

### INDEPENDENT AUDITORS' REPORT

#### To The Members of SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LTD.

We have audited the accompanying financial statements of **SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LTD. (the company)**, which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

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

- In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014
- In the case of the Statement of Profit and Loss, of the loss for the year ended on that date, and
- In the case of the Cash Flow statement, of the cash flows for the year ended on that date.



**Report on other legal and regulatory requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with in this report are in agreement with the books of account.
  - iv) In our opinion, the Balance sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ("the Act").
  - v) On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



For SINGHI & CO.  
Chartered Accountants  
Firm Registration No. 302049E

(ANURAG SINGHI)  
Partner  
Membership No . 066274

Place : Kolkata

Dated: the 14<sup>th</sup> day of MAY , 2014.

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: **SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LTD.** (the company)

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.  
  
(b) Fixed Assets have been physically verified by management at reasonable intervals and no material discrepancies have been noticed.  
  
(c) No substantial part of fixed assets has been disposed of during the year, which has bearing on the going concern assumption.
- ii) Since the Company does not have any inventories and accordingly, paragraphs 4(ii) (a) to (c) of the Order are not applicable to the Company.
- iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii)(b) to (d) of the Order are not applicable.  
  
(b) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly paragraphs 4(iii)(f) to (g) of the Order are not applicable.
- iv) On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there is adequate internal control system commensurate with the size of the Company and the nature of its business; for the purchase of fixed assets. The Company has neither purchased any inventory nor sold any goods or services during the year. Further, on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, no major weakness has been noticed or reported in the internal controls.
- v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956:  
  
(a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register, have been so entered.  
  
(b) The company has not entered into any purchase or sale of goods with the parties mentioned in Section 301 and hence this clause of the Order is not applicable.
- vi) The Company has not taken accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under the question of compliance of the Companies Act under those sections does not arise.
- vii) The Company has an internal audit system which in our opinion is commensurate with the size and nature of its business.
- viii) The company is not required to maintain Cost Records as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956(As amended).



- ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Profession Tax and any other dues during the period with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no disputed dues in respect of Income Tax etc. outstanding as on 31st March, 2014.
- x) Since the Company is registered for a period of less than five years, Clause (X) of the Order is not applicable.
- xi) The Company does not have any dues to any banks or financial institution.
- xii) According to the information and explanations given to us, the Company hasn't granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society.
- xiv) According to the information and explanations given to us, the Company is not in the business of dealing in or trading in shares, securities, debentures and other investments.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution (including Foreign Banks) during the year ended 31<sup>st</sup> March 2014.
- xvi) Based on information and explanations given to us and records of the Company examined by us, the Company has not obtained any term loans during the year.
- xvii) On the basis of our overall examination of the balance sheet of the Company, we report that, funds raised for short-term basis have not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the period to parties and companies covered in the registered maintained u/s. 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the period
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no fraud on or by the Company has been noticed or reported during the period.



For SINGHI & CO.  
Chartered Accountants  
Firm Registration No.302049E

(ANURAG SINGHI)

Partner

Membership No.066274

Place: Kolkata.

Dated, the 14<sup>th</sup> day of MAY, 2014.

**SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LIMITED**  
**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Quarter ended			Year ended	
	31-Mar-14 (Unaudited)	31-Dec-13 (Unaudited)	31-Mar-13 (Unaudited)	31-Mar-14 (Audited)	31-Mar-13 (Audited)
<b>Income</b>					
1. From Operating Activities	-	-	-	-	-
2. Other Operating Income	-	-	-	-	-
<b>3. Total Income (1+2)</b>	-	-	-	-	-
4. Expenditure					
(a) Employees Cost	6,022,943	8,033,677	5,481,981	24,496,937	20,995,958
(b) Depreciation ( including Amortisation )	89,683	87,394	53,139	350,915	187,943
(c) Operating & Other Expenses	906,124	893,351	774,552	3,868,993	3,009,656
(d) Bad Debts written off	-	-	-	-	-
(e) Provisions for Bad and Doubtful Debts	-	-	-	-	-
(f) Preliminary Expenses written off	-	-	-	-	-
<b>(g) Total</b>	<b>7,018,750</b>	<b>9,014,422</b>	<b>6,309,672</b>	<b>28,716,845</b>	<b>24,193,557</b>
5. Financial Expenses	-	-	-	-	-
<b>6. Profit from Operations before Other Income (3-4-5)</b>	<b>(7,018,750)</b>	<b>(9,014,422)</b>	<b>(6,309,672)</b>	<b>(28,716,845)</b>	<b>(24,193,557)</b>
7. Other Income	2,590,637	2,591,444	2,448,124	10,372,495	10,111,554
<b>8. Profit Before Tax (6+7)</b>	<b>(4,428,113)</b>	<b>(6,422,978)</b>	<b>(3,861,548)</b>	<b>(18,344,350)</b>	<b>(14,082,003)</b>
9. Tax expense					
-Current Tax	-	-	-	-	-
-Deferred Tax	-	-	-	-	-
<b>10. Profit After Tax (8-9)</b>	<b>(4,428,113)</b>	<b>(6,422,978)</b>	<b>(3,861,548)</b>	<b>(18,344,350)</b>	<b>(14,082,003)</b>
11. Paid-up equity share capital (Face Value Rs.10/- each)	155,000,000	150,000,000	140,000,000	155,000,000	140,000,000
12. Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year				(50,946,619)	(32,602,269)
13. Earnings per share (Rs.) Basic	(0.29)	(0.43)	(0.28)	(1.18)	(1.07)
14. Earnings per share (Rs.) Diluted	(0.29)	(0.43)	(0.28)	(1.18)	(1.07)

Place : Mumbai

Date : May 14, 2014

*(Signature)*

*(Signature)*

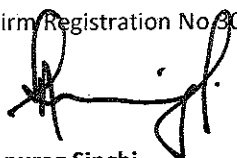
**SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31 MARCH, 2014**

	Note	As at 31 March, 2014 (Amount in `)	As at 31 March, 2013 (Amount in `)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	155,000,000	140,000,000
Reserves and Surplus	4	(50,946,619)	(32,602,269)
<b>Non-Current Liabilities</b>			
Long-Term Provisions	5	1,885,350	1,411,950
<b>Current Liabilities</b>			
Trade Payables	6	123,899	152,122
Other Current Liabilities	7	2,033,141	1,256,183
Short-Term Provisions	8	175,110	83,320
		<b>108,270,881</b>	<b>110,301,306</b>
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Fixed Assets			
Tangible Assets	9	139,174	191,607
Intangible Assets	9	1,442,196	1,619,806
Long-Term Loans and Advances	10	2,619,509	2,555,506
<b>Current Assets</b>			
Cash and Cash Equivalents	11	1,459,027	1,011,246
Short-Term Loans and Advances	12	102,608,656	104,923,141
Other Current Assets	13	2,319	-
		<b>108,270,881</b>	<b>110,301,306</b>
<b>Significant Accounting Policies</b>	<b>1</b>		
<b>Other Disclosures</b>	<b>17</b>		

(The accompanying notes are an integral part of the Financial Statements)

As per our report of even date annexed.

**For Singhi & Co.**  
Chartered Accountants  
Firm Registration No. 302049E

  
**Anurag Singhi**  
Partner  
Membership No. 066274

Place : Mumbai  
Date : May 14, 2014

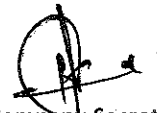


On behalf of the Board of Directors

  
Director

  
Director

*Mehar Soodher*  
CEO

  
Company Secretary  
& Manager

**SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014**

	Note	Year ended 31 March, 2014 (Amount in `)	Year ended 31 March, 2013 (Amount in `)
<b>INCOME</b>			
Other Income	14	10,372,495	10,111,554
		<b>10,372,495</b>	<b>10,111,554</b>
<b>EXPENSES</b>			
Employee Benefit Expenses	15	24,496,937	20,995,958
Depreciation and Amortization Expense	9	350,915	187,943
Other Expenses	16	3,868,993	3,009,656
		<b>28,716,845</b>	<b>24,193,557</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(18,344,350)</b>	<b>(14,082,003)</b>
<b>Tax expense</b>		<b>-</b>	<b>-</b>
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(18,344,350)</b>	<b>(14,082,003)</b>
<b>Earnings Per Equity Share (Basic and Diluted) (`)</b> (Face Value ` 10/- per Equity Share)	17.4	(1.24)	(1.07)
<b>Significant Accounting Policies</b>	1		
<b>Other Disclosures</b>	17		

(The accompanying notes are an integral part of the financial statements)

As per our report of even date annexed.

For Singhi & Co.  
Chartered Accountants  
Firm Registration No.302049E

Anurag Singhi  
Partner  
Membership No. 066274

Place : Mumbai  
Date : May 14, 2014



*Mohit Sachdev*  
CEO

On behalf of the Board of Directors

Director

Director

Company Secretary  
& Manager

**SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LIMITED**  
**CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2014**

	Year ended 31 March, 2014 (Amount in `)	Year ended 31 March, 2013 (Amount in `)
<b>A. Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before tax	(18,344,350)	(14,082,003)
Adjustments for:		
Depreciation	350,915	187,943
Interest Income	(10,372,495)	(10,111,554)
<b>Operating Profit before Working Capital Changes</b>	<b>(28,365,930)</b>	<b>(24,005,614)</b>
Increase/(Decrease) in Long Term Provisions	473,400	412,390
Increase/(Decrease) in Short Term Provisions	91,790	41,650
Increase/(Decrease) in Trade Payables	(28,223)	12,966
Increase/(Decrease) in Other Current Liabilities	776,958	(341,165)
Decrease/(Increase) in Long Term Loans & Advances	(199,957)	(176,845)
Decrease/(Increase) in Short Term Loans & Advances	(185,515)	1,365,520
Cash generated from Operating activities	<b>(27,437,477)</b>	<b>(22,691,098)</b>
Advance Tax Paid	135,954	(1,011,162)
<b>Net Cash from/(used in) Operating Activities</b>	<b>(27,301,523)</b>	<b>(23,702,260)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(120,872)	(999,637)
Interest Received	10,370,176	10,758,413
Decrease/(Increase) in Inter Corporate Deposit	2,500,000	4,200,000
<b>Net Cash from/(used in) Investing activities</b>	<b>12,749,304</b>	<b>13,958,776</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase in Equity Share Capital	15,000,000	10,000,000
<b>Net Cash Flow from Financing Activities</b>	<b>15,000,000</b>	<b>10,000,000</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>447,781</b>	<b>256,516</b>
Opening Cash and Cash Equivalents	1,011,246	754,730
<b>Closing Cash and Cash Equivalents</b>	<b>1,459,027</b>	<b>1,011,246</b>

**Notes:**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules, 2006.

2. Cash and Cash equivalent at the end of the year consists of:

	As at 31 March 2014	As at 31 March 2013
a) Cash in hand	2,730	3,152
b) Balance with Banks in Current Account	1,456,297	1,008,094
	<b>1,459,027</b>	<b>1,011,246</b>

As per our report of even date annexed.

**For Singhi & Co.**  
Chartered Accountants  
Firm Registration No.302049E

Anurag Singhi  
Partner  
Membership No. 066274



On behalf of the Board of Directors

Director

*Mohit Sachdeva*

CEO

Director

Company Secretary  
& Manager

Place : Mumbai  
Date : May 14, 2014



## Srei Mutual Fund Asset Management Private Limited

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation

- a) The financial statements are prepared in accordance with the historical cost convention and the accrual basis of accounting.
- b) These are presented in accordance with Generally Accepted Accounting Principles in India, provisions of the Companies Act, 1956 and Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.
- c) The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.
- d) All Assets and Liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule VI to the Companies' Act, 1956. Based on the nature of services provided and time between the rendering of services and their realization in cash and cash equivalents, the company has assumed its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities

#### 1.2 Revenue Recognition

Income from Asset Management and Investment Advisory service and other incomes are recognized in the Statement of Profit and Loss on accrual basis.

#### 1.3 Fixed Assets and Depreciation / Amortization

- a) Fixed Assets are stated at Cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the assets.
- b) Intangible Assets expected to provide future enduring economic benefits are stated at cost less amortization. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.
- c) Depreciation is provided on straight line method applying the rates prescribed in Schedule XIV to the Companies Act, 1956 or based on estimated useful life, whichever is higher. The details of estimated useful life for each category of assets are as under:

Sl. No.	Asset category	Estimated Useful Life
I	<b>Assets for Own Use</b>	
i)	Computers	4 to 6 years
ii)	Office Equipment	21 years

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

Depreciation on assets purchased/sold during the year is recognised in Statement of profit and loss on pro-rata basis from/till the date of purchase/sale.



## **Srei Mutual Fund Asset Management Private Limited**

### **1.4 Impairment of Fixed Assets**

Wherever events or changes in circumstances indicate that the carrying amount of fixed assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the Company recognizes an impairment loss as the excess of the carrying amount over the recoverable amount. After impairment, depreciation 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 amount after reversal is not increased beyond the carrying amount that would have prevailed by charging usual depreciation if there was no impairment.

### **1.5 Capital Work in Progress**

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

### **1.6 Foreign Currency Transactions**

Foreign currency transactions are recorded at the exchange rates prevailing at the time of transaction.

### **1.7 Prior Period and Extra Ordinary Items**

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

### **1.8 Borrowing Costs**

Borrowing costs to the extent attributed to the acquisition/construction of qualifying assets are capitalized up to the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in the year in which they are incurred.

### **1.9 Employee Benefits**

#### **a) Short term employee benefits**

Short term employee benefits based on expected obligation on undiscounted basis are recognised as expense in the Statement of Profit and Loss of the period in which the related service is rendered.

#### **b) Post Employment Benefits**

##### **Defined benefit plan**

Company's liability towards gratuity and leave benefits is defined benefit plans. Such liabilities are ascertained by an independent actuary as per the requirements of Accounting Standard – 15 (revised 2005) "Employee Benefits". All actuarial gains and losses are recognised in Statement of Profit and Loss in the year in which they occur.

### **1.10 Segment Reporting**

The company is primarily engaged in a single business segment of Asset Management and Investment Advisory service. All the activities of the company revolved around the main business. As such there are no separate reportable segments as per Accounting Standard -17 "Segment Reporting" notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.



## Srei Mutual Fund Asset Management Private Limited

### 1.11 Taxes on Income

- a) Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences which is the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets subject to the consideration of prudence are recognised and carried forward 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

### 1.12 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events; it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### 1.13 Investments

- a) Investment which are readily realizable and intended to be held not more than one year from the date on which such investments are made, are classified as current investments. All Other investments are classified as long-term investments.
- b) Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long Term Investments are stated at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### 1.14 Earnings per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard-20, Earnings per Share notified by the Central Government under the Companies (Accounting Standards) Rules, 2006. Basic earnings per equity share have been computed by dividing net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the net profit (loss) after tax for the year by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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## Srei Mutual Fund Asset Management Private Limited

### Notes to the Financial Statements

- 2 Srei Infrastructure Finance Limited (SIFL), the Holding Company, had sought approval from Securities and Exchange Board of India (SEBI) for commencement of mutual fund business in India under the SEBI (Mutual Funds) Regulations, 1996. Srei Mutual Fund Asset Management Private Limited was incorporated as wholly owned subsidiary of SIFL on 27th November 2009. The company has received the approval from SEBI to act as Asset Management Company of Srei Mutual Fund (IDF) on 15th November 2012.

### 3 Share Capital

- 3.1 Details of the Authorized, Issued, Subscribed and Paid up share capital have been depicted in the table below:

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Authorized</b>		
20,000,000 (31 March 2013: 20,000,000) equity shares of ` 10/- each	200,000,000	200,000,000
<b>Total</b>	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid-up</b>		
15,500,000 (31 March 2013: 14,000,000) equity shares of ` 10/- each	155,000,000	140,000,000
<b>Total</b>	<b>155,000,000</b>	<b>140,000,000</b>

- 3.2 The Company has only one class of equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend 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 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.

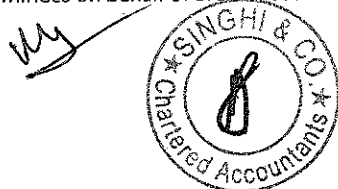
- 3.3 The reconciliation of the number of shares outstanding at the beginning and at the end of year has been shown in the table below:

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	No. of Equity Shares	Amount (`)	No. of Equity Shares	Amount (`)
Shares outstanding at the beginning of the year	14,000,000	140,000,000	13,000,000	130,000,000
Shares issued during the year	1,500,000	15,000,000	1,000,000	10,000,000
Shares outstanding at the end of the year	15,500,000	155,000,000	14,000,000	140,000,000

- 3.4 The following is the list of the shareholders holding more than 5% equity shares:

Name of the Company (Relationship)	As at 31 March, 2014		As at 31 March, 2013	
	No. of Equity Shares	Percentage Holding	No. of Equity Shares	Percentage Holding
Srei Infrastructure Finance Limited <sup>1</sup> (Holding Company)	155,000,000	100%	14,000,000	100%

<sup>1</sup> Includes 600 Equity Shares held by nominees on behalf of Srei Infrastructure Finance Ltd.



Srei Mutual Fund Asset Management Private Limited

4 Reserves and Surplus

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Surplus /(Deficit) in the Statement of Profit or Loss</b>		
Balance as per the last financial statements	(32,602,269)	(18,520,266)
Add: Transfer from Statement of Profit and Loss	(18,344,350)	(14,082,003)
<b>Closing Balance</b>	<b>(50,946,619)</b>	<b>(32,602,269)</b>

5 Long-Term Provisions

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Provision for Employee Benefits		
-Gratuity	959,850	629,040
-Leave Encashment	837,400	669,740
-Sick Leave Availment	88,100	113,170
<b>Total</b>	<b>1,885,350</b>	<b>1,411,950</b>

6 Trade Payables

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Due to Micro, Small and Medium Enterprises	-	-
Due to Others	123,899	152,122
<b>Total</b>	<b>123,899</b>	<b>152,122</b>

**Micro, Small and Medium Enterprises Development Act, 2006**

The Company has not received any memorandum as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises (Development) Act, 2006 claiming their status as on 31st March 2014 as Micro, Small or Medium enterprises. Consequently, the amount paid / payable to these parties during the year is ` Nil.

7 Other Current Liabilities

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Employees payables	1,206,771	643,312
Statutory Liabilities:		
-TDS Payable	826,370	612,871
<b>Total</b>	<b>2,033,141</b>	<b>1,256,183</b>

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Srei Mutual Fund Asset Management Private Limited

8 Short-Term Provisions

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Provision for Employee Benefits		
-Gratuity	3,100	1,940
-Leave Encashment	160,550	64,520
-Sick Leave Availment	11,460	16,860
<b>Total</b>	<b>175,110</b>	<b>83,320</b>

10 Long-Term Loans and Advances

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Other loans and advances :		
-Tax Deducted at Source (Net of Provision ` Nil)	2,242,707	2,378,661
-input Service Tax	376,802	176,845
<b>Total</b>	<b>2,619,509</b>	<b>2,555,506</b>

11 Cash and Cash Equivalents

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Balances with Scheduled Banks:		
-In Current Account	1,456,297	1,008,094
Cash on Hand	2,730	3,152
<b>Total</b>	<b>1,459,027</b>	<b>1,011,246</b>

12 Short-Term Loans and Advances

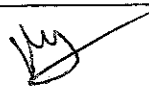
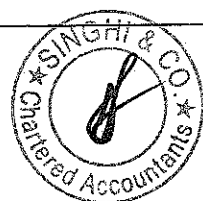



(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(Unsecured and Considered good unless otherwise stated)		
Loans and Advances to Holding Company		
-Inter Corporate Deposit	102,300,000	104,800,000
Other loans and advances:		
- Advance to Staff	39,698	123,141
- Prepaid expenses	268,958	-
<b>Total</b>	<b>102,608,656</b>	<b>104,923,141</b>

13 Other Current Assets

(Amount in `)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Interest accrued on Inter Corporate Deposits	2,319	-
<b>Total</b>	<b>2,319</b>	<b>-</b>

SREI MUTUAL FUND ASSET MANAGEMENT PRIVATE LIMITED

9 Fixed Assets

(Amount in `)

	Fixed Assets		Gross Block				Depreciation/Amortisation				Net Block	
	As at 1 April 2013	As at 31 March 2014	Additions	Sales/ adjustments during the year	As at 31 March 2014	As at 1 April 2013	For the year	Sales/ adjustments during the year	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013	
(i) Tangible Assets												
Office Equipment	58,700	58,700	-	-	58,700	3,416	2,795	-	6,211	52,489	55,284	
Computer Hardware	198,306	198,306	-	-	198,306	61,983	49,638	-	111,621	86,685	136,323	
<b>Total</b>	<b>257,006</b>	<b>257,006</b>	<b>-</b>	<b>-</b>	<b>257,006</b>	<b>65,399</b>	<b>52,433</b>	<b>-</b>	<b>117,832</b>	<b>139,174</b>	<b>191,607</b>	
Figure for the year ended 31 March 2013	149,778	257,006	107,228	-	257,006	30,364	35,035	-	65,399	191,607	-	
(ii) Intangible Assets												
Computer Software	1,814,809	1,935,681	120,872	-	1,935,681	195,003	298,482	-	493,485	1,442,196	1,619,806	
<b>Total</b>	<b>1,814,809</b>	<b>1,935,681</b>	<b>120,872</b>	<b>-</b>	<b>1,935,681</b>	<b>195,003</b>	<b>298,482</b>	<b>-</b>	<b>493,485</b>	<b>1,442,196</b>	<b>1,619,806</b>	
Figure for the year ended 31 March 2013	922,400	1,814,809	892,409	-	1,814,809	42,095	152,908	-	195,003	1,619,806	-	



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Srei Mutual Fund Asset Management Private Limited

14 Other Income

(Amount in `)

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Interest		
-on Inter Corporate Deposit	10,317,118	10,111,554
-on Income Tax	55,377	-
<b>Total</b>	<b>10,372,495</b>	<b>10,111,554</b>

15 Employee Benefit Expenses

(Amount in `)

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Salaries & Allowances	24,486,792	20,989,335
Staff Welfare Expenses	10,145	6,623
<b>Total</b>	<b>24,496,937</b>	<b>20,995,958</b>

16 Other Expenses

(Amount in `)

Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
Legal & Professional Fees	33,075	495,576
Travelling and Conveyance	2,087,342	1,955,226
Rates & Taxes	355,055	5,103
Repairs Others	-	50,003
Filing Fees	4,001	3,000
Business Promotion	27,850	20,061
Membership & Subscription Fees	729,042	5,000
Director's Fees	270,000	220,000
Postage, Telegram & Telephone	124,577	110,556
Printing & Stationery	125,750	18,937
Insurance Premium	77,500	-
Payment to the auditor as:		
-Statutory Audit Fees	25,000	25,000
-For other services	-	92,416
Miscellaneous Expenses	9,801	8,778
<b>Total</b>	<b>3,868,993</b>	<b>3,009,656</b>



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**Srei Mutual Fund Asset Management Private Limited**

**17 Other Disclosures**

**17.1 Disclosure pursuant to Accounting Standard (AS) 15:**

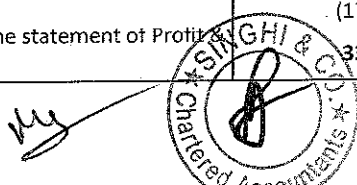
**Defined Benefit Plans:**

- The Employees' Gratuity scheme, Leave benefit scheme, and Sick Leave availment scheme are the Company's defined benefit plans.
- All employees who have rendered service for specified period as per the Payment of Gratuity Act, 1972 are entitled for gratuity. The gratuity amount is determined based on the last drawn salary and period of service with the company.
- The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.
- The defined benefit obligations are unfunded and thus the disclosure requirements of plan assets have not been made.

The following tables set out the details of amount recognized in the financial statements in respect of gratuity and leave benefits which is not funded:

(Amount in `)

S.No.	Particulars	Gratuity (Unfunded)		Privilege Leave Benefit (Unfunded)	
		For the year ended 31 March, 2014	For the year ended 31 March, 2013	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	<b>Defined benefit plans (As per actuarial valuation)</b>				
<b>I</b>	<b>Change in Defined Benefit Obligations (DBO) during the year</b>				
	Present Value of DBO at beginning of the period	630,980	371,590	734,260	528,230
	Current Service Cost	452,800	325,190	403,430	291,580
	Interest cost	51,740	32,330	52,860	34,070
	Curtailment cost / (credit)	-	-	-	-
	Settlement cost / (credit)	-	-	-	-
	Plan amendments	-	-	-	-
	Acquisitions	-	-	-	-
	Actuarial Losses / (Gains)	(172,570)	(98,130)	(13,300)	153,710
	Benefits Paid	-	-	(179,300)	(273,330)
	Employee contribution	-	-	-	-
	Other Adjustments	-	-	-	-
	Present Value of DBO at the end of the period	<b>962,950</b>	<b>630,980</b>	<b>997,950</b>	<b>734,260</b>
<b>II</b>	<b>Net assets / (liability) recognized in balance sheet</b>				
	Present value of Defined Benefit Obligation	962,950	630,980	997,950	734,260
	Fair value of plan assets	-	-	-	-
	Funded status [Surplus/(Deficit)]	(962,950)	(630,980)	(997,950)	(734,260)
	Unrecognized past service cost	-	-	-	-
	Net asset/ (liability) recognized in balance sheet	(962,950)	(630,980)	(997,950)	(734,260)
	Current Asset / (Liability)	<b>(3,100)</b>	<b>(1,940)</b>	<b>(160,550)</b>	<b>(64,520)</b>
	Non Current Asset / (Liability)	<b>(959,850)</b>	<b>(629,040)</b>	<b>(837,400)</b>	<b>(669,740)</b>
<b>III</b>	<b>Components of Employer Expenses</b>				
	Current Service cost	452,800	325,190	403,430	291,580
	Interest cost	51,740	32,330	52,860	34,070
	Expected return on plan assets	-	-	-	-
	Curtailment cost / (credit)	-	-	-	-
	Settlement Cost / (Credit)	-	-	-	-
	Past service cost	-	-	-	-
	Actuarial Losses / (Gains)	(172,570)	(98,130)	(13,300)	153,710
	Total expenses recognised in the statement of Profit and Loss	<b>331,970</b>	<b>259,390</b>	<b>442,990</b>	<b>479,360</b>
	Loss account				



Srei Mutual Fund Asset Management Private Limited

S.No.	Particulars	Gratuity (Unfunded)		Privilege Leave Benefit (Unfunded)	
		For the year ended 31 March, 2014	For the year ended 31 March, 2013	For the year ended 31 March, 2014	For the year ended 31 March, 2013
IV	<b>Actuarial Assumptions</b>				
	Discount Rate	9.25%	8.20%	9.25%	8.20%
	Expected return on plan assets	NA	NA	NA	NA
	Salary Escalation	10.00%	10.00%	10.00%	10.00%
	Mortality	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Ultimate	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Ultimate
	Retirement/ Superannuation Age	60 yrs	60 yrs	60 yrs	60 yrs

S.No	Particulars	Sick Leave Benefit (Unfunded)	
		For the year ended 31 March, 2014	For the year ended 31 March, 2013
	<b>Assets/ Liabilities</b>		
1	Projected Benefit Obligation	(99,560)	(130,030)
2	Fair Value of Plan Assets	-	-
3	Current Asset / (Liability)	(11,460)	(16,860)
4	Non Current Asset / (Liability)	(88,100)	(113,170)
	<b>Actuarial Assumptions</b>		
1	Discount Rate	9.25%	8.20%
2	Expected return on plan assets	NA	NA
3	Salary Escalation	10.00%	10.00%
4	Mortality	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Ultimate
5	Retirement/ Superannuation Age	60 yrs	60 yrs



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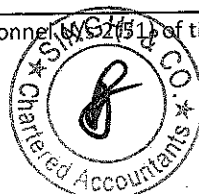
**Srei Mutual Fund Asset Management Private Limited**

**17.2 Related Party Transactions**

**I Related Parties**

Sl.No	Name of the Company	Country of Origin
<b>A</b>	<b>Holding Company</b>	
1	Srei Infrastructure Finance Limited	India
<b>B</b>	<b>Fellow Subsidiaries:</b>	
2	Srei Capital Markets Limited	India
3	Srei Alternative Investment Managers Limited (formerly known as Srei Venture Capital Limited)	India
4	Controlla Electrotech Private Limited	India
5	Global Investment Trust Limited	India
6	Srei Forex Limited	India
7	Srei Infrastructure Advisors Limited	India
8	Srei Insurance Broking Private Limited	India
9	Srei Mutual Fund Trust Private Limited	India
10	Bengal Srei Infrastructure Development Limited (Subsidiary of Srei Infrastructure Advisors Limited)	India
11	Hyderabad Information Technology Venture Enterprises Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India
12	Cyberabad Trustee Company Pvt. Limited (Subsidiary of Srei Alternative Investment Managers Limited)	India
13	Srei International Infrastructure Services GmbH (Formerly IIS International Infrastructure Services GmbH)	Germany
14	ZAO Srei Leasing (Subsidiary of Srei International Infrastructure Services GmbH)	Russia
15	Srei Advisors Pte. Limited (Subsidiary of Srei International Infrastructure Services GmbH, Germany)	Singapore
16	Attivo Economic Zone (Mumbai) Private Limited (Formerly Mumbai Futuristic Economic Zone Private Limited)	India
17	Quippo Valuers and Auctioneers Private Limited (ceased to be fellow subsidiary w.e.f. 19.10.2013)	India
18	Quippo Oil & Gas Infrastructure Limited	India
19	Quippo Energy Private Limited (QEPL)	India
20	Quippo Energy Yemen Limited (Subsidiary of Quippo Energy Private Limited), ceased to be a subsidiary of QEPL w.e.f 28.10.2013.	Yemen
21	Quippo Middle East Limited ((Formerly Quippo Energy Middle East Limited) (Subsidiary of Quippo Energy Private Limited), ceased to be a subsidiary of QEPL w.e.f 28.10.2013.	Dubai
22	Quippo Mauritius Private Limited (Subsidiary of Quippo Energy Private Limited)	Mauritius
23	Quippo Energy Nigeria Private Limited (Subsidiary of Quippo Mauritius Private Limited )	Nigeria
24	Quippo CJ Exploration & Production Private Limited (subsidiary of Quippo Oil & Gas Infrastructure Limited w.e.f. 01.05.2013)	India
25	Goldensons Construction Private Limited (Fellow subsidiary w.e.f. 07.02.2014)	India
<b>C</b>	<b>Trusts:</b>	
26	Srei Mutual Fund Trust	India
27	Srei Growth Trust	India
<b>D</b>	<b>Key Managerial Personnel :</b>	
28	Mohit Sachdev	Chief Executive Officer
29	Krishna Kumar Kushwaha *	Company Secretary & Manager

\* [Company Secretary is considered as Key Managerial Personnel w.e.f. 12.09.2013 of the Companies Act 2013 as notified by the Ministry of Corporate Affairs (MCA) on 12th September , 2013.]



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Srei Mutual Fund Asset Management Private Limited

II Summary of Transactions with Related Parties

(Amount in `)

Name of related party	Nature of Transactions & Outstanding Balances	2013-14	2012-13
	<b>(A) Holding Company</b>		
Srei Infrastructure Finance Limited	Subscription received for Equity Shares	15,000,000	10,000,000
	Deposit Given During the year	13,000,000	9,000,000
	Deposit Refunded During the year	15,500,000	13,200,000
	Interest Income on Deposit	10,317,118	10,111,554
	Balance of Deposit Receivable	102,300,000	104,800,000
	Balance of Interest Receivable (Net of TDS)	2,319	-
	<b>(B) Key Management Personnel</b>		
Mohit Sachdev	Salary & Allowances	9,596,500	8,925,600
Krishna Kumar Kushwaha*	Salary & Allowances	1,332,900	-

\* Company Secretary is considered as Key Managerial Personnel U/s 2(51) of the Companies Act 2013 as notified by the Ministry of Corporate Affairs (MCA) on 12th September, 2013. However remuneration disclosed above relates to the period from 1st April, 2013 to 31st March, 2014.

- 17.4 The Deferred Tax Asset (Net) of ` 15,618,670 (31 March 2013 : ` 9,950,371) arising out of timing difference as on 31st March, 2014 is on account of the following:

(Amount in `)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Component of Deferred Tax Asset / (Liability)</b>		
Carry Forward Losses	14,873,369	9,497,562
Unabsorbed Depreciation	300,791	170,852
Preliminary Expenses	177,372	177,372
Provision for Gratuity	297,552	194,973
Provision for Leave Encashment	81,480	-
Depreciation	(111,894)	(90,388)
<b>Deferred Tax Asset / (Liability) - Net</b>	<b>15,618,670</b>	<b>9,950,371</b>

Note: On the basis of prudence, deferred tax asset has not been recognized in the books of Accounts.



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**Srei Mutual Fund Asset Management Private Limited**

**17.4 Earnings per Share**

**Basic and Diluted Earnings per Share**

S.No	Particulars	Year Ended 31 March, 2014	Year Ended 31 March, 2013
1	Net Profit/ (Loss) after tax attributable to Equity Shareholders (in `)	(18,344,350)	(14,082,003)
2	Weighted average number of Equity Shares Basic (Nos.)	14,804,110	13,164,384
3	Weighted average number of Potential Equity Shares (Nos.)	-	-
4	Weighted average number of Equity Shares Diluted (Nos.)	14,804,110	13,164,384
5	Nominal Value of Equity per share (`)	10	10
6	Basic Earnings per share (`)	(1.24)	(1.07)
7	Diluted Earnings per share (`)	(1.24)	(1.07)

**17.5** Earnings / Expenses in Foreign Currency - Nil (Previous year -Nil).

**17.6** Contingent Liability and Capital Commitment - Nil (Previous year -Nil).

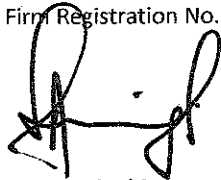
**17.7** Figures pertaining to the previous year have been rearranged/regrouped, reclassified and restated, wherever necessary, to make them comparable with those of current year.

As per our report of even date annexed.

**For Singhi & Co.**

Chartered Accountants

Firm Registration No.302049E



**Anurag Singhi**

Partner

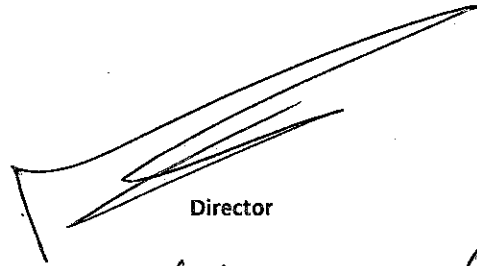
Membership No. 066274

Place : Mumbai

Date : May 14, 2014



**On behalf of the Board of Directors**

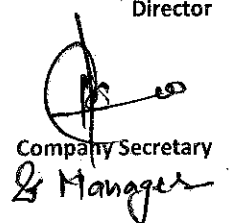


Director

Mohit Sachdev  
CEO



Director



Company Secretary  
& Manager