SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

Annexure C

19th January, 2019

To,

The Board of Directors

Srei Infrastructure Finance Limited
Vishwakarma 86C,
Topsia Road (South),
Kolkata -700046
West Bengal

The Board of Directors

Srei Equipment Finance Limited
Vishwakarma 86C,
Topsia Road (South),
Kolkata -700046
West Bengal

The Board of Directors

Srei Asset Reconstruction Private Limited
Vishwakarma 86C,
Topsia Road (South),
Kolkata -700046
West Bengal

Sub: Recommendation of Share Entitlement Ratio pursuant to the Scheme of Arrangement

Dear Madams/Sirs,

We, M/s Sharp and Tannan, Chartered Accountants ("**STC**"), Firm Registration No. 109982W has been appointed by Srei Infrastructure Finance Limited ("**SIFL**"), Srei Equipment Finance Limited ("**SEFL**") and Srei Asset Reconstruction Pvt. Ltd. ("**SARPL**") (hereinafter together referred to as "Companies") vide Engagement Letter dated 11th January, 2019 to provide a Share Entitlement Ratio Report ("Report") on the share entitlement ratio (hereinafter referred to as "Share Entitlement Ratio") for the proposed group restructuring of SIFL (hereinafter referred to as "Proposed Restructuring") pursuant to a scheme of arrangement and amalgamation under section 230 to 232 read with section 52 of the Companies Act, 2013 ("Scheme") and other applicable provisions and rules thereunder. The Appointed Date of the scheme shall be 31st March, 2017 ("**Appointed Date**").

STC is hereinafter referred to as "Valuer" or "we" in this Report.

1. SCOPE AND PURPOSE OF THIS REPORT

Srei Infrastructure Finance Limited

1.1. SIFL, a public company incorporated under the provisions of the Companies Act, 1956, is a Systemically Important Non-deposit Taking Non-Banking Financial Company ("NBFC-ND-SI") registered with the Reserve Bank of India under the category "Infrastructure Finance Company".

1.2. SIFL is a financial services conglomerate offering infrastructure project financing, fee based advisory and development services, infrastructure equipment financing, alternative investment fund services, capital market and insurance broking services by itself and through its various subsidiaries. The equity shares of the SIFL are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") in India. The promoter and the promoter group of SIFL owns 60.8% of paid-up outstanding equity shares and

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Shrikrishna T. Kunte Ramnath D. Kare Edwin P. Augustine Raghunath P. Acharya
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Also at Pune. Associate Offices : New Delhi, Chennai, Bangalore, Baroda, Goa & Ahmedabad

balance is held by public shareholders as of 30th September 2018. SIFL had reported consolidated total income and profit after tax of INR 52,618.7 million and INR 3,845.5 million respectively for the year ended 31st March 2018.

The distinct units of SIFL's diversified business activities are the following:

a) Leasing Business ("SIFL Leasing Business") - In this business, the ownership of the asset remains with lessor (SIFL), while it permits the lessee (user) to use an asset. This type of lease typically spans a portion of the asset's useful life, and the lessor retains the residual risk of the asset.

b) Equipment Rental Business ("SIFL Rental Business") – Equipment Rental Business of SIFL shall mean rental business undertaken through Quippo Oil and Gas Infrastructure Limited ("QOGIL"). SIFL holds equity shares and Redeemable Cumulative Optionally Convertible Preference Shares of QOGIL.

c) Equipment Finance Business ("SIFL Equipment Finance Business") - In this business, the financing is provided to borrower either for purchase of large assets/equipment or against security of such assets/equipment. Here, the ownership of assets/equipment remains with the borrowers. SIFL Equipment Finance Business provides funding majorly for wind infrastructure and other large assets/equipment.

d) Infrastructure Finance - 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.

e) Other businesses and investments in the infrastructure sector including infrastructure finance, advisory comprising all the infrastructure financing activities and project advisory services.

SIFL Leasing Business and SIFL Equipment Finance Business hereinafter together referred to as "SIFL Undertaking".

Srei Equipment Finance Limited

1.3. SEFL, a wholly owned subsidiary of SIFL, is a public company incorporated under the provisions of the Companies Act, 1956. It is engaged in providing equipment financing to companies operating in the construction, mining, technology and solutions, healthcare, ports and railways, oil and gas, agriculture and transportation sectors. Its financial products comprise loans, leases, rentals and fee-based services. The equity shares of SEFL are not listed on any stock exchange. SEFL had reported consolidated total income and profit after tax of INR 33,209.1 million and INR 2,634.9 million respectively for the year ended 31st March 2018.

1.4. SEFL is engaged majorly in the following business activities :

a) Leasing Business ("SEFL Leasing Business"): In this business, the ownership of the asset remains with lessor (SEFL), while it permits the lessee (user) to use an asset. This type of lease typically spans a portion of the asset's useful life, and the lessor retains the residual risk of the asset.

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b) Equipment Finance Business ("SEFL Equipment Finance Business"): In this business, the financing is provided to borrower for the purchase of equipment, against security of the asset. Here, the ownership of asset remains with the borrower. SEFL Equipment Finance Business provides funding for construction, mining and allied equipment, farm equipment, IT equipment, medical equipment etc.

SEFL Leasing Business and residual business of SEFL hereinafter together referred to as "SEFL Undertaking".

Srei Asset Reconstruction Pvt. Ltd.

1.5. SARPL is a private company limited by shares incorporated on 30th June, 2014 under the provisions of the Companies Act, 2013. SARPL was incorporated for engaging in the business of asset reconstruction, acquisition and/or securitization of any or all financial assets, property or secured assets, of any nature. The registered office of SARPL is situated at Vishwakarma 86C, Topsia Road (South), Kolkata -700046. As on 31st December, 2018 SIFL along with its nominees hold the entire equity share capital of SARPL.

1.6. We understand that the management of SIFL ("Management") is contemplating a Proposed Restructuring pursuant to a Scheme to re-organize and segregate its businesses, undertakings and investments into SARPL in a manner that allows it to impart greater focus on each of its business lines.

1.7. The Proposed Restructuring is to be effected through Scheme pursuant to the provisions of sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

1.8. In this regard, STC has been requested by the Companies to submit a Report recommending Share Entitlement Ratio in connection with the Proposed Restructuring of SIFL to be placed before the Audit Committee/ Board of Directors ("Boards") of the Companies as required under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable securities and capital market laws and rules issued thereunder.

1.9. The steps involved in the Proposed Restructuring are detailed herein under:

Step 1 - Demerger of SEFL Leasing Business ("Demerged Undertaking 1") from SEFL into SARPL on a going concern basis with effect from the proposed Appointed Date.

Step 2 - Amalgamation of SEFL post Step 1 ("Residual SEFL") with the holding company, SIFL with effect from the proposed Appointed Date.

Step 3 – Demerger of SIFL Undertaking, Residual SEFL and Equipment Rental Business of SIFL (together referred to as "Demerged Undertaking 2") from SIFL into SARPL with effect from the proposed Appointed Date.

1.10. The number of equity share/s of SARPL to which a shareholder of SEFL would be entitled to in proportion to his/her/its existing shareholding in SEFL on account of the demerger proposed in Step 1 is defined as Share Entitlement Ratio 1 and the number of equity share/s of SARPL to which a shareholder of SIFL would be entitled to in proportion to his/her/its existing shareholding in SIFL on account of the demerger proposed in Step 3 is defined as Share Entitlement Ratio 2.

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1.11. The scope of our services is to:

a) Recommend a Share Entitlement Ratio 1 for issue of equity shares of SARPL to the equity shareholders of SEFL under Step 1; and

b) Recommend a Share Entitlement Ratio 2 for issue of equity shares of SARPL to the equity shareholders of SIFL under Step 3.

1.12. This Report will be placed before the Boards/Audit Committees of the Companies, as applicable, as per the relevant SEBI circulars, and, to the extent mandatorily required under applicable laws of India. This Report may be required to be produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Restructuring under applicable laws.

1.13. We have considered financial information up to 30th September 2018 and the current market parameters in our analysis and made adjustments for additional facts made known to us till the date of our Report which will have a bearing on the valuation analysis to the extent considered appropriate. Further, the Management has informed us that all material information impacting the Companies have been disclosed to us.

1.14. The Management has informed us that:

a) There would not be any capital variation in the Companies till the Proposed Restructuring becomes effective without the approval of the shareholders;

b) Neither Companies would declare any dividend which are either materially different than those declared in the past few years or having materially different yields.

c) There are no unusual / abnormal events in the Companies since the last result declaration date till the Report date materially impacting their operating/ financial performance.

We have relied on the above while arriving at the Share Entitlement Ratio for the Proposed Restructuring.

1.15. This Report is our deliverable in respect of our recommendation on the Share Entitlement Ratio for the Proposed Restructuring.

1.16. Our opinion is based on prevailing market, economic and other conditions as at the date of this Report. These conditions can change over relatively short periods of time. Any subsequent changes in these conditions could have an impact upon our opinion. We do not undertake to update this Report for events or circumstances arising after the date of this Report.

1.17. This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

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2. SOURCES OF INFORMATION

2.1. In connection with this exercise, we have used the following information about the Companies as received from the Management and representatives of the Companies in either oral or in written form and/or gathered from public domain:

a) Draft Scheme of Arrangement and Amalgamation for Proposed Restructuring;

b) Annual Reports for the year ended 31st March 2018 and earlier periods of the Companies;

c) Carved out financials of SIFL Undertakings and SEFL Undertakings for the period ended 31st March 2017 to 30th September 2018 and 31st March 2016 to 30th September 2018 respectively;

d) Provisional financial statements of SEFL and QOGIL for 6 months period ended 30th September 2018;

e) Brief overview of past and current operations of the Companies and QOGIL as provided by the Management.

f) Considered the pre-determined number of equity shares of SARPL proposed to be issued to the shareholders of SEFL, i.e. SIFL in Step 1 and to the shareholders of SIFL in Step 3;

g) Proposed capital structure of SARPL;

h) Current and proposed shareholding pattern of the Companies before and after the Proposed Restructuring;

i) Various other agreements&/ or documents &/ or information related with the Companies and QOGIL.

j) Correspondence with the Management including Management Representation Letter;

2.2. Information provided by leading database sources, market research reports and other published data.

2.3. During the discussions with the Management, we have also obtained information and explaination considered necessary and relevant for our exercise.

2.4. We have prepared this Report from information provided by and from discussions with the Management.

2.5. We have not verified the accuracy, reliability and competence of the information provided and the procedures that we used to perform the work did not constitute an audit or review made under any generally accepted accounting standard.

The Companies have been provided with the opportunity to review the draft Report for this engagement to make sure that factual inaccuracies and omissions are avoided in our final Report.

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3. PROCEDURES ADOPTED FOR THE PURPOSE OF VALUATION

In connection with this analysis, we have adopted the following procedures to carry out the valuation analysis:

3.1. Requested and received financial and qualitative information relating to the Companies.

3.2. Obtained and analyzed data available in public domain, as considered relevant by us.

3.3. Discussed with the Management and representatives of the Companies on understanding of the business and fundamental factors affecting the Companies.

3.4. Undertook industry analysis including research on publicly available market data including economic factors and industry trends that may impact the valuation and analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by us.

3.5. Analysis of other publicly available information.

3.6. Considered the shareholding pattern of the Companies before and after the Proposed Restructuring.

3.7. Determination of the Share Entitlement Ratio.

3.8. Further, at the request of Managements, we have had discussions with fairness opinion providers appointed by the Companies on the valuation approach adopted and assumptions made.

4. SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

4.1. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than valuation date of 30th September, 2018 ("**Valuation Date**") for the purpose of this Report and as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

4.2. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the financial information of the Companies till 30th September 2018. The Management of the Companies have represented that the business activities of the Companies have been carried out in normal and ordinary course between 30th September 2018 and the Report Date and that no material changes have occurred in their respective operations and financial position between 30th September 2018 and the Report Date.

4.3. A valuation or determination of Share Entitlement Ratio of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the Share entitlement ratio for the Proposed Restructuring as on the Valuation Date.

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4.4. We have no responsibility to update the Report for any events and circumstances occurring after the date of the Report. Our valuation analysis was completed on a date subsequent to the Valuation Date and accordingly we have taken into account such valuation parameters and over such period, as we considered appropriate and relevant, up to a date close to Valuation Date.

4.5. This Report is intended only for the sole use and information of the Boards of the Companies and only in connection with the Proposed Restructuring including for the purpose of obtaining regulatory approvals, as required under applicable laws of India.

4.6. This Report and the information contained herein are absolutely confidential and is prepared on for the stated purposes in this report. This Report should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. The Companies are required to submit this Report to regulatory or judicial authorities, government authorities, stock exchanges, courts, shareholders, their professional advisors including merchant bankers providing the fairness opinion on the Share Entitlement Ratio in connection with the Proposed Restructuring to the extent mandatorily required under applicable laws of India. We hereby consent to such disclosure of this Report, on the basis that we owe responsibility only to the Boards of the Companies that have engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this Report. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever.

4.7. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / business of the Companies / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than the Companies) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuer.

4.8. For the purpose of providing recommendation on the Share Entitlement Ratio, we have used financial and other information provided to us by the Management and the information that was publicly available, sourced from subscribed databases and formed substantial basis for this Report which we believe to be reliable and conclusions are dependent on such information being complete and accurate in all material aspects. While information obtained from public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our scope of work refrains us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the Managements. Our conclusion on value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

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4.9. In accordance with the terms of engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical and projected financial information, if any, provided to us regarding the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials / financial statements and projections. The assignment did not involve us to conduct the financial, legal, regulatory, tax, accounting, actuarial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. Also, with respect to explanations and information sought from the Managements, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

4.10. Our conclusion is based on the assumptions and information given to us by/on behalf of the Companies. The Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on the report.

4.11. It should be noted that we have examined the Share Entitlement Ratio for the Proposed Restructuring and not examined any other matter including economic rationale for the Proposed Restructuring per se or accounting, legal or tax matters involved in the Proposed Restructuring.

4.12. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report.

4.13. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited / unaudited balance sheets of the Companies / their holding / subsidiary / associates / joint ventures / investee companies, if any.

4.14. Our Report is not nor should it be construed as our opining or certifying the compliance of the Proposed Restructuring with the provisions of any law / standards including companies, foreign exchange regulatory, securities market, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues arising from such Proposed Restructuring.

4.15. Our Report is not nor should it be construed as our recommendation on the Proposed Restructuring or anything consequential thereto / resulting therefrom. Our scope of work is limited to expression of our view

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on the Share Entitlement Ratio. This Report does not address the relative merits of the Proposed Restructuring as compared with any other alternatives or whether or not such alternatives could be achieved or are available. Any decision by the Companies / their shareholders / creditors regarding whether or not to proceed with the Proposed Restructuring shall rest solely with them. We express no opinion or recommendation as to how the shareholders / creditors of the Companies should vote at any shareholders' / creditors' meeting(s) to be held in connection with the Proposed Restructuring. This Report does not in any manner address, opine on or recommend the prices at which the securities of the Companies could or should transact at following the announcement / consummation of the Proposed Restructuring. Our report and the opinion / valuation analysis contained herein is not nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

4.16. We express no opinion on the achievability of the forecasts, if any, relating to the Companies given to us by the Management.

4.17. We have not conducted or provided an analysis or prepared a model for any individual assets / liabilities and have wholly relied on information provided to us by the Management in that regard.

4.18. The fee for our valuation analysis and the Report is not contingent upon the results reported.

4.19. This Report is subject to the laws of India.

5. **SHARE CAPITAL DETAILS OF THE COMPANIES involved in the Scheme**

5.1. **Srei Infrastructure Finance Limited**

As at 30th September 2018, the equity share capital of SIFL was ~ INR 5,030.8 million consisting of 503,086,333 equity shares of face value of INR 10/- each fully paid up.

5.2. **Srei Equipment Finance Limited**

As at 30th September 2018, the equity share capital of SEFL was ~ INR 596.6 million consisting of 59,660,000 equity shares of face value of INR 10/- each fully paid up.

5.3. **Srei Asset Reconstruction Pvt. Ltd.**

As on 30th September, 2018 the equity share capital of SARPL was ~ INR 1 million consisting of 100,000 equity shares of INR 10/- each fully paid.

6. **RECOMMENDATION OF SHARE ENTITLEMENT RATIO**

STEP 1 – DEMERGER OF Demerged Undertaking 1 FROM SEFL INTO SARPL

We understand that pursuant to Step 1 of the Scheme, SEFL Leasing Business is proposed to be demerged from SEFL (wholly owned subsidiary of SIFL) and transferred into SARPL (wholly owned subsidiary of SIFL). SEFL has identified all the assets and liabilities of Demerged Undertaking 1 (defined under para 1.9

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of this Report) which are to be taken over by and transferred to SARPL. In consideration of the transfer and vesting of SEFL Leasing Business into SARPL, SARPL shall issue equity shares to the equity shareholders of SEFL i.e. SIFL based on the Share Entitlement Ratio 1 proposed by the Management.

On the basis of proposed capital structure of SARPL and considering the fact that currently the entire 100% equity shares of SEFL and SARPL is held by SIFL and SIFL, upon demerger, would continue to be the 100% equity shareholders of SARPL as per the proposed share entitlement ratio, there is no change in the beneficial economic interest of the shareholders of the Companies, therefore, any Share Entitlement Ratio can be considered for the above demerger. Hence, there is no valuation exercise being undertaken and Share Entitlement Ratio is determined on the basis of intended capital structure of SARPL.

On the basis of the foregoing and on consideration of all the relevant factors and circumstances, the Management proposed Share Entitlement Ratio in consideration for transfer and vesting of SEFL Leasing Business from SEFL into SARPL to be as follows:

10 (ten) equity shares of SARPL of INR 10/- each fully paid up for, every 21 (twenty one) equity shares held in SEFL of INR 10/- each fully paid up.

The above mentioned Share Entitlement Ratio is fair and reasonable in relation to the demerger pursuant to Step 1 of the Scheme.

Valuation Approach	Srei Equipment Finance Limited		Srei Asset Reconstruction Pvt. Ltd.	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Relative Value per Share	NA		NA	

NA – Not Applicable / Not Adopted

STEP 2 – AMALGAMATION OF Residual SEFL WITH THE HOLDING COMPANY, SIFL.

As per the proposed Scheme, the Management proposes to merge Residual SEFL with SIFL. Pursuant to the merger in Step 2, the investment of SIFL in Residual SEFL will be cancelled, extinguished and annulled and the entire business, including all assets and liabilities of Residual SEFL will be vested in SIFL. Thus, pursuant to merger the effective holding of the shareholders of SIFL in Residual SEFL will translate into direct holding. Since Residual SEFL is a wholly owned subsidiary of SIFL there shall be no issue of equity shares by SIFL in consideration of amalgamation of Residual SEFL with SIFL. Subsequently, SEFL shall stand dissolved without winding up.

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Accordingly, no valuation of shares is required to be undertaken and the beneficial shareholding of all the shareholders of SIFL continues to remain the same, both pre and post amalgamation.

STEP 3 – DEMERGER OF Demerged Undertaking 2 FROM SIFL INTO SARPL

We understand that, pursuant to Step 3 of the Scheme, Demerged Undertaking 2 (defined under para 1.9 of this Report) will be transferred from SIFL and vest into SARPL. SIFL has identified all the assets and liabilities of the Demerged Undertaking 2 which are to be taken over by and transferred to SARPL. In consideration of the transfer and vesting of Demerged Undertaking 2 into SARPL, SARPL shall issue and allot equity shares to the equity shareholders of SIFL based on the Share Entitlement Ratio 2 proposed by the Management. Pursuant to the proposed demerger in Step 3, the effective shareholding of in SARPL will translate as (a) 22.08% of the equity shares of SARPL will be directly held by SIFL; and (b) remaining stake of up to 77.92% of the equity shares of SARPL will translate into direct holding of existing shareholders of SIFL in the same proportion as held by them in SIFL.

On the basis of proposed capital structure of SARPL and considering the fact that all the current shareholders of SIFL are and would, upon demerger, be the ultimate beneficial economic owners of SARPL in the proposed share entitlement ratio, the beneficial economic interest of the shareholders of SARPL will be same as it is in SIFL. Hence, there is no valuation exercise being undertaken and Share Entitlement Ratio is determined on the basis of intended capital structure of SARPL.

On the basis of the foregoing and on consideration of all the relevant factors and circumstances, the Management proposed Share Entitlement Ratio 2 in consideration for demerger of the Demerged Undertakings 2 to be as follows:

1 (one) equity share of SARPL of INR 10/- each fully paid up for, every 5 (five) equity shares held in SIFL of INR 10/- each fully pad up.

The above mentioned Share Entitlement Ratio is fair and reasonable in relation to the demerger pursuant to Step 3 of the Scheme.

Valuation Approach	Srei Infrastructure Finance Limited		Srei Asset Reconstruction Pvt. Ltd.	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Relative Value per Share	**NA**		**NA**	

NA – Not Applicable / Not Adopted

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It should be noted that we have examined the fair and equitable entitlement ratio for the demerger in Step 1 and Step 3 pursuant to the Proposed Restructuring and not examined any other matter including economic rationale for the Proposed Restructuring per se or accounting, legal or tax matters involved in the Proposed Restructuring.

Yours faithfully,

For Sharp & Tannan
Chartered Accountants
ICAI Firm Registration Number: 109982W

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CHARTERED ACCOUNTANTS
RAVINDRA ANNEXE, MUMBAI-20.

Srei Infrastructure Finance Ltd.
Kolkata

Edwin Augustine
Membership No. - 043385

Date: 19th January, 2019
Place: Mumbai

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

Date: 7th March, 2019

To,
Srei Infrastructure Finance Limited,
Vishwakarma 86C,
Topsia Road (South),
Kolkata – 700046,
West Bengal

Dear Sir,

Sub: Clarification for query raised by BSE Limited pursuant to application under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the proposed composite scheme of arrangement and amalgamation ("Scheme") amongst Srei Infrastructure Finance Limited ("SIFL"), Srei Equipment Finance Limited ("SEFL") and Srei Asset Finance Limited ("SAFL").

This is with reference to your request to clarify the methodology used for the valuation pursuant to query raised by BSE Limited dated 6th March, 2019.

Please find below our response to the query raised:

Query:

"*In tab 4, in the valuation report, give status of comply wrt circular no. SEBI/LAD/NRO/GN/2016-17/030 dated 15/02/2017 regarding the pricing provisions of the chapter VII of ICDR Reg 2009/Chapter V of ICDR 2018. Please provide clarification for not using Income, Market & Asset approach. Further, provide workings of the values de-rived.*"

Reply:

1.1. The relevant provision pertaining to the requirement of valuation report as mentioned in Para I(A)(4) of Annexure I of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**") states that:

"*(a) All listed entities are required to submit a valuation report from an Independent Chartered Accountant.*

*(b) However, Valuation Report is not required in cases where there is **no change in the shareholding pattern of the listed entity / resultant company.***

*(c) For the limited purpose of this Circular, **'change in the shareholding pattern'** shall mean;*
(i) change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or
(ii) new shareholder being allotted equity shares of the resultant company; or
(iii) existing shareholder exiting the company pursuant to the Scheme of Arrangement

1.2. Requirement of Valuation Report & Pricing Certificate– SIFL:

(a) Pursuant to Part IV of the Scheme, SEFL shall amalgamate with SIFL, the listed entity. As the entire share capital of SEFL is held by SIFL, SIFL shall not issue any shares upon amalgamation. Accordingly, there will not be any change in the shareholding pattern of

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SIFL pursuant to the Scheme. Hence, value per share of SIFL is not relevant & valuation report determining the value per share of SIFL is not required.

(b) With regard to pricing provisions, as stated above, the listed entity involved in the Scheme i.e. SIFL, is not issuing any shares pursuant to the Scheme to a select group of shareholders or shareholders of the unlisted company and hence pricing provisions of the chapter VII of Issue of Capital and Disclosure Requirements ("**ICDR**") Regulation 2009/Chapter V of ICDR 2018 read with SEBI/LAD/NRO/GN/2016-17/030 dated 15/02/2017 shall not be applicable to proposed restructuring.

1.3. Requirement of Valuation Report & Pricing Certificate– SAFL:

(a) The Share Entitlement Ratio for Part V of the Scheme as specified in clause 41.1 of the Scheme i.e., 1 (one) equity shares of Rs. 10 each of SAFL for every 5 (five) shares of SIFL, is prescribed and mentioned in the valuation report dated 19th January, 2019 issued by Sharp & Tannan, Chartered Accountants ("**Share Entitlement Ratio Report**") and has been confirmed by ICICI Securities Limited an independent Merchant Banker vide the Fairness Opinion dated 20th January, 2019 ("**Fairness Opinion**"). Para 6 of Share Entitlement Ratio Report as filed with BSE Limited may be referred.

(b) The shares of SAFL shall be issued to every class of shareholder of SIFL in same Share Entitlement Ratio and hence there shall be no change in proportion of shareholding of any of the existing shareholders of SIFL (listed entity) in SAFL (resultant company). Therefore, as per Para I(A)(4)(b) r/w Para I(A)(4)(c)(i) of Annexure I of SEBI Circular, there is no requirement for obtaining valuation certificate determining value per share.

(c) Additionally, it may also kindly be noted that there shall be no change in economic ownership of the shareholders of SIFL pre and post Scheme. Shareholders of SIFL shall continue to be economic owners of SEFL's business (which pursuant to Scheme shall be transferred to SAFL) and upon the Scheme becoming effective, be the economic owners of SAFL since they would continue to be benefitted by their direct shareholding in SAFL as well as their indirect benefit/ownership in SAFL through their holding in SIFL. The same has been explained as under:

Shareholder	Shareholding of SIFL	Pre Scheme Shareholding in SEFL/SAFL	Post Scheme Shareholding in SAFL	Economic Ownership of the current shareholders of SIFL in SAFL	
SIFL	NA	100%	22.08%		
Direct Promoter shareholders of SIFL	60.80%	Nil	47.37%	Directly	47.37%
				Indirectly through SIFL [22.08%*60.80%]	13.43%
				Total Promoter	**60.80%**
Direct Public shareholders of SIFL	39.20%	Nil	30.55%	Directly	30.55%
				Indirectly through SIFL [22.08%*39.20%]	8.65%
				Total Public	**39.20%**
Total	**100%**	**100%**	**100%**		**100%**

(d) Since the restructuring involves SIFL & two of its wholly owned subsidiaries, effective economic ownership of current shareholders of SIFL in SAFL post Scheme remains same.

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(e) In light of the above, valuation under Market, Asset and Income approach is not relevant for the proposed restructuring while deciding the shareholding &/or ownership.

Yours faithfully,
For Sharp & Tannan,
Chartered Accountants,
ICAI Firm Registration No.: 109982W

Augustine

Partner: Edwin Augustine
Membership No. - 043385
Date: 7th March, 2019
Place: Mumbai

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