Finance costs

Our finance costs were ₹7,289.20 million for the six months ended September 30, 2017, primarily comprising interest expense of ₹5,968.50 million and other borrowing costs of ₹1,358.20 million.

#### Employee benefits expense

Our employee benefits expense was ₹787.30 million for the six months ended September 30, 2017, primarily comprising salaries, allowances, commission and bonus of ₹766.20 million.

#### Depreciation, amortisation and impairment expenses

Our depreciation, amortisation and impairment expenses were ₹2,561.50 million for the six months ended September 30, 2017, primarily comprising depreciation, amortisation and impairment expenses of assets given on operating lease amounting to ₹2,426.70 million and of assets for own use amounting to ₹134.80 million. Such depreciation related to building, earth moving equipment, motor vehicles, plant and machinery, windmill, furniture and fixtures, software, computer and office equipment.

#### Other expenses

Our other expenses were ₹1,062.60 million for the six months ended September 30, 2017, primarily comprising



legal and professional fees of ₹245.30 million, traveling and conveyance expenses of ₹161.50 million, brokerage and service charges of ₹147.80 million, loss on sale of fixed assets (net) of ₹97.30 million, repairs to machineries of ₹ 95.30 million, other repairs of ₹ 65.60 million and rent of ₹48.70 million.

*Profit before bad debts written off, provisions, contingencies and tax*

As a result of the foregoing, our profit before bad debts written off, provisions, contingencies and tax was ₹3,304.70 million for the six months ended September 30, 2017.

*Bad debts written off, provisions and contingencies*

Our bad debts written off, provisions and contingencies were ₹1,662.20 million for the six months ended September 30, 2017, primarily comprising financial assets/receivables written off (net of recoveries) of ₹1,383.90 million, provision for non-performing assets of ₹190.79 million, write-back of provision for standard restructured assets under CDR mechanism of ₹61.84 million and contingency provision against standard assets of ₹140.50 million.

*Profit before tax*

As a result of the foregoing, our profit before tax was ₹1,642.50 million for the six months ended September 30, 2017.

*Tax expense*

Our total tax expense was ₹547.40 million for the six months ended September 30, 2017, comprising current tax of ₹342.30 million and deferred tax of ₹547.40 million. We recorded MAT credit entitlement of ₹342.30 million for the six months ended September 30, 2017.

*Profit after tax*

Due to the factors discussed above, our profit after tax was ₹1,095.10 million for the six months ended September 30, 2017.

**Fiscal 2017 compared to Fiscal 2016**

*Income*

Our Total Income decreased by 4.58% to ₹24,953.30 million in Fiscal 2017 from ₹26,150.90 million in Fiscal 2016, due to a decrease in revenue from operations, partially offset by an increase in other income.

*Revenue from operations*

Our revenue from operations decreased by 4.61% to ₹24,933.30 million in Fiscal 2017 from ₹26,138.80 million in Fiscal 2016, primarily due to decreases in income from financial assets, interest on deposits and interest income from investments, partially offset by an increase in income from operating lease.

*Income from financial assets:* Our income from financial assets decreased by 7.61% to ₹20,455.20 million in Fiscal 2017 from ₹22,139.00 million in Fiscal 2016, which was primarily driven by an increase in the value of securitisation and assignment of receivables by 36.31% to ₹40,016.10 million in Fiscal 2017 from ₹29,356.50 million in Fiscal 2016, resulting in increase in related finance costs, which was netted against income from financial assets. The increase in the value of securitisation and assignment of receivables was on account of banks' statutory requirements to maintain a priority sector loan portfolio as well as have infrastructure exposure through balanced risk structures.

*Income from operating lease:* Our income from operating lease increased by 12.64% to ₹4,339.10 million in Fiscal 2017 from ₹3,852.20 million in Fiscal 2016, which was primarily driven by an increase in the value of equipment leased by us to our customers. Addition to fixed assets given on operating lease increased by 333.52% to ₹10,686.70 million in Fiscal 2017 from ₹2,465.10 million in Fiscal 2016.

*Interest on deposits:* Our income from interest on deposits decreased by 2.64% to ₹136.30 million in Fiscal 2017

from ₹140.00 million in Fiscal 2016, which was primarily driven by a decrease in interest rate on deposits provided as collateral for securitisation of receivables in Fiscal 2017 as compared to Fiscal 2016. This was partially offset by an increase in deposits in the later part of Fiscal 2017.

*Interest income from investments:* Our interest income from investments decreased by 59.70% to ₹2.70 million in Fiscal 2017 from ₹6.70 million in Fiscal 2016, which was primarily driven by a decrease in the value of investment in Pass Through Certificates by 72.78% to ₹21.50 million in Fiscal 2017 from ₹79.00 million in Fiscal 2016.

#### *Other income*

Our other income increased by 65.29% to ₹20.00 million in Fiscal 2017 from ₹12.10 million in Fiscal 2016, primarily due to an increase in profit on sale of fixed assets (net), partially offset by a decrease in dividend income from current investments.

#### *Expenditure*

Our total expenses decreased by 1.19% to ₹20,261.80 million in Fiscal 2017 from ₹20,506.50 million in Fiscal 2016, primarily due to a decrease in finance costs, partially offset by an increase in depreciation, amortisation and impairment expenses, employee benefits expense and other expenses.

#### *Finance costs*

Our finance costs decreased by 5.50% to ₹13,324.00 million in Fiscal 2017 from ₹14,098.80 million in Fiscal 2016, primarily due to: (i) a decrease in cost of funds to 10.17% in Fiscal 2017 from 10.45% in Fiscal 2016 on daily average utilisation of funds, (ii) an increase in the value of securitisation and assignment of receivables by 36.31% to ₹40,016.10 million in Fiscal 2017 from ₹29,356.50 million in Fiscal 2016.

We recorded net gain on foreign currency transaction and translations of ₹22.10 million in Fiscal 2017, as compared to net loss on foreign currency transaction and translations of ₹3.20 million in Fiscal 2016 which was primarily driven by the restatement impact of foreign loans and underlying derivatives covered by hedging arrangements and gain/loss on settlement of forward contracts by entering into new forward contracts against the underlying short-term borrowings. In addition, our mark to market gain on derivative financial instrument was nil in Fiscal 2017 as compared to ₹78.30 million in Fiscal 2016 which was driven by fair valuation of derivative instruments (cross currency interest rate swap and interest rate swap).

#### *Employee benefits expense*

Our employee benefits expense increased by 6.04% to ₹1,547.90 million in Fiscal 2017 from ₹1,459.70 million in Fiscal 2016. This was due to increases in salaries, allowances, commission and bonus, contribution to provident and other funds and staff welfare expenses resulting from an increase in the number of employees from 1,659 in Fiscal 2016 to 1,865 in Fiscal 2017. This increase was primarily related to the number of our collection managers and in the overall asset recovery management team.

#### *Depreciation, amortisation and impairment expenses*

Our depreciation, amortisation and impairment expenses increased by 11.37% to ₹3,592.90 million in Fiscal 2017 from ₹3,226.10 million in Fiscal 2016, primarily due to an increase in the value of equipment leased by us to our customers. Addition to assets given on operating lease increased by 333.52% to ₹10,686.70 million in Fiscal 2017 from ₹2,465.10 million in Fiscal 2016.

#### *Other expense*

Our other expense increased by 4.36% to ₹1,797.00 million in Fiscal 2017 from ₹1,721.90 million in Fiscal 2016, primarily due to increases in rent, brokerage and service charges, repairs to machineries, advertisement and subscription and miscellaneous expenses, partially offset by decreases in legal and professional fees, insurance and expenses incurred in relation to conferences and seminars.

#### *Profit before bad debts written off, provisions, contingencies and tax*

As a result of the foregoing, our profit before bad debts written off, provisions, contingencies and tax decreased



by 16.88% to ₹4,691.50 million in Fiscal 2017 from ₹5,644.40 million in Fiscal 2016.

#### *Bad debts written off, provisions and contingencies*

Our bad debts written off, provisions and contingencies decreased by 36.21% to ₹2,527.30 million in Fiscal 2017 from ₹3,961.80 million in Fiscal 2016, primarily due to decreases in financial assets/receivables written off (net of recoveries) and provision for standard restructured assets under SDR mechanism, partially offset by increases in provision for NPAs, contingency provision against standard assets and provision for standard restructured assets under S4A.

The above reduction has been driven by enhancing our recovery process and asset management capabilities. We reduced our Gross NPA (%) from 2.95% in Fiscal 2016 to 2.48% in Fiscal 2017. Our bad debts written off, provisions and contingencies over Average Earning Asset also reduced from 2.53% in Fiscal 2016 to 1.56% in Fiscal 2017. This improvement was possible notwithstanding the change in the NBFC-SI Directions specifying loans to be classified as NPAs being outstanding with respect to repayment for four months or more for Fiscal 2017, as against five months or more for Fiscal 2016. Further, the contingent provision against standard assets also increased to 0.35% in Fiscal 2017 from 0.30% in Fiscal 2016.

#### *Profit before tax*

As a result of the foregoing, our profit before tax increased by 28.62% to ₹2,164.20 million in Fiscal 2017 from ₹1,682.60 million in Fiscal 2016.

#### *Tax expense*

Our tax expense increased by 41.15% to ₹675.80 million in Fiscal 2017 from ₹478.80 million in Fiscal 2016, primarily due to an increase in our profit before taxes from ₹1,682.60 million in Fiscal 2016 to ₹2,164.20 million in Fiscal 2017, an increase in our deferred tax, partially offset by a decrease in our current tax liability and MAT credit entitlement. Our deferred tax increased mainly due to an increase in deferred tax liabilities on depreciation/amortisation on property, plant and equipment.

We recorded MAT credit entitlement of ₹459.90 million in Fiscal 2017 compared to nil in Fiscal 2016.

#### *Profit after tax*

Due to the factors discussed above, our profit after tax increased by 23.64% to ₹1,488.40 million in Fiscal 2017 from ₹1,203.80 million in Fiscal 2016.

### **Fiscal 2016 compared to Fiscal 2015**

#### *Income*

Our Total Income marginally increased by 0.20% to ₹26,150.90 million in Fiscal 2016 from ₹26,097.80 million in Fiscal 2015, due to a marginal increase in revenue from operations, partially offset by a decrease in other income.

#### *Revenue from operations*

Our revenue from operations increased by 0.48% to ₹26,138.80 million in Fiscal 2016 from ₹26,014.40 million in Fiscal 2015, primarily due to increases in income from financial assets, income from operating lease and interest income from investments, partially offset by a decrease in interest on deposits.

*Income from financial assets:* Our income from financial assets increased by 0.13% to ₹22,139.90 million in Fiscal 2016 from ₹22,110.70 million in Fiscal 2015, a marginal increase.

*Income from operating lease:* Our income from operating lease increased by 7.04% to ₹3,852.20 million in Fiscal 2016 from ₹3,598.80 million in Fiscal 2015, which was primarily driven by an increase in the value of equipment leased by us to our customers in the later part of Fiscal 2015, against which rental income for operating leases accrued for the whole year in Fiscal 2016.



*Interest on deposits:* Our income from interest on deposits decreased by 53.40% to ₹140.00 million in Fiscal 2016 from ₹300.40 million in Fiscal 2015, which was primarily driven by a decrease in the value of deposits by 3.15% to ₹2,011.50 million in Fiscal 2016 from ₹2,077.00 million in Fiscal 2015 and a decrease in rate of interest on deposits. In addition, certain deposits that were outstanding during Fiscal 2015 matured in the earlier part of Fiscal 2016.

*Interest income from investments:* Our interest income from investments increased by 48.89% to ₹6.70 million in Fiscal 2016 from ₹4.50 million in Fiscal 2015, which was primarily driven by an increase in the value of securitisation of receivables in the later part of Fiscal 2015, against which interest income from investment accrued for the whole year in Fiscal 2016.

#### *Other income*

Our other income decreased by 85.49% to ₹12.10 million in Fiscal 2016 from ₹83.40 million in Fiscal 2015, primarily due to a decrease in profit on sale from current investments, partially offset by an increase in dividend income from current investment.

#### *Expenditure*

Our total expenses marginally increased by 0.31% to ₹20,506.50 million in Fiscal 2016 from ₹20,443.60 million in Fiscal 2015, primarily due to increases in employee benefits expense, depreciation, amortisation and impairment expense and other expense, partially offset by a decrease in finance costs.

#### *Finance costs*

Our finance costs decreased by 2.15% to ₹14,098.80 million in Fiscal 2016 from ₹14,407.90 million in Fiscal 2015, primarily due to: (i) a decrease in the cost of funds to 10.45% in Fiscal 2016 from 10.63% in Fiscal 2015, (ii) an increase in the value of securitisation and assignment of receivables by 42.97% to ₹29,356.50 million in Fiscal 2016 from ₹20,533.90 million in Fiscal 2015. This increase was due to banks' statutory requirements related to priority sector loans coupled with their infrastructure exposure strategy.

We recorded net loss on foreign currency transaction and translation of ₹3.20 million in Fiscal 2016 as compared to net gain on foreign currency transaction and translation of ₹13.30 million in Fiscal 2015, which was due to the restatement impact of foreign loans and underlying derivatives covered by hedging arrangements and gain/loss on settlement of forward contracts by entering into new forward contracts against the short-term borrowings. In addition, we recorded mark to market gain on derivative financial instruments of ₹78.30 million in Fiscal 2016 as compared to mark to market gain on derivative financial instruments of ₹14.90 million in Fiscal 2015 which was driven by fair valuation of derivative instruments (cross currency interest rate swap and interest rate swap).

#### *Employee benefits expense*

Our employee benefits expense increased by 2.39% to ₹1,459.70 million in Fiscal 2016 from ₹1,425.60 million in Fiscal 2015, primarily due to an increase in salaries, allowances, commission and bonus, partially offset by a decrease in contribution to provident and other funds.

#### *Depreciation, amortisation and impairment expenses*

Our depreciation, amortisation and impairment expenses increased by 10.27% to ₹3,226.10 million in Fiscal 2016 from ₹2,925.70 million in Fiscal 2015, primarily due to an increase in the value of impairment charge by 62.64% to ₹148.00 million in Fiscal 2016 from ₹91.00 million in Fiscal 2015 and increase in the value of equipment given on operating lease by us to our customers in the later part of Fiscal 2015, against which depreciation for operating leases assets accrued for the whole year in Fiscal 2016.

#### *Other expense*

Our other expense increased by 2.23% to ₹1,721.90 million in Fiscal 2016 from ₹1,684.40 million in Fiscal 2015, primarily due to increases in rent, brokerage and service charges, repair to machineries and conferences and seminars, partially offset by decreases in legal and professional fees, charity and donations and miscellaneous expenses.



### *Profit before bad debts written off, provisions, contingencies and tax*

As a result of the foregoing, our profit before bad debts written off, provisions, contingencies and tax decreased by 0.17% to ₹5,644.40 million in Fiscal 2016 from ₹5,654.20 million in Fiscal 2015.

### *Bad debts written off, provisions and contingencies*

Our bad debts written off, provisions and contingencies increased by 17.71% to ₹3,961.80 million in Fiscal 2016 from ₹3,365.70 million in Fiscal 2015, primarily due to an increase in financial assets/receivables written off (net of recoveries) and provision for standard restructured assets under SDR mechanism, partially offset by decreases in provision for NPAs and provision for standard restructured assets under CDR mechanism.

Our bad debts written off, provisions and contingencies over Average Earning Assets increased from 2.13% in Fiscal 2015 to 2.53% in Fiscal 2016. This increase was due to the change in the NBFC-SI Directions specifying loans to be classified as NPAs being outstanding with respect to repayment for five months or more for Fiscal 2016 as against six months or more for Fiscal 2015. Further, the contingent provisions against standard assets also increased to 0.30% in Fiscal 2016 from 0.25% in Fiscal 2015. For details, please see “Regulations and Policies” on page 164.

### *Profit before tax*

As a result of the foregoing, our profit before tax decreased by 26.48% to ₹1,682.60 million in Fiscal 2016 from ₹2,288.50 million in Fiscal 2015.

### *Tax expense*

Our tax expense decreased by 36.03% to ₹478.80 million in Fiscal 2016 from ₹748.50 million in Fiscal 2015, primarily due to a decrease in profit before tax from ₹2,288.50 million in Fiscal 2015 to ₹1,682.60 million in Fiscal 2016, decrease in deferred tax, partially offset by an increase in our current tax liability. Our deferred tax expense decreased mainly due to a decrease in deferred tax liabilities on depreciation/amortisation on property, plant and equipment.

We did not record any MAT credit entitlement in Fiscal 2016 and Fiscal 2015.

### *Profit after tax*

Due to the factors discussed above, our profit after tax decreased by 21.83% to ₹1,203.80 million in Fiscal 2016 from ₹1,540.00 million in Fiscal 2015.

### **Financial Position**

Our net worth (as restated) as of September 30, 2017 was ₹25,682.00 million. Our net worth (as restated) increased by 6.18% to ₹24,617.90 million as of Fiscal 2017 from ₹23,185.40 million as of Fiscal 2016.

### **Assets**

The following table sets forth the principal components of our assets as of the dates indicated.

(₹ in million)

Assets	As of September 30, 2017	As of March 31,		
		2017	2016	2015
<b>Non-current assets</b>				
Property, plant and equipment				
Tangible assets	39,215.10	23,130.60	13,832.30	16,194.60
Intangible assets	175.10	237.40	347.60	389.10
Non-current investment	350.00	0.70	21.80	80.50
Long-term loans and advances				
Financial assets	100,218.00	85,682.10	78,628.60	74,383.90
Other long-term advances	4,322.30	1,507.50	232.00	341.60
Other non-current assets	2,857.40	773.10	1,342.50	1,708.00
<b>Total non-current assets</b>	<b>147,137.90</b>	<b>111,331.40</b>	<b>94,404.80</b>	<b>93,097.70</b>



Assets	As of September 30, 2017	As of March 31,		
		2017	2016	2015
<b>Current assets</b>				
Current investments	2,500.00	20.80	57.20	72.50
Trade receivables	753.40	557.90	698.30	659.00
Cash and cash equivalents	6,629.60	3,612.30	2,078.30	3,532.90
Short-term loans and advances				
Financial assets	19,271.90	18,506.90	21,676.30	22,852.80
Other short-term advances	1,279.90	506.30	304.20	328.00
Other current assets				
Current maturities of long-term financial assets	40,086.60	37,169.20	36,050.80	41,378.30
Other current assets	938.30	597.00	1,348.40	1,023.10
<b>Total current assets</b>	<b>71,459.70</b>	<b>60,970.40</b>	<b>62,213.50</b>	<b>69,846.60</b>
<b>Total assets</b>	<b>218,597.60</b>	<b>172,301.80</b>	<b>156,618.30</b>	<b>162,944.30</b>

### *Non-current assets*

#### *Property, plant and equipment*

As of September 30, 2017, we had property, plant and equipment amounting to ₹39,390.20 million. As of March 31, 2017, we had property, plant and equipment amounting to ₹23,368.00 million, compared to ₹14,179.90 million as of March 31, 2016 and ₹16,583.70 million as of March 31, 2015.

The increases in our property, plant and equipment was primarily on account of additions of assets for own use amounting to ₹168.80 million, ₹2,298.90 million and ₹26.60 million during Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively, and assets given on operating leases amounting to ₹2,465.10 million, ₹10,686.70 million and ₹18,804.40 million during Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

#### *Non-current investment*

As of September 30, 2017, our total non-current investment was ₹350.00 million. As of March 31, 2017, our total non-current investment was ₹0.70 million, compared to ₹21.80 million as of March 31, 2016 and ₹80.50 million as of March 31, 2015.

The significant increase in our non-current investment between September 30, 2017 and March 31, 2017 was primarily on account of investment in units of a scheme of an AIF as on September 30, 2017 amounting to ₹350.00 million.

The decrease in our non-current investment between March 31, 2017, March 31, 2016 and March 31, 2015 was primarily on account of decrease in investment in Pass Through Certificates resulting from repayment of securitisation of receivables.

#### *Long-term loans and advances*

*Financial assets:* As of September 30, 2017, our financial assets were ₹100,218.00 million. As of March 31, 2017, our financial assets were ₹85,682.10 million, as compared to ₹78,628.60 million as of March 31, 2016 and ₹74,383.90 million as of March 31, 2015. The increase in our financial assets was primarily on account of increase in amount of loans given by us to our customers (including current maturity of long-term financial assets and short term financial assets).

*Other long-term advances:* As of September 30, 2017, our other long-term advances were ₹4,322.30 million. As of March 31, 2017, our long-term advances were ₹1,507.50 million, as compared to ₹232.00 million as of March 31, 2016 and ₹341.60 million as of March 31, 2015.

The increase in our other long-term advances between September 30, 2017 and March 31, 2017 was primarily on account of increase in capital advances made by our Company in relation to assets to be given on operating lease and own use assets and balances with service tax/VAT/GST authorities.

The significant increase in our long-term advances between March 31, 2017 and March 31, 2016 was primarily

on account of increase in capital advances made by our Company in relation to operating lease and own use assets and MAT credit entitlement. The decrease in our long-term advances between March 31, 2016 and March 31, 2015 was primarily on account of a decrease in capital advances made for operating lease and own use assets due to capitalisation of these assets and also due to a decrease in balances with service tax/VAT/GST authorities.

#### *Other non-current assets*

As of September 30, 2017, our other non-current assets were ₹2,857.40 million. As of March 31, 2017, our other non-current assets were ₹773.10 million, compared to ₹1,342.50 million as of March 31, 2016 and ₹1,708.00 million as of March 31, 2015.

The increase in our other non-current assets between September 30, 2017 and March 31, 2017 was primarily on account of increase in deposits with banks.

The decrease in our other non-current assets between March 31, 2017, 2016 and 2015 was primarily on account of decrease in receivables on forward exchange contracts.

#### **Current assets**

##### *Current investments*

As of September 30, 2017, our current investments were ₹2,500.00 million. As of March 31, 2017, our current investments were ₹20.80 million, compared to ₹57.20 million as of March 31, 2016 and ₹72.50 million as of March 31, 2015.

The increase in our current investment between September 30, 2017 and March 31, 2017 was primarily on account of increase in investment in mutual funds.

The decreases in our current investments between March 31, 2017, 2016 and 2015 were primarily on account of decrease in investment in Pass Through Certificates resulting from repayment of securitisation of receivables.

##### *Trade receivables*

As of September 30, 2017, our trade receivables were ₹753.40 million. As of March 31, 2017, our trade receivables were ₹557.90 million, compared to ₹698.30 million as of March 31, 2016 and ₹659.00 million as of March 31, 2015. The increase in our trade receivables between September 30, 2017, March 31, 2017 was primarily on account of increase in the value of equipment leased by us to our customers, resulting in higher lease rental billing. The increase in our trade receivables between March 31, 2016 and March 31, 2015 was primarily on account of increased lease rental billing as a consequence of an increase in the value of equipment leased by us to our customers.

##### *Cash and cash equivalents*

As of September 30, 2017, our cash and cash equivalents were ₹6,629.60 million. As of March 31, 2017, our cash and cash equivalents were ₹3,612.30 million, compared to ₹2,078.30 million as of March 31, 2016 and ₹3,532.90 million as of March 31, 2015.

The increase in our cash and cash equivalents between September 30, 2017, March 31, 2017 and March 31, 2016 was primarily on account of increase in deposits and balances with banks.

The decrease in our cash and cash equivalents between March 31, 2016 and March 31, 2015 was primarily on account of decrease in deposits and balances with banks.

##### *Short-term loans and advances*

**Financial assets:** As of September 30, 2017, our financial assets were ₹19,271.90 million. As of March 31, 2017, our financial assets were ₹18,506.90 million, as compared to ₹21,676.30 million as of March 31, 2016 and ₹22,852.80 million as of March 31, 2015.

The increase in our financial assets between September 30, 2017 and March 31, 2017 was primarily on account

of increase in the amount of loans given by us to our customers (including current maturity of long-term financial assets and short-term financial assets).

While the total financial assets (including long-term financial assets, short-term financial assets and current maturity of long-term financial assets) between March 31, 2017 and March 31, 2016 increased on account of increase in the amount of loans given by us to our customers, the short-term financial assets decreased due to reduction in the short-tenure loans.

*Other short-term advances:* As of September 30, 2017, our other short-term advances were ₹1,279.90 million. As of March 31, 2017, our other short-term advances were ₹506.30 million, as compared to ₹304.20 million as of March 31, 2016 and ₹328.00 million as of March 31, 2015.

The increase in our other short-term advances between September 30, 2017, March 31, 2017 and March 31, 2016 was primarily on account of balances with service tax/VAT/GST authorities.

The decrease in our short-term advances between March 31, 2016 and March 31, 2015 was primarily on account of decrease in advances to employees.

#### *Other current assets*

*Current maturities of long-term financial assets:* As of September 30, 2017, our current maturities of long-term financial assets were ₹40,086.60 million. As of March 31, 2017, our current maturities of long-term financial assets were ₹37,169.20 million, as compared to ₹36,050.80 million as of March 31, 2016 and ₹41,378.30 million as of March 31, 2015.

The increase in our current maturities of long-term financial assets between September 30, 2017, March 31, 2017 and March 31, 2016 was primarily on account of increase in current maturities of loans (repayable in the next 12 months) given by us to our customers. The decrease in our current maturities of long-term financial assets between March 31, 2016 and March 31, 2015 was primarily on account of decrease in current maturities of loans (repayable in the next 12 months) given by us to our customers.

*Other current assets:* As of September 30, 2017, our other current assets were ₹938.30 million as of September 30, 2017. As of March 31, 2017, our other current assets were ₹597.00 million, as compared to ₹1,348.40 million as of March 31, 2016 and ₹1,023.10 million as of March 31, 2015. The increase in our other current assets between September 30, 2017 and March 31, 2017 was primarily on account of receivables on forward exchange contracts.

The decrease in our other current assets between March 31, 2017 and March 31, 2016 was primarily on account of a decrease in receivables on forward exchange contracts. The increase in our other current assets between March 31, 2016 and March 31, 2015 was primarily on account of an increase in receivables on forward exchange contracts.

## **Liabilities and Provisions**

The following table sets forth the principal components of our liabilities and provisions as of September 30, 2017 and as of March 31, 2017, 2016 and 2015.

(₹ in million)

Liabilities	As of September 30, 2017	As of March 31,		
		2017	2016	2015
<b>Non-current liabilities</b>				
Long-term borrowings	49,023.20	42,325.90	27,788.40	32,149.50
Deferred tax liabilities (net)	2,929.50	2,382.10	1,706.30	1,778.10
Other long-term liabilities	3,796.90	1,765.20	1,631.50	1,424.20
Long-term provisions	521.20	483.10	397.10	407.20
<b>Total non-current liabilities</b>	<b>56,270.80</b>	<b>46,956.30</b>	<b>31,523.30</b>	<b>35,759.00</b>
<b>Current liabilities</b>				
Short-term borrowings	98,326.60	75,341.60	76,314.90	81,856.60
Trade payables				
Due to micro and small enterprises	-	-	-	-
Due to others	17,195.90	10,295.30	7,681.20	3,836.40
Other current liabilities				
Current maturities of long-term	17,490.90	11,650.90	14,433.80	16,639.20

Liabilities	As of September 30, 2017	As of March 31,		
		2017	2016	2015
borrowings				
Other current liabilities	2,763.20	2,654.60	2,764.30	2,125.60
Short-term provisions	250.10	204.00	294.30	324.80
<b>Total current liabilities</b>	<b>136,026.70</b>	<b>100,146.40</b>	<b>101,488.50</b>	<b>104,782.60</b>
<b>Total liabilities</b>	<b>192,297.50</b>	<b>147,102.70</b>	<b>133,011.80</b>	<b>140,541.60</b>

### *Non-current liabilities*

#### *Long-term borrowings*

Our long-term borrowings increased to ₹49,023.20 million as of September 30, 2017 from ₹42,325.90 million as of March 31, 2017 and ₹27,788.40 million as of March 31, 2016 primarily due to an increase in the amount of long-term loans availed by our Company from banks and financial institutions and the issue of subordinated redeemable non-convertible debentures (Tier II Capital).

Our long-term borrowings decreased to ₹27,788.40 million as of March 31, 2016 from ₹32,149.50 million as of March 31, 2015 primarily due to repayment of long-term loan to banks and financial institutions.

#### *Deferred tax liabilities (net)*

Our deferred tax liabilities (net) increased to ₹2,929.50 million as of September 30, 2017 from ₹2,382.10 million as of March 31, 2017 and ₹1,706.30 million as of March 31, 2016 primarily due to increase in deferred tax liabilities on depreciation/amortisation on property, plant and equipment for the same period.

Our deferred tax liabilities (net) decreased to ₹1,706.30 million as of March 31, 2016 from ₹1,778.10 million as of March 31, 2015 primarily due to decrease in deferred tax liabilities on depreciation/amortisation on property, plant and equipment for the same year.

#### *Other long-term liabilities*

Our other long-term liabilities increased to ₹3,796.90 million as of September 30, 2017 from ₹1,765.20 million as of March 31, 2017, ₹1,631.50 million as of March 31, 2016 and ₹1,424.20 million as of March 31, 2015, primarily due to increase in the amount of trade deposits received against assets given on operating lease.

#### *Long-term provisions*

Our long-term provisions increased to ₹521.20 million as of September 30, 2017 from ₹483.10 million as of March 31, 2017 and ₹397.10 million as of March 31, 2016, primarily due to increase in the contingent provision made against standard assets.

Our long-term provisions decreased to ₹397.10 million as of March 31, 2016 from ₹407.20 million as of March 31, 2015, primarily due to decrease in the contingent provision made against standard assets.

### *Current liabilities*

#### *Short-term borrowings*

Our short term borrowing increased to ₹98,326.60 million as of September 30, 2017 from ₹75,341.60 million as of March 31, 2017, primarily due to increase in the amount of working capital facilities, buyers credit foreign currency loans, short-term Rupee loan and commercial paper.

Our short-term borrowing decreased to ₹75,341.60 million as of March 31, 2017 from ₹76,314.90 million as of March 31, 2016 and ₹81,856.60 million as of March 31, 2015, primarily due to decrease in the drawdown amount of working capital facilities in Fiscal 2017, repayment of short-term Rupee loan in Fiscal 2017, redemption of debentures Fiscal 2016 and Fiscal 2017 and redemption of commercial paper in Fiscal 2016.

#### *Trade payables*

Our trade payables due to others (other than due to micro and small enterprises) increased to ₹17,195.90 million

as of September 30, 2017 from ₹10,295.30 million as of March 31, 2017, ₹7,681.20 million as of March 31, 2016 and ₹3,836.40 million as of March 31, 2015, primarily due to increase in trade payables categorised, other than acceptance.

#### *Current maturities of long-term borrowings*

Our current maturities of long-term borrowings increased to ₹17,490.90 million as of September 30, 2017 from ₹11,650.90 million as of March 31, 2017, primarily because of increase in current maturities of non-convertible debentures and Rupee term loans from financial institutions repayable in next one year.

Our current maturities of long-term borrowings decreased to ₹11,650.90 million as of March 31, 2017 from ₹14,433.80 million as of March 31, 2016 and ₹16,639.20 million as of March 31, 2015, primarily due to decrease in current maturities of non-convertible debentures and term loans from banks repayable in next one year.

#### *Other current liabilities*

Our other current liabilities increased to ₹2,763.20 million as of September 30, 2017 from ₹2,654.60 million as of March 31, 2017, primarily due to increase in interest accrued but not due on borrowing and other liabilities. Our other current liabilities decreased to ₹2,654.60 million as of March 31, 2016 from ₹2,764.30 million, as of March 31, 2015, primarily due to a decrease in interest accrued but not due on borrowing and other liabilities.

Our other current liabilities increased to ₹2,764.30 million as of March 31, 2016 from ₹2,125.60 million as of March 31, 2015, primarily due to increase in interest accrued but not due on borrowing.

#### *Short-term provisions*

Our short-term provisions increased to ₹250.10 million as of September 30, 2017 from ₹204.00 million as of March 31, 2017, primarily due to increase in contingent provision against standard assets.

Our short-term provisions decreased to ₹294.30 million as of March 31, 2016 from ₹324.80 million as of March 31, 2015, primarily due to a decrease in provision for income taxes.

### **Shareholders' Funds**

As of September 30, 2017, our shareholders' funds were ₹26,300.10 million, representing 12.03% of our total assets.

As of March 31, 2017, our shareholders' funds were ₹25,199.10 million, representing 14.62% of our total assets.

Our shareholders' funds increased to ₹26,300.10 million as of September 30, 2017 from ₹25,199.10 million as of March 31, 2017, primarily due to an increase in reserves and surplus to ₹25,703.50 million as of September 30, 2017 from ₹24,602.50 million as of March 31, 2017.

Our shareholders' funds increased to ₹25,199.10 million as of March 31, 2017 from ₹23,606.50 million as of March 31, 2016, primarily due to an increase in reserves and surplus to ₹24,602.50 million as of March 31, 2017 from ₹23,009.90 million as of March 31, 2016.

Our shareholders' funds increased to ₹23,606.50 million as of March 31, 2016 from ₹22,402.70 million as of March 31, 2015, primarily due to an increase in reserves and surplus to ₹23,009.90 million as of March 31, 2016 from ₹21,806.10 million as of March 31, 2015.

### **Liquidity and Capital Resources**

Our primary sources of liquidity have historically been internal accrual, issue of non-convertible debentures and borrowings (including external commercial borrowings) from banks and financial institutions. Other than the proceeds of the Offer, we expect that cash generated from operations, issue of debentures and borrowings from banks and financial institutions will continue to be our primary sources of liquidity. We believe that after taking into account the expected cash to be generated from our business operations, we have sufficient working capital for both our present and anticipated future requirements for expenditures and other cash requirements for 12 months following the date of this Draft Red Herring Prospectus.



## Cash flows

The following table sets out a condensed summary of our cash flows for the period/year indicated.

(₹ in million)

Particulars	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net cash (used in)/ generated from operating activities	(22,670.70)	(4,291.00)	13,251.70	2,622.50
Net cash used in investing activities	(10,983.10)	(7,809.80)	(2,310.70)	(2,857.50)
Net cash (used in)/ generated from financing activities	35,315.90	12,476.90	(12,058.40)	(383.10)
Cash and cash equivalents at the beginning of the period/year	718.30	342.20	1,459.60	2,077.70
Cash and cash equivalents at the end of the period/year	2,380.40	718.30	342.20	1,459.60

### Operating activities

#### Six months ended September 30, 2017

Our net cash used in operating activities was ₹22,670.70 million in the six months ended September 30, 2017. Our operating profit before working capital changes was ₹13,165.00 million in the six months ended September 30, 2017, which was primarily adjusted by interest paid (net of foreign exchange fluctuation) of ₹7,257.00 million and advance taxes paid (including tax deducted at source) of ₹342.30 million. Our changes in working capital in the six months ended September 30, 2017 primarily consisted of an increase in financial assets of ₹20,248.60 million, an increase in deposit (deposits with original maturity period of more than three months) of ₹3,444.50 million, an increase in trade receivables or others of ₹2,251.80 million and a decrease in trade payables or others of ₹2,291.50 million.

#### Fiscal 2017

Our net cash used in operating activities was ₹4,291.00 million in Fiscal 2017. Our operating profit before working capital changes was ₹21,533.60 million in Fiscal 2017, which was primarily adjusted by interest paid (net of foreign exchange fluctuation) of ₹13,681.30 million and advance taxes paid (including tax deducted at source) of ₹577.50 million. Our changes in working capital in Fiscal 2017 primarily consisted of an increase in trade receivables or others of ₹265.40 million, an increase in financial assets of ₹10,488.70 million and in increase in deposits (deposits with original maturity period of more than three months) of ₹1,244.50 million, partially offset by an increase in trade payables or others of ₹432.80 million.

#### Fiscal 2016

Our net cash generated from operating activities was ₹13,251.70 million in Fiscal 2016. Our operating profit before working capital changes was ₹23,185.30 million in Fiscal 2016, which was primarily adjusted by interest paid on our borrowings (net of foreign exchange fluctuation) of ₹13,468.00 million and advance taxes paid (including tax deducted at source) of ₹676.70 million. Our changes in working capital in Fiscal 2016 primarily consisted of an increase in trade payables or others of ₹4,127.30 million, a decrease in deposit (deposits with original maturity period of more than three months) of ₹65.50 million and a decrease in trade receivables or others of ₹30.60 million, partially offset by an increase in financial assets of ₹12.30 million.

#### Fiscal 2015

Our net cash generated from operating activities was ₹2,622.50 million in Fiscal 2015. Our operating profit before working capital changes was ₹22,929.00 million in Fiscal 2015, which was primarily adjusted interest paid (net of foreign exchange fluctuation) of ₹14,563.60 million and advance taxes paid (including tax deducted at source) of ₹1,122.70 million. Our changes in working capital in Fiscal 2015 primarily consisted of an increase in financial assets of ₹8,142.00 million, partially offset by a decrease in deposit (deposits with original maturity period of more than three months) of ₹2,245.70 million, an increase in trade payables or others of ₹1,196.70 million and a decrease in trade receivables or others of ₹79.40 million.



## *Investing Activities*

### *Six months ended September 30, 2017*

Net cash used in investing activities was ₹10,983.10 million in the six months ended September 30, 2017. This was primarily due to purchase of property, plant and equipment of ₹8,343.10 million and investment in mutual funds and in units of trust and schemes of venture funds of ₹2,850.00 million, partially offset by proceeds from sale of property, plant and equipment of ₹149.90 million and dividend income from current investments (non-trade) of ₹38.60 million.

### *Fiscal 2017*

Net cash used in investing activities was ₹7,809.80 million in Fiscal 2017. This was primarily due to purchase of property, plant and equipment of ₹8,090.10 million, partially offset by proceeds from sale of property, plant and equipment of ₹213.40 million and proceeds from redemption of investments in units of pass through certificates and trust/schemes of venture funds of ₹57.50 million.

### *Fiscal 2016*

Net cash used in investing activities was ₹2,310.70 million in Fiscal 2016. This was primarily due to purchase of property, plant and equipment of ₹2,447.80 million, partially offset by proceeds from redemption of investments in units of pass through certificates and trust/schemes of venture funds of ₹74.00 million and proceeds from sale of property, plant and equipment of ₹51.90 million.

### *Fiscal 2015*

Net cash used in investing activities was ₹2,857.50 million in Fiscal 2015. This was primarily due to purchase of property, plant and equipment of ₹3,128.70 million, partially offset by proceeds from redemption of investments in units of pass through certificates and trust/schemes of venture funds of ₹230.80 million and proceeds from sale of property, plant and equipment of ₹33.20 million.

## *Financing activities*

### *Six months ended September 30, 2017*

Net cash generated from financing activities was ₹35,315.90 million in the six months ended September 30, 2017. This was primarily due to proceeds from issuance of debentures of ₹6,370.00 million, an increase in working capital facilities (net) of ₹20,484.30 million and an increase in other loans (net) of ₹9,911.70 million, partially offset by repayment on redemption of debentures of ₹1,450.10 million.

### *Fiscal 2017*

Net cash generated from financing activities was ₹12,476.90 million in Fiscal 2017. This was primarily due to proceeds from issuance of debentures of ₹10,265.00 million and increase in other loans (net) of ₹10,694.10 million, partially offset by repayment on redemption of debentures of ₹4,660.00 million and a decrease in working capital facilities (net) of ₹3,822.20 million.

### *Fiscal 2016*

Net cash used in financing activities was ₹12,058.40 million in Fiscal 2016. This was primarily due to repayment on redemption of debentures of ₹6,860.00 million and a decrease in other loans (net) of ₹14,456.20 million, partially offset by proceeds from issuance of debentures of ₹7,193.00 million and increase in working capital facilities (net) of ₹2,064.80 million.

### *Fiscal 2015*

Net cash used in financing activities was ₹383.10 million in Fiscal 2015. This was primarily due to a decrease in other loans (net) of ₹8,630.50 million and repayment on redemption of debentures of ₹4,292.40 million, partially offset by proceeds from issuance of debentures of ₹8,660.00 million and an increase in working capital facilities (net) of ₹3,879.80 million.

## Indebtedness

As of September 30, 2017, we had a total outstanding indebtedness of ₹164,840.70 million which consisted of long-term borrowings, current maturities of long-term borrowings and short-term borrowings. Our long-term borrowings and current maturities of long-term borrowings primarily consist of non-convertible debentures, term loans from banks and term loans from financial institutions. Our short-term borrowings primarily consist of working capital facilities from banks, buyer's credit foreign currency loans, commercial paper and non-convertible debentures. For further details related to our indebtedness, please see "Financial Indebtedness" on page 344.

The following table sets out our indebtedness as of September 30, 2017.

(₹ in million)

Particulars	As of September 30, 2017 - Payment due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
<b>Non-current</b>					
<b>Long-term borrowings</b>					
Secured	31,151.30	-	17,975.80	11,315.50	1,860.00
Unsecured	17,871.90	-	3,537.00	2,178.00	12,156.90
<b>Total long-term borrowings</b>	<b>49,023.20</b>	<b>-</b>	<b>21,512.80</b>	<b>13,493.50</b>	<b>14,016.90</b>
<b>Current</b>					
<b>Current maturities of long-term borrowings</b>					
Secured	14,570.70	14,570.70	-	-	-
Unsecured	2,920.20	2,920.20	-	-	-
<b>Total current maturities of long-term borrowings</b>	<b>17,490.90</b>	<b>17,490.90</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short-term borrowings</b>					
Secured	91,248.20	91,248.20	-	-	-
Unsecured	7,078.40	7,078.40	-	-	-
<b>Total short-term borrowings</b>	<b>98,326.60</b>	<b>98,326.60</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Borrowings</b>	<b>1,64,840.70</b>	<b>1,15,817.50</b>	<b>21,512.80</b>	<b>13,493.50</b>	<b>14,016.90</b>

## Contractual obligation and commitments

The following table sets forth certain information relating to future payments due under known contractual obligations and commitments as of September 30, 2017.

(₹ in million)

Particulars	Payment due by period			
	Total	Less than one year	Between one and five years	Later than five years
<b>Leases</b>				
<b>In the capacity of lessee</b>				
Future minimum lease payments in respect of non-cancellable operating leases	13.50	8.80	4.70	-
<b>In the capacity of lessor (operating lease)</b>				
Future minimum lease receivables in respect of non-cancellable operating leases	33,666.50	9,212.30	23,422.60	1,031.60
<b>In the capacity of lessor (finance lease)</b>				
Gross investments	132.10	56.10	76.00	-
Unearned finance income	21.90	13.30	8.60	-
Minimum lease payments	110.10	42.70	67.40	-

Estimated amount of capital contracts remaining to be executed (net of advances of ₹2,010.60 Million) as of September 30, 2017 amounted to ₹4,019.30 Million.

Our other commitments consist of option, swap or forward contracts for the purpose of hedging currency and interest rate related risks in relation to our borrowings.



## Securitisation and Assignment Arrangements

As at September 30, 2017 and Fiscals 2017, 2016 and 2015, we had securitised and assigned receivables outstanding amounting to ₹46,651.30 million, ₹40,016.10 million, ₹29,356.50 million and ₹20,533.90 million, respectively. The following table sets forth information regarding our securitisation and assignment activities for the six months ended September 30, 2017 and in Fiscals 2017, 2016 and 2015.

Particulars	Six months ended September 30, 2017	Fiscals		
		2017	2016	2015
Total number of contracts securitised	3,316	10,888	3,550	2,821
Book value of contracts securitised (₹ in million)	5,889.90	8,761.00	3,237.80	4,309.60
Sales consideration excluding unmatrued finance charges thereon (₹ in million)	5,889.90	8,761.00	3,237.80	4,309.60
Assignment of financial assets (₹ in million)	14,849.00	25,353.10	20,416.70	10,199.80
Purchase consideration for assignment of financial assets (₹ in million)	14,849.00	25,353.10	20,416.70	10,199.80
Exposure retained by us on such assignment to comply with Minimum Retention Requirement (₹ in million)	1,649.90	2,817.00	2,281.30	1,139.40

## Off-balance Sheet Arrangements and Contingent Liabilities

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

The following table sets our contingent liabilities not provided for as at September 30, 2017:

Particulars	As at September 30, 2017
Claims against the company not acknowledged as debt	
Disputed demands (Refer note (a))	
- Sales tax	20.40
- Service tax	348.40
- Value added tax (VAT)	114.90
- Income tax	530.00
(A)	<b>1,013.70</b>
Guarantees	
Bank guarantees (Refer note (b))	4,209.00
(B)	<b>4,209.00</b>
<b>Total (A+B)</b>	<b>5,222.70</b>

Notes:

- (a) The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.
- (b) Excludes ₹5.60 million as at September 30, 2017 issued on behalf of SIFL against which the Company holds counter guarantee.

## Debt/Equity Ratio

Our long-term debt/equity ratio was 2.54 and 2.15 as of September 30, 2017 (pre-Offer) and March 31, 2017, respectively, while our total debt/equity ratio was 6.29 and 5.15, for the same dates, respectively.

“Total debt” represents the sum of long-term borrowings, current maturities of long-term borrowings and short-term borrowings.

“Long term debt” represents the sum of long term-borrowings, which comprises borrowings due after 12 months from the balance sheet date, and current maturities of long-term borrowings.

“Equity” represents share capital and reserve and surplus, excluding cash flow hedge reserve.



## Capital Expenditures

Our capital expenditures include expenditures on tangible and intangible assets for own use and given on operating lease. Tangible assets primarily include furniture and fixtures, plant and machinery, computer and office equipment, earthmoving equipment, motor vehicles and windmills. Intangible assets include software and tenancy rights. The following table sets out capital expenditures (addition to fixed assets) for the period/year indicated:

(in ₹million)

Particulars	Six months ended September 30, 2017	Fiscals		
		2017	2016	2015
<b>Tangible Assets</b>				
<b>Assets for own use</b>				
Furniture and fixtures	0.80	3.40	19.00	9.80
Plant and machinery	-	2,250.00	-	-
Motor vehicles	6.90	-	7.30	6.90
Computers and office equipment	6.70	7.30	82.70	20.70
<b>Total</b>	<b>14.40</b>	<b>2,260.70</b>	<b>109.00</b>	<b>37.40</b>
<b>Assets given on operating lease</b>				
Earthmoving equipment	3,435.50	3,646.80	917.30	1,490.60
Motor vehicles	2,013.50	2,055.60	711.40	2,868.40
Plant and machinery	12,682.00	4,183.70	265.60	1,051.10
Windmills	-	-	-	300.00
Computers	517.20	478.30	482.60	649.50
Furniture and fixtures	156.00	311.30	45.90	114.80
<b>Total Tangible Assets</b>	<b>18,804.20</b>	<b>10,675.70</b>	<b>2,422.80</b>	<b>6,474.40</b>
<b>Intangible Assets</b>				
<b>Assets for own use</b>				
Software	12.20	38.20	59.80	95.40
<b>Assets given on operating lease</b>				
Software	0.20	11.00	42.30	57.80
<b>Total Intangible Assets</b>	<b>12.40</b>	<b>49.20</b>	<b>102.10</b>	<b>153.20</b>

We expect to meet our funds, capital expenditures and investment requirements for the next 12 months primarily from revenues from operating activities and borrowings.

Our actual capital expenditures may differ from the amount set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India, defects or cost overrun, changes in the legislative and regulatory environment and other factors that are beyond our control.

## Capital to Risk-Weighted Assets Ratios

The RBI monitors capital to risk-weighted assets ratios based on financial information. The following table sets forth our capital to risk-weighted assets ratios for the dates indicated:

	As of September 30, 2017	As of March 31,		
		2017	2016	2015
CRAR (%)	16.80	18.59	19.60	16.99
CRAR Tier-I Capital (%)	11.30	13.64	14.63	13.29
CRAR Tier-II Capital (%)	5.50	4.95	4.97	3.70
Amount of subordinated debt raised as Tier-II capital (₹ in million)	5,669.90	3,035.00	3,596.00	410.00
Amount raised by issue of Perpetual Debt Instruments	-	-	-	-

## Credit Ratings

The following table sets forth our credit ratings as of the date of this Draft Red Herring Prospectus:

Instrument	Rating Agency	Rating
Long-term Bank facilities	CARE	AA-; Positive
Short-term Bank facilities	CARE	A1+

<b>Instrument</b>	<b>Rating Agency</b>	<b>Rating</b>
Perpetual Debt Instruments	CARE	A; Positive
Non-Convertible Debentures	CARE	AA-; Positive
Secured Long Term Non-Convertible Debentures	BWR	AA+/ Stable
Secured, Unsubordinated Redeemable Non-Convertible Debentures	SMERA	AA+/Stable
Unsecured Subordinated Tier-II Non-Convertible Debentures	CARE	A+; Positive
Unsecured, Subordinated (Tier-II) Redeemable Non-Convertible Debentures	BWR	AA+/ Stable
Unsecured, Subordinated Redeemable Non-Convertible Debentures	SMERA	AA+/ Stable
Short Term Debt (STD) Programme	ICRA	A1+
Commercial Paper	BWR	A1+
Commercial Paper	CARE	A1+

### **Related Party Transactions**

For details of related parties transactions entered into by our Company, please see “*Related Party Transaction*” on page 218.

### **Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to various types of market risks during the normal course of business such as interest rate risk, liquidity risk, credit risk, portfolio risk, operational risk, foreign currency risk and cash management risk. For further details, please see “*Our Business- Risk Management*” on page 160.

### **Reservations, Qualifications and Adverse Remarks**

There are no reservations or qualifications or adverse remarks of the Auditors in the Restated Financial Information in relation to the last five Fiscals and six months ended September 30, 2017 immediately preceding this Draft Red Herring Prospectus.

### **Unusual or Infrequent Events or Transactions**

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

### **Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in “*Significant Factors Affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on page 15.

### **Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject to significant economic changes arising from the trends identified above in “*Significant Factors affecting our Results of Operations*” and the uncertainties described in “*Risk Factors*” on page 15. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **Future Relationship between Cost and Revenue**

Other than as described in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 15, 141 and 309, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

### **New Products or Business Segments**

Other than as disclosed in this section and in “*Our Business*” on page 141, there are no new products or business segments that are currently proposed to be developed or launched.



### **Dependence on a Few Customers**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

### **Seasonality of Business**

Our business operations may be affected by seasonal trends in the Indian economy. Generally, the monsoon season (which varies across different regions in India) typically witnesses lower infrastructure development activity and construction, due to which volumes of equipment purchased and disbursements made by us may be lower. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced. For further details, please see “*Risk Factor – Our business may be affected by the seasonal trends in the Indian economy*” on page 31.

### **Competitive Conditions**

We operate in a competitive environment. Please see “*Our Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 141, 91 and 15, respectively for further information on our industry and competition.

### **Significant Developments after September 30, 2017**

Except as set out in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which have materially or adversely affected or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

### **Recent Accounting Pronouncements**

Our annual financial statements were prepared under Indian GAAP. Our financial statements for Fiscal 2019 will be prepared under Ind AS. Given that Ind AS is different in many respects from Indian GAAP and the transition to Ind AS is recent, this may have a significant impact on our financial results and position. For more information, please see “*Summary of Significant Differences Between Indian GAAP and Ind AS*” on page 303.

## FINANCIAL INDEBTEDNESS

Pursuant to a special resolution passed by our Shareholders in the extraordinary general meeting held on October 28, 2013, our Board has been authorised to borrow sums of money for the purposes of our Company, with or without security, upon such terms and conditions as the Board may think fit which, together with the monies borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) not exceeding an amount aggregating to ₹ 250,000 million irrespective of whether such amount exceeds the aggregate of the paid-up share capital and free reserves of our Company.

### BORROWINGS OF OUR COMPANY

As on September 30, 2017, our Company had total outstanding secured and unsecured borrowings amounting to ₹ 136,970.20 million and ₹ 27,870.50 million, respectively. Set forth below is a brief summary of our aggregate borrowings as on September 30, 2017:

Category of Borrowing	Sanctioned amount (₹ million)	Rate of Interest	Repayment Schedule	Outstanding amount as on September 30, 2017 (₹ million)
<b>Secured</b>				
Rupee term loans from banks and financial institutions	36,000.00	8.00% to 12.00 %	Domestic term loans are payable between Fiscals 2018 and Fiscal 2023.	28,555. 50
Foreign Currency term loans from banks and financial institutions	9,598.00	3.00% to 6.00 %	Foreign term loans are payable between Fiscals 2018 and Fiscal 2025.	6,969. 50
Working capital demand loan (Rupee Loan)	109,250.00 <sup>1</sup>	8.00% to 10.00 %	Working capital facilities are Renewable lines. <sup>4</sup>	49,300.00
Working capital facilities (cash credit) (Rupee Loan)		9.00% to 14.00 %	Working capital facilities are Renewable lines. <sup>4</sup>	37,828.00
Working capital facilities (Foreign Currency loan)		4.00% to 5.00 %	Working capital facility is payable in Fiscal 2018.	953.80
Buyer's credit foreign currency loans		0.20% to 3.00 %	Buyer's credit foreign currency loans facilities are payable between Fiscal 2018 and Fiscal 2019	3,066. 40
Non-Convertible Debentures	12,197.00 <sup>2</sup>	8.00% to 11.00 %	Non-convertible debentures are payable between Fiscal 2018 and Fiscal 2027.	10,297. 00
<b>Unsecured</b>				
Subordinated redeemable non-convertible debentures (Tier II Capital)	17,668.90	9.00% to 12.00%	Subordinated redeemable non-convertible debentures are payable between Fiscal 2018 and Fiscal 2028.	17,668.90
Subordinated perpetual debentures (Tier I Capital)	375.00	12.5% <sup>3</sup>	Perpetual debentures <sup>3</sup>	375.00
Non-convertible debentures	20.00	9.95% to 10.00%	Non-convertible debentures are payable in Fiscal 2021.	20.00
Short- term rupee loan	2,000.00	8.00% to 9.00%	Short- term rupee loan is payable in Fiscal 2019.	2,000.00
Commercial papers	5,200.00	7.00% to 8.00%	The commercial papers issued by us are payable between Fiscal 2018 and Fiscal 2019.	5,078.40
Rupee subordinated loans (Tier II Capital)	2,000.00	11.00% to 12.00%	The Rupee subordinated loans are payable between Fiscal 2018 and Fiscal 2022.	1,166.70
Foreign currency loans	1,735.00	1.00% to 2.00%	Foreign currency loan is payable in Fiscal 2027.	1,561.50

<sup>1</sup>Buyers Credit outstanding is against the non fund based limit sanctioned by the bank.

<sup>2</sup>Allotment amount of the NCD's outstanding as on date.

<sup>3</sup>These perpetual debentures have call option which is exercisable on or after December 31, 2021 with prior approval of RBI. The coupon rate of these perpetual debentures is 12.50% per annum which shall be stepped up by 100 basis points to 13.50% per annum for subsequent years, if Call Option is not exercised by the Company at the end of 10th year from the date of allotment i.e. December 31, 2021.

<sup>4</sup>Repayable on demand.



## PRINCIPAL TERMS OF THE BORROWINGS AVAILED BY OUR COMPANY

### I. Principal terms of domestic term loans availed by us:

1. *Interest:* In terms of the loans availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different loans.
2. *Tenure:* The tenor of our domestic term loans typically ranges from three to 5.5 years.
3. *Rescheduling:* Our domestic term loans typically do not permit rescheduling.
4. *Security:* Our domestic term loans are typically secured through an exclusive charge by way of hypothecation or assignment of the assets financed out of such term loan for operating lease, lease rentals and hire-purchase or loan instalments, and/or assignment of the entire rentals and instalment receivable against such assets.
5. *Repayment:* The repayment schedule of our domestic term loans typically require us to make payments in instalments, which may be monthly, quarterly or half-yearly in nature. If we wish to pre-pay the domestic term loans, we may be required to pay an additional sum under some of our domestic term loan agreements, ranging from 1% to 2% on the outstanding loan, or any other such amount as the lender may decide. In case we default on making payments, we may be subject to penal interest under some of our domestic term loan agreements, typically ranging from 0.5% to 3% on the outstanding amount, and an additional fee, which is typically 1% of the outstanding amount.
6. *Events of Default:* As per the terms of our domestic term loan agreements, some of the material events of default include:
  - i. Non-payment of interest or instalments due on time or threatening to stop payment
  - ii. Any event having an adverse effect on the ability of our Company to make payments
  - iii. Non-performance, non-observance or breach of any sanctioned term or condition
  - iv. Misrepresentation of statements or facts
  - v. Insolvency, the apprehension of insolvency, winding up, appointment of a receiver, or any event causing the distress of our assets
  - vi. Amalgamation, reorganisation or nationalisation of our Company
  - vii. Defaults in terms of applicable regulations promulgated by the RBI, or actions by the RBI against our Company
  - viii. Jeopardising or committing acts that are prejudicial to the security provided
  - ix. Inadequate insurance of lease assets, hire purchase assets and other assets or receivables offered as security
  - x. Initiation of legal action or the execution of a decree against the whole or part of the property of the Company
  - xi. Cessation, threat of cessation or change in the business of our Company
  - xii. Default in the performance of covenants and conditions
  - xiii. Misuse or diversion of funds for purposes other than the sanctioned purpose
  - xiv. Downgrading of credit ratings below specified limits
  - xv. Failure to maintain stipulated margins

As a consequence of the happening of any event of default, all outstanding amounts may become payable, the securities we have given may be enforced and a receiver may be appointed, such security may be sold, the lender may appoint whole time directors on the Board of our Company or the names of our Company, our Promoter and our Directors may be published as defaulters. Additionally, under the terms of certain of our borrowings, we are subject to cross default provisions and accordingly, a default under one or more of our borrowings may trigger a default under such borrowings.

## **II. Principal terms of the foreign currency term loans availed by us:**

1. *Tenure*: The tenor of our foreign currency term loans is typically three to five years.
2. *Rescheduling*: Our foreign currency term loans typically do not permit rescheduling.
3. *Security*: Our foreign currency term loans are typically secured through an exclusive charge by way of hypothecation on assets acquired or to be acquired from the proceeds of such loans.
4. *Repayment*: The repayment schedule of our foreign currency term loans typically requires us to make payments in instalments which may be half yearly in nature. We are permitted to pre-pay our foreign currency term loans after giving notice and on such terms as the lender may decide. In case we default in making payments, we are typically subject to a penal interest of 2% on the outstanding amount.
5. *Events of Default*: As per the terms of our foreign currency term loan agreements, some of the material events of default include:
  - a) Non-payment of interest or instalments due on time, including arrears of interest
  - b) Non-performance, non-observance or breach of any sanctioned term or condition
  - c) Insolvency, winding up, appointment of a receiver, or any event causing the distress of our assets
  - d) Jeopardising the security provided
  - e) Inadequate insurance coverage
  - f) Supply of misleading information

As a consequence of the happening of any event of default, the lender may recall the facility and the securities we have given may be enforced or liquidated.

## **III. Principal terms of foreign term loans (ECBs) availed by us:**

1. *Tenure*: The tenor of our foreign term loans typically ranges from five to 8.5 years.
2. *Rescheduling*: Our foreign term loans typically do not permit rescheduling.
3. *Security*: Our foreign term loans are typically secured through an exclusive or first priority charge on assets acquired out of the proceeds of the loan, receivables or rights under any investment agreement or transaction funded using the loan and rights under investment agreements.
4. *Repayment*: The repayment schedule of our foreign term loans typically require us to make payments in instalments, which may be quarterly or half-yearly in nature, or make bullet payments on maturity of the loan. We are typically permitted to pre-pay our foreign term loans after giving notice. In case we default on making payments, we may be subject to a penal interest of 2% on the outstanding amount.
5. *Events of Default*: As per the terms of our foreign term loan agreements, some of the material events of default include:
  - i. Non-payment of interest or instalments due on time
  - ii. Non-satisfaction of any financial covenant



- iii. Non-performance or breach of any sanctioned term or condition, or any cross default
- iv. Misrepresentation of statements or facts or supply of misleading information
- v. Insolvency, winding up or any other such process initiated by our creditors
- vi. Unlawfulness, repudiation, governmental intervention, embargo, illicit origin of funds, corruption or expropriation
- vii. Cessation of business interest
- viii. Material adverse change or deterioration in the financial situation or business relationships of our Company
- ix. Environmental matters
- x. Deterioration of the security interest of the lender

As a consequence of the happening of any event of default, the loan may be accelerated and all unpaid or balance amounts shall become liable to be paid, the security we have given may be enforced and a receiver may be appointed. Additionally, under the terms of certain of our borrowings, we are subject to cross default provisions and accordingly, a default under one or more of our borrowings may trigger a default under such borrowings.

#### **IV. Principle terms of NCDs issued by our Company:**

1. *Tenor:* The tenor of our secured and un-secured NCDs typically ranges from one to 10 years.
2. *Security:* For Secured NCDs issued by our Company the security is receivables/assets of the Company and immovable property located in West Bengal and Maharashtra.
3. *Restrictive Covenants:* In accordance with the trustee agreements entered into with the lenders for the purpose of issuing NCDs, certain corporate actions by our Company which requires prior written consent of the bond trustee, among others, include:
  - i. *Sale, disposal and removal of assets:* Without prior approval of the debenture trustee and debenture holder(s) / beneficial owner(s) no land, buildings, structures, plant and machinery of the Company are sold, disposed of, charged, encumbered or alienated or the same are pulled down or demolished.
  - ii. *Jeopardising security:* Our Company cannot create any charge on the secured assets or any part thereof without the prior approval of the Trustee/debenture holders.
  - iii. *Alteration in provisions of memorandum and/or articles of association:* Our Company, shall not make or attempt to make any alteration in the provisions of its Memorandum and/or Articles of Association without the previous consent in writing of the debenture trustee, which might in the opinion of the debenture trustee detrimentally affect the interests of the debenture holder(s)/ beneficial owner(s).

#### **V. Principle terms of our commercial papers**

Our Company has issued commercial papers with an aggregate amount of ₹ 5,078.43 million being outstanding as on September 30, 2017. All commercial papers issued by us are repayable on their respective maturity dates and carry a fixed rate of interest.

#### **RESTRICTIVE COVENANTS UNDER VARIOUS FINANCING ARRANGEMENTS**

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:

- a. Change in the capital structure of our Company
- b. Substantial changes in the management set up
- c. Make any adverse changes which affect the interests of the Company, such as changes in the financial year of our Company
- d. Formulate any scheme for merger, amalgamation or re-organization
- e. Implement any scheme of expansion or diversification or capital expenditure except replacement of assets in the ordinary course of business
- f. Approaching the capital markets for mobilising additional resources either in the form of debt or equity
- g. Create or form a subsidiary of our Company
- h. Undertake guarantee obligations on behalf of any other company, firm or person, other than in ordinary course of business
- i. Entering into borrowing arrangements or arrangement with creditors

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 Offer. For further information on restrictive covenants, please see “*Risk Factors*” on page 15.

**SECTION VI – LEGAL AND OTHER INFORMATION****OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as stated in this section there are no outstanding: (i) criminal proceedings; (ii) actions by statutory / regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Policy (as defined hereinafter below), each involving our Company, Directors, Promoters or Group Companies.*

*Our Board, in its meeting held on October 25, 2017, has adopted a policy on the identification of material litigations and material creditors (“**Materiality Policy**”) for the purposes of disclosure in this Draft Red Herring Prospectus in accordance with the SEBI ICDR Regulations. As per the Materiality Policy, other than for the purposes of (i) to (iii) above, all outstanding litigation:*

- a) involving our Company and our Directors (i) where the amount involved, to the extent quantifiable, is more than 10% of the profit after tax or one percent of the net worth of the Company as per the last full year audited financial statements of the Company i.e. Fiscal 2017, whichever is lesser, i.e. ₹148.84 million; or (ii) whose outcome could have a material impact on the business, operations, prospects or reputation of the Company; shall be considered as ‘material litigation’ for the Company, and accordingly have been disclosed in this Draft Red Herring Prospectus.*
- b) involving our Promoter and Group Companies (i) where the amount involved, to the extent quantifiable, is more than one percent of the net worth of the Company as per the last full year audited financial statements of the Company i.e. Fiscal 2017, i.e. ₹247.27 million; or (ii) whose outcome could have a material impact on the business, operations, prospects or reputation of our Company; be considered as ‘material litigation’ for the Company, and accordingly have been disclosed in this Draft Red Herring Prospectus.*

*It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company, Promoters, Group Companies or Directors shall, unless otherwise decided by our Board, not be evaluated for materiality until such time that our Company or any of our Promoter, Directors or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.*

*Further, except as stated in this section, there are no: (i) litigations or legal actions against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Red Herring Prospectus; (ii) pending litigations involving our Company, Directors, Promoter, Group Companies or any other person which may have a material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) defaults or non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the five years immediately preceding the year of this Draft Red Herring Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the five years immediately preceding the year of this Draft Red Herring Prospectus; (vii) material frauds committed against our Company in the last five years; (viii) overdues or defaults to banks or financial institutions by our Company; and (ix) outstanding dues to small scale undertakings.*

*As per the Materiality Policy, such entities to whom the trade payables due exceeds one percent of the trade payables of the Company as per the last full year audited financial statements i.e. as on March 31, 2017 i.e. ₹102.95 million, shall be considered as ‘material creditors’ of the Company.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.*

*All terms defined in a particular litigation disclosure below are for that particular litigation only.*

**I. Litigation involving our Company*****Litigations against our Company***

- (a) Criminal Proceedings:*

As on the date of this Draft Red Herring Prospectus, our Company, some of our directors and some of our employees are party to 21 criminal cases relating *inter alia* to cheating, criminal breach of trust and theft, filed by our customers before various courts across India. There are also some cases of assault and obscenity against the employees of our Company, filed in relation to their repossession of assets financed by our Company. In some of these matters, our Company and the accused employees have filed applications under before various High Courts in India for the quashing of outstanding criminal complaints and cases.

1. There are seven criminal proceedings initiated by our customers against several employees of our Company (collectively the “**Accused Employees**”), alleging offences under various provisions of the Indian Penal Code, 1860. These matters primarily concern actions taken by our employees during the repossession of assets of our customers. In certain cases, the relevant Accused Employees have filed criminal revision petitions before the appropriate High Court having jurisdiction over these matters. These proceedings are pending before various forums at different levels of adjudication.
2. Mr. Somnath Chakraborty, a partner of the firm M/s Bhagwati Infrastructure (“**Bhagwati**”) has lodged a first information report with the Electronic Complex police station, Kolkata against *inter alia* Mr. Hemant Kanoria, our Chairman and Managing Director and certain employees of our Company (collectively the “**Accused**”) for offences under various provisions of the Indian Penal Code, 1860 (“**IPC**”), alleging *inter alia* cheating, criminal breach of trust and forgery. Resultantly, proceedings commenced before the Additional Chief Judicial Magistrate, Bidhannagar, and arrest warrants were issued against the Accused. Aggrieved by these proceedings, our Company has filed a criminal revision petition before the Calcutta High Court. The Calcutta High Court, in terms of separate orders dated August 23, 2017 and August 25, 2017, and two orders dated September 8, 2017 respectively, has stayed any further proceedings in the matter.

Further, Mr. Alok Kumar (the “**Complainant**”), another partner of Bhagwati, has lodged a first information report (“**FIR**”) with the Tollygunge police station, Kolkata, alleging that our Company and the branch manager of the Rashbehari Avenue branch of Dena Bank have committed offences under various provisions of the IPC, alleging *inter alia* cheating and forgery. Our Company has filed a revision petition against the FIR before the High Court of Calcutta (“**High Court**”). The High Court, *vide* an order dated August 25, 2017, has stayed further proceedings in the matter.

In addition, our Company has filed a criminal complaint against *inter alia* the Complainant before the 19<sup>th</sup> Metropolitan Magistrate Court, Calcutta (the “**Magistrate**”), alleging offences under various provisions of the Indian Penal Code *inter alia* relating to cheating and criminal breach of trust. Subsequently, the Magistrate, *vide* an order dated June 22, 2017, has issued arrest warrants against the Complainant. The matter is currently pending.

3. Mr. Amol Ramesh Patil (the “**Complainant**”) made an application before the VIII Chief Judicial Magistrate First Class, Kolhapur (the “**Magistrate**”), for the initiation of investigation against seven employees of our Company, including our Chief Executive Officer, Mr. D. K. Vyas (collectively the “**Accused**”) for offences under various provisions of the Indian Penal Code, 1860, alleging that the Company had obtained the Complainant’s signature on blank documents with the intention to bind him to an illegal contract. The Magistrate, *vide* an order dated March 21, 2014 directed the Shahpuri police station, Kolhapur to conduct an investigation against the Accused. The Shahpuri police station, Kolhapur has filed a report dated January 28, 2015 indicating that no offence has been made out. The matter is currently pending.
4. Mr. S. Papa Rao (the “**Complainant**”) made an application before the XI Additional Chief Metropolitan Magistrate, Secunderabad (the “**Secunderabad Magistrate**”), for the initiation of investigation against our Company, our Vice Chairman, Mr. Sunil Kanoria, three employees of our Company and one other (collectively the “**First Accused**”) for offences under various provisions of the Indian Penal Code, 1860, alleging that even though his property had been repossessed and sold by our Company, pursuant to which our Company had issued a no objection certificate, our Company had initiated further cases against the Complainant for the dishonour of certain cheques issued by him. The Complainant further alleged that our Company failed to return certain post-dated cheques issued by him that were in the possession of our Company. The Secunderabad Magistrate, *vide* an order dated April 23, 2012, directed the Begumpet police station to lodge a first information report (“**First FIR**”) against the First Accused. The First Accused have filed a criminal revision petition before the High Court of Hyderabad (“**High Court**”) for quashing the First FIR. The High Court, *vide* an order dated February 18, 2013, has granted an interim stay on all further proceedings in the matter.

Subsequently, the Complainant made an application before the VI Additional Chief Metropolitan Magistrate, Hyderabad (the “**Hyderabad Magistrate**”) for the initiation of investigation against our Chairman and Managing Director, Mr. Hemant Kanoria and an employee of our Company (collectively the “**Second Accused**”) for offences under various provisions of the Indian Penal Code, 1860, alleging that our Company had induced him into executing a contract by making false promises, and thereafter had supplied out-dated and defective vehicles. The Hyderabad Magistrate *vide* an order dated September 8, 2014, directed the police station, Humayun Nagar to lodge a first information report (“**Second FIR**”) against the Second Accused. Subsequently, the Second Accused have approached the High Court for quashing the Second FIR. *Vide* an order dated December 18, 2014, the High Court has granted an interim stay on all further proceedings in the matter. The matters are currently pending.

5. GGS Infrastructure Private Limited (the “**Complainant**”) made an application before the Sub-Divisional Judicial Magistrate, Bhubaneswar (the “**Magistrate**”) for the initiation of investigation against our Company, our Vice Chairman, Mr. Sunil Kanoria, our Chief Executive Officer, Mr. D. K. Vyas, an employee of our Company and others (collectively the “**Accused**”) for offences under various provisions of the Indian Penal Code, 1860, relating to *inter alia* robbery, dacoity, voluntarily causing hurt, obscenity and criminal intimidation, as well as provisions of the Arms Act, 1959 *inter alia* in relation to the illicit usage of arms. The Complainant has alleged that the Accused intimidated him with the help of armed men in order to unlawfully repossess his assets. The Magistrate *vide* an order dated September 11, 2013, directed the Shaheed Nagar police station (“**Police Authority**”) to lodge a first information report (“**FIR**”) against the Accused. The matter is currently pending.
6. Mr. Mohan Singh Chundawat (the “**Complainant**”) lodged a first information report before the Ambamata police station, Rajasthan against our Chairman and Managing Director, Mr. Hemant Kanoria and others for offences under various provisions of the Indian Penal Code, 1860, relating to *inter alia* criminal breach of trust, cheating and forgery. The Complainant had purchased second hand equipment from our Company on the assurance that title documents and other records would be provided to him in the due course of time. The Complainant has alleged that upon independent enquiry, he discovered pending tax and other dues in relation to the equipment, which had not been disclosed to him by our Company. The matter is currently pending.
7. Mr. Naganagouda Neeralagi filed a criminal complaint against our Vice Chairman, Mr. Sunil Kanoria and five employees of the Company (collectively the “**Accused**”) before the Additional Senior Civil Judge and Chief Judicial Magistrate, Dharwad (the “**Magistrate**”), alleging various offences under the Indian Penal Code, 1860 for allegedly supplying him with defective materials and repossessing his assets by force. Aggrieved by a summons dated May 16, 2015 issued by the Magistrate against the Accused (the “**Summons Order**”), the Accused has filed a criminal revision petition before the High Court of Karnataka, Dharwad Bench (“**High Court**”). The High Court, *vide* its order dated April 12, 2016, has stayed the proceedings pending before the Magistrate. Further, our Company filed a criminal revision petition before the District and Sessions Judge, Dharwad for an interim stay on the Summons Order, which was granted *vide* an order dated August 6, 2016. The matter is currently pending.
8. Mr. Tukeshwar Prasad (the “**Complainant**”) made an application before the Judicial Magistrate First Class, Hazaribagh (the “**Magistrate**”) for the registration of a first information report against our Chairman and Managing Director, Mr. Hemant Kanoria, and certain employees of our Company (collectively the “**Accused**”) for offences under various provisions of the Indian Penal Code, 1860, relating to *inter alia* criminal breach of trust and cheating. The Complainant has alleged that the Accused had unlawfully repossessed and sold certain assets belonging to the Complainant. The Magistrate, *vide* an order dated March 28, 2016, directed the Barkagaon police station, Hazaribagh to register a first information report (“**FIR**”) against the Accused. The Accused have filed an application before the High Court of Jharkhand (“**High Court**”), seeking that the FIR be quashed. In terms of an interim order dated April 4, 2017, the High Court has ordered a stay on any coercive steps against the Accused, until any further orders in this regard. The matter is currently pending.
9. Mr. Byra Reddy S. filed a criminal complaint before the Judicial Magistrate, First Class, Gudibande (the “**Magistrate**”) against GMMCO Limited, Caterpillar India Private Limited and our Company (collectively the “**Accused**”) for offences under various provisions of the Indian Penal Code, 1860, relating to *inter alia* dishonest misappropriation of property, criminal breach of trust, cheating and dishonestly inducing delivery of property. The Complainant alleged that the Accused supplied him with a defective machine. The Magistrate, in terms of the order dated January 20, 2017, directed Gudibande police station (the “**Police Authority**”) to conduct an investigation against the Accused. The Police Authority registered a first

information report against *inter alia* the Company, and served a notice dated February 14, 2017 upon our Company, seeking certain documents and information (the “**Notice**”). Our Company responded to the Notice on March 13, 2017. The matter is currently pending.

10. Mr. Subhash Prasad filed a criminal complaint before the VI Additional Chief Judicial Magistrate, Chhapra (the “**Magistrate**”) against an employee of our Company and another (collectively the “**Accused**”) for offences under various provisions of the Indian Penal Code, 1860, relating to *inter alia* cheating and criminal intimidation. The Complainant alleged that the Accused employee had fraudulently sold an old vehicle to him under the pretext that it was new. The Magistrate *vide* an order dated June 28, 2016 issued summons to the Accused. The Accused employee had made an application for anticipatory bail before the VI Additional District Judge, Saran (the “**ADJ**”) which was refused *vide* an order of the ADJ dated September 15, 2016. The Accused employee of our Company has filed a criminal petition before the Hon’ble High Court at Patna (“**High Court**”) seeking quashing of the proceedings pending before the Magistrate at Saran. The High Court, *vide* an order dated August 1, 2017, has stayed the proceedings before the Magistrate. The matter is currently pending.
11. Roman Tarmat Limited, a borrower of our Company, filed a criminal complaint before the Metropolitan Magistrate, 67<sup>th</sup> Court, Borivali, Mumbai (the “**Magistrate**”) for the initiation of investigation against our Chairman and Managing Director, Mr Hemant Kanoria, our Vice Chairman, Mr. Sunil Kanoria and certain directors of SIFL (collectively the “**Accused**”), alleging various offences under the Indian Penal Code, 1860 for the forceful repossession of a financed asset. The Magistrate, *vide* an order dated October 13, 2015, directed Dindoshi police station to register a first information report against the Accused. Mr. Hemant Kanoria and Mr. Sunil Kanoria have filed a writ petition before the High Court at Bombay (“**High Court**”) for quashing of the Complaint. The High Court, *vide* an order dated February 10, 2016 has ordered that no coercive action may be taken against Mr Hemant Kanoria and Mr Sunil Kanoria. The matter is currently pending.
12. Mr. G.T. Ramarao (the “**Complainant**”) had lodged a first information report before the Samuktala police station, Alipurduar against our Company and another, for various offences under the Indian Penal Code, 1860, alleging that the vehicles financed by our Company were illegally repossessed by us and sold to third parties. The matter is currently pending.
13. Kalinga Commercial Corporation Limited (“**KCCL**”), a borrower from our Company, filed a criminal complaint before the Judicial Magistrate First Class, Jajpur Road (the “**JMFC Court**”) against our Company, Mr. Hemant Kanoria, our Chairman and Managing Director, Mr. Sunil Kanoria, our Vice Chairman and four employees of our Company (collectively the “**Accused**”), alleging offences under various provisions of the Indian Penal Code, 1860, *inter alia* in relation to giving false declarations and making false claims in court and cheating. KCCL alleged that our Company had illegally taken physical possession of its equipment for defaults in the repayment of credit facilities that we had extended to it, in accordance with orders passed by the High Court of Calcutta. A first information report was lodged against the Accused before the Kaliapani police station. Our Company and the four accused employees have filed an application before the High Court of Orissa against *inter alia* KCCL and its holding company, seeking *inter alia* that the proceedings are quashed. The matter is currently pending.

(b) *Actions by Statutory and Regulatory Authorities:*

In the normal course of our business, our Company receives and has received communications from the MCA and the Stock Exchanges from time to time, seeking information, and we duly reply to the same. Other pending actions by regulatory or statutory authorities against our Company are disclosed below:

1. The RoC issued a notice dated May 11, 2016 (“**Notice**”) to our Company, seeking details of our Company’s corporate social responsibility expenditure for Fiscal 2015. Our Company *vide* a correspondence dated June 2, 2016 has replied to the Notice, giving all required details. There has been no subsequent correspondence with RoC on the matter.
2. The RoC issued a show cause notice dated June 22, 2015 (“**Notice**”) to our Company and our Directors for the alleged violation of the certain provisions of the Companies Act, 2013 and the Companies (Appointment & Qualification of Directors Rules) 2014, concerning the non-appointment of a woman director on our Board. The Company has responded to the Notice *vide* a letter dated July 7, 2015, and has taken appropriate action accordingly. There has been no subsequent correspondence with RoC on the matter.



(c) *Civil and other material pending litigations:*

- Atlanta Limited (the “**Borrower**”) and its director, Mr. Rikiin Rajhoo Bbarot (the “**Director**”) had filed a suit against our Company and SIFL before the High Court of Bombay (“**High Court**”), for the release of certain shares which were pledged by the Director in favour of our Company for loans taken by the Borrower. The litigation was settled, and our Company and SIFL entered into consent terms with the Borrower (the “**Consent Terms**”), which were recorded by the High Court in its order dated May 5, 2011. Subsequently, the Borrower filed a civil suit against our Company and certain others, claiming damages of ₹ 500.00 million, alleging the wrongful lodging of a false complaint with TransUnion CIBIL Limited (“**CIBIL**”), a credit information company. The Borrower further alleged that although the Consent Terms state *inter alia* that our Company and SIFL shall not institute fresh complaints / proceedings against the Borrower, our Company had informed CIBIL of certain defaults in the repayment of loans by the Borrower. The matter is currently pending.

(d) *Tax Cases:*

Provided below is a summary of direct and indirect taxation proceedings pending against our Company as on the date of this Draft Red Herring Prospectus:

(in ₹ million)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
<i>Direct tax</i>		
Sub-total (A)	2	530.00
<i>Indirect tax</i>		
Sub-total (B)	18*	483.70
<b>Total (A+B)</b>	<b>20</b>	<b>1013.70</b>

\* excluding standard assessment proceedings

***Litigations by our Company***

(a) *Criminal Proceedings:*

Our Company has initiated 753 criminal proceedings which are pending as on the date of this Draft Red Herring Prospectus. Such proceedings are either in the form of first information reports, criminal complaints before sessions courts of the relevant jurisdictions, or as applications for the initiation of investigation, alleging defaults on loans, misappropriation of money, cheating, forgery and assault on employees of our Company by our customers. In certain cases, we have also alleged cheating, criminal breach of trust and misappropriation of property. These cases are pending in different forums at different stages of adjudication.

Our Company, being an AFC, has also initiated approximately 49,314 cases, which were pending as on November 24, 2017, for the dishonour of cheques under the Negotiable Instruments Act, 1881 and/or for the dishonour of electronic funds transfers under the Payment and Settlement Systems Act, 2007, against our customers for the recovery of outstanding dues. These cases are pending across different forums at different stages of adjudication. The aggregate amount involved in these proceedings, to the extent ascertainable, is ₹ 10,405.28 million. In several instances, our customers have filed applications before the High Courts of relevant jurisdictions or other forums, for the quashing of complaints and first information reports filed by our Company against them.

In addition, our Company has initiated four criminal proceedings against various former employees of our Company, for offences under various provisions of the Indian Penal Code, 1860, alleging fraudulent actions of these former employees against our Company and our customers, including illegal gratification, conspiracies to commit financial fraud for wrongful gain and the use of the documents of our Company to wrongfully collect money from our customers. These matters are pending before various forums at various stages of adjudication.

(b) *Civil and other material pending litigations:*

Our Company has initiated several arbitration proceedings against customers that have defaulted on the repayment of loans granted to them, which are pending before various arbitration tribunals. Our Company has also filed petitions for interim orders restraining customers from disposing of certain property during the pendency of arbitration proceedings. Further, we have filed execution petitions to execute awards in our favour, which are pending before several courts in India.

Additionally, as on the date of this Draft Red Herring Prospectus, our Company is involved in several civil and consumer cases, which are pending at various stages of adjudication across various forums. These matters *inter alia* concern the repossession of assets, non-production of documents and disputes raised by guarantors.

The material pending litigations filed by our Company are as disclosed below:

1. Our Company had extended loan to Jaisu Dredging & Shipping Ltd (“**JDSL**”) for the purchase the vessels ‘M.V. Kamal XXIII’ and ‘M.V. Kamal XXIV’ (collectively the “**Vessels**”) under a loan-cum-hypothecation agreement dated April 15, 2011 (the “**Loan Agreement**”). Thereafter, on account of repeated defaults by JDSL, our Company restructured the Agreement and a fresh agreement dated July 3, 2012 (the “**Restructured Agreement**”) was entered into between our Company and JDSL for a sum of ₹ 140 million. However, JDSL defaulted in paying instalments under the Restructured Agreement. Subsequently, our Company issued a letter of termination dated March 18, 2013 to JDSL, requesting them to make payment of a total sum of ₹ 167.40 million which was due and payable to our Company as on March 14, 2013. Further, our Company initiated arbitration proceedings before a sole arbitrator against Sujay M. Kewalramani, Mohanlal Gopaldas Kewalramani and Rajesh Kanyalal Kewalramani, the guarantors to the Loan Agreement (the “**Guarantors**”), *inter alia* claiming an amount of ₹ 167.39 million. The Guarantors have filed a declaratory suit before the City Civil Court, Bombay against our Company, seeking *inter alia* a declaration that the deed of guarantee entered between our Company and the Guarantors was fraudulent and accordingly not binding on the guarantors.

Our Company has simultaneously filed an admiralty suit before the Calcutta High Court (“**High Court**”) in its admiralty jurisdiction, praying for *inter alia* (i) a decree for ₹ 167.40 million; (ii) arrest of the Vessels, along with their tackles, apparel, dredgers and furniture; (iii) sale of the Vessels and appropriation of proceeds realized from the same in *pro tanto* satisfaction of our Company’s claims. Our Company also filed an affidavit of arrest before the High Court, seeking *inter alia* the arrest of the Vessels, along with their tackle apparel, dredgers and furniture until adequate security be furnished by JDSL for our Company’s claim. The High Court, *vide* an order dated August 13, 2013, appointed a receiver (the “**Receiver**”) and thereafter, *vide* an order dated May 8, 2014 *inter alia* confirmed sale of the Vessels in favour of M. Pallonji & Company Private Limited for the sum of ₹ 6.50 million each, aggregating to ₹ 13.00 million. Such sums have been deposited with the Receiver, who has been directed to open an account with a nationalised bank and invest the sale proceeds in a short-term deposit. The matter is currently pending.

2. Our Company had extended various loans to Wianxx Impex Private Limited (“**WIPL**”) *vide* four loan agreements, which were restructured by our Company on multiple occasions. After several rounds of restructuring, our Company finally entered into two restructured loan agreements with WIPL dated April 1, 2016 (the “**First Restructured Agreement**”) and June 24, 2016, respectively. However, WIPL continued to default in its repayment of the loan amount due under the First Restructuring Agreement. Consequently, our Company has filed a company application before the National Company Law Tribunal, Delhi Bench against WIPL for the initiation of a corporate insolvency resolution process under the IB Code, in relation to the aggregate amount of ₹ 214.17 million due to us. The matter is currently pending.
3. Our Company had extended various loans to Sree Metaliks Limited (“**SML**”) *vide* various loan agreements dated January 3, 2013, January 3, 2013, January 3, 2013 and June 22, 2013 respectively (the “**Loan Agreements**”) aggregating to a total of ₹ 1,082.68 million. SML failed to repay the monthly instalments within the timeframe specified in the Loan Agreements. Subsequently, our Company issued demand letters dated September 6, 2013 to SML, requesting it to clear the outstanding dues and subsequently, issued a termination letter dated October 5, 2013, terminating the Loan Agreements, calling upon SML to pay the amount outstanding to our Company, along with penal interest. However, SML did not take any payments pursuant to such correspondence. Thereafter, our Company initiated arbitration proceedings before a sole arbitrator (the “**Tribunal**”) against SML under three of the Loan Agreements. The Tribunal has passed a consolidated award dated September 18, 2014 in favour of our Company, for the payment of amounts of ₹ 608.18 million, ₹ 599.57 million and ₹ 645.28 million respectively. However, no amounts have been received by our Company.

Subsequently, our Company filed a company application before the National Company Law Tribunal, Kolkata Bench (the “**NCLT**”) against SML for the initiation of a corporate insolvency resolution process under the IB Code, in light of an aggregate amount of ₹ 2,339.50 million being due from SML to us under the Loan Agreements. The NCLT appointed an insolvency resolution professional (“**IRP**”) *vide* an order dated January 30, 2017 (the “**NCLT Order**”). Thereafter, upon conclusion of the insolvency resolution

process, a resolution plan was formulated, and was approved by the NCLT *vide* an order dated November 7, 2017 (“**Second Order**”). Aggrieved by the Second Order, our Company filed an appeal before the National Company Law Appellate Tribunal, New Delhi (“**NCLAT**”), objecting to the appointment of the IRP. The matters are currently pending.

4. Our Company has initiated winding up proceedings against Sai Infosystems (India) Limited before the High Court of Gujarat claiming outstanding dues of ₹ 523.78 million arising from a master rental agreement dated May 27, 2010, a master lease agreement dated March 28, 2012 and a loan cum hypothecation agreement dated March 19, 2013. The matter is currently pending.
5. Our Company has initiated arbitration proceedings before a sole arbitrator against IVRCL Limited and another, alleging defaults in its repayment of credit facilities extended to it *vide* an agreement dated April 1, 2014. Our Company has sought, *inter alia*, an aggregate amount of ₹ 1,639.98 million. The matter is currently pending.
6. Our Company has initiated arbitration proceedings before a sole arbitrator against Essar Project (India) Limited (“**Essar**”), in relation to defaults in the repayment of dues of ₹ 154.30 million, arising from credit facilities extended to Essar *vide* an agreement dated July 3, 2014. In addition, our Company has initiated arbitration proceedings before a sole arbitrator against Essar for the recovery of a sum of ₹ 927.59 million, in relation to defaults in the repayment of dues, arising from a credit facility extended to Essar *vide* an agreement dated February 3, 2015. The matters are currently pending.
7. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against Gupta Global Resources Private Limited (“**GGRPL**”), in relation to defaults in the payment of a sum of ₹ 1,365.96 million arising from credit facilities extended to GGRPL *vide* an agreement dated January 3, 2016. Our Company has sought *inter alia* the appointment of a receiver and an injunction restraining GGRPL from disposing off or otherwise dealing with certain coal washeries hypothecated to us (the “**Assets**”). The High Court, *vide* an order dated June 29, 2017, granted our Company the injunction, and *vide* an order dated July 5, 2017, appointed joint receivers to take possession of the Assets.

In addition, our Company has made a reference for arbitration *vide* its letter dated September 26, 2017. In the interim, GGRPL has filed an application before the National Company Law Tribunal, Mumbai Bench (“**NCLT**”), for the initiation of a corporate insolvency resolution process for itself. The NCLT, *vide* an order dated October 4, 2017, has *inter alia* ordered the appointment of an interim resolution professional. The matters are currently pending.

8. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against Varaha Infra Limited (“**Varaha**”), in relation to defaults in the payment of a sum of ₹ 1,154.29 million arising from credit facilities extended to Varaha *vide* an agreement dated May 3, 2016. Our Company has sought *inter alia* the appointment of a receiver and an injunction restraining Varaha from disposing off or otherwise dealing with certain assets to us (the “**Assets**”). The High Court, *vide* an order dated March 1, 2017, granted the injunction sought by us in favour of our Company. The matter is currently pending.
9. Our Company has filed two separate arbitration petitions before the High Court of Calcutta (“**High Court**”) against *inter alia* Ma Durga Thermal Power Company Limited (“**MDTPCL**”) in relation to defaults in the repayment of sums aggregating to ₹ 494.26 million, arising from credit facilities extended to MDTPCL *vide* two agreements September 30, 2013 and September 22, 2014 respectively. In both petitions, our Company has sought *inter alia* the appointment of a receiver and an injunction restraining MDTPCL from disposing off or otherwise dealing with certain assets (the “**Assets**”). The High Court, *vide* orders dated October 4, 2016 and January 3, 2017, directed the appointment of a receiver to take possession of the Assets.

In addition, our Company has made a reference for arbitration *vide* its letter dated February 27, 2017. Further, our Company has initiated three separate arbitration proceedings against MDTPCL, claiming amounts of ₹ 748.87 million, ₹ 191.19 million and ₹ 961.14 million for defaults in the payment of dues arising from credit facilities extended to MDTPCL. The matters are currently pending.

10. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against Jai Hind Projects Limited (“**JHPL**”), in relation to defaults in the repayment of dues of ₹ 637.50 million arising from credit facilities extended to JHPL *vide* an agreement dated January 1, 2013. Our Company has sought



*inter alia* the appointment of a receiver and an injunction restraining JHPL from disposing off or otherwise dealing with certain assets (the “**Assets**”). The matters are currently pending.

11. Our Company has filed three separate arbitration petitions before the High Court of Calcutta (“**High Court**”) against Marg Limited (“**Marg**”) in relation to defaults in the repayment of dues arising from credit facilities extended to Marg *vide* three agreements, each dated June 22, 2013 (the “**Agreements**”). In each petition, our Company has sought *inter alia* the appointment of a receiver and an injunction restraining Marg from disposing off or otherwise dealing with certain assets (the “**Assets**”). The High Court, *vide* orders dated July 12, 2016, granted the injunctions sought and directed the appointment of joint receivers to take possession of the Assets. In addition, our Company has initiated three arbitration proceedings against Marg for the recovery of dues aggregating to ₹ 632.77 million, arising from the Agreements. The matters are currently pending.
12. Our Company has filed four separate arbitration petitions before the High Court of Calcutta (“**High Court**”) against EMTA Coal Limited (“**EMTA**”) in relation to defaults in the repayment of dues aggregating to ₹ 811.49 million, arising from credit facilities extended to EMTA *vide* four agreements, each dated September 26, 2012. In each petition, our Company has sought *inter alia* the appointment of a receiver in relation to certain assets (the “**Assets**”). The High Court, *vide* two separate orders dated September 20, 2016, directed the appointment of joint receivers to take possession of the Assets the above matters. Further, *vide* two separate orders dated March 28, 2017, the High Court has ordered the appointment of sole arbitrators to preside over the matters. The matters are currently pending.
13. Our Company has initiated arbitration proceedings before a sole arbitrator against Kalinga Commercial Corporation Limited (“**KCCL**”), seeking *inter alia* an award for a sum of ₹ 240.29 million in relation to defaults in the repayment of dues arising from credit facilities extended to KCCL *vide* an agreement dated September 1, 2014. The matter is currently pending.
14. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against Dr. Prafulla Rajaram Hede (the “**Borrower**”), in relation to defaults in the repayment of a sum of ₹ 202.54 million arising from credit facilities extended to the Borrower *vide* an agreement dated June 17, 2014. Our Company has sought *inter alia* the appointment of a receiver and an injunction restraining the Borrower from disposing off or otherwise dealing with certain assets (the “**Assets**”). The High Court, *vide* an order dated June 20, 2017, granted our Company the injunction sought and ordered the appointment of a receiver to take possession of the Assets. Subsequently, *vide* an order dated July 20, 2017, the High Court noted that the Borrower had already made a payment of ₹ 20 million to our Company, and granted him additional time to make the remaining payment. The matter is currently pending.
15. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against Aqdas Maritime Agency Private Limited (“**Aqdas**”), in relation to defaults in the repayment of dues arising from credit facilities extended to Aqdas *vide* an agreement dated March 22, 2012 (the “**Agreement**”). Our Company has sought *inter alia* the appointment of a receiver and an injunction restraining Aqdas from disposing off or otherwise dealing with certain assets (the “**Assets**”). The High Court, *vide* an order dated December 12, 2012, granted our Company the injunction sought and ordered the appointment of a receiver to take possession of the Assets. In addition, our Company has initiated arbitration proceedings against Aqdas before a sole arbitrator for the recovery of dues of ₹ 224.67 million arising from the Agreement. The matters are currently pending.
16. Our Company initiated three arbitration proceedings before a sole arbitrator against Blue Arcade Properties Private Limited (“**Blue Arcade**”), in relation to defaults in the repayment of dues arising from credit facilities extended to Blue Arcade *vide* three agreements, each dated September 22, 2016 (the “**Agreements**”). Our Company has sought, *inter alia* the recovery of dues aggregating to ₹ 496.15 million under the Agreements. In addition, our Company has filed three separate applications before a sole arbitrator against Blue Arcade seeking, *inter alia*, the appointment of a receiver and directions that the receiver take possession of the assets of Blue Arcade. The matters are currently pending.
17. Our Company had previously filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against SVIL Mines Limited (“**SVIL**”), in relation to defaults in the repayment of dues arising from credit facilities extended to SVIL *vide* an agreement dated April 1, 2013 (the “**Agreement**”). Our Company had sought *inter alia* the appointment of a receiver and an injunction restraining the SVIL from disposing off or otherwise dealing with certain assets (the “**Assets**”). The matter was disposed of *vide* an order of the High

Court dated March 15, 2017. Our Company also filed an application before the High Court, seeking directions for the receiver to take possession of the Assets. While the High Court allowed our application *vide* an interim order dated September 29, 2014, the same was made conditional to the outcome of separate debt recovery proceedings initiated by Punjab National Bank against SVIL. However, SVIL failed to hand over physical possession of its assets to the receiver, and our Company has accordingly filed a contempt case against SVIL before the High Court. In addition, our Company has initiated arbitration proceedings before a sole arbitrator, seeking *inter alia* the recovery of a sum of ₹ 158.41 million as outstanding dues under the Agreement. The matters are currently pending.

18. Our Company has initiated arbitration proceedings before a sole arbitrator (the “**Arbitrator**”) against M/s National Construction Company and its partners, Mr. Khimji H. Patel, Mr. Bhikalal K. Patel and Mr. Ramesh Khimji Patel (collectively the “**Defaulters**”), claiming outstanding dues along with interest thereon, aggregating to ₹ 439.00 million under an agreement dated March 14, 2013. The Arbitrator passed an award dated February 3, 2016 (the “**Award**”), *inter alia* awarding an amount of ₹ 354.00 million our Company. Subsequently, our Company filed two execution petitions before the Commercial Court, Ahmedabad (“**Ahmedabad Court**”), and such proceedings the “**Ahmedabad Proceedings**”) and the Commercial Court, Rajkot (“**Rajkot Court**”) and such proceedings the “**Rajkot Proceedings**”) respectively, for execution of the Award.

In the Rajkot Proceedings, the Rajkot Court, *vide* an interim order dated August 11, 2017 (“**Order**”), restrained the defaulters from transferring or charging certain properties by sale, gift or otherwise. Info Stretch Corporation (India) Pvt Ltd, Mr. Manish Shashikant Shah and Central Bank of India, all being third parties to the dispute, have raised objections to the Order, as well as certain averments raised by our Company in the matter. Further, Mr. Manish Shashikant Shah has filed an objection before the Ahmedabad Court against the Ahmedabad Proceedings. The matters are currently pending.

19. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against, *inter alia*, Ma Durga Rice Processing and Exports Private Limited (“**MDRPEPL**”) in relation to defaults in the repayment of credit facilities extended by us to MDRPPL *vide* a loan agreement dated September 30, 2013, aggregating to ₹ 170.00 million. Our Company has sought, *inter alia*, the appointment of a receiver and injunction restraining MDRPPL from disposing off or otherwise dealing with certain assets. *Vide* an order dated October 4, 2016, the High Court has appointed a receiver, and has also granted the injunction sought.
20. Our Company has initiated arbitration proceedings before a sole arbitrator against, *inter alia*, Ma Durga Rice Products Private Limited for defaults in repayment of credit facilities extended to it under a separate loan agreement, also dated September 30, 2013, seeking *inter alia* an award of ₹ 175.66 million. The matters are currently pending.
21. Our Company has filed an arbitration petition before the High Court of Calcutta (“**High Court**”) against Shivam Condev Private Limited (“**SCPL**”) in relation to defaults in the payment of lease rentals, amounting to ₹ 391.21 million by SCPL under a master operating lease agreement dated September 4, 2013 and allied contracts. Our Company has sought, *inter alia*, appointment of a receiver and an injunction restraining SCPL from disposing of or otherwise dealing with certain assets. The High Court, *vide* an order dated February 21, 2017, granted the injunction and appointed receivers for making an inventory of the entire lot of assets in dispute. The matter is currently pending.
22. Our Company and SIFL have filed a civil suit before the High Court of Calcutta against Microsoft Corporation and others (“**Defendants**”) for *inter alia* a decree of ₹ 28,513.58 million as damages for losses suffered due to alleged harassment and surreptitious actions of the Defendants. The matter is currently pending.

## **II. Litigations involving our Promoter**

### ***Litigation against our Promoter***

#### ***(a) Criminal litigation***

1. Birhanmumbai Municipal Corporation has lodged a first information report (“**FIR**”) against our Chairman and Managing Director, Mr. Hemant Kanoria and others for offences under the Maharashtra Regional and

Town Planning Act, 1966, alleging that SIFL had vacated a property which had been leased to First Fitness (India) Private Limited (the “**Property**”) and had prevented commercial use of the basement of the Property. Mr Hemant Kanoria and others have initiated quashing proceedings under before the High Court of Bombay (“**High Court**”) against the FIR. The High Court has passed an order dated October 8, 2014, directing that no charge sheet may be filed without its permission. The matter is currently pending.

(b) *Actions by Statutory and Regulatory Authorities:*

In the normal course of its business, SIFL receives and has received communications from the MCA and the Stock Exchanges from time to time, seeking information and it duly replies to the same. Other pending actions by regulatory or statutory authorities against it are disclosed below:

1. The Enforcement Directorate, Kolkata (the “**ED**”) issued a showcause notice dated April 12, 2001 against SIFL for certain alleged irregularities in foreign exchange transactions during the year 2000. *Vide* an order dated March 3, 2004, the ED held SIFL and its officials guilty of contravening relevant provisions of Foreign Exchange Regulation Act, 1973, and imposed a penalty of ₹ 2.00 million on SIFL, ₹ 1.00 million on Mr. Hemant Kanoria, our Chairman and Managing Director, and ₹ 0.50 million each on two of its employees. SIFL thereafter filed an appeal before the Appellate Tribunal for Foreign Exchange, New Delhi (“**Tribunal**”). The matter is currently pending.
2. Pursuant to an inspection of the books of accounts and other records of the Company, the Regional Director (Eastern Region), Ministry of Corporate Affairs, GoI at Kolkata (“**RD**”) issued a preliminary finding report to SIFL dated August 30, 2008, observing violations of various provisions of the Companies Act, 1956. SIFL thereafter submitted its explanations to the aforesaid observations. However, the RoC issued a notice dated October 21, 2008 to launch prosecution proceedings against SIFL and/or its directors and officers in default, alleging violation of various provisions of the Companies Act, 1956 *inter alia* relating to the payment of dividends, maintenance of books of accounts, forms and content of balance sheets and profit and loss accounts, board reports, appointment of managing or whole-time directors and managers and powers of its of board of directors. Further, the RoC advised SIFL to file an application seeking to compound the alleged offences. Subsequently, the directors and the company secretary of SIFL (the “**Petitioners**”) filed a petition before the High Court of Calcutta (“**High Court**”), seeking relief in the matter. The High Court, *vide* an ad-interim order dated November 28, 2008, restrained the RD and the RoC from instituting or causing to be instituted any proceeding against the Petitioners until further order of the High Court. The matter is currently pending.

(c) *Material civil and other material litigations:*

1. Mr. Naveen Bansal (the “**Petitioner**”) has filed an application alleging a violation of certain provisions of the Companies Act, 1956, alleging oppression and mismanagement before the Company Law Board, Kolkata Bench (“**CLB**”) against I-Log Ports Private Limited (“**IPPL**”), SIFL and others, including our Chairman and Managing Director, Mr. Hemant Kanoria (collectively the “**Respondents**”). The Petitioner sought several interim reliefs, *inter alia* including injunctions on IPPL from operating bank accounts and holding board meetings. The CLB, *vide* an order dated July 22, 2017 *inter alia* held that to protect the interest of the fixed assets of IPPL, the Respondents shall not sell or alienate such assets without the consent of the CLB (the “**Order**”). SIFL filed an application before the National Company Law Tribunal, Kolkata Bench (“**NCLT**”) for dismissal of the petition against SIFL, contending that SIFL is not a shareholder in IPPL and has no relationship with IPPL. The NCLT dismissed the petition *vide* an order dated May 17, 2017 (“**NCLT Order**”). Aggrieved by the NCLT Order, SIFL filed an appeal before National Company Law Appellate Tribunal (“**NCLAT**”). *Vide* an order dated August 16, 2017, the NCLAT remanded the matter to the NCLT. The Petitioner has also filed a contempt petition before the High Court of Calcutta (“**High Court**”) against the directors of IPPL, SIFL, Mr. Hemant Kanoria and our Vice Chairman, Mr Sunil Kanoria for alleged violation of the Order. The matters are currently pending.
2. A. K. Enterprise Private Limited (“**Petitioner**”) filed a winding up petition before the High Court of Calcutta (“**High Court**”) against SIFL, alleging that an amount of ₹ 5.99 million is due from SIFL to the Petitioner. Additionally, SIFL initiated arbitration proceedings against the Petitioner for the recovery of outstanding dues amounting to ₹ 8.93 million, for certain defects in the civil jobs undertaken by the Petitioner for SIFL. Subsequently, the Petitioner filed an application before the High Court challenging the appointment of the arbitrator, which was disposed of *vide* an order of the High Court dated November 14, 2017, *inter alia* appointing of a sole arbitrator, subject to the Petitioner withdrawing the winding up petition. The matters are

currently pending.

3. Mr. Vijay Gopal Jindal (“**Plaintiff**”), a former employee of SAIML (formerly Srei Venture Capital Limited), has filed a suit for recovery before the High Court of Delhi (“**High Court**”) against SIFL and SAIML alleging that he was promised 500,000 equity shares at the rate of ₹ 100 per share of SIFL.

Further, the Plaintiff has filed a suit before the High Court of Delhi (“**High Court**”) against SIFL and SAIML (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 ₹ 24.00 million per annum, entitlement to 10.00% of the net profit of SVCL, entitlement to 25.00% equity stake in proposed media / entertainment funds, payment of ₹ 500.00 million as an advance against security of properties / shares / other assets and 500,000 equity shares at ₹ 100.00 each of SIFL, and that the defendants did not honour their commitments. The Plaintiff has *inter alia* prayed for a decree directing the Defendants to make payment of ₹ 18.00 million to the Plaintiff, allegedly being the Plaintiff’s salary in lieu of compensation for the period July 2008 to July 2009 and for the period August 2009 to August 2011. The matter has been transferred to the District Court (South), Saket. The matters are currently pending.

4. Dr. Syed Sabahat Azim has filed an application before the Company Law Board, Eastern Region Bench, Kolkata against Sahaj E-village Limited (“**SEL**”) (formerly ‘Srei Sahaj E-village Limited’) SIFL, our Chairman and Managing Director, Mr. Hemant Kanoria, SSEL and others, alleging oppression and mismanagement. Upon the constitution of National Company Law Tribunals in place of Company Law Boards, the matter was transferred to the National Company Law Tribunal, Kolkata. The matter is currently pending.
5. Nectrus Limited has filed a civil suit before the High Court of Delhi (“**Delhi High Court**”) against ATEN Capital Private Limited (“**ATEN**”), SIFL, Candor Gurgaon Two Developers and Projects Private Limited (“**Candor**”), Unitech Limited (“**Unitech**”) and others, seeking an injunction on, *inter alia*, the release of a sum of ₹ 2,430.00 million by ATEN. The suit has been transferred to the District Judge, South, New Delhi. Of this amount, a sum of ₹ 1,500 million pertains to three inter-corporate deposits received by SIFL from Candor for guaranteeing the loan from to Unitech, which had been invoked by SIFL to settle a claim against Unitech.

Previously, SIFL had filed a suit before the Debt Recovery Tribunal - I, Kolkata (“**DRT**”) against, *inter alia*, Unitech Limited for recovery of an amount of ₹ 44.00 million, arising as the remainder after the three inter-corporate deposits made by Candor to SIFL were set-off against a loan of ₹ 1,500 million granted by SIFL to Unitech. In addition, Candor has filed three arbitration petitions before the High Court for the appointment of an arbitrator, and *vide* an order dated June 29, 2016, the High Court has appointed a sole arbitrator (“**Arbitrator**”) for all three matters. SIFL has filed an application before the Arbitrator, objecting to the jurisdiction of the Arbitrator, alleging that the arbitration proceedings were not maintainable and for impleading other necessary parties for proper adjudication of the matter. The matters are currently pending.

(d) *Tax Cases:*

Provided below is a summary of direct and indirect taxation proceedings pending against SIFL:

(in ₹ million)

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings
<b>Direct tax</b>		
Sub-total (A)	13	625.10
<b>Indirect tax</b>		
Sub-total (B)	8	193.32
<b>Total (A+B)</b>	<b>21</b>	<b>818.42</b>

**Litigation by our Promoter**

(a) *Criminal proceedings*

In its ordinary course of business, as on November 24, 2017, SIFL has initiated 164 criminal proceedings against its customers under the provisions of the Negotiable Instruments Act, 1881 against several of its customers for dishonour of cheques presented by them, and under the Payment and Settlement Systems Act, 2007 for the dishonour of electronic funds transfers. These matters are pending before various forums at various stages of

adjudication. The aggregate amount involved in these proceedings, to the extent ascertainable, is ₹ 6,347.37 million.

Other than such matters, the criminal proceedings initiated by SIFL are as disclosed below:

1. SIFL has filed a criminal complaint against Deccan Chronicle Holdings Limited and others before the 16th M.M Court, Kolkata. For details, see “– *Litigation involving our Promoter – Litigation by our Promoter – Other material pending litigations*” below.
2. SIFL has filed a complaint case against Microsoft Corporation and others before the Chief Metropolitan Magistrate, Bankshall Court, Kolkata. For details, see “– *Litigation involving our Promoter – Litigation by our Promoter – Other material pending litigations*” below.

(b) *Civil and other material pending litigations:*

In its ordinary course of business, SIFL has initiated several arbitration proceedings against several of its defaulting customers. These proceedings are pending before various arbitrators at different stages of adjudication. In cases where an arbitral award was passed in favour of SIFL, it has filed execution petitions for the execution of such awards. SIFL currently has several execution petitions pending for the attachment of property or for issuance of warrants, which are pending at different stages of adjudication across various courts. SIFL has also filed petitions for interim relief under the provisions of the Arbitration and Conciliation Act, 1996, seeking to *inter alia* restrain customers from disposing off assets during the pendency of the arbitration proceedings. Details of the material civil and other material pending litigations initiated by SIFL are as disclosed below:

1. SIFL filed a civil suit before the High Court of Calcutta (the “**High Court**”) against K. S. Oils Limited (the “**Borrower**”) and others, for the recovery of the loan amount. The High Court, *vide* an order dated June 17, 2015, dismissed the suit (“**Order**”). SIFL filed an appeal against the Order before the High Court of Calcutta. Pursuant to an order dated June 17, 2015, the Borrower has filed an undertaking to indemnify SIFL in case it files appropriate proceedings, and succeeds therein. In addition, SIFL filed an application before the Debt Recovery Tribunal (“**DRT**”), Kolkata against the Borrower and the Guarantor for an amount of ₹ 5,854.8 million. Members of a consortium of lenders to the Borrower, led by State Bank of India, also filed an application before the Debt Recovery Tribunal II, Delhi for recovery of ₹ 45,335.40 million from the Borrower, wherein SIFL is has been made a respondent.

Moreover, SIFL has also filed an insolvency application in its capacity as financial creditor against the Borrower before the National Company Law Tribunal, Ahmedabad Bench under the IB Code for *inter alia* initiating a corporate insolvency resolution process, in relation to the sum of ₹ 997.30 million due to it. The NCLT, *vide* its order dated July 21, 2017, admitted the petition, appointed an insolvency resolution personnel and passed an order declaring moratorium on claims against the Borrower. The matters are currently pending.

2. SIFL has filed an application before the Debts Recovery Tribunal – I, Kolkata (“**DRT**”) against Deccan Chronicle Holdings Limited (“**DCHL**”) and others for the recovery of an outstanding amount of ₹ 3,017.00 million. In addition, SIFL has filed two applications before the DRT for the sale two mortgaged properties, and for injunction and/or appointment of receiver on the remaining assets and properties of DCHL respectively. The DRT has directed the attachment of the mortgaged properties. Further, *vide* a separate order, the DRT has appointed of a receiver to take symbolic possession, and has passed an injunction restraining DCHL from transferring its property to third party. SIFL has also filed an application for conversion of part of the loan to equity in terms of the loan agreement entered into between SIFL and DCHL. Pursuant to an order of the DRT dated December 24, 2014, DCHL has issued and allotted shares to SIFL. SIFL has also *inter alia* filed an application before the High Court of Hyderabad (“**High Court**”), objecting to a demerger application of DCHL. In addition, SIFL has filed an application before the High Court for a scheme of compromise and arrangement between DCHL, its creditors and members, for the revival and rehabilitation of DCHL.

SIFL has also filed a criminal complaint in relation to default in dues aggregating to ₹ 2,400 million for defaulting in repayment of the loans before the 16th Metropolitan Magistrate’s Court, Kolkata (“**Court**”) for the initiation of investigation against DCHL and others (the “**Accused**”), and accordingly. These matters are currently pending.

3. SIFL had initiated arbitration proceedings against Tuff Drilling Private Limited (“**Tuff**”) and others before



a sole arbitrator (the “**Arbitrator**”), claiming outstanding dues along with interest thereon aggregating to approximately ₹ 292.50 million, and thereafter filed a revised claim, claiming ₹ 656.31 million. Tuff made a counter-claim of ₹ 870.00 million against SIFL. An award dated May 16, 2016 was passed by the arbitral tribunal, awarding a sum of ₹ 656.31 million along with interest to SIFL, while rejecting the counter claim of Tuff (“**Award**”). Aggrieved by the Award, Tuff and one of its directors have filed separate appeals before the Hon’ble High Court at Calcutta, challenging the Award.

In addition, Tuff has initiated arbitration proceedings against SIFL before a sole arbitrator (the “**Second Arbitrator**”) on account of disputes arising out of an agreement for the lease of a diesel electric rig. *Vide* an order dated December 12, 2011, the Arbitrator terminated the reference (“**Termination Award**”). Subsequently, Tuff filed a recalling application (the “**Recalling Application**”) before the sole arbitrator, which was rejected *vide* an order dated April 26, 2012. The High Court passed an order dated February 13, 2015 (“**Restoration Order**”), pursuant to which the Termination Award was set aside, and the High Court observed that Tuff should file an application before the Arbitrator on the same grounds for reopening the arbitration proceedings. SIFL has filed a special leave petition before the Supreme Court of India against Tuff, challenging the Restoration Order. Pursuant to an order dated September 20, 2017, the Supreme Court has directed the Arbitrator to consider the Recalling Application. The matters are currently pending.

4. SIFL has filed an application before the Debts Recovery Tribunal - I, Kolkata (“**DRT**”) against Gujarat Hydro Carbons and Power SEZ Limited (“**Gujarat Hydrocarbons**”) and others (collectively the “**Defendants**”) for recovery of principal amount of loan of ₹ 1,000 million provided to by SIFL to Gujarat Hydrocarbons under a loan agreement dated January 5, 2011 (the “**Agreement**”) along with applicable interest, aggregating to ₹ 1,214 million. A settlement has been arrived upon between the parties, which is recorded in a Debt Repayment and Settlement Agreement dated March 25, 2015 (“**DRSA**”). SIFL has filed an interlocutory application before the DRT, praying that the matter be adjourned *sine die* till the Defendants have performed their obligations under DRSA. Upon failure of the DRSA, SIFL has filed an application before the DRT, seeking *inter alia* the appointment of receiver for taking physical possession of mortgaged properties of Gujarat Hydrocarbons and to facilitate transfer of land being developed under the Gujarat Industrial Development Corporation (“**GIDC**”) guidelines for this purpose, for directions to GIDC, allowing SIFL to *inter alia* substitute Gujarat Hydrocarbons and develop the property.

Additionally, Assam Company India Limited (“**ACIL**”) has executed a deed of guarantee dated January 5, 2011 in favour of SIFL to secure the loan provided to Gujarat Hydrocarbons in terms of the Agreement. Upon Gujarat Hydrocarbons’ default of its obligations under the agreement, SIFL issued a letter dated December 15, 2012 to ACIL, invoking the guarantee provided by it. Subsequently, SIFL has filed an application before the National Company Law Tribunal, Guwahati Bench (“**NCLT**”) against ACIL in its capacity as a financial creditor, seeking the initiation of a corporate insolvency resolution process under the IB Code, in relation to the sum of ₹ 5,956.07 million due to our Company. In terms of an order of the NCLT dated October 26, 2017 passed by the NCLT (the “**Order**”), the corporate insolvency resolution process has commenced. Subsequently, ACIL has filed an appeal before National Company Law Appellate Tribunal, seeking *inter alia* a stay on the Order. The matters are currently pending.

5. SIFL has filed a civil suit before the High Court at Calcutta (“**High Court**”) against Violet Arch Capital Advisors Private Limited (“**Violet**”), Bajpai Capital Advisors and Mr. Varun Bajpai for the recovery of loan amount of ₹ 296.50 million, seeking to implicate the assets on which SIFL has a security interest. The High Court *vide* ad interim order dated June 2, 2014 (the “**Order**”), granted an injunction in our favour on the receivables of Violet arising from deposits with the Stock Exchanges, and income tax refunds, until disposal of the matter. Mr. Varun Bajpai has filed an application against the Order before the High Court. The matter is currently pending.
6. SIFL has filed an application before the Debt Recovery Tribunal - I, Kolkata against ARSS Infrastructure Projects Limited (“**ARSS**”) and others for the recovery of a loan amount of ₹ 55.23 million, along with applicable interest. Further, SIFL has filed a petition before the High Court of Odisha for the winding up of ARSS. The matters are currently pending.
7. SIFL has filed a declaratory suit against Transtel Infrastructure Limited (the “**Defendant**”) and others before the High Court of Calcutta (“**High Court**”) *inter alia*, seeking injunction restraining the Defendant from diluting the percentage of shares pledged with SIFL and the appointment of auditors for investigating the books of account, in relation to repayment by the Defendant and other entities forming part of the Defendant’s group of an outstanding amount of ₹ 923.00 million. *Vide* an order dated April 8, 2015, the High

Court restrained the Defendant from diluting the percentage of the shares pledged in favour of SIFL under the loan agreement without the leave of the High Court. Further, the High Court directed the Defendant to complete the process of dematerialisation of its shares. The matter is currently pending.

8. SIFL filed a suit (the “**Suit**”) against Supreme Infrastructure BOT Private Limited (“**Supreme BOT**”), Supreme Infrastructure India Limited (“**SIIL**”) and others (collectively the “**Defendants**”) before the High Court of Calcutta (“**Calcutta High Court**”) seeking, *inter alia*, an injunction restraining the Defendants from diluting their shareholding in certain companies, shares of which are pledged with SIFL (“**Pledged Shares**”). The Calcutta High Court, *vide* an order dated May 6, 2015 (“**Order**”), restrained Supreme BOT from diluting its shareholding in the companies, the shares of which were pledged in favour of SIFL. SIFL has filed an appeal against the Order before a division bench of the Calcutta High Court (“**Division Bench**”). The Division Bench, *vide* an order dated May 13, 2015, *inter alia* restrained all respondents from dealing with the Pledged Shares in any manner, till disposal of the matter (“**Appeal Order**”).

In the interim, separate winding up proceedings were initiated against SIIL by some of its creditors, and the High Court of Bombay (“**Bombay High Court**”) directed the winding up of SIIL *vide* an order dated December 22, 2015. In the meanwhile, a joint lenders forum (“**JLF**”) formed in relation to proceedings before the Bombay High Court moved an application before the Calcutta High Court for intervention and for stay of the proceedings till disposal of the proceedings, which was permitted by the Calcutta High Court *vide* an order dated January 25, 2016. Subsequently, SIFL filed an application (“**Bombay Application**”) before the Bombay High Court in winding up proceedings filed by a creditor of Supreme BOT, seeking leave to continue with its suit before the Calcutta High Court.

In addition, SIFL filed two applications before the Calcutta High Court for staying the Suit until settlement of disputes between SIFL and the other creditors of Supreme BOT, and until disposal of the Bombay Application, respectively. These applications were disposed of *vide* an order dated November 29, 2016, upholding the Appeal Order and permitting SIFL to continue with the Suit. The Calcutta High Court further observed that the JLF cannot have a right to interfere with the SIFL’s right against securities pledged in its favour, and allowed an amendment of the plaint filed in the Suit to bring members of the JLF as defendants. SIFL has a total exposure of approximately ₹ 1,900.00 million in Supreme BOT and SIIL. The matters are currently pending.

9. SIFL and our Company have filed a civil suit before the High Court of Calcutta against Microsoft Corporation and others (“**Defendants**”). For details, see “*Litigation involving our Company – Litigations by our Company – Civil and other material pending litigations*” above. Additionally, SIFL has filed a criminal complaint against the Defendants before the Chief Metropolitan Magistrate, Bankshall Court, Kolkata for extortion, cheating and wrongfully restraint of SIFL’s employees while they were engaged in their duties. The matters are currently pending.
10. SIFL has instituted recovery proceedings against Amrit Jal Ventures Limited (“**AJVL**”) before the Debts Recovery Tribunal – I, Kolkata (“**DRT**”) for *inter alia* defaults in the repayment of an outstanding sum of ₹ 335.20 million arising from a Rupee Loan Agreement dated April 19, 2011 (“**Agreement**”). *Vide* an order dated November 30, 2015, the DRT directed AJVL to set aside an amount of ₹ 300.00 million out of receivables from certain foreign investors (the “**Order**”). Aggrieved by the Order, AJVL filed an appeal before the Debts Recovery Appellate Tribunal, challenging the same. The DRAT had referred the matter back to the DRT for adjudication. The DRT, *vide* an order dated May 5, 2017, set aside the Order, while continuing with the proceedings (“**Second Order**”). SIFL has filed an appeal against the Second Order before the Debts Recovery Appellate Tribunal, Kolkata.

Thereafter, AJVL has filed several arbitration petitions against SIFL before the High Court of Calcutta, seeking various interim reliefs *inter alia* including the extension of time to make payments, appointment of arbitrator. The High Court, *vide* an order dated December 23, 2015, directed AJVL to *inter alia* to pay ₹ 10.00 million by December 31, 2015 and a remaining balance ₹ 28.00 million by February 15, 2016, while disposing off one of the arbitration petitions (“**High Court Order**”). Aggrieved by the High Court Order, AJVL has filed an appeal before the High Court, seeking a stay against the High Court Order. In addition, *vide* an order dated February 25, 2016, the High Court has held that SIFL shall be entitled to take steps against AJVL in terms of a default clause in the Agreement if there is any further default by AJVL in making payments in the manner indicated in the High Court Order (“**Second High Court Order**”). AJVL has filed an application *inter alia* for a stay on the Second High Court Order.



Further, an arbitrator (the “**Arbitrator**”) was appointed by the High Court to preside over disputes between SIFL and AJVL. Before the Arbitrator, AJVL has *inter alia* sought an award of ₹ 10,008.93 million for losses and damages suffered by AJVL due to the non-disbursement of loans by SIFL. SIFL has filed its counter-claim before the seeking *inter alia* an award for a sum of ₹ 390.55 million. In addition, SIFL has filed a special leave petition before the Supreme Court of India, claiming that arbitration proceedings cannot occur when a Lender has initiated proceedings before the DRT. The Supreme Court has allowed the arbitration to continue but subject to the outcome of the SLP.

The total receivables due from AJVL to our Company amount to ₹ 335.00 million, of which, around ₹ 70 million has been released till date. The matters are currently pending.

11. SIFL filed an application before the Debt Recovery Tribunal, Kolkata against Sterling SEZ and Infrastructure Limited and others, *inter alia*, for the recovery of a sum of ₹ 3,378.00 million. The matter is currently pending.
12. SIFL filed an application before the Debt Recovery Tribunal, Kolkata against Sterling Port Limited and others, *inter alia*, for the recovery of a sum of ₹ 783.60 million. The Gujarat Maritime Board has subsequently been added as a party to the matter. The matter is currently pending.
13. SIFL has instituted recovery proceedings before the Debt Recovery Tribunal, Kolkata (“**DRT**”) against Multiwall Pulp and Board Mills Private Limited (the “**Borrower**”) and others, for the recovery of a sum of ₹ 571.20 million, outstanding from a loan given to the Borrower. *Vide* an order dated November 22, 2016, the DRT has issued show cause notices to the parties, and a receiver has been appointed in relation to the properties of the guarantors. In addition, the Borrower filed an application before the Debt Recovery Tribunal – 1, Lucknow (the “**Application**”), challenging certain sales made by SIFL of its security provided to it in the property of the Borrower and guarantors to the loan, as per the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act**”). The Application was dismissed by an order dated June 14, 2016 and the Borrower and others have filed a further appeal before the Debt Recovery Appellate Tribunal, Allahabad Bench. The proceedings were thereafter transferred to the Debt Recovery Appellate Tribunal, New Delhi (“**Delhi DRAT**”), which sought deposit of appeal fee from the Borrower by an order dated September 20, 2017 (“**DRAT Order**”). The Borrower and others have filed a writ petition before the High Court of Allahabad, Lucknow Bench challenging DRAT Order.

Further, the Borrower and Mr. Sher Singh have filed two separate suits against SIFL before the Moradabad District Court, claiming that the mortgaged property, being in the nature of agricultural land, was unfit for enforcement under the SARFAESI Act, and seeking an injunction against SIFL from initiating further action under the SARFAESI Act. The matters are currently pending.

14. SIFL had disbursed an aggregate loan amount of ₹ 4,265.00 million to Orissa Slurry Pipeline Infrastructure Limited (“**OSPIL**”), a subsidiary of Essar Steel India Limited (“**ESIL**”) under loan agreements dated March 8, 2015 and June 20, 2015, to facilitate the OSPIL’s purchase of slurry pipeline business from ESIL, in accordance with one business transfer agreement entered between ESIL and OSPIL dated February 27, 2015 (“**BTA**”). A Right to Usage Agreement was entered between OSPIL and ESIL pursuant to which OSPIL was entitled to receive lease rentals from ESIL. Thereafter, OSPIL and ESIL executed a deed of cancellation dated June 24, 2016, unwinding the transaction consummated under the said BTA (“**Cancellation Deed**”). SREI has subsequently filed a declaratory suit against OSPIL and ESIL before the Civil Judge, Senior Division at Sealdah (the “**Sealdah Court**”) for *inter alia* restraining OSPIL and ESIL from giving any effect to any instrument of unwinding of the sale of the pipeline contained in the BTA, including the Cancellation Deed, seeking a declaration to the effect that the Cancellation Deed is null and void, and seeking that the Cancellation Deed be delivered up and cancelled. The Sealdah Court, *vide* an order dated November 21, 2016, declined to pass an interim order in the favour of SIFL (the “**Order**”). Accordingly, SIFL filed an appeal before High Court of Calcutta (“**High Court**”) against the Order. *Vide* an order dated December 22, 2016, the High Court ordered the maintenance of status quo with regard to the alienation or transfer of the pipeline (“**Status Quo Order**”). Thereafter, SIFL has filed an appeal before a division bench of the High Court, challenging the Status Quo Order. The matter is currently pending.

Additionally, SIFL has filed an arbitration petition before the High Court of Calcutta against Imperial Consultants and Securities Private Limited (“**Imperial**”), in relation to disputes arising out of a put option agreement dated June 23, 2015 invoked by SIFL, which were triggered on occurrence of default in repayment

obligations by OSPIL. SIFL has, *inter alia*, sought an injunction restraining Imperial from alienating or encumbering its investments by it in the 'Essar' group of companies, and directions on Imperial to secure a sum of ₹ 2,248.32 million. The High Court, *vide* an order dated May 18, 2017, granted the injunctions sought to SIFL. The matter is currently pending.

15. SIFL has filed an arbitration petition before the High Court of Calcutta against Gupta Infrastructures (India) Private Limited (“**GIPL**”) in relation to disputes arising out of defaults in repayment of credit facilities amounting to ₹ 759.41 million, obtained by Gupta Coal India Limited, a group company of GIPL, for which GIPL had provided security. SIFL has, *inter alia*, sought mandatory injunction restraining GIPL from withdrawing any amounts from their bank account and to transfer the receivables from the security from such account to a designated account and the appointment of receiver for collecting lease rentals in relation to the security. The matter is currently pending.
16. SIFL has filed an application before the National Company Law Tribunal, Kolkata under the IB Code for the initiation of the corporate insolvency process against Right Towers Private Limited (“**RTPL**”), in relation to defaults in the repayment of credit facilities obtained by RTPL under a loan agreement dated January 11, 2016 and in relation to total outstanding dues of ₹ 810.37 million. The matter is currently pending.
17. SIFL has filed an application before the National Company Law Tribunal, Kolkata Bench under of the IB Code for the initiation of the corporate insolvency process against Resurgent Infratel Private Limited (“**RIPL**”) in relation to defaults in the payment of total outstanding dues of ₹ 807.45 million arising out of credit facilities obtained by RIPL under a loan agreement dated January 11, 2016. The matter is currently pending.
18. SIFL has filed an application before the National Company Law Tribunal, New Delhi under of the IB Code for the initiation of the corporate insolvency process against Avantha Holdings Limited (“**AHL**”), in relation to defaults in repayment of credit facilities obtained by Korba West Power Company Limited (“**KWPCL**”), to whom AHL is a guarantor, under a loan agreement dated September 30, 2013. The total dues outstanding from AHL to SIFL are ₹ 942.86 million. *Vide* an order dated September 18, 2017, the NCLT has directed that KWPCL be impleaded as a party to the proceeding. The matter is currently pending.

### **III. Litigations involving our Directors**

Except as disclosed below, for details on the material pending litigation involving Mr. Hemant Kanoria and Mr Sunil Kanoria, please refer to ‘– *Litigation involving our Company*’ and ‘– *Litigations involving our Promoters*’ above.

#### ***Litigation against our Directors***

##### ***Criminal Proceedings***

1. Mr. Somnath Chakraborty lodged a first information report with the Electronic Complex police station, Kolkata against *inter alia* Mr. Hemant Kanoria. For details, see “– *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
2. Mr. S. Papa Rao made an application before the XI Additional Chief Metropolitan Magistrate, Secunderabad against *inter alia* Mr. Sunil Kanoria, for the registration of a first information report. Further, he made an application before the VI Additional Chief Metropolitan Magistrate, Hyderabad against *inter alia* Mr. Hemant Kanoria for the registration of a first information report. For details, see “– *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
3. GGS Infrastructure Private Limited made an application before the Sub-Divisional Judicial Magistrate, Bhubaneswar against *inter alia* Mr. Sunil Kanoria for the registration of a first information report. For details, see “– *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
4. Mr. Mohan Singh Chundawat lodged a first information report before the Ambamata police station, Rajasthan against *inter alia* Mr. Hemant Kanoria. For details, see “– *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.

5. Mr. Naganagouda Neeralagi filed a criminal complaint against *inter alia* Mr. Sunil Kanoria before the Additional Senior Civil Judge and Chief Judicial Magistrate, Dharwad. For details, see “- *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
6. Mr. Tukeswar Prasad made an application before the Judicial Magistrate First Class, Hazaribagh against *inter alia* Mr. Hemant Kanoria for the registration of a first information report. For details, see “- *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
7. Roman Tarmat Limited filed a criminal complaint before the Metropolitan Magistrate, 67th Court, Borivali, Mumbai for the initiation of investigation against *inter alia* Mr Hemant Kanoria and Mr. Sunil Kanoria. For details, see “- *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
8. Kalinga Commercial Corporation Limited filed a criminal complaint before the Judicial Magistrate First Class, Jajpur Road against *inter alia* Mr. Hemant Kanoria and Mr. Sunil Kanoria. For details, see “- *Litigations involving our Company – Litigations against our Company – Criminal Proceedings*” above.
9. Birhanmumbai Municipal Corporation has lodged a first information report (“**FIR**”) against *inter alia* Mr. Hemant Kanoria. For details, see “- *Litigations involving our Promoter – Litigations against our Promoter – Criminal Proceedings*” above.

#### *Material civil and other pending litigation*

1. Datre Corporation Limited (“**DCL**”) had taken certain loans from IDBI Bank Limited (“**IDBI**”), aggregating to a total amount of ₹ 368.00 million (collectively the “**Loans**”). Our Chairman and Managing Director, Mr Hemant Kanoria and our Vice Chairman, Mr Sunil Kanoria, who were both directors on the board of DCL, had given personal guarantees for the Loans. Mr Hemant Kanoria and Mr Sunil Kanoria resigned from the board of DCL with effect from April 1, 2000 and June 1, 1999 respectively. Thereafter, IDBI Assigned the Loans to the Stressed Assets Stabilisation Fund (“**SASF**”) *vide* a deed of assignment dated September 30, 2004. SASF filed a suit against DCL, Mr. Hemant Kanoria and Mr. Sunil Kanoria before the Debts Recovery Tribunal - 3, Kolkata (“**DRT**”) for the recovery of the Loans. DRT dismissed all claims of SASF against Mr. Hemant Kanoria and Mr. Sunil Kanoria *vide* an interim order dated June 30, 2017 (“**Interim Order**”), and subsequently disposed of the suit *vide* an order dated July 24, 2017 (“**Final Order**”), directing *inter alia* that DCL pay an amount of ₹ 295.60 million, along with interest, to SASF, after adjustment of certain amounts already paid by DCL. SASF has filed appeals before the Debt Recovery Appellate Tribunal (“**DRAT**”) against the Interim Order and the Final Order praying that the said orders be set aside and it be permitted to proceed against Mr. Hemant Kanoria and Mr. Sunil Kanoria as guarantor of DCL for the claim amount. The matter is currently pending.

#### **IV. Litigations involving our Group Companies**

Save and except as disclosed hereinafter, there are no criminal complaints, actions by statutory and regulatory authorities, tax cases or material pending litigations by/against our Group Companies:

##### ***Litigations against our Group Companies***

###### *(a) Civil Proceedings*

1. SIFL has filed a civil suit against Violet Arch Capital Advisors Private Limited, SAIML and others before the High Court of Calcutta. For details, please see “- *Litigation involving our Promoter – Litigation by our Promoter – Other material pending litigations*” above. SAIML has been added as a *pro forma* party to the matter, and no relief has been claimed against it.
2. Mr. Vijay Gopal Jindal has filed two civil suits against SIFL and SAIML before the High Court of Delhi. For details, please see “- *Litigation involving our Promoter – Litigation against our Promoter – Other material pending litigations*” above. The matters are currently pending.
3. United Breweries (Holdings) Limited and Kingfisher Finvest (India) Limited (“**KFIL**”, and collectively the

“**Plaintiffs**”) collectively held 22.24% of the share capital of Kingfisher Airlines Limited (“**KAL**”), and such shares are currently in possession of the India Global Competitive Fund of SAIML. In terms of a security trustee agreement dated June 30, 2008, a consolidated deed of pledge dated December 21, 2010 and a power of attorney dated June 20, 2008 (collectively, the “**Transaction Documents**”), the Plaintiffs *inter alia* agreed to pledge their shareholding in KAL and United Spirits Limited (“**Pledged Shares**”) to IDBI Trustee Company Limited (“**IDBI**”), which acted as the security trustee for a loan granted by ICICI Bank Limited to KAL. Owing to an alleged default on part of KAL in repaying the loan amount, IDBI sought to enforce its pledge over the Pledged Shares. Subsequently, the Plaintiffs filed a suit against IDBI and others before the City Civil Court, Kolkata (the “**Kolkata Court**”), seeking a declaration that the Transaction Documents are invalid and unenforceable. The Kolkata Court, *vide* an order dated August 21, 2013, dismissed the suit (“**2013 Order**”). Aggrieved by the 2013 Order, the Plaintiffs have filed an appeal before the High Court of Calcutta.

Further, SBICAP Trustee Company Limited (“**SBICap**”), being the security trustee to a consortium of lenders that had provided loans to KAL, filed a suit against IDBI before the City Civil Court, Bengaluru (the “**Bengaluru Court**”), seeking to restrain IDBI from selling the Pledged Shares (the “**Bengaluru Suit**”). During the pendency of the Bengaluru Suit, IDBI sold 49,37,395 of the Pledged Shares, and appropriated a sum of ₹ 6,900 million from the sale proceeds towards debts due to them. SBICap and others filed a writ petition before the High Court of Karnataka (“**Karnataka High Court**”), praying that IDBI be directed to deposit the remaining shares and sale proceeds with SBICap. The Karnataka High Court, *vide* an interim order dated June 18, 2014 (“**KHC Order**”), directed IDBI and others to deposit such sums, amounting to ₹ 6,510 million, with the Registrar General of the Karnataka High Court.

Thereafter, SBICap and others filed an amendment application before the Bengaluru Court, seeking to amend the plaint filed by it in the Suit in light of subsequent events, and amended its prayer to include *inter alia* (i) a claim for a sum of ₹ 1,550.30 million, along with applicable interest, from IDBI for selling the Pledged Shares for a sum lower than their market value, along with applicable interest; (ii) a claim against IDBI and others for a sum of ₹ 6,510 million, along with applicable interest, as surplus amount remaining after sale of the Pledged Shares; and (iii) a claim for the transfer of some of the remaining Surplus Shares to its account. The Bengaluru Court, *vide* an order dated October 15, 2014 (“**2014 Order**”), allowed the application. SAIML has filed a writ petition before the High Court of Karnataka (“**Karnataka High Court**”), challenging the 2014 Order. Separately, KFIL has filed an appeal against the 2014 Order before the Karnataka High Court.

In addition, SBICap filed an application before the Bengaluru Court seeking to withdraw the sum deposited by IDBI before the Karnataka High Court pursuant to the KHC Order. The City Court, *vide* an order dated July 16, 2016 (the “**2016 Order**”), rejected the application. Aggrieved by the 2016 Order, SBICap has filed a writ petition before the Karnataka High Court. The matters are currently pending.

4. Mr. Naveen Bansal (the “**Petitioner**”), a shareholder of I Log Ports Private Limited (“**I Log**”), a company where SAIML holds 90% of the shareholding, has filed a petition against I Log, SAIML and others before the Company Law Board, Kolkata (“**CLB**”), seeking several interim reliefs including *inter alia* that I Log is restrained from operating bank accounts and holding board meetings. The CLB *vide* order dated September 30, 2014 has restrained I Log from removing the Petitioner from its board of directors. The matter is currently pending.
5. Eastern Coalfields Limited (“**ECL**”) had defaulted in making payments supplementary bills raised by IPCL for the period April 2010 to September 2010, pursuant to which, IPCL had served a notice on it and had thereafter disconnected electricity supply to it. Subsequently, ECL filed an application before the High Court of Calcutta (“**High Court**”), seeking a recall of the disconnection of electricity to it. The High Court, *vide* an ad interim order dated February 1, 2012, has restrained IPCL from disconnecting the supply of electricity to ECL. The amount involved in the matter is approximately ₹ 460 million.

In the interim, ECL issued a letter dated September 5, 2011 to IPCL for the payment of ₹ 200 million, including a supplementary bill of ₹ 35.6 million, failing which, it threatened to invoke a bank guarantee of ₹ 40 million rendered to it by IPCL. ECL had also issued an alleged compensation bill dated September 2, 2011 to IPCL, for the payment of ₹ 135.00 million as compensation for alleged annual supply of coal. IPCL had thereafter filed a writ petition before the High Court of Calcutta (“**High Court**”) against Eastern Coalfields Limited (“**ECL**”), challenging ECL’s demand of ₹ 199.3 million towards enhanced price of coal supplied to IPCL. Further, due to stoppage of supply of coal by ECL, IPCL has filed an application before

the High Court, seeking *inter alia* directions on ECL to resume supply of coal. The matters are currently pending.

6. Eastern Coalfields Limited (“ECL”) filed an application before the High Court of Calcutta (“High Court”) against IPCL, seeking the restoration of electricity supply by IPCL to ECL mines, which IPCL had disconnected on December 17, 18 and 19, 2011 due to alleged failure by ECL to furnish security deposit. *Vide* an order dated December 21, 2011, the High Court directed restoration of electricity supply and directed ECL to maintain advance payments to the extent of 45 days’ energy charges. The amount involved in the matter is ₹ 390 million.
7. Eastern Coalfields Limited (“ECL”) lodged a complaint before the Ombudsman established under the Electricity Act, 2003, against an order dated August 18, 2011 of the Grievance Redressal Officer (“GRO Order”), upholding an additional tariff charge of ₹ 1.61 per unit claimed by IPCL from ECL for the period October 2010 to March 2011. The Ombudsman, *vide* an order dated December 19, 2011 (“Ombudsman Order”), set aside the GRO Order and directed our Company to revise the bill of ECL. IPCL has filed a writ petition before the High Court of Calcutta, seeking that the Ombudsman Order. The amount involved in the matter is approximately ₹ 243.70 million.

(b) *Actions by Statutory and Regulatory Authorities*

1. The West Bengal Electricity Regulatory Commission (“Commission”), *vide* an order dated July 7, 2014 (“Order”), had alleged that IPCL had violated of the Electricity Act, 2003 in as much as it did not obtain any prior approval from the Commission in respect of (i) the amalgamation of the former India Power Corporation Limited into DPSC Limited, as sanctioned by the High Court *vide* order dated April 17, 2013; and (ii) change of name of the resultant company from DPSC Limited to IPCL. IPCL filed a writ petition before the High Court of Calcutta (“High Court”) against the Commission and the Department of Power, State of West Bengal, challenging the Order. The High Court, *vide* its order dated August 17, 2015 (“High Court Order”), quashed the Order. The Commission has filed an appeal before a division bench of the High Court against the High Court Order and has also filed an application for stay of operation of the Order. The matter is currently pending.
2. SEBI, *vide* an order dated June 4, 2013 had *inter alia* directed IPCL to comply with the minimum public shareholding requirements (“MPS Requirement”) prescribed under applicable law. The Order, among other things, prohibits the promoters/promoter group and directors from buying, selling or otherwise dealing in securities of their respective companies, except for the purpose of complying with minimum public shareholding requirement until such time as the companies comply with the minimum public shareholding requirements and also restrain the directors of non-complaint companies from holding any new position as a director in any listed company, until such time such companies comply with minimum public shareholding requirements. Thereafter, SEBI filed an application before the High Court of Calcutta (“High Court”), seeking the modification of a scheme of amalgamation (“Scheme”) approved by the High Court on April 17, 2013 between the former India Power Corporation Limited and DPSC Limited, contending that the Scheme flouted the MPS Requirement by providing that the ‘Power Trust’, an irrevocable independent trust, would qualify as ‘public shareholder’ under Applicable Law. The High Court by its orders dated January 27, 2017 and August 25, 2017 directed the trustees of Power Trust to sell the shares of IPCL held by it to the public by the end of February 2018. In the event that IPCL is unable to achieve the minimum public shareholding by the end of February 2018, our Directors, Mr. Hemant Kanoria (the natural person in control of our Promoter) and Mr. Sunil Kanoria may be required to resign from our Board. This would adversely affect our business, reputation and results of operation.

(b) *Tax Cases:*

Provided below is a summary of direct and indirect taxation proceedings pending against our group companies, to the extent quantifiable:

(₹ in million)			
Sr. No.	Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (₹ In million)
1.	<b>Srei Capital Markets Limited</b>		
	Direct Tax (A)	1	-
	Indirect Tax (B)	1	76.32



(₹ in million)

	<b>Total (A+B)</b>	<b>2</b>	<b>76.32</b>
<b>2.</b>	<b>Srei Alternative Investment Managers Limited</b>		
	Direct Tax (A)	4	4.85
	Indirect Tax (B)	0	0
	<b>Total (A+B)</b>	<b>4</b>	<b>4.85</b>
<b>3.</b>	<b>Controlla Electrotech Private Limited</b>		
	Direct Tax (A)	2	0.12
	Indirect Tax (B)	0	0
	<b>Total (A+B)</b>	<b>2</b>	<b>0.12</b>
<b>4.</b>	<b>Srei Insurance Broking Private Limited</b>		
	Direct Tax (A)	1	-
	Indirect Tax (B)	0	0
	<b>Total (A+B)</b>	<b>1</b>	<b>-</b>
<b>5.</b>	<b>Bengal Srei Infrastructure Development Limited</b>		
	Direct Tax (A)	2	0.22
	Indirect Tax (B)	0	0
	<b>Total (A+B)</b>	<b>2</b>	<b>0.22</b>
<b>6.</b>	<b>Quippo Oil &amp; Gas Infrastructure Limited</b>		
	Direct Tax (A)	9	466
	Indirect Tax (B)	1	29
	<b>Total (A+B)</b>	<b>10</b>	<b>495</b>
<b>7.</b>	<b>Quippo Energy Limited</b>		
	Direct Tax (A)	6	140.4
	Indirect Tax (B)	7	609.8
	<b>Total (A+B)</b>	<b>13</b>	<b>750.2</b>
<b>8.</b>	<b>India Power Corporation Limited</b>		
	Direct Tax (A)	9	77.17
	Indirect Tax (B)	4	32.84
	<b>Total (A+B)</b>	<b>13</b>	<b>110.01</b>

### Litigations by our Group Companies

#### (a) Criminal Proceedings

1. Quippo Energy filed a criminal complaint before the District Court, Ahmedabad (Rural) (“**Court**”) against Kaneria Granito Limited (“**Accused Company**”), alleging the dishonour of seven cheques issued by it, for an aggregate amount of ₹ 3.50 million. Subsequently, a warrant has been issued by the Court against Mr. Anil Kaneria, the director of the Accused Company. The matter is currently pending.
2. Quippo Energy filed a criminal complaint before the Chief Metropolitan Magistrate – South, Saket, New Delhi against Nirman Industries Limited (“**Accused Company**”), alleging the dishonour of eight cheques issued by it, for an amount of ₹ 2.17 million. In light of a judgement of the Supreme Court of India dated August 1, 2008, the matter was transferred to the 4<sup>th</sup> Additional Senior Civil Judge and Additional Chief Judicial Magistrate, Surat (“**Surat Court**”). Subsequently, *vide* an order dated August 5, 2016, the Surat Court transferred the matter to the 3<sup>rd</sup> Metropolitan Magistrate, Kolkata (“**Kolkata Court**”), stating that Kolkata Court had jurisdiction over the matter. The Kolkata Court, *vide* an order dated March 15, 2017, has directed that the property of the Accused Company be attached, and has further issued an arrest warrant against Mr. Dharmesh Kumar Parsottambhai Ukani, a director of the Accused Company. The matter is currently pending.

#### (b) Civil Proceedings

1. The India Growth Opportunity Fund of SAIML (“**IGOF**”) infused equity of ₹ 600.00 million (the “**Investment**”) in the equity share capital of Odisha Slurry Pipeline Infrastructure Limited (“**OSPIL**”) and acquired 69.80% of its fully paid up share capital. The Investment amount was utilised for acquiring a slurry pipeline from Essar Steel India Limited (“**ESIL**”, and such pipeline, the “**Pipeline**”), which was to be leased back to ESIL by OSPIL. Subsequently, OSPIL *vide* an electronic mail dated May 18, 2016 communicated its intention to reverse the transaction. SAIML has filed an arbitration application before the District Court, 24 Parganas (South), Alipore against OSPIL, seeking to restrain OSPIL from alienating or creating third party rights in the Pipeline, or unwinding the acquisition of the same. The matter is currently pending.

2. SIBPL has filed a civil suit against the National Insurance Company Limited (“**NICL**”) before the High Court of Calcutta (“**High Court**”), seeking a recovery of ₹ 5,135.90 million. In addition, SIBPL sought an order *inter alia* restraining NICL from continuing business as an insurance company, suspension of its licenses as an insurance broker, restraining NICL from approaching the IRDA for renewal of their license and directing it to furnish all documents provided to IRDA in this regard to SIBPL. SIBPL has alleged that SIBPL failed to provide certain documents to the Insurance Regulatory and Development Authority (“**IRDA**”) in relation to fraud conducted by an employee of NICL in a timely manner, pursuant to which, IRDA refused to renew the license of SIBPL. The High Court, *vide* an interim *ex parte* order dated May 7, 2014, held that in case IRDA considers renewing the license of NICL, the same should be done only on the basis of the documents provided by NICL, which are supplied to SIBPL, and once SIBPL is given a hearing with regard to the same. In addition, SIBPL filed an application for amendment of its plaint, for revision of the sum sought by it to ₹ 5,136.66 million. *Vide* an order dated June 6, 2016, the High Court allowed SIBPL to amend its plaint. The matter is currently pending.
3. In terms of a lease deed dated March 31, 1993 executed between Eastern Coalfields Limited (“**ECL**”) and IPCL (the “**Lease Deed**”), ECL had leased out to IPCL a thermal power plant at Chinakuri Mining Complex (the “**Thermal Plant**”) for a period of 20 years, which expired on March 31, 2012. In terms of the Lease Deed, IPCL claimed a sum of ₹ 247.30 million towards the costs of improvements made to the Thermal Plant, which was denied by ECL. IPCL thereafter instituted legal proceedings culminating before the Supreme Court, which referred the matter to arbitration before the sole arbitrator, Justice (retired) S.S. Nijjar (“**Sole Arbitrator**”) *vide* its order dated October 17, 2014. IPCL has *inter alia* seeks an award by Sole Arbitrator *inter alia* directing ECL to renew the lease for an additional period of 20 years, and directing it to make a payment of ₹ 505.30 million to IPCL. The aggregate amount involved in the matter is ₹ 1,342.20 million. The matter is currently pending.
4. Damodar Valley Corporation (“**DVC**”) had initiated arbitration proceedings before an arbitration tribunal (“**Tribunal**”) against IPCL in relation to its non-withdrawal of a contracted quantity of electricity. The Tribunal, *vide* an award dated November 25, 2010 (the “**Award**”), has *inter alia* awarded DVC a sum of ₹ 109.50 million. IPCL filed an appeal against the Award before the District Judge, Barasat and the Award has accordingly been stayed. The amount involved in the matter is ₹ 243.70 million. The matter is currently pending.

#### **V. Outstanding dues to small scale undertakings and other creditors by our Company**

As of September 30, 2017, our Company has 5,177 creditors. The aggregate amount outstanding to such creditors as on September 30, 2017 was ₹ 17,195.90 million. For details on outstanding dues to our creditors as on September 30, 2017, please see [www.sreiequipment.com](http://www.sreiequipment.com).

In terms of the Materiality Policy, trade payables exceeding one percent of the consolidated trade payables of the Company as per the last full year audited financial statements of the Company, i.e. as on March 31, 2017, amounting to ₹ 171.95 million, are material dues for our Company. As of September 30, 2017, our Company has outstanding dues of ₹ 15,073.17 million to seven creditors considered ‘material’ under the Materiality Policy.

Further, our Company has not received any intimation from any of our creditors regarding their status as micro or small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006.

*Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company’s website, [www.sreiequipment.com](http://www.sreiequipment.com), would be doing so at their own risk.*

#### **VI. Details of default and non - payment of statutory dues by our Company**

Our Company does not owe any statutory dues and has not made any defaults or committed any acts involving non-payment of its statutory dues.

#### **VII. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company**

There are no outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the



Companies Act, 2013, show cause notices or legal notices pending against any other person whose outcome could affect the operations or finances of our Company or have a material adverse effect on the position of our Company.

#### **VIII. Material fraud committed against our Company in the last five (5) Fiscals and actions taken by our Company in this regard**

There has been no material fraud against our Company in the last five Fiscals.

#### **IX. Pending proceedings initiated against our Company for economic offences**

As on date of this Draft Red Herring Prospectus, there are no proceedings initiated against our Company for any economic offences.

#### **X. Inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company**

Other than as disclosed in ‘– *Litigations involving our Company – Litigations against our Company - (b) Actions by Statutory and Regulatory Authorities*’ above, and except as disclosed below, there are no inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company:

1. The RoC issued a show cause notice dated May 20, 2013 to our Directors and our Company Secretary (“**Noticees**”) for the alleged violation of certain provisions of Companies Act, 1956, *inter alia* in relation to the board report, balance sheet and profit and loss account of our Company. Subsequently, *suo moto* applications were made by the Noticees before the Company Law Board, Kolkata Bench (“**CLB**”) for *inter alia* compounding of the offences, and directions to the RoC for the cessation of proceedings against the Noticees. The CLB, *vide* an order dated March 4, 2013, disposed the application and compounded the alleged violations upon receipt of the aggregate compounding fee of ₹ 71,000 from the Noticees.

#### **XI. Litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoter during the last 5 years.**

Other than as disclosed in ‘– *Litigations involving our Promoter – Litigations against our Promoter - (b) Actions by Statutory and Regulatory Authorities*’ above, there is no litigation or legal action pending or taken by any ministry or department of the government or the Reserve Bank of India against SIFL during the last five years immediately preceding the year of issue of this Draft Red Herring Prospectus.

#### **XII. Material Developments**

In the opinion of the Board, other than as disclosed in this Draft Red Herring Prospectus, there has not arisen, since September 30, 2017, 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. For details of material developments since the date of the last balance sheet, please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 309.

## GOVERNMENT AND OTHER APPROVALS

*Except as disclosed in “Risk Factors” on page 15, we have obtained all material consents, licenses, permissions and approvals, from various governmental, statutory and regulatory authorities in India, which are necessary for undertaking our current business activities. The disclosure below is indicative and no further material approvals or permissions from any governmental, statutory and regulatory authority are required for carrying on the present business operations of our Company. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring Prospectus. For details in connection with the regulatory and legal framework within which we operate, please see “Regulations and Policies” on page 164.*

### A. Approvals relating to the Offer

1. Our Board and Shareholders have authorised the Offer pursuant to their resolutions dated October 25, 2017 and October 27, 2017, respectively.
2. The Selling Shareholder has approved its participation in the Offer for Sale pursuant to a resolution of its investment committee of its board of directors dated October 25, 2017 and has provided its consent to offer up to 4,386,765 Equity Shares by its consent letter dated November 27, 2017. The Board of Directors of our Company has in its meeting dated November 27, 2017 taken on record the aforementioned consent letter.
3. In-principle approval from the BSE dated [●].
4. In-principle approval from the NSE dated [●].

### B. Approvals relating to our Company’s business and operations

#### I. Corporate and Taxation Related Approvals

1. Certificate of commencement of business dated November 28, 2006, issued by the RoC.
2. For details of change of name and receipt of certificate of incorporation, please see “History and Certain Corporate Affairs” on page 176.
3. Permanent Account Number of our Company: AAKCS3431L.
4. Tax Deduction Account Number of our Company: CALS19320A.
5. State-wise GST Registration of our Company:

Sr. No.	State	Registration No.
1.	Andhra Pradesh	37AAKCS3431L1Z1
2.	Delhi	07AAKCS3431L1Z4
3.	Haryana	06AAKCS3431L1Z6
4.	Punjab	03AAKCS3431L1ZC
5.	Rajasthan	08AAKCS3431L1Z2
6.	Uttar Pradesh	09AAKCS3431L1Z0
7.	Bihar	10AAKCS3431L1ZH
8.	Assam	18AAKCS3431L1Z1
9.	West Bengal	19AAKCS3431L1ZZ
10.	Jharkhand	20AAKCS3431L1ZG
11.	Chhattisgarh	22AAKCS3431L1ZC
12.	Madhya Pradesh	23AAKCS3431L1ZA
13.	Odisha	21AAKCS3431L1ZE
14.	Gujarat	24AAKCS3431L1Z8
15.	Maharashtra	27AAKCS3431L1Z2
16.	Karnataka	29AAKCS3431L1ZY
17.	Kerala	32AAKCS3431L1ZB
18.	Telangana	36AAKCS3431L1Z3
19.	Tamil Nadu	33AAKCS3431L1Z9
20.	Goa	30AAKCS3431L1ZF

## **II. Business Approvals**

1. Fresh certificate of registration bearing registration number N.05.06694 dated February 19, 2014 issued by the RBI consequent on change of the name of our Company to ‘Srei Equipment Finance Limited’, permitting our Company to carry on business as a non-banking finance company classified as an ‘Asset Finance Company – Non-Deposit Taking’ under Section 45-IA of the RBI Act.
2. As on the date of this Draft Red Herring Prospectus, our Company has 89 branches and four offices in India. Following are the material approvals applicable to our branch offices:
  - i. Certificate of registration of establishment issued under relevant shops and establishment legislations of the respective states in which our branch offices are located.
  - ii. Certificate of registration as a principal employer for our branch offices under the Contract Labour (Regulation and Abolition) Act, 1970.
  - iii. Trade licenses issued by the local municipal bodies of the locations in which our branch offices are located (as applicable in the respective states).

Our Company obtains these material approvals, in the normal course of business for its branch offices located across various states. These approvals lapse in their normal course and our Company submits applications to the appropriate authorities for renewal of such registration in accordance with the applicable procedures and requirements.

## **C. Intellectual Property related approvals**

### *Trademarks*

As on the date of this Draft Red Herring Prospectus, we have not made any applications for registration of any trademarks.

For details of licensing agreements entered into by our Company for use of trademarks held by other entities, see “*Our Business – Intellectual Property*” and “*History and Certain Corporate Matters*” on pages 162 and 176, respectively.



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Offer

Our Board has, pursuant to its resolution dated October 25, 2017, authorized the Offer, subject to the approval of the Shareholders under Section 62(1)(c) of the Companies Act, 2013 and Shareholders have, pursuant to a resolution dated October 27, 2017 under Section 62(1)(c) of the Companies Act, authorized the Offer.

Our Board has approved the Pre-IPO Placement pursuant to a resolution passed at their meeting held on November 27, 2017.

The Offer for Sale has been authorised by the Selling Shareholder as set forth in “*Government and Other Approvals*” and “*The Offer*” on page 371 and 62, respectively. The Selling Shareholder has confirmed that the Equity Shares held by it in our Company and proposed to be offered by it in the Offer for Sale, have been held by it for a continuous period of at least one year prior to the filing of this Draft Red Herring Prospectus and are, accordingly, eligible for being offered in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

This Draft Red Herring Prospectus has been approved by our Board and by the IPO Committee pursuant to their resolutions dated November 27, 2017 and November 28, 2017, respectively.

Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### Prohibition by SEBI, the RBI or other Authorities

Our Company, Promoter, members of the Promoter Group, Directors, Group Companies, and the natural persons in control of our Promoter and Selling Shareholder have not been prohibited from accessing the capital markets by SEBI or any other authority or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI or any other governmental authorities.

Except Mr. Shyamalendu Chatterjee, who is a director of SCML, a Company registered with SEBI under the SEBI Merchant Bankers Regulations, none of our Directors are associated with the securities market including any securities market related business and no action has been taken by SEBI against our directors or any entity in which our directors are involved as promoters or directors

### Prohibition with respect to Wilful Defaulter

None of our Company, the Selling Shareholder, our Promoter, our Directors or our Group Companies has been identified as a Wilful Defaulter (as defined under the SEBI ICDR Regulations).

### Eligibility for the Offer

Our Company is an unlisted company, eligible to undertake the Offer under Regulation 26(1) of the SEBI ICDR Regulations as set forth below:

- Our Company has net tangible assets of at least ₹ 30.00 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹ 150.00 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a Net Worth of at least ₹ 10.00 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Offer and all previous issues made in the same Fiscal in terms of Offer size is not expected to exceed five times the pre-Offer Net Worth of our Company as per the audited balance sheet of the preceding Fiscal; and

- Our Company has not changed its name in the last one year.

Our Company's Net Tangible Assets, Pre-Tax Operating Profit and Net Worth derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at and for the last five Fiscals are set forth below:

(₹ in million)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Net Tangible Assets <sup>(1)</sup>	171,590.50	155,852.70	162,159.10	160,339.80	162,915.50
Monetary Assets <sup>(2)</sup>	3,974.30	2,353.70	3,536.60	6,400.40	10,488.60
Monetary Assets as a % of net tangible assets	2.32%	1.51%	2.18%	3.99%	6.44%
Pre-tax Operating Profit**	2,144.20	1,670.50	2,205.10	3,684.10	3,963.00
Net worth***	24,617.90	23,185.40	22,003.50	20,296.90	17,884.60

Note 1: 'Net tangible assets' mean the aggregate of total assets, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India and Unamortised Prepaid Expenses.

Note 2: Restated Monetary Assets comprises of cash and bank balances and deposit accounts with banks

\*\* "Pre-tax Operating Profit" comprises of Profit Before Tax excluding Other Income.

\*\*\* Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any).

Our average pre-tax operating profit calculated on a restated basis, during the three most profitable years being Fiscals 2015, 2014 and 2013 out of the immediately preceding five years is ₹ 3,284.07 million.

Further, our Company and the Selling Shareholder shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be refunded/ unblocked in the respective ASBA Accounts of the ASBA Bidders, as applicable. In case of delay, if any, in refund/ unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws. The Selling Shareholder shall provide all required information, support and cooperation to the Company in this respect.

Our Company has applied to the BSE and the NSE for obtaining their in-principle approvals for listing of the Equity Shares under this Offer and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, pursuant to a resolution of our Board/ IPO Committee dated [●], the [●] shall be the Designated Stock Exchange;

Our Company along with the Registrar to the Offer has entered into tripartite agreements dated and November 24, 2017 and November 22, 2017 with the NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus; and

Further, the entire requirement of funds towards objects of the Fresh Issue will be met from the Net Proceeds of the Fresh Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

#### DISCLAIMER CLAUSE OF SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, BEING, ICICI SECURITIES LIMITED, SREI CAPITAL MARKETS LIMITED, CLSA INDIA PRIVATE LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, HAITONG SECURITIES INDIA PRIVATE LIMITED, IIFL HOLDINGS LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES**



MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMS, BEING ICICI SECURITIES LIMITED, SREI CAPITAL MARKETS LIMITED, CLSA INDIA PRIVATE LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, HAITONG SECURITIES INDIA PRIVATE LIMITED, IIFL HOLDINGS LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, BEING ICICI SECURITIES LIMITED, SREI CAPITAL MARKETS LIMITED, CLSA INDIA PRIVATE LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, HAITONG SECURITIES INDIA PRIVATE LIMITED, IIFL HOLDINGS LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 28, 2017, WHICH READS AS FOLLOWS:

WE, THE BRLMS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS DATED NOVEMBER 28, 2017 (“DRHP”) PERTAINING TO THE SAID OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDER, WE CONFIRM THAT:
  - (a) THE DRHP FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (c) THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013, AS APPLICABLE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI ICDR REGULATIONS”), AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID – COMPLIED WITH AND NOTED FOR COMPLIANCE.



4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP – COMPLIED WITH AND NOTED FOR COMPLIANCE.
6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP – COMPLIED WITH AND NOTED FOR COMPLIANCE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER – NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED FROM THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRHP THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL-INFORMED DECISION. – COMPLIED WITH
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRHP:



**COMPLIED WITH**

- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER – NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. – COMPLIED WITH
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY – COMPLIED WITH
16. WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR – COMPLIED WITH
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS, AS CERTIFIED BY G. P. AGRAWAL & CO., CHARTERED ACCOUNTANTS, PURSUANT TO ITS CERTIFICATE DATED NOVEMBER 27, 2017.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI ICDR REGULATIONS (IF APPLICABLE) – NOT APPLICABLE.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE ANY PERSON WHO HAS AUTHORISED THE ISSUE OF THIS DRAFT RED HERRING PROSPECTUS FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVE THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

In compliance with the proviso to Regulation 21A(1) of the SEBI Merchant Bankers Regulations read with proviso to Regulation 5(3) of the SEBI ICDR Regulations, SCML will be involved only in marketing of the Offer.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, and 32 of the Companies Act, 2013. The SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus.

## Price information of past issues handled by the BRLMs

### A. I-SEC

#### 1. Price information of past issues handled by I-SEC:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	HPL Electric & Power Limited	3,610.00	202.00	October 4, 2016	190.00	-14.75%, [-2.91%]	-51.19%, [-6.72%]	-37.77%, [+5.34%]
2	Sheela Foam Limited	5,100.00	730.00	December 9, 2016	860.00	+30.23%, [-0.31%]	+48.39%, [+8.02%]	+86.65%, [+16.65%]
3	Music Broadcast Limited	4,885.29	333.00	March 17, 2017	413.00	+4.58%, [-0.23%]	+4.19%, [+5.00%]	+18.74% [+10.19%]
4	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	600.00	+145.08%, [-0.20%]	+166.35%, [+5.88%]	+264.38%, [+11.31%]
5	Housing and Urban Development Corporation Limited	12,095.70	60.00 <sup>(1)</sup>	May 19, 2017	73.00	+13.17%, [+2.44%]	+34.67%, [+4.98%]	+35.67%, [+8.05%]
6	AU Small Finance Bank Limited	19,125.14	358.00	July 10, 2017	530.00	+58.76%, [+2.12%]	+65.20%, [+2.23%]	-
7	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.29%, [+1.17%]	+3.14%, [+5.40%]	-
8	Matrimony.Com Limited	4,974.79	985.00 <sup>(2)</sup>	September 21, 2017	985.00	-12.28%, [+0.62%]	-	-
9	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	+3.62%, [+6.25%]	-	-
10	SBI Life Insurance Company Limited	83,887.29	700.00 <sup>(3)</sup>	October 3, 2017	735.00	-7.56%, [+5.89%]	-	-

<sup>(1)</sup> Discount of ₹2.00 per equity share offered to retail investors and to Eligible Employees. All calculations are based on Issue Price of ₹60.00 per equity share.

<sup>(2)</sup> Discount of ₹98.00 per equity share offered to retail investors and to Eligible Employees. All calculations are based on Issue Price of ₹985.00 per equity share.

<sup>(3)</sup> Discount of ₹68.00 per equity share offered to Eligible Employees. All calculations are based on Issue Price of ₹700.00 per equity share.

#### Notes:

- All data sourced from www.nseindia.com.
- Benchmark index considered is NIFTY.
- 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the next trading day.

#### 2. Summary statement of price information of past issues handled by I-SEC:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	6	184,888.11	-	-	3	1	-	2	-	-	-	-	1	-
2016-17	12	160,855.45	-	-	3	4	4	1	-	1	1	7	2	1
2015-16	6	27,229.06	-	1	1	1	-	3	-	-	2	2	2	-



## B. SCML

Srei Capital Markets Limited, has not managed any Public Issue of equity shares during the current financial year and two financial years preceding the current financial year where Srei Capital Markets Limited was responsible for pricing the issue.

## C. Credit Suisse

### 1. Price information of past issues handled by Credit Suisse:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Syngene International Limited	5,500.00	250.00	August 11, 2015	295.00	36.00%, [-7.61%]	44.90%, [-6.47%]	57.20%, [-12.70%]
2	TeamLease Services Limited	4,236.77	850.00	February 12, 2016	860.00	15.34%, [7.99%]	5.38%, [12.43%]	35.35%, [24.31%]
3	S Chand and Company Limited	7,285.57	670.00	May 09, 2017	700.00	-17.37%, [3.72%]	-26.25%, [7.95%]	-27.42%, [12.18%]
4	IRB InvIT Fund	50,328.84	102.00	May 18, 2017	102.00	-2.80%, [1.68%]	-5.68%, [4.96%]	-11.21%, [8.44%]
5	Eris Lifesciences Limited	17,411.63	603.00	June 29, 2017	611.00	0.87%, [5.37%]	-5.69%, [3.87%]	NA
6	Godrej Agrovet Limited	11,573.12	460.00	October 16, 2017	615.60	14.96%, [-0.43%]	NA	NA
7	HDFC Standard Life Insurance Company Limited	86,950.00	290.00	November 17, 2017	310.0	NA	NA	NA

Source: [www.nseindia.com](http://www.nseindia.com) for the price information and prospectus for issue details

Notes:

- 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the next trading date
- Price information and benchmark index values have been shown only for the designated stock exchange in the above table
- NSE is the designated stock exchange for the issue listed in the above table. NIFTY has been used as the benchmark index
- Since the listing date of Eris Lifesciences Limited was June 29, 2017, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available
- Since the listing date of Godrej Agrovet Limited was October 16, 2017, information relating to closing prices and benchmark index as on 90th/180th calendar day from listing date is not available
- Since the listing date of HDFC Standard Life Insurance Company Limited was November 17, 2017, information relating to closing prices and benchmark index as on 30th/90th/180th calendar day from listing date is not available
- Change in closing price calculated over the issue/offer price of the issuer
- Change in closing price over the closing price as on the listing date for benchmark index i.e. NIFTY

2. Summary statement of price information of past issues handled by Credit Suisse:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	2	9,736.77	-	-	-	-	1	1	-	-	-	1	1	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	5	1,73,549.16	-	-	2	-	-	2	-	1	1	-	-	-

- a) Since the listing date of Eris Lifesciences Limited. was June 29, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- b) Since the listing date of Godrej Agrovet Limited was October 16, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- c) Since the listing date of HDFC Standard Life Insurance Company Limited was November 17, 2017, information relating to closing prices and benchmark index as on 30<sup>th</sup>/180<sup>th</sup> calendar day from listing date is not available

**D. CLSA**

1. Price information of past issues handled by CLSA:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	HDFC Standard Life Insurance Company Limited <sup>2</sup>	86,950.07	290.00	November 17, 2017	310.00	Not Applicable	Not Applicable	Not Applicable
2	Reliance Nippon Life Asset Management Limited <sup>2</sup>	15,422.40	252.00	November 6, 2017	295.90	Not Applicable	Not Applicable	Not Applicable
3	ICICI Lombard General Insurance Company Limited <sup>2</sup>	57,009.39	661.00	September 27, 2017	651.10	+3.62%, [+6.25%]	Not Applicable	Not Applicable
4	Varun Beverages Limited <sup>2</sup>	11,125.00	445.00	November 8, 2016	430.00	-7.72%, [-5.17%]	-9.36%, [3.01%]	10.60%, [9.02%]
5	ICICI Prudential Life Insurance Company Limited <sup>2</sup>	60,567.91	334.00	September 29, 2016	330.00	-7.60%, [+0.54%]	-11.54%, [-6.50%]	12.31%, [5.28%]

Source: www.nseindia.com

Notes:

- The CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is not a trading day, closing price on NSE of the next trading day has been considered.
- Not applicable – where the relevant period has not been completed



2. Summary statement of price information of past issues handled by CLSA:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18*	3	159,381.79	-	-	-	-	-	1	-	-	-	-	-	-
2016-17	2	71,692.91	-	-	2	-	-	-	-	-	-	-	-	2
2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\* For 2017-18, the information is as on the date of this Offer Document

**E. Haitong**

1. Price information of past issues handled by Haitong:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% [5.84%]	+128.86% [2.26%]	Not applicable
2	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	Not applicable	Not applicable	Not applicable

Source: www.nseindia.com

**Notes**

1. Based on date of listing.
2. % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup>/90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.
3. Wherever 30<sup>th</sup>/90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
4. The Nifty 50 index is considered as the Benchmark Index
5. Not Applicable. – Period not completed.

2. Summary statement of price information of past issues handled by Haitong:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18*	2	92,189.98.00	-	-	-	1	-	-	-	-	-	-	-	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>^</sup>The information is as on the date of this Draft Red Herring Prospectus.

1. Based on date of listing.
2. Wherever 30<sup>th</sup> and 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

For the financial year 2017-18 – two issues have been completed.

## F. IIFL

### 1. Price information of past issues handled by IIFL:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Manpasand Beverages Limited	4,000.00	320.00	July 9, 2015	300.00	+23.2%, [+2.4%]	+31.5%, [-2.2%]	+58.6%, [-6.9%]
2	Power Mech Projects Limited	2,732.16	640.00	August 26, 2015	600.00	-9.4%, [-0.2%]	-2.8%, [-0.6%]	-10.6%, [-8.2%]
3	Precision Camshafts Limited	4,101.90	186.00	February 8, 2016	165.00	-15.0%, [+0.6%]	-20.8%, [+3.3%]	-20.1%, [+15.9%]
4	Healthcare Global Enterprises Limited	6,496.40	218.00	March 30, 2016	210.20	-15.9%, [+3.3%]	-17.4%, [+7.0%]	-1.3%, [+14.8%]
5	Ujjivan Financial Services Limited	8,824.96	210.00	May 10, 2016	231.90	+74.1%, [+4.3%]	+115.4%, [+10.7%]	+98.3%, [+7.2%]
6	Quess Corp Limited	4,000.00	317.00	July 12, 2016	500.00	+67.9%, [+1.5%]	+94.6%, [+2.8%]	+110.8%, [-2.6%]
7	Dilip Buildcon Limited	6,539.77	219.00	August 11, 2016	240.00	+5.1%, [3.4%]	-3.9%, [-1.7%]	+20.3%, [+2.3%]
8	RBL Bank Limited	12,129.67	225.00	August 31, 2016	274.20	+29.4%, [-1.5%]	59.8%, [-6.9%]	+107.9%, [+1.7%]
9	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	September 29, 2016	330.00	-7.6%, [-1.2%]	-11.6%, [-8.1%]	+11.3%, [+4.1%]
10	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.3%, [+0.3%]	+3.1%, [+4.0%]	NA
11	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2725.00	+50.8%, [+1.2%]	NA	NA
12	Capacit'e Infraprojects Limited	4,000.00	250.00	September 25, 2017	399.00	+34.9%, [+3.3%]	NA	NA
13	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	+3.3%, [+4.6%]	NA	NA
14	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	NA	NA
15	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	NA	NA	NA
16	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	NA	NA	NA

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

### 2. Summary statement of price information of past issues handled by IIFL:

Financial Year	Total no. of IPOs	Total funds raised (₹ in million)	No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-18	4	17,330.46	-	-	3	-	-	1	-	-	3	1	-	-
2016-17	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2015-16	7	187,177.71	-	-	2	1	1	1	-	-	-	-	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

## G. Motilal Oswal

### 1. Price information of past issues handled by Motilal Oswal:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]-30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180 <sup>th</sup> calendar days from listing
1	MAS Financial Services Limited	4,600.42	459.00	October 18, 2017	660.00	28.45% [+0.71%]	NA	NA
2	Dixon Technologies (India) Limited	5,992.79	1766.00	September 18, 2017	2,725.00	50.78% [+0.57%]	NA	NA
3	AU Small Finance Bank Limited	19,125.14	358.00	July 10, 2017	530.00	53.60% [+1.40%]	71.80% [+2.14%]	NA
4	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-13.32% [+4.16%]	-19.90% [+1.82%]	NA
5	PSP Projects Limited	2,116.80	210.00	May 29, 2017	190.00	21.67% [-1.18%]	68.37% [+2.63%]	103.21% [+8.17%]
6	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	600.00	152.94% [+0.16%]	166.35% [+5.88%]	263.80% [+10.57%]
7	BSE Limited	12,434.32	806.00	February 3, 2017	1,085.00	10.51% [+1.79%]	24.21% [+7.08%]	32.41% [+15.34%]
8	S.P. Apparels Limited	2,391.20	268.00	August 12, 2016	275.00	27.33% [+2.24%]	17.09% [-0.54%]	51.94% [+1.11%]
9	Parag Milk Foods Limited	7,505.37	215.00	May 19, 2016	217.50	17.07% [+4.97%]	48.67% [+11.04%]	38.93% [+6.59%]
10	Pennar Engineered Building Systems Limited	1,561.87	178.00	September 10, 2015	177.95	-5.93% [+5.16%]	-11.26% [-1.11%]	-16.71% [-3.89%]
11	Power Mech Projects Limited	2,732.20	640.00	August 26, 2015	600.00	-9.36% [+0.98%]	-4.63% [+0.74%]	-10.65% [-7.15%]

Source: www.nseindia.com

#### Notes:

- The S&P CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
- In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹203.00 per equity share after a discount of ₹12.00 per equity share. The Anchor Investor Issue price was ₹227.00 per equity share.



2. Summary statement of price information of past issues handled by Motilal Oswal:

Financial Year	Total no. of IPOs	Total funds raised (₹ in million)	No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing			No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing			No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-18	5	36,683.15	NA	NA	1	2	1	1	NA	NA	NA	1	NA	NA
2016-17	4	41,000.89	NA	NA	NA	1	1	2	NA	NA	NA	2	2	NA
2015-16	2	4,294.07	NA	NA	2	NA	NA	NA	NA	NA	2	NA	NA	NA

Source: www.nseindia.com

\* The information is as on the date of the document.

The information for each of the financial years is based on issues listed during such financial year.

## H. Nomura

1. Price information of past issues handled by Nomura:

Sr. No.	Issue Name	Issue Size (₹ in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]-30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180 <sup>th</sup> calendar days from listing
1	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	Not applicable	Not applicable	Not applicable
2	The New India Assurance Company Limited <sup>1</sup>	95,858.23	800.00	November 13, 2017	750.00	Not applicable	Not applicable	Not applicable
3	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	Not applicable	Not applicable	Not applicable
4	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% [+5.84%]	+128.86%, [+2.26%]	Not applicable
5	Tejas Networks Limited	7,766.88	257.00	June 27, 2017	257.00	+28.04%, [+5.35%]	+17.82%, [+3.80%]	Not applicable
6	Housing and Urban Development Corporation Limited <sup>2</sup>	12,097.77	60.00	May 19, 2017	73.00	+13.17%, [+2.44%]	+34.67%, [+4.98%]	+35.67%, [+8.05%]
7	BSE Limited	12,434.32	806.00	February 3, 2017	1,085.00	+17.52%, [+2.55%]	+24.41%, [+6.53%]	+34.43% [+15.72%]
8	Alkem Laboratories Limited <sup>3</sup>	13,477.64	1,050.00	December 23, 2015	1,380.00	+30.34%, [-7.49%]	+28.60%, [-2.06%]	+31.91%, [+4.74%]

Source: www.nseindia.com

1. Price for retail individual investors and Eligible Employees bidding in the Employee Reservation Portion was ₹ 770.00 per equity share

2. Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹ 58.00 per equity share

3. Price for eligible employees was ₹ 950.00 per equity share

**Notes:**

a. The CNX NIFTY has been considered as the Benchmark Index.

b. Price on NSE is considered for all of the above calculations.



c. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is not a trading day, closing price on NSE of the next trading day has been considered.

d. Not applicable – Period not completed

2. Summary statement of price information of past issues handled by Nomura:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	6	223,335.26	-	-	-	1	1	1	-	-	-	-	1	-
2016-17	1	12,434.32	-	-	-	-	-	1	-	-	-	-	1	-
2015-16	1	13,477.64	-	-	-	-	1	-	-	-	-	-	1	-

\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

6 issues were completed in the financial year 2017-2018. However, 3 issues have not completed 30 days and 5 issues have not completed 180 days.

**Track record of past issues handled by the BRLMs**

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	I-SEC	www.icicisecurities.com
2.	SCML	www.srei.com
3.	CLSA	www.india.clsa.com
4.	Credit Suisse	https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html
5.	Haitong	www.htisec.com/en-us/haitong-india
6.	IIFL	www.iiflcap.com
7.	Motilal Oswal	www.motilaloswalgroup.com
8.	Nomura	www.nomuraholdings.com/company/group/asia/india/index.html

### **Disclaimer from our Company, the Selling Shareholder, our Directors and the BRLMs**

Our Company, the Selling Shareholder, our Directors, the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website [www.sreiequipment.com](http://www.sreiequipment.com) or the respective websites of any of our Promoter, Promoter Group, Group Companies or of any affiliate of our Company and the Selling Shareholder, would be doing so at his or her or their own risk. Unless required by law, the Selling Shareholder, and where applicable, its respective directors, affiliates, associates and officers accept no responsibility for any statements and undertakings, except such statements and undertakings made or confirmed by them in this Draft Red Herring Prospectus specifically in relation to themselves, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct.

### **Caution**

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement entered into among our Company, the Selling Shareholder, the BRLMs and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the Bidders and public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Our Company and the Selling Shareholder will ensure that Bidders in India are informed of material developments in relation to the statements relating to and undertakings specifically confirmed or undertaken by them in relation to shares offered by it in the Red Herring Prospectus until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer by the Stock Exchanges.

Neither our Company, the Selling Shareholder nor any of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Each of the BRLMs and their respective associates and affiliates, in its capacity as principal or agent, is and may in the future be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, research, securities issuance, trading (customer and proprietary) and brokerage). Certain of the BRLMs and/or their respective associates and affiliates have engaged, and may in the future engage, in transactions with, and have performed, and may in the future perform, services for our Company, the Selling Shareholder and their respective group companies, affiliates or associates or any third parties in the ordinary course of their commercial banking and investment banking activities, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

### **Disclaimer in respect of Jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), NBFC-SIs or trusts under registered applicable law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development



corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and permitted non-residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Kolkata, India only.

This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and the Selling Shareholder from the date thereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as — QIBs) pursuant to Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and (ii) outside the United States only in offshore transactions in reliance on Regulation S under the U.S. Securities Act and pursuant to the applicable laws of the jurisdiction where those offers and sales occur.**

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act unless made pursuant to Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws.

#### *Equity Shares Offered and Sold within the United States*

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholder and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to the Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of one or more U.S. QIBs with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), or (iv) pursuant to another available exemption from the registration requirements under the U.S. Securities Act and (B) in each case in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
6. the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
8. the purchaser is not acquiring the Equity Shares as a result of any form of “general solicitation” or “general advertising” (within the meaning of Rule 502(c) of Regulation D under the U.S. Securities Act);
9. the Company believes that it is, and expects to continue to be, a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes, and the purchaser understands that the Company’s status as a PFIC may subject U.S. holders of the Equity Shares to adverse U.S. federal income tax consequences;
10. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

**“THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITORY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITORY BANK.”**

11. the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and



12. the purchaser acknowledges that the Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

***All other Equity Shares Offered and Sold in the Offer***

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to the Offer, will be deemed to have acknowledged, represented to and agreed with the Company, the Selling Shareholder and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to the Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser is purchasing the Equity Shares offered pursuant to the Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
5. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
6. the purchaser is not acquiring the Equity Shares as a result of any “directed selling efforts” (within the meaning of Rule 902(c) of Regulation S under the U.S. Securities Act);
7. the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
8. the purchaser acknowledges that the Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder, where required, must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.



### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to its filing with the RoC.

### **Disclaimer Clause of RBI**

**RBI has issued Certificate of Registration dated June 12, 2007 and Certificate of Registration dated February 19, 2014, classifying our Company under the category 'Asset Finance Company – Non-Deposit Taking'. 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 Draft Red Herring 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.**

### **Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the Registrar of Companies, West Bengal at Kolkata at Nizam Palace, 2<sup>nd</sup> MSO Building, 2<sup>nd</sup> Floor, 234/4, Acharya Jagdish Chandra Bose Road, Kolkata – 700 020, West Bengal, India.

### **Listing**

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Offer. The [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholder will forthwith repay, all monies received from the applicants in pursuance of the Red Herring Prospectus, in accordance with applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or within such other period as may be prescribed.

If our Company does not Allot the Equity Shares within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Offer Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum or such other rate as prescribed under applicable law for the delayed period.

The Selling Shareholder confirms that it shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.





## **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

“Any person who –

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447.”

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Consents**

Consents in writing of (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer for the Offer, our Chief Financial Officer, the BRLMs, legal counsels, bankers to our Company, Feedback, our Statutory Auditor, G. P. Agrawal & Co., Chartered Accountants and the Registrar to the Offer, in their respective capacities have been obtained; and consents in writing of (b) the Syndicate Members, the Monitoring Agency, the Escrow Collection Bank(s) and Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

## **Expert to the Offer**

Except as stated herein, our Company has not obtained any expert opinions.

As required under Section 26(1)(a)(v) of the Companies Act, 2013, our Company has received written consent from our Statutory Auditor namely Deloitte, Haskins and Sells, Chartered Accountants, to include their name in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) read with Section 26(5) of the Companies Act, 2013 in respect of their (a) report dated November 27, 2017, on the Restated Financial Information, and (b) report dated November 27, 2017 on the statement of possible tax benefits available for the Company and its shareholders. The term “experts” and consent thereof does not represent an expert or consent within the meaning under the 1933 Securities Act of the United States of America.”

Such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

## **Offer related expenses**

The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For details of the Offer expenses, please see “*Objects of the Offer - Offer Expenses*” on page 82.

The Offer expenses shall be shared between our Company and the Selling Shareholder, in proportion to the number of Equity Shares offered by our Company and the Selling Shareholder in the Fresh Issue and the Offer for Sale, respectively.

## **Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and

reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of filing of the Red Herring Prospectus until the Bid/Offer Closing Date. For details of the Offer expenses, please see “*Objects of the Offer - Offer Expenses*” on page 82.

#### **Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which will be available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of filing of the Red Herring Prospectus until the Bid/Offer Closing Date.

#### **Commission payable to SCSBs, Registered Brokers, RTAs and CDPs**

For details of the commission payable to SCSB, Registered Brokers, RTAs and CDPs, please see “*Objects of the Offer - Offer Expenses*” on page 82.

#### **Public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues of Equity Shares during the five years immediately preceding the date of this Draft Red Herring Prospectus.

#### **Previous issues of securities otherwise than for cash**

Except as disclosed in the “*Capital Structure*” on page 72, our Company has not issued any Equity Shares or convertible securities for consideration otherwise than for cash.

#### **Commission and brokerage paid on previous issues**

Since this is an initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company’s incorporation.

#### **Capital issue during the previous three years by listed Group Companies, Subsidiaries and Associates of our Company**

We do not have any subsidiaries or associates. None our Group Companies, other than our Promoter and IPCL, are listed on any stock exchanges. None of our group companies have made any public, rights or composite issue of equity shares during the three years preceding the date of this Draft Red Herring Prospectus.

However, IPCL has, pursuant to an order by the High Court of Calcutta dated January 27, 2017, undertaken two offers for sale through the stock exchange mechanism as mandated by SEBI in relation to meeting with the minimum public shareholding requirements. As the offers were in the nature of offers for sale, IPCL did not receive any part of the proceeds.

#### **Performance vis-à-vis objects**

Our Company has not undertaken any public issue of Equity Shares since its incorporation, and except as disclosed in the “*Capital Structure*” on page 72, our Company has not undertaken any rights issue of Equity Shares during the last 10 years preceding the date of this Draft Red Herring Prospectus.

#### **Performance vis-à-vis objects – Last issue of Group Companies, Subsidiaries or Associates**

None of our Group Companies have undertaken any public or rights issue of equity shares in the ten years preceding the date of this Draft Red Herring Prospectus. Accordingly, the requirement to disclose performance vis-à-vis objects in respect of earlier offerings does not apply to our Group Companies.

#### **Outstanding debentures, bonds, or other instruments**



Other than outstanding non-convertible debentures and commercial papers as disclosed in “*Financial Indebtedness*” on page 344, our Company does not have any outstanding debentures, bonds, or other instruments as on the date of this Draft Red Herring Prospectus.

### **Outstanding Preference Shares**

Our Company does not have any outstanding Preference Shares as on date of this Draft Red Herring Prospectus.

### **Partly Paid-up Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

### **Stock Market Data of Equity Shares**

This being an initial public offer of the Equity Shares, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

### **Mechanism for Redressal of Investor Grievances**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the date of commencement of trading of the Equity Shares on the Stock Exchanges, to enable the Bidders to approach the Registrar to the Offer for redressal of their grievances.

Bidders may contact the BRLMs for any complaint pertaining to the Offer. All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Company has not received investor complaints during the period of three years preceding the date of this Draft Red Herring Prospectus.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the relevant BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of the Designated Intermediaries including any defaults in complying with its obligations under the SEBI ICDR Regulations.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Stakeholders’ Relationship Committee comprising Mr. Shyamalendu Chatterjee, Mr. Hemant Kanoria and Mr. Sunil Kanoria as members. For details, please see “*Our Management*” on page 182.

Our Company has appointed Ms. Ritu Bhojak as the Company Secretary and Compliance Officer who may be contacted in case of any pre-Offer or post-Offer related. Her contact details are as follows:

**Srei Equipment Finance Limited**

Vishwakarma', 86C, Topsia Road (South)

Kolkata – 700 046

West Bengal, India

**Tel:** +91 33 6639 4700

**Fax:** +91 33 2285 7542

**E-mail:** cs.sefl@srei.com, investor.sefl@srei.com

**Investor grievance mechanism and investor complaints for the listed group companies (whose equity shares are listed on stock exchanges) and listed companies under the same management**

SIFL, our Promoter, has arrangements and mechanisms in place for redressal of investor grievances. The board of directors of SIFL has constituted a stakeholders relationship committee in accordance with the SEBI Listing Regulations to look into the redressal of shareholders/investor complaints. It normally takes five to seven days to dispose various types of investor grievances. SIFL received 3,377 investor complaints during the three years immediately preceding September 30, 2017. No investor complaints are pending against SIFL as at September 30, 2017.

IPCL, our listed Group Company, has arrangements and mechanisms in place for redressal of investor grievances. The board of directors of IPCL has constituted a shareholders/ investors grievance and stakeholders' relationship committee in accordance with the SEBI Listing Regulations to look into the redressal of shareholders/investor complaints. It normally takes three days to dispose various types of investor grievances. IPCL has not received any investor complaints during the three years immediately preceding September 30, 2017.

**Changes in Auditors**

There has been no change in the statutory auditors of our Company during the last three years immediately preceding the date of this Draft Red Herring Prospectus.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years preceding the date of this Draft Red Herring Prospectus.

**Revaluation of Assets**

Our Company has not revalued its assets since its incorporation.

## SECTION VII – OFFER INFORMATION

### OFFER STRUCTURE

The Offer is of [●] Equity Shares, at an Offer Price of ₹ [●] per Equity Share for cash, including a premium of ₹ [●], aggregating up to ₹ [●] million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating to ₹ 11,000 million by our Company and Offer of Sale of up to 4,386,765 Equity Shares aggregating to ₹ [●] by the Selling Shareholder. The offer is being made through the book building process. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

Our Company may, in consultation with the BRLMs, consider a private placement of up to 2,500,000 Equity Shares for cash consideration aggregating up to ₹ 3,000 million, at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to a minimum Issue size of 10% of the post-Issue paid-up equity share capital of our Company being offered to the public.

Particulars	QIBs <sup>1</sup>	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation <sup>2</sup>	Not more than [●] Equity Shares	Not less than [●] Equity Shares or Offer less allocation to QIBs and Retail Individual Investors	Not less than [●] Equity Shares or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer size available for allocation/ Allotment	Not more than 50% of the Offer size shall be available for allocation to QIBs. 5% of the Net QIB Portion, excluding the Anchor Investor Portion, will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs	Not less than 15% of the Offer or Offer less allocation to QIBs and Retail Individual Investors	Not less than 35% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors
Basis of Allotment if respective category is oversubscribed	<p>Proportionate as follows (excluding the Anchor Investor Portion):</p> <p>(a) [●] Equity Shares will be available for allocation on a proportionate basis to Mutual Funds; and</p> <p>(b) [●] Equity Shares will be available for allocation on a proportionate basis to all other QIBs including Mutual Funds receiving allocation as per (a) above.</p> <p>Our Company, in consultation with the BRLMs (other than SCML), may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only.</p>	Proportionate	<p>Allotment shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis.</p> <p>For more information, please see “Offer Procedure” on page 402.</p>
Mode of Bidding	Through ASBA process only (except Anchor Investors)		

Particulars	QIBs <sup>1</sup>	Non-Institutional Investors	Retail Individual Investors
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can Apply <sup>3</sup>	Public financial institutions specified in Section 2(72) of the Companies Act, FPIs (other than Category III FPIs), scheduled commercial banks, mutual funds registered with SEBI, VCFs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by the GoI, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and NBFC-SIs	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts and any Category III FPIs registered with SEBI.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs applying for Equity Shares.
Terms of Payment <sup>4</sup>	<p><b>In case of Anchor Investors:</b> Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids <sup>4</sup></p> <p><b>In case of all other Bidders:</b> Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidders (other than Anchor Investors) that is specified in the ASBA Form at the time of the submission of the Bid cum Application Form</p>		

<sup>1</sup> Our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML) may allocate up to 60% of the QIB Portion to Anchor Investors, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors.

In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs.



<sup>2</sup> This Offer is being made through the Book Building Process wherein not more than 50% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis as mentioned above. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill-over from any other category or categories, as applicable, at the discretion of our Company, in consultation with the BRLMs (other than SCML) and the Designated Stock Exchange, subject to applicable laws.

<sup>3</sup> If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

<sup>4</sup> Any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.



## TERMS OF THE OFFER

The Equity Shares offered and Allotted in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the terms of the Red Herring Prospectus and the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the abridged prospectus and other terms and conditions as may be incorporated in the CAN, Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

### Ranking of Equity Shares

The Equity Shares being offered and transferred in the Offer will be subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and will rank *pari passu* with the existing Equity Shares, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, please see “*Main Provisions of the Articles of Association*” on page 448.

### Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared by our Company, after the date of Allotment (for the entire year), will be payable to the Allottees for the entire year, in accordance with applicable law. For more information, please see “*Dividend Policy*” and “*Main Provisions of our Articles of Association*” on pages 230 and 448, respectively.

### Face Value and Price Band

The face value of each Equity Share is ₹ 10. At any given point of time there will be only one denomination for the Equity Shares.

The Price Band will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML) and the minimum Bid Lot size will be determined by our Company in consultation with the BRLMs (other than SCML) and published at least five Working Days prior to the Bid/Offer Opening Date, in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Bengali daily newspaper [●] (Bengali being the regional language of West Bengal wherein our Registered Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid-cum-Application Forms available on the website of the Stock Exchanges.

### Rights of the Shareholder

Subject to applicable law and our Articles of Association, the Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable law; and



- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, please see “*Main Provisions of the Articles of Association*” on page 448.

#### **Compliance with disclosure and accounting norms**

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

#### **Market Lot and Trading Lot**

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialised form.

As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialised form.

Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer shall be only in dematerialised form in multiples of one Equity Share. For the method of Basis of Allotment, please see “*Offer Procedure*” on page 402.

#### **Joint Holders**

Subject to the provisions of our Articles of Association, where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Kolkata, India.

#### **Period of operation of subscription list**

Please see “– *Bid/Offer Period Programme*” on page 400.

#### **Nomination Facility**

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest, to the exclusion of all other person, unless the nomination is varied or cancelled in the prescribed manner. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder’s death during minority. A nomination shall stand rescinded upon a sale or transfer of Equity Shares by the holder of such Equity Shares. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agents of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

### Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to at least 10% post-Offer paid up Equity Share capital of our Company (in terms of Rule 19(2)(b)(iii) of the SCRR), including devolvement of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law. The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Any expense incurred by our Company on behalf of the Selling Shareholder with regard to refunds, interest for delays, etc. for the Equity Shares being offered in the Offer will be reimbursed by the Selling Shareholder to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholder in the Offer, to the extent that the delay is solely attributable to such Selling Shareholder.

### Arrangement for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

### Restriction on transfer and transmission of shares

Except for lock-in of pre-Offer equity shareholding, Minimum Promoter's Contribution and Anchor Investor lock-in, as detailed in "Capital Structure" on page 72 and as provided in our Articles as detailed in "Main Provisions of the Articles of Association" on page 448, there are no restrictions on transfers and transmission of Equity Shares and or/on their consolidation/splitting.

### Option to receive Equity Shares in dematerialised form

Allotment of Equity Shares to successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialised segment of the Stock Exchanges.

### Bid/Offer Programme

Bid/Offer Opens on*	[●]
Bid/Offer Closes on**	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds for Anchor Investors/ unblocking of funds	[●]
Credit of Equity Shares to depository accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

\* Our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML) may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

\*\* Our Company may, in consultation with the BRLMs (other than SCML), decide to close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date.

**This timetable, is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholder, or the members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Offer Closing Date, the timetable may be subject to change for various reasons, including extension of Bid/Offer period by our Company due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law. The Selling Shareholder confirms that it shall extend the reasonable cooperation as may be required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.**

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid/Offer Closing Date; and (ii) the final RoC approval of the Prospectus after it is filed and/or submitted with the RoC and the Stock Exchanges.

Except in relation to Anchor Investors, Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Offer Period at the Bidding Centres, except that on the Bid/Offer Closing Date (which for QIBs may be a day prior to the Bid/Offer Closing Date), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges. Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. If a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected. Our Company, the Selling Shareholder and the members of Syndicate will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days. Investors may please note that as per letter no. List/smd/sm2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML), reserve the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price may be revised accordingly.

**In case of any revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Working Days after such revision of the Price Band subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a press release and by indicating the change on the websites of the BRLMs and terminals of the Syndicate members. However, in case of revision in the Price Band, the Bid Lot shall remain the same.**

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

## OFFER PROCEDURE

All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated from time to time (“**General Information Document**”) included below under sub-section titled “ – Part B - General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and provisions of the Companies Act 2013, to the extent applicable to a public issue and any other enactments and regulations. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

### PART A

#### Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations, through the Book Building Process and in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be Allotted to QIBs provided that our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML), may allocate up to 60% of the QIB portion to Anchor Investors, on a discretionary basis, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only subject to valid bids received from Mutual Funds at or above the offer price. The remainder shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (except Anchor Investors) shall mandatorily participate in this Offer only through the ASBA process, and shall provide details of their respective bank account in which the Bid amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company, in consultation with the BRLMs (other than SCML) and the Designated Stock Exchange, subject to applicable laws. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(iii) of the SCRR, the Offer will constitute at least 10% of the post Offer paid-up equity share capital of our Company

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not**





**have the option of being Allotted Equity Shares in physical form.**

**Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centres and at our Registered Office. The Bid cum Application Forms (other than for Anchor Investors) will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

Bidders (other than Anchor Investors) must provide bank account details and authorisation by the ASBA bank account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected.

Further, such Bidders (other than Anchor Investors) shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis <sup>^</sup>	White
Non-Residents including FPIs and Eligible NRIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis <sup>^</sup>	Blue
Anchor Investors**	White

\* Excluding electronic Bid cum Application Forms

\*\*Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.

<sup>^</sup> Electronic Bid cum Application forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)).

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

**Who can Bid?**

In addition to the category of Bidders set forth under the section “General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue” on page 416, any other persons eligible to Bid in the Offer under the applicable laws, rules, regulations, guidelines, and policies are also eligible to invest in the Equity Shares.

**Participation by associates and affiliates of the BRLMs and the Syndicate Members, Promoter, Promoter Group and persons related to Promoter/Promoter Group**

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB portion or in the Non-Institutional portion as may be applicable to such Bidders, and such Bid subscription may be on their own account or on behalf of their clients. All categories of Bidders, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The Promoter, Promoter Group, BRLMs and any persons related to the BRLMs (except Mutual Funds sponsored

by entities related to the BRLMs) cannot apply in the Offer under the Anchor Investor Portion.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason therefor. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis should authorise their SCSBs to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) accounts, and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs to block their NRO Accounts for the full Bid Amount, at the time of submission of the Bid cum Application Form.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

### **Bids by FPI**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of FEMA, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. In case the total holding of an FPI increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and the investee company and the investor complying with the applicable reporting requirements. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing aggregate investment limits for an FPI in our Company is 24% of the total paid-up equity share capital of our Company.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments (“ODIs”). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company. Further, an FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.



Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in ODIs (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure *inter alia* that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

### **Bids by SEBI registered Venture Capital Funds, Alternative Investment Funds and Foreign Venture Capital Investors**

The SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

Accordingly, the holding by any individual VCF registered with SEBI in any company should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations.

FVCIs are not permitted to apply in this Offer.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission. Neither our Company, nor the BRLM's will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in financial services companies as per the Banking Regulation Act, 1949 as amended (the "**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company will be required to seek RBI's approval for investment in a company engaged in the financial services sector and which is not its subsidiary, unless the conditions prescribed under paragraph 5 of the RBI Financial Services Directions.

### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time.

#### **Bids by NBFC-SI**

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable legislations, regulations, directions, guidelines and circulars issued by RBI from time to time.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents 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 as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML), in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML), may deem fit.

#### **Bids by Anchor Investors**

For details in relation to Bids by Anchor Investors, please see “*Offer Procedure – Part B – General Information Document for Investing in Public Issues*” on page 412.

#### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid, without assigning any reason therefor.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the members of Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in this Draft Red Herring Prospectus.**



**In accordance with existing regulations, OCBs cannot participate in the Offer.**

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act 2013, our Company will, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●], and the [●] edition of Bengali daily newspaper [●] (Bengali being the regional language of West Bengal wherein our Registered Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

### **Signing of Underwriting Agreement and filing of Prospectus with the RoC**

Our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the Pricing Date. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

### **GENERAL INSTRUCTIONS**

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

#### ***Do 's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;
6. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form;
7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form under the ASBA process to any of the Designated Intermediaries;
12. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
13. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
15. Ensure that the Demographic Details are updated, true and correct in all respects;
16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
17. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
20. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected.
21. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>) or such other website as updated from time to time.
22. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum 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 Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

**Don'ts:**



1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Anchor Investors should not Bid through the ASBA process;
7. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
8. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
9. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
12. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;
13. Instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process until six working days from the Bid/Offer Closing Date.
14. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
15. Do not submit the General Index Register (GIR) number instead of the PAN;
16. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
17. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;
18. Do not submit more than five Bid cum Application Forms per ASBA Account;
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
20. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
21. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise; and
22. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository).

**The Bid cum Application Form is liable to be rejected if any of the above instructions or any other condition mentioned in this Draft Red Herring Prospectus, as applicable, is not complied with.**

### **Payment into Escrow Account**

Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Anchor Escrow Accounts should be drawn in favour of:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) In case of non-resident Anchor Investors: “[●]”

### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 24, 2017 among NSDL, our Company and the Registrar to the Offer.
- Agreement dated November 22, 2017 among CDSL, our Company and Registrar to the Offer.

### **Undertakings by our Company**

Our Company undertakes the following:

- (i) That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- (ii) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15% per annum for the delayed period;
- (iii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date;
- (iv) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- (v) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/ Offer Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (vi) No further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;
- (vii) That if our Company or the Selling Shareholder do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (viii) That if our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML), withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company or the Selling Shareholder subsequently decides to proceed with the Offer thereafter;
- (ix) That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI





from time to time;

- (x) That the allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time;
- (xi) That our Company shall not have recourse to the Net Proceeds from the Fresh Issue until the final listing and trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;
- (xii) That adequate arrangements shall be made to collect all Bid cum Application Forms and they shall be considered similar while finalising the basis of allotment; and
- (xiii) That the Allotment of Equity Shares/ refund confirmation to Eligible NRIs shall be dispatched within specific time.

### **Undertakings by the Selling Shareholder**

The Selling Shareholder undertakes the following in respect of itself and the Offered Shares:

- (i) The Offered Shares are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or encumbrances and have been held by the Selling Shareholder for a period of at least one year prior to the date of this Draft Red Herring Prospectus and shall continue to be in dematerialised form at the time of transfer.
- (ii) The Selling Shareholder is the legal and beneficial owner of and has full title to the Offered Shares.
- (iii) That it shall provide all reasonable cooperation as requested by our Company and the BRLMs in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of the Offered Shares;
- (iv) The Selling Shareholder specifically confirms that it shall not have any recourse to the proceeds of the Offer, until final listing and trading approvals have been received from the Stock Exchanges;
- (v) The Selling Shareholder shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer, except as permitted under applicable law;
- (vi) The Selling Shareholder will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
- (vii) The Selling Shareholder will take all such steps as may be required to ensure that the Offered Shares are available for transfer in the Offer for Sale, free and clear of any encumbrance; and
- (viii) The Selling Shareholder will deposit its Offered Shares in an escrow account opened with the share escrow agent prior to the filing of the Red Herring Prospectus with the RoC.

The Selling Shareholder has authorised the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

### **Utilisation of Offer Proceeds**

The Selling Shareholder and our Company, severally and not jointly, specifically confirm and declare that all monies received from the Offer for Sale shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholder in consultation with the BRLMs (other than SCML), reserve the right to not proceed with the Offer at any time after the Bid/Offer Opening Date but before Allotment. If our Company



and the Selling Shareholder withdraw the Offer, our Company will issue a public notice within two days from the Bid/Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholder, in consultation with the BRLMs (other than SCML), withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, a fresh draft red herring prospectus will be filed and/or submitted with SEBI and the Stock Exchanges.

## **PART B**

### **General Information Document for Investing in Public Issues**

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.*

#### **SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)**

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus (“**RHP**”)/ Prospectus filed by the Issuer with the Registrar of Companies. Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalised terms and abbreviations used herein Bidders/Applicants may refer to the section “Glossary and Abbreviations”.

#### **SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs**

##### **2.1 Initial public offer (IPO)**

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

##### **2.2 Further public offer (FPO)**

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

### **2.3 Other Eligibility Requirements:**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act 2013 (to the extent notified and in effect), the Companies Act 1956 (to the extent applicable), the SCRR, industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

### **2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Offer (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-offer advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

### **2.5 OFFER PERIOD**

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

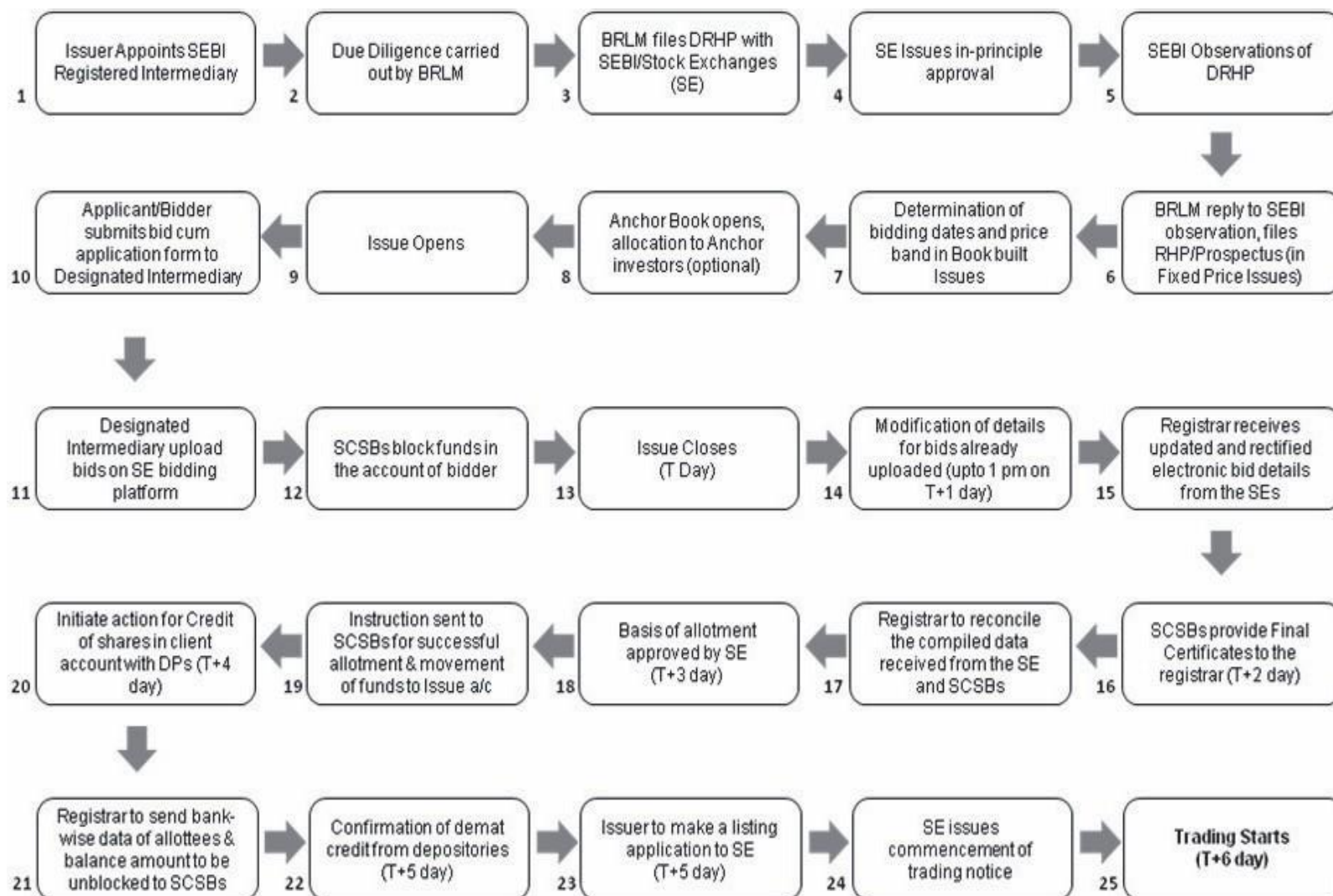
In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

### **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Offer other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - i. Step 7: Determination of Offer Date and Price

- ii. Step 10: Applicant submits Bid cum Application Form with Designated Intermediaries.



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

**Each Bidder/Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals' resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs registered with SEBI, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non-Institutional Investors (NIIs) category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form bearing stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the

registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus. For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLM.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in accordance with Section 29 of the Companies Act 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to Allotment.

#### **4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM**

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:







### Application Form – For Non – Residents

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<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED – INITIAL PUBLIC ISSUE - NR</b> Address : _____ Contact Details : _____ CIN No _____	<b>FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIs OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS</b>
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LOGO TO, THE BOARD OF DIRECTORS XYZ LIMITED	<table border="1" style="margin: auto;"> <tr><td style="text-align: center;"><b>BOOK BUILT ISSUE</b></td></tr> <tr><td style="text-align: center;">ISIN : _____</td></tr> </table>	<b>BOOK BUILT ISSUE</b>	ISIN : _____	Bid cum Application Form No. _____
<b>BOOK BUILT ISSUE</b>				
ISIN : _____				

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b> Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE	
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID	<b>4. INVESTOR STATUS</b> <input type="checkbox"/> NRI Non-Resident Indian(s) (Repatriation basis) <input type="checkbox"/> FII FII or Sub-account not a Corporate/Foreign Individual <input type="checkbox"/> FIIISA FII Sub-account Corporate/Individual <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investors <input type="checkbox"/> OTH Others (Please Specify) _____
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<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>	<b>5. CATEGORY</b> <input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB																																																																																										
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th colspan="8">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="6">Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/-only) (In Figures)</th> <th rowspan="2">"Cut-off" (Please tick)</th> </tr> <tr> <th>8</th><th>7</th><th>6</th><th>3</th><th>4</th><th>3</th><th>2</th><th>1</th> <th>3</th><th>2</th><th>1</th> <th>3</th><th>2</th><th>1</th> <th>3</th><th>2</th><th>1</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td> <td></td><td></td><td></td> <td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td> <td></td><td></td><td></td> <td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td> <td></td><td></td><td></td> <td></td><td></td><td></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/-only) (In Figures)						"Cut-off" (Please tick)	8	7	6	3	4	3	2	1	3	2	1	3	2	1	3	2	1	Option 1																		<input type="checkbox"/>	(OR) Option 2																		<input type="checkbox"/>	(OR) Option 3																		<input type="checkbox"/>	
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<b>7. PAYMENT DETAILS</b> Amount paid (₹ in figures) _____ (₹ in words) _____	PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>
--	--

<b>ASBA</b> Bank A/c No. _____ Bank Name & Branch _____	
---	--

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED AGREED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES (GID) AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE/ FIRST BIDDER</b> _____ Date : _____	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts and are necessary to make the Application in the line: 1) _____ 2) _____ 3) _____	<b>BROKER/ SCSB / DP / RTA STAMP</b> (Acknowledging upload of Bid in Stock Exchange system)
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LOGO <b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - NR</b>	<b>Acknowledgement Slip for Broker/SCSB/ DP/RTA</b>	Bid cum Application Form No. _____
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DPID / CLID _____	PAN of Sole / First Bidder _____	
Amount paid (₹ in figures) _____ Bank & Branch _____	Stamp & Signature of SCSB Branch	
ASBA Bank A/c No. _____		
Received from Mr./Ms. _____		
Telephone / Mobile _____ Email _____		

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<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - NR</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Amount Paid (₹)				Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder _____ _____ <b>Acknowledgement Slip for Bidder</b>
	Option 1	Option 2	Option 3																
No. of Equity Shares																			
Bid Price																			
Amount Paid (₹)																			
ASBA Bank A/c No. _____ Bank & Branch _____			Bid cum Application Form No. _____																

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#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications (including letters notifying the unblocking of the bank accounts of Bidders (other than Anchor Investors) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of subsection (1) of Section 38 of the Companies Act 2013 which is reproduced below:

*“Any person who:*

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act 2013. In case of Allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other

than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

#### 4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any correspondence(s) related to an Offer.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

#### 4.1.4 **FIELD NUMBER 4: BID OPTIONS**

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within

the range of Rs. 10,000 to Rs. 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

- (e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

- (b) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise or withdraw their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least Rs.10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Offer size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))).

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:
- i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
- i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.
  - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### 4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### 4.1.6 FIELD NUMBER 6: INVESTOR STATUS

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure



that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

- (b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorisation provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) RIIs who Bid at Cut-off price shall be blocked on the Cap Price.
- (c) All Bidders (except Anchor Investors) can participate in the Offer only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, cheque, demand draft, through money order or through postal order.

##### 4.1.7.1. **Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with a Book Running Lead Manager.
- (b) Payments should be made either by RTGS or NEFT.
- (c) The Anchor Escrow Bank(s) shall maintain the monies in the Anchor Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### 4.1.7.2. **Payment instructions for Bidders (other than Anchor Investors)**

- (a) Bidders may submit the Bid cum Application Form either
  - i. in electronic mode through the internet banking facility offered by an SCSB authorising blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - ii. in physical mode to any Designated Intermediary.
- (b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) Bidders should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) **Bidders bidding through Designated Intermediaries** other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
- (h) **Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected. Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI).

#### 4.1.7.1.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, (iv) the amount to be unblocked, if any in case of partial allotments and (v) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.



- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

#### 4.1.7.2 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Offer may block for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder (other than employees) may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form.
- (b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblocking of funds, the Bidders/Applicants should contact the Registrar to the Issue.
  - ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
  - iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.
  - iv. In case of queries relating to uploading of Bids by a Designated Intermediary, the Bidders/Applicants should contact the relevant Designated Intermediary.

- v. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- (c) The following details (as applicable) should be quoted while making any queries –
- i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
  - ii. name and address of the Designated Intermediary, where the Bid was submitted or
  - iii. Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise their Bids or withdraw their bids until Bid/Offer Closing date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>		
	Address : ..... Contact Details: ..... CIN No. ....			
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	<table border="1" style="margin-left:auto; margin-right:auto;"> <tr><td style="text-align:center;">BOOK BUILT ISSUE</td></tr> <tr><td style="text-align:center;">ISIN : .....</td></tr> </table>	BOOK BUILT ISSUE	ISIN : .....
BOOK BUILT ISSUE				
ISIN : .....				
		Bid cum Application Form No. _____		

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
		Mr./Ms. _____
		Address _____
		Tel. No. (with STD code) / Mobile _____ Email _____
SUBBROKER'S / SUBAGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE	2. PAN OF SOLE / FIRST BIDDER _____
BANK BRANCH SIGNAL NO.	SCSB SERIAL NO.	3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
		For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID

PLEASE CHANGE MY BID									
4. FROM (AS PER LAST BID OR REVISION)									
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)					Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8	7	6	5	4	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
Option 1									<input type="checkbox"/>
(OR) Option 2									<input type="checkbox"/>
(OR) Option 3									<input type="checkbox"/>

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")									
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)					Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
	8	7	6	5	4	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
Option 1									<input type="checkbox"/>
(OR) Option 2									<input type="checkbox"/>
(OR) Option 3									<input type="checkbox"/>

6. PAYMENT DETAILS										PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>									
Additional Amount Paid (₹ in figures) _____										₹ in words) _____									
ASBA Bank A/c No. _____																			
Bank Name & Branch _____																			

TA. SIGNATURE OF SOLE / FIRST BIDDER _____ Date : _____	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as necessary to make the Application as per lot 1) _____ 2) _____ 3) _____	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
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LOGO	<b>XYZ LIMITED</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	Bid cum Application Form No. _____
	<b>BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>		
PAN of Sole / First Bidder _____			
DPID / CLID	Additional Amount Paid (₹)	Bank & Branch	Stamp & Signature of SCSB Branch
	ASBA Bank A/c No.		
	Received from Mr./Ms.		
	Telephone / Mobile	Email	

<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td><td></td><td></td> </tr> <tr> <td>Bid Price</td> <td></td><td></td><td></td> </tr> <tr> <td>Additional Amount Paid (₹)</td> <td></td><td></td><td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Additional Amount Paid (₹)				Stamp & Signature of Broker / SCSB / DP / RTA _____ Name of Sole / First Bidder _____	<b>Acknowledgement Slip for Bidder</b>
	Option 1	Option 2	Option 3																
No. of Equity Shares																			
Bid Price																			
Additional Amount Paid (₹)																			
	ASBA Bank A/c No. _____		Bid cum Application Form No. _____																
	Bank & Branch _____																		

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY**

**ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked.

**4.2.3 FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorise blocking of the full Bid Amount (less Discount (if applicable) at the time of submitting the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (b) Bidder/Applicant, Bidder/Applicant may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that no additional amount is required for blocking Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

#### 4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

#### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

##### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

##### 4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention Price or Price Band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 10,000 to Rs. 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed Rs. 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Offer size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
  - ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund



provided that the Applications clearly indicate the scheme for which the Bid has been made.

- iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

#### **4.3.4 FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### **4.3.5 FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Offer
- (b) Application Amount cannot be paid in cash, cheques or demand drafts through money order or through postal order or through stock invest.

##### **4.3.5.1 Payment instructions for Applicants**

- (a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.
- (b) Applicants must specify only such Bank Account number maintained with the SCSB in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) Applicants bidding 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.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.

- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorised the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### 4.3.5.2 **Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Application to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Offer may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Offer Closing Date.

#### 4.3.5.3 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Application Amount less Discount (if applicable).

#### 4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

#### 4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM**

##### 4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:**



Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the CRTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations  (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained

- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- (b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

## SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### 5.1 SUBMISSION OF BIDS

- (a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediary to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager to register their Bid.
- (b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### 5.2 ELECTRONIC REGISTRATION OF BIDS

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

### 5.3 BUILD UP OF THE BOOK

- (a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Offer Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

#### **5.4 WITHDRAWAL OF BIDS**

- (a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

#### **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to
  - i. the Bids accepted by the Designated Intermediary;
  - ii. the Bids uploaded by the Designated Intermediary; and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- (b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

##### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account maintained with an SCSB;

- (c) Bids/Applications by OCBs;
- (d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;
- (f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (h) Bids/Applications by persons in the United States, that are not U.S. QIBs;
- (i) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (n) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (o) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (q) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;
- (u) Bank account mentioned in the Bid cum Application Form may not be an account maintained by SCSB. Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (v) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Anchor Escrow Bank;

- (w) Where no confirmation is received from SCSB for blocking of funds;
- (x) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (y) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centres or to the Anchor Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;
- (z) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (aa) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the book running lead managers, may finalise the Offer Price at or below such cut-off price, i.e., at or below Rs. 22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

- (e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“**Alternate Book Building Process**”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE**

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“**ASBA Account**”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Issue, allocation in the offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot (“**Maximum RII Allottees**”). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the

balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

- (b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## **7.2 ALLOTMENT TO NIIs**

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

## **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer subject to compliance with the following requirements:
- i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to Rs.10 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 10 crores and up to Rs. 250 crores subject to minimum allotment of Rs. 5 crores per such Anchor Investor; and



- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than Rs. 250 crores and an additional 10 Anchor Investors for every additional Rs. 250 crores or part thereof, subject to minimum allotment of Rs. 5 crores per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorised according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.



## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Anchor Escrow Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Anchor Escrow Accounts, as per the terms of the Cash Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Cash Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within five Working Days from the Bid/Offer Closing Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within six Working Days of the Bid/Offer Closing Date.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON-RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act 2013, the Issuer may be punishable with a fine which shall not be less than Rs. 5 lakhs but which may extend to Rs. 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith may take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not refunded to Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the

RHP/Prospectus.

### **8.2.2 NON-RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Rule 19(2)(b) of the SCRR. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations but fails to Allot at least 75% of the Offer to QIBs, in such case full subscription money is to be refunded.

## **8.3 MODE OF REFUND**

1. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.
2. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
3. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank

### **8.3.1 Electronic mode of making refunds for Anchor Investors**

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- i. **NACH**—National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Anchor Investors having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refunds through NACH is mandatory for Anchor Investors having a bank account at any of the centres where NACH

facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

- ii. **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors’ bank is NEFT enabled and has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine- digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- iii. **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and
- iv. **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor’s bank which can be mapped with the RBI data to obtain the corresponding IFSC. Charges, if any, levied by the Anchor Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor’s bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres etc. Bidders/Applicants may refer to RHP/Prospectus.

#### **8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer may pay interest at the rate of 15% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working Days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

### **SECTION 9: GLOSSARY AND ABBREVIATIONS**

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in this Draft Red Herring Prospectus, the description as ascribed to such term in this Draft Red Herring Prospectus shall prevail.*

<b>Term</b>	<b>Description</b>
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	A Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Escrow Account	Account opened with the Anchor Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid

Term	Description
	Amount when submitting a Bid
Anchor Escrow Bank	Refer to definition of Banker(s) to the Offer
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs (other than SCML), to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Offer/Anchor Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Anchor Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Period
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean a Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
BRLM(s)/Book Running Lead	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and

<b>Term</b>	<b>Description</b>
Manager(s)/Lead Manager/LM	the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> .
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	The date on which funds are transferred by the Anchor Escrow Bank from the Anchor Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries /Collecting Agent	Syndicate Members, sub-syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and CRTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the CRTAs where Bidders can submit the Bid cum Application Forms to CRTAs.  The details of such Designated RTA Locations, along with names and contact details of the CRTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full-time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Cash Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book



Term	Description
	Running Lead Manager(s), the Anchor Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price. The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot

Term	Description
	size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Anchor Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offers the facility of ASBA and the list of which is available on the website of the <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Stock Exchanges	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)	The Syndicate Member(s) as disclosed in the RHP/Prospectus



<b>Term</b>	<b>Description</b>
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Any day, other than the second and fourth Saturdays of each calendar month, Sundays and public holidays, on which commercial banks in Mumbai are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean any day, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### Main provisions of Part I

#### Share Capital

*Article 5 - Increase of Capital* - Subject to the provisions of the Act, the Company may, by ordinary resolution –

- (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

*Article 7 - New capital same as existing capital* - Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

*Article 8 - Differential Voting Shares* - The Board shall have the power to issue a part of authorized capital by way of differential voting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

*Article 9 - Redeemable Preference Shares* - Subject to the provisions of the Act and these Articles, the Company shall have the power to issue Preference Shares, either at premium or at par which are or at the option of the Company liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption. Further,

- (a) Such preference shares shall always rank in priority with respect to payment of Dividend or repayment of Capital vis-à-vis equity shares;
- (b) The Board may decide on the participation of preference shareholders in the surplus Dividend, type of preference shares issued whether cumulative or otherwise, conversion terms into equity if any;
- (c) The Board may decide on any premium on the issue or redemption of preference shares.

*Article 12 - Further Issue of Shares* –

- (a) Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares then:
  - i. Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
  - ii. The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - iii. The offer aforesaid shall include a right exercisable by the person concerned to renounce the shares offered to him or any of them in of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;

- iv. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
- (b) Notwithstanding anything contained in sub-clause (a) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever.
- i. If a special resolution to that effect is passed by the company in general meeting, or
  - ii. Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
  - iii. Such issue on preferential basis or private placement should also comply with the conditions as laid down in Section 42 of the Act and/or Applicable law.
- (c) Nothing in sub-clause (iii) of (a) hereof shall be deemed:
- i. To extend the time within which the offer should be accepted; or
  - ii. To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (d) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
- i. To convert such debentures or loans into shares in the company; or
  - ii. To subscribe for shares in the company.

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- i. Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- ii. In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

*Article 17 - Power to modify rights of different classes of shareholders and the rights of dissentient shareholders* - If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

*Article 18 – Shares at the disposal of the Directors* - Subject to the provisions of the Act and these Articles, the shares and Securities of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company or other Securities on payment in full or part of any property sold and transferred or for any services rendered to the

Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

*Article 23 - Liability of Members* - Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts, at such time or times and in such manner, as the Board shall, from time to time in accordance with these Articles, require or fix for the payment thereof.

### **Certificates**

*Article 31 - Share Certificates* - Every person whose name is entered as a Member in the Register of Members shall be entitled to receive within 2 (two) months after allotment or within 1 (one) month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide –

- (a) one certificate for all his shares without payment of any charges; or
- (b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first.

Every certificate shall specify the shares to which it relates and the amount paid-up thereon.

Every Member has a right of sub-division / consolidation of share certificates upon payment of such charges as may be fixed by the Board for each certificate after the first certificate.

In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.

The provisions of this Article shall mutatis mutandis apply to debentures (except where the Act otherwise requires) of the Company.

*Article 33 - Issue of new certificate in place of one defaced, lost or destroyed* - If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 50/- for each certificate) as the Directors shall prescribe. However, no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures (except where the Act otherwise requires) of the Company.

The particulars of every renewed or duplicate share certificate issued shall be entered forthwith in a Register of Renewed and Duplicate Share Certificates maintained in prescribed format indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross-

references in the “Remarks” column.

All entries made in the Register of Renewed and Duplicate Share Certificates shall be authenticated by the Company Secretary or such other person as may be authorised by the Board for the purposes of sealing and signing the share certificate.

## **Lien**

*Article 52 - Company's lien on shares –*

- (a) The Company shall have a first and paramount lien upon all the shares / debentures (other than fully paid-up shares / debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 38 will have full effect. And such lien shall extend to all dividends, bonuses or interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.
- (b) The Directors may at any time declare any shares/ debentures wholly or in part to be exempt from the provisions of this clause.

## **Transfer and Transmission of Security**

*Article 68 - Execution of the instruments of Shares –*

- (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

*Article 69 – Transfer Form* - The instrument of transfer of any share or debenture shall be in writing, in the prescribed form and shall be stamped by prescribed authority, and all the provisions of Section 56 (statutory modification thereof) including other applicable provisions of the Act and Rules made thereunder shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.

*Article 70 - Transfer not to be registered except on production of instrument of transfer –*

- (a) The Company shall not register a transfer in the Company (other than the transfer between persons both of whose names are entered as holders of beneficial interest Transfer to be in the records of a depository), unless 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 if no such share certificate is in existence along with the letter of allotment of the shares within sixty days from date of execution:

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 proved to the satisfaction of the Board of Directors or a Committee thereof, that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost or the instrument of transfer has not been delivered within the prescribed period, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

- (b) The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be delivered to the Company.

*Article 71 - Company's power to refuse transfer* - Subject to the provisions of Section 56 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse, in

the interest of the Company or in pursuance of power under any Applicable Law, to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or Debentures / other Securities of the Company.

Notwithstanding anything contained in these Articles, but subject to the provisions of the Act, the Board may refuse to register the transfer of any of its securities in the name of the transferee on any one or more of the following grounds and on no other ground, namely:-

- (a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the Company or that any other requirement under the law relating to registration of such transfer has not been complied with;
- (b) that the transfer of the security is in contravention of any law;
- (c) that the transfer of the security is prohibited by any order of any court, tribunal or other authority under any law for the time being in force.

*Article 73 – Fee on transfer or transmission* - No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, succession certificate, letters of administration, Certificate of Death or Marriage, or other similar documents.

*Article 77 - Death of one or more joint holders of shares –*

- (a) In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share
- (b) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

*Article 78 - Title to shares of deceased holder –*

- (a) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.
- (b) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

### **Dematerialization of Shares**

*Article 89 - Dematerialization of Securities* - Subject to the provisions of the Act and Rules made thereunder, the Company may offer its Member's facility to hold securities issued by it in dematerialized form and will offer the Securities for subscription in dematerialized form.

Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the Register of Members as a holder of any share or whose names appear as Beneficial Owners of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.

### **Copies of Memorandum and Articles to be sent to Members**

*Article 90* - Copies of Memorandum and Articles of Association of the Company shall be furnished to every Member of the Company at his request on payment of an amount as may be fixed by the Board to recover

reasonable cost and expenses, not exceeding such amount as fixed under Applicable Law. The fee can be waived or at the discretion of the Company.

### **Borrowing Powers**

*Article 91 - Power to borrow* - Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash creditor by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, cooperative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting 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 specified purpose. Nevertheless, no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed.

### **Meeting of members**

*Article 101 - Annual General Meeting* - In accordance with the provisions of Section 96 of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, subject to the provisions of the Act, not more than 15 (fifteen) months gap shall elapse between the date of one Annual General Meeting and that of the next.

*Article 102 - Extraordinary General Meetings* - All general meetings other than Annual General Meeting shall be called Extraordinary General Meeting.

*Article 103 - Calling of Extraordinary General Meetings* - The Board may, whenever it thinks fit, call an Extraordinary General Meeting or it shall do so upon a requisition received from such number of shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the Paid-up Share Capital of the Company as on that date carries the right of voting and such meeting shall be held at the Office or at such place and at such time as the Board thinks fit.

*Article 104 - Notice of Meeting* - 21 (twenty-one) days' notice at the least (either in writing or electronic mode) of every General Meeting, Annual or Extraordinary, specifying the place, date, day, hour and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons, as given under Act, entitled to receive notice from the Company. A General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety-five) per cent of the Members entitled to vote at such meeting. In the case of an Annual General Meeting, if any business other than:

- (i) the consideration of financial statements and the reports of the Board of Directors and auditors,
- (ii) the declaration of dividend,
- (iii) the appointment of Directors in place of those retiring,
- (iv) the appointment of and fixing of the remuneration of, the Auditors is to be transacted,

there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature or concern (financial or otherwise) and extent of the interest, if any, therein of every Director, Manager, Key Managerial Personnel, and their relatives (if any). Where any item of business consists of the approval of any document, the time and place where the document can be inspected shall be specified in the statement aforesaid.

*Article 107 - Quorum at General Meeting* - The quorum for the General Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the General Meeting, the meeting if convened by or upon the requisition of Members, shall stand dissolved but in case of any other General Meeting shall be adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day at such other time and place as the Board may determine and the agenda



for the adjourned General Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.

*Article 108 - Chairman* - The Chairman, if any, of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If the Chairman of the Board is not present at a meeting of the Board or unwilling to take the chair, the Directors present shall choose one of their number to be the Chairman for that meeting.

If no Director is present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their members to be the Chairman of the meeting.

### **Vote of Members**

*Article 122 - Postal Ballot* - Notwithstanding anything contained in the provisions of the Act and the Rules made there under, the Company may, and in the case of resolutions relating to such business other than the Ordinary business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business / resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

*Article 123 - Passing of Resolutions by way of Postal Ballot* - Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014.

*Article 124 - E-Voting* - A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.

*Article 134 - Maintenance of Minute books and Records* - Every Company shall cause minutes of the proceeding of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every meeting of its Board of Directors or of every Committee of the Board, to be prepared and signed in such manner as may be prescribed and kept within 30 (thirty) days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.

*Article 135 - Inspection of Minute Books* - The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:

- (a) be kept at the registered office of the Company; and
- (b) be open to inspection of any Member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays and Sundays.

*Article 136 - Copies of Meetings* - Any Member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes.

Provided that a Member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

### **Directors**

*Article 137 - Number of Directors* - Subject to the applicable provisions of the Act, the number of Directors of the

Company shall not be less than 3 (three) and not more than 15 (fifteen). However, the Company may at any time appoint more than 15 (fifteen) directors after passing Special Resolution at a General Meeting. The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the SEBI Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

Subject to Article 144, Sections 149, 152 and 164 of the Act and other provisions of the Act, the Company may increase or reduce the number of Directors.

*Article 143 - Qualification Shares of Directors* - A Director shall not be required to hold any qualification shares of the Company.

### **Proceedings of the Board**

*Article 159 - Meeting of Directors* - The Board of Directors may from time to time for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.

At least 4 (four) Board Meetings shall be held in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. All board meetings shall normally take place at the registered office of the Company, but may also take place elsewhere within or outside of India.

*Article 160 - Meetings through Video Conferencing* - The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board Meetings through such video or other permitted means the procedures and the precautions as laid down in the relevant Rules and Secretarial Standards shall be adhered to.

With regard to every meeting conducted through video conferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.

*Article 163 - Chairperson of Board of Directors* - The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be Chairperson of the meeting.

*Article 164 - Same individual may be Chairperson and Managing Director/ Chief Executive Officer* - The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.

*Article 166 - Quorum and its competence to exercise powers* - The quorum for any and all meetings of the Board of Directors shall be one-third of the total strength (any fraction contained in that one third being rounded off as one), or 2 (two) Directors whichever is higher and the Directors participating by video conferencing or by other permitted means shall also be counted for the purposes of this Article. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than 2 (two), shall be the quorum during such time.

The expressions "Interested Director" shall have the meanings given in Section 184(2) of the Act and the expression "total strength" shall have the meaning as given in Section 174 of the Act.

*Article 168 - Board may appoint Committee* - Subject to the provisions of the Act, the Board may from time to time may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed 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 Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done

by the Board.

Any such delegation 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 Board.

*Article 171 - Disclosure of interest by Director etc.* - Every Director and Key Managerial Personnel of the Company who is in any way whether directly or indirectly concerned or interested in a contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest in the manner prescribed under the Act.

The Company shall comply with the applicable provisions of the Act, Rules framed thereunder and other relevant provisions of Applicable Law in respect of related party transactions and the Directors and Key Managerial Personnel shall comply with the disclosure of interest provisions under the Act.

*Article 172 - Passing of Resolution by Circulation* - (a) No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or members, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the Chairman shall put the resolution to be decided at a meeting of the Board.

(b) A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

#### **Managing Director/Whole Time Director**

*Article 178 - Board may appoint Managing Director / Wholetime Director* - Subject to the provisions of the Act, the Board may from time to time appoint or re-appoint one or more of its number to be the Managing Director or Managing Directors or the Whole Time Director or Directors of the Company for such terms not exceeding 5 (five) years at a time and for such terms, on such remuneration and upon such conditions as it may think fit.

Subject to the provisions of the Act, the Board may from time to time entrust to and confer upon the Managing Director or the Whole Time Director, for the time being, such of the powers exercisable under these presents by the Board as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as they think expedient, and they may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board, in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

However, the Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.

Subject to the provisions of the Act, Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation. If he ceases to hold the office of a Director for any cause whatsoever he shall ipso facto and immediately cease to be the Managing Director. However, the Board shall have the power to decide that the Managing Director shall retire by rotation in order to comply with the Act and Applicable laws.

#### **Dividends**

*Article 184 - Division of Profits* - The profits of the Company, subject to any special rights as to dividends or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of Capital paid-up on the shares held by them respectively.

*Article 185 - Dividends in proportion to amount paid up* - All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid, but if any shares are issued on terms providing that it shall rank for Dividend as from a particular date such shares shall rank for Dividend accordingly.

*Article 186 - Interim Dividend* - Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.

*Article 187 - Retention of dividends until completion of transfer* - The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a Member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

*Article 190 - Unpaid or unclaimed Dividends* - Subject to the provisions of the Act, if the Company has declared a Dividend but which has not been paid within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank.

Subject to provisions of the Act, any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Investors Education and Protection Fund established under Section 125 of the Act.

Subject to the provisions of the Act, no unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

*Article 191 - Special provisions with reference to Dividends* - No unpaid Dividend shall bear interest as against the Company. Notwithstanding anything contained in this Article, the Dividend Policy of the Company shall be governed by the applicable provisions of the Act and Applicable Law.

#### **Power to authenticate documents**

*Article 200* - Any Director or the Company Secretary or Key Managerial Personnel or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts thereof; and where any books, records documents or accounts are then, at the office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.

Document purporting to be a copy of resolution of the Board or Committee or an extract from the minutes of meeting of the Board or Committee which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that extract is a true and accurate records of a duly constituted meeting of the Board or Committee.

#### **Winding Up**

*Article 201 - Winding up* - Subject to the applicable provisions of the Act and the Rules made thereunder –

- (a) In the event of any resolution, application or petition for corporate insolvency resolution process or liquidation of the Company or to bind the Company (in terms of the Insolvency and Bankruptcy Code, 2016 or any rules and regulations framed thereunder, as applicable), initiated by any financial or operational creditor/s of the Company, the Holding Company shall be promptly intimated and effectively consulted in respect of taking any pre-emptive or other necessary actions in that regard, by the Company.
- (b) If the Company shall be wound up, the liquidator may, with the sanction of Members of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (c) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of Members.
- (d) The liquidator may, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any shares or

other securities whereon there is any liability.

## **Indemnity**

### *Article 204 - Directors and others right to Indemnity -*

- (a) Subject to the provisions of Sections 188 and 197 of the Act, every Director, Key Managerial Personnel including Managing Director, Whole Time Director, Manager, Company Secretary and other officer of the Company or any person who is or was serving at the request of the Company as a Director, officer or employee of another company, partnership, joint venture, trust, employee benefit plan or other body corporate (“Subsidiary Officer”) shall be indemnified by the Company against liability in respect of matters which arise from acts or omissions of such person in the ordinary course of discharging his or her authorised duties in good faith and in the best interest of the Company other than liability which arises as a result of such person’s negligence, default, misfeasance, breach of duty or breach of trust and the Company shall pay all costs, losses and expenses (including reasonably incurred legal fees, disbursements and travelling expense) which such director, officer, employee may incur or become liable to by reason of any contract entered into or act or deed done by him/her as such director, officer, employee in any way in the discharge of his/her duties in good faith and in the best interest of the Company except if such costs, charges, losses and damages are incurred or sustained by him/her through or by his/her own negligence, default, misfeasance, breach of duty or breach of trust.
- (b) Subject to the provisions of Sections 188 and 197 of the Act, every Director, Key Managerial Personnel, officer, employee of the Company or Subsidiary Officer shall be indemnified against any liability incurred by him in defending any proceedings, (including legal fees), whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.
- (c) To the extent any person who is or was a Director, officer or employee of the Company or Subsidiary Officer has served or prepared to serve as a witness in any action, suit or proceeding (whether civil, criminal, administrative or investigative in nature) or in any investigation by the Company or the Board of Directors thereof or Committee thereof or by any stock exchange on which securities of the Company are or were listed by reason of his/her services as a Director, officer or employee of the Company or Subsidiary Officer (other than in a suit commenced by such person), the Company may indemnify such person against expenses (including attorneys’ fees and disbursements) and costs actually and reasonably incurred by such person in connection therewith (following the final disposition of such action, suit or proceeding) within 30 (thirty) days after receipt by the Company from such person of a statement requesting such indemnification, averring such service and reasonably evidencing such expenses and costs.
- (d) Any indemnification under Sub-Articles (a) to (c) above (unless ordered by a Court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the present or former Director, Key Managerial Personnel, officer or employee of the Company or Subsidiary Officer is proper under the circumstances because such person has met the applicable standard of conduct set forth in, Sub-Articles (a) to (c) above. Such determination shall be made with respect to a person who is a Director, Key Managerial Person or officer at the time of such determination (i) by a majority vote of the Board who were not parties to the action, suit or proceeding, or (ii) by a Committee of such directors (each of whom is not a party to such action, suit or proceeding) designated by majority vote of the Board, or (iii) if there are no such Directors or if the disinterested Directors cannot meet the quorum requirement of the board meeting, by an ordinary resolution of the shareholders in a general meeting. In the event a request for indemnification is made by any person referred to in Sub-Articles (a) to (c) above, the Company shall cause such determination to be made not later than 60 (sixty) days after such request is made.
- (e) The indemnification provided or permitted under Sub-Articles (a) to (c) above shall apply in respect of any expense, cost, judgement or amount paid in settlement (subject to Company consenting to any such settlement, which consent shall not be unreasonably withheld), whether or not the claim or cause of action in respect thereof accrued or arose before or after the effective date of adoption of this Article. The right of any person who is or was a Director, Key Managerial Person, officer or employee of the Company to indemnification under Sub-Articles (a) to (c) above shall continue after he/she shall have ceased to be a Director, Key Managerial Person, officer or employee of the Company or Subsidiary Officer and shall inure to the benefit of the heirs, distributees, executors, administrators and other legal representatives of such person.



- (f) The Company may purchase and maintain any insurance as the Board may think fit on behalf on behalf of any person who is or was a Director, officer or employee of the Company or Subsidiary Officer for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.



## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus and Prospectus, and delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date.

#### *Material Contracts to the Offer*

1. Offer Agreement among our Company, the Selling Shareholder and the BRLMs dated November 28, 2017.
2. Registrar Agreement among our Company, the Selling Shareholder and Registrar to the Offer dated November 27, 2017.
3. Escrow Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Escrow Collection Bank(s), Refund Bank(s) and the Registrar to the Offer.
4. Share Escrow Agreement dated [●] between the Company, the Selling Shareholder and the Share Escrow Agent.
5. Syndicate Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, the Syndicate Members and the Registrar to the Offer.
6. Monitoring Agency Agreement dated [●] among our Company and the Monitoring Agency.
7. Underwriting Agreement dated [●] among our Company, the Selling Shareholder, the BRLMs and the Syndicate Members.
8. Agreement dated November 24, 2017, among NSDL, our Company and the Registrar to the Offer.
9. Agreement dated November 22, 2017 among CDSL, our Company and the Registrar to the Offer.

#### *Material Documents*

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Our original certificate of incorporation dated June 13, 2006 and certificate of incorporation consequent to change of our name to our current name dated November 1, 2013.
3. Certificate for commencement of business dated November 28, 2006, issued to our Company.
4. Approval from RBI dated June 12, 2007 to carry on the business of NBFC.
5. Certificate of registration dated February 19, 2014 issued by the RBI categorising our Company as an 'Asset Finance Company – Non-Deposit Taking'.
6. Resolution of the Board of Directors dated October 25, 2017, authorising the Offer.
7. Resolution of the Shareholders dated October 27, 2017, under section 62(1)(c) of the Companies Act, 2013 authorising the Offer.
8. Consent letter of the Selling Shareholder dated November 27, 2017 for participation in the Offer for Sale.



9. Resolutions of the Board of Directors dated November 27, 2017, taking on record the Offer for Sale and approving the Draft Red Herring Prospectus.
10. Resolution of the IPO Committee dated November 28, 2017 approving this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.
11. Service Contract agreements dated September 8, 2016 entered into with Mr. Hemant Kanoria and Mr. Sunil Kanoria.
12. Letter Agreement dated June 17, 2016 between SIFL and our Company in relation to the 'Srei' trademark.
13. Copies of auditor's reports of our Company in respect of our audited financial statements for the six months ended September 30, 2017 and Fiscals 2017, 2016, 2015, 2014, 2013.
14. Copies of annual reports of our Company for Fiscals 2017, 2016, 2015, 2014 and 2013.
15. Examination reports of our Statutory Auditor dated November 27, 2017 on the Restated Financial Information included in this Draft Red Herring Prospectus.
16. Statement of special tax benefits from our Statutory Auditor dated November 27, 2017.
17. Industry reports titled "Indian Economy", "Infrastructure Segment", "Market Assessment of the Construction, Mining & Allied Equipment (CME) Segment in India", "Farm Equipment Market", "Medical Device Market in India", "Indian IT Equipment Industry", "Indian Tippers Market", "Market Assessment of the Construction, Mining and Other Allied Equipment (CME) Financing Segment", "Farm Equipment Financing in India", "Medical Equipment Finance in India", "Market Assessment of the IT Equipment (IT) Finance Segment in India" and "Market Assessment of Tipper Financing Segment in India", in November 2017, prepared by Feedback Business Consulting Services Private Limited.
18. Written consent of our Statutory Auditor to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in respect of their (a) reports, both dated November 27, 2017, on the Restated Financial Information, and (b) report dated November 27, 2017 on the statement of possible tax benefits available for the Company and its shareholders.
19. Consents of the Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Offer, Escrow Collection Bank(s), Directors of our Company, Company Secretary and Compliance Officer for the Offer, Chief Financial Officer, Statutory Auditor, G. P. Agrawal & Co., Chartered Accountants, Feedback, legal counsel, Refund Bank(s) as referred to, in their respective capacities.
20. Due diligence certificate dated November 28, 2017 to SEBI from the BRLMs.
21. In-principle listing approvals dated [●] and [●] received from the NSE and the BSE, respectively.
22. SEBI observation letter [●] and our in-seriatim reply to the same dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### SIGNED BY DIRECTORS OF OUR COMPANY

**Hemant Kanoria**  
*(Chairman and Managing Director)*

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**Sunil Kanoria**  
*(Vice Chairman)*

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**Shyamalendu Chatterjee**  
*(Independent Director)*

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**Supriya Prakash Sen**  
*(Independent Director)*

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**Suresh Kumar Jain**  
*(Independent Director)*

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### SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY

**Manoj Kumar Beriwal**  
*(Chief Financial Officer)*

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**Place:**

**Date:**



**DECLARATION BY SREI INFRASTRUCTURE FINANCE LIMITED, AS A SELLING  
SHAREHOLDER**

Srei Infrastructure Finance Limited confirms that all statements and undertakings made or confirmed by it in this Draft Red Herring Prospectus specifically in relation to itself, as a Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct.

**SIGNED FOR AND ON BEHALF OF SREI INFRASTRUCUTRE FINANCE LIMITED**

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Name: Sandeep Lakhota  
Designation: Company Secretary

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Date: Sanjeev Sancheti  
Designation: Chief Strategy Officer

Date: November 28, 2017