



# SREI INFRASTRUCTURE FINANCE LIMITED

(Srei Infrastructure Finance Limited (the "Company"), with CINL29219WB1985PLC055352, incorporated in the Republic of India with limited liability under the Companies Act, 1956, as amended (the "Companies Act"))

**Registered Office:** 'Vishwakarma', 86 C, Topsia Road (South), Kolkata 700 046; **Tel:** +91 33 6160 7734; **Fax:** +91 33 2285 7542

**Website:** www.srei.com

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**PUBLIC ISSUE BY SREI INFRASTRUCTURE FINANCE LIMITED (THE "COMPANY" OR THE "ISSUER") OF LONG TERM INFRASTRUCTURE BONDS WITH A FACE VALUE OF ₹ 1,000 EACH, IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 80 CCF OF THE INCOME TAX ACT, 1961 (THE "DEBENTURES" OR THE "BONDS"), AGGREGATING UP TO ₹ 5,000 MILLION (THE "SHELF LIMIT") FOR THE FINANCIAL YEAR ("FY") 2012 BY WAY OF ISSUANCE OF BONDS IN ONE OR MORE TRANCHE (EACH A "TRANCHE ISSUE"), AND TOGETHER ALL TRANCHE ISSUES UP TO THE SHELF LIMIT, THE "ISSUE"). THE FIRST TRANCHE OF BONDS (THE "TRANCHE 1 BONDS") FOR AN AMOUNT AGGREGATING TO ₹ 3,000 MILLION (THE "TRANCHE 1 ISSUE") IS BEING OFFERED BY WAY OF THIS TRANCHE PROSPECTUS WHICH CONTAINS, INTER ALIA THE TERMS AND CONDITIONS OF THE TRANCHE 1 ISSUE (THE "PROSPECTUS TRANCHE - 1"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED DECEMBER 28, 2011 FILED WITH THE ROC (THE "SHELF PROSPECTUS").**

**FOR ANY QUERIES REGARDING THE ISSUE, PLEASE WRITE TO US AT infrabonds2012@srei.com. FOR FURTHER DETAILS, INVESTORS CAN VISIT OUR WEBSITE: www.srei.com**

The Tranche 1 Issue is being made pursuant to the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Debt Regulations").

## GENERAL RISK

Investors are advised to read the section titled "Risk Factors" carefully before taking an investment decision in relation to this Tranche 1 Issue. For the purposes of taking an investment decision, investors must rely on their own examination of the Issuer and of the Issue, including the risks involved. Specific attention of the investors is invited to the section titled "Risk Factors" on page 9 of the Shelf Prospectus before making an investment in this Tranche 1 Issue.

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Shelf Prospectus and this Prospectus – Tranche 1 contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Shelf Prospectus and this Prospectus – Tranche 1 is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes the Shelf Prospectus and this Prospectus – Tranche 1 as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## CREDIT RATINGS

The Bonds have been rated 'CARE AA' by CARE pursuant to its letter dated December 15, 2011. Instruments with a rating of 'CARE AA' by CARE are considered to offer high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The rating provided by CARE may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated independently of any other rating. The rating is not a recommendation to buy, sell or hold securities and investors should take their own investment decisions. Please refer to the Annexure of this Prospectus - Tranche 1 for the rationale for the above rating.

## PUBLIC COMMENTS

The Draft Shelf Prospectus was filed with the Designated Stock Exchange for public comments pursuant to the provisions of the Debt Regulations. The Draft Shelf Prospectus was open for public comments for 7 Working Days from the date of filing of the Draft Shelf Prospectus with the Designated Stock Exchange.

## LISTING

The Bonds offered through the Shelf Prospectus and this Prospectus - Tranche 1 are proposed to be listed on BSE Limited (the "BSE"). Our Company had applied to the BSE for 'in-principle' approval for the Issue through a letter dated December 22, 2011. BSE has given its 'in-principle' listing approval through its letter dated December 28, 2011. For the purposes of the Issue, the BSE shall be the Designated Stock Exchange.

## LEAD MANAGERS TO THE ISSUE

<b>ICICI Securities Limited</b> <b>ICICI Centre</b> H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel : +91 22 2288 2460 Fax : +91 22 2282 6580 E-mail : project.srei@icicisecurities.com Investor Grievance Email: customer@icicisecurities.com Website : www.icicisecurities.com Contact Person: Mr. Sumit Agarwal Compliance Officer : Mr. Subir Saha SEBI Registration No: INM000011179	<b>Karvy Investor Services Limited</b> Hallmark Business Plaza, 7 <sup>th</sup> Floor, Sant Dyaneshwar Marg, Opp: Gurunank Hospital, Bandra - East Mumbai - 400 051 Maharashtra, India Tel: +91 22 6149 1500 Fax: +91 22 6149 1515 Email: sreinfra@karvy.com Investor Grievance E mail: cmg@karvy.com Website: www.karvy.com Contact Person: Mr. Lokesh Singhi / Mr. Omkar Barve Compliance Officer : Mr. V. Madhusudhan Rao SEBI Registration No.: INM000008365	<b>RR Investors Capital Services Private Limited</b> 133A, Mittal Tower, Nariman Point, Mumbai 400 021 Maharashtra, India Tel :+91 22 2288 6627/28 Fax :+91 22 2285 1925 E-mail : sreinfra@rrfcl.com Investor Grievance E-mail ID: investors@rrfcl.com Website: www.rrfcl.com Contact person: Mr. Brahmdudd Singh Compliance Officer: Mr. Sandeep Mahajan SEBI Registration No: INM000007508	<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 6602 3861 Email: capital@srei.com Investor Grievance E mail: semlinvestors@srei.com Website: www.srei.com Contact Person: Mr. Manoj Agarwal Compliance Officer: Manoj Agarwal SEBI Registration No.: INM000003762

## CO-LEAD-MANAGERS TO THE ISSUE

## DEBENTURE TRUSTEE TO THE ISSUE

## REGISTRAR TO THE ISSUE

<b>SMC Capitals Limited</b> 3rd Floor, 'A' Wing, Laxmi Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Telephone number: +91 22 61383838 Fax number: +91 22 61383899 E-mail: sreinfra@smccapitals.com Investor Grievance E-mail ID: investor.grievance@smccapitals.com Website: www.smccapitals.com Compliance Officer: Mr. Sanjeev Barnwal Contact person: Mr. Abhishek Gaur SEBI Registration No.: MB/INM000011427	<b>Bajaj Capital Limited</b> 672, 7th Floor, Building No. 6, Solitaire Corporate Park, Andheri (East), Mumbai - 400 093 Telephone No.: +91 22 4009 9999 Fax: +91 22 4009 9911 Email: sumitd@bajajcapital.com Investor Grievance E-mail ID: info@bajajcapital.com Website: www.bajajcapital.com Compliance officer: Mr. Janardhan P Contact person: Mr. Sumit Dudani SEBI Reg. No. INM000010544	<b>Axis Trustee Services Limited</b> Axis House, 2 <sup>nd</sup> Floor Bombay Dyeing Mills Compound Pandurang Budhkar Marg, Worli Mumbai: 400 025 Tel: +91 22 2425 2525 / 4325 2525 Email: debenturetrustee@axistrustee.com Contact Person: Mr. Indraprakash Rai	<b>Link Intime India Private Limited</b> C-13, Pannal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078 Tel.: +91 22 25960320 Fax :+91 22 25960329 Toll Free : 1-800-22-0320 Email : sreinfra.ncd@linkintime.co.in Investor Grievance Email : sreinfra.ncd@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sanjog Sud Compliance Officer: Mr. Sanjeev Nandu SEBI Registration No.: INR000004058

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

## TRANCHE 1 ISSUE PROGRAMME

<b>TRANCHE 1 ISSUE OPENS ON:</b>	<b>DECEMBER 31, 2011</b>	<b>TRANCHE 1 ISSUE CLOSES ON:</b>	<b>JANUARY 31, 2012</b>
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The Tranche 1 Issue shall remain open for subscription during banking hours for the period indicated above, except that the Tranche 1 Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Tranche 1 Issue closure.

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## SECTION I: GENERAL

### DEFINITIONS & ABBREVIATIONS

#### CONVENTIONAL / GENERAL TERMS AND ABBREVIATIONS

This Prospectus – Tranche 1 uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to any legislation, act or regulation shall be to such term as amended from time to time. In this Tranche 1 Prospectus any reference to “ the Issue”, unless repugnant to the context, shall mean the “Tranche 1 Issue”.

Term	Description
Companies Act / Act	The Companies Act, 1956, as amended
AGM	Annual General Meeting
AS	Accounting Standard
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Competition Act	Competition Act, 2002
CPC	Civil Procedure Code, 1908
CrPC	Code of Criminal Procedure, 1973
Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008
Depositories Act	Depositories Act, 1996
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
FII (s)	Foreign Institutional Investor(s)
Financial Year / FY/ Fiscal Year	Financial Year ending March 31
GDP	Gross Domestic Product
GIR	General Index Registration Number
G-Sec	Government Securities
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPC	Indian Penal Code, 1860
IRDA	Insurance Regulatory and Development Authority
I.T. Act / Income Tax Act	Income Tax Act, 1961
MCA	Ministry of Corporate Affairs, Government of India
MNC	Multi-National Corporation / Company
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
N.I. Act	Negotiable Instruments Act, 1881
NII(s)	Non-Institutional Investor(s)
NSDL	National Securities Depository Limited

<b>Term</b>	<b>Description</b>
PAN	Permanent Account Number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
ROC	Registrar of Companies, West Bengal
Rs. / ₹ / INR / Rupees	The lawful currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
TDS	Tax Deducted at Source

### **ISSUE RELATED TERMS**

<b>Term</b>	<b>Description</b>
Allotment / Allotted/ Allot	Means the allotment of the Tranche 1 Bonds, as the context may require, to the successful Applicants pursuant to this Tranche 1 Issue
Allottee(s)	A successful Applicant to whom the Tranche 1 Bonds are being / have been Allotted
Applicant(s)	Resident Individual or an HUF who applies for allotment of the Tranche 1 Bonds in the Issue
Application Amount	The total amount to be paid by an Applicant along with the Application Form, which is the total value of the Tranche 1 Bonds being applied for
Application Form	The form (including revisions thereof) in terms of which the Applicant shall make an offer to subscribe to the Tranche 1 Bonds and which will be considered as the application for Allotment of Tranche 1 Bonds in terms of the Shelf Prospectus and this Prospectus - Tranche 1.
Bajaj Capital / Bajaj Cap	Bajaj Capitals Limited
Basis of Allotment	The basis on which Tranche 1 Bonds will be allotted to successful Applicant(s) under the Tranche 1 Issue and is described in the section titled “ <i>Issue Procedure – Basis of Allotment</i> ” on page 57 of this Prospectus – Tranche 1
Bankers to the Issue	Collectively the Escrow Collection Banks, Public Issue Account Banks and the Refund Bank
Bonds / Debentures / Srei Tax Saving Infra Bonds	Long term infrastructure bonds, in the nature of secured, redeemable, non-convertible debentures of our Company of face value of ₹ 1,000 each, having benefits under section 80 CCF of the Income Tax Act, issued at par, in one or more tranches in terms of the Shelf Prospectus and the respective Tranche Prospectus including the Tranche 1 Bonds.
Bondholder(s) / Debenture Holder(s)	Any person holding the Tranche 1 Bonds and whose name appears on the beneficial owners list provided by the Depositories or whose name appears in the Register of Bondholders maintained by our Company
Buyback Amount	The amount that will be specified as the buyback amount for various series of the Tranche 1 Bonds, as more specifically set out in the section entitled “ <i>The Issue</i> ” on page 16 of this Prospectus - Tranche 1.

Term	Description
Buyback Date	One date, being the date falling 5 years and one day from the Deemed Date of Allotment and on which date the Company shall complete the buyback of the Tranche 1 Bonds, as more particularly described in the section entitled “ <i>Terms of the Issue - Buyback of Tranche 1 Bonds</i> ” on page 44 of this Prospectus – Tranche 1
Buyback Intimation Period	The period beginning not more than 9 months prior to the Buyback Date and ending not later than 6 months prior to the Buyback Date.
Buyback Intimation Request	The letter to be sent by our Company to the Bondholders intimating them about the buyback of the Tranche 1 Bonds.
BSE	BSE Limited
CARE	Credit Analysis & Research Limited
Co- Lead Managers	SMC Capitals Limited and Bajaj Capital Limited
Consolidated Tranche 1 Bond Certificate	In case of Tranche 1 Bonds held in physical form, the certificate issued by the Issuer to the Bondholder for the aggregate amount of the Tranche 1 Bonds that are held by such Bondholder
Deemed Date of Allotment	The Deemed Date of Allotment for the Tranche 1 Bonds, shall be the date as may be determined by the Board/Committee of our Company and notified to the Stock Exchange
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and our Company
Debenture Trustee/ Trustee	Trustee for the Bondholders, in this case being Axis Trustee Services Limited
Depository(ies)	National Securities Depository Limited (NSDL) and / or Central Depository Services (India) Limited (CDSL)
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, subsequent to the execution of documents for the creation of security, following which the Board of Directors/Committee of Directors shall Allot the Tranche 1 Bonds to the successful Applicants
DP / Depository Participant	A depository participant as defined under the Depositories Act
Draft Shelf Prospectus	The Draft Shelf Prospectus dated December 19, 2011 filed by our Company with the Designated Stock Exchange for receiving public comments, in accordance with provision of Debt Regulations.
Escrow Accounts	Accounts opened with the Escrow Collection Bank(s) and in whose favour the Applicants can issue cheques or bank drafts in respect of the Application Amount while submitting the Application
Escrow Agreement	Agreement dated December 26, 2011 entered into amongst our Company, the Registrar, the Escrow Collection Bank(s), the Lead Managers and the Co Lead Managers for collection of the Application Amounts towards Allotment of Tranche 1 Bonds and for remitting refunds for non-Allottees, if any, of the amounts collected, to the Applicants on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Escrow Accounts will be opened, comprising Axis Bank Limited, DBS Bank Ltd., Dhanlaxmi Bank Limited, HDFC Bank Ltd., ICICI Bank Limited, Punjab National Bank, Yes Bank Ltd.
ICICI Securities / I-Sec	ICICI Securities Limited

Term	Description
Issue	Public issue of Tranche 1 Bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefit under section 80CCF of the Income Tax Act, 1961, not exceeding the Shelf Limit
Tranche 1 Issue	Public issue of Tranche 1 Bonds of face value of ₹ 1,000 each, aggregating to ₹ 3,000 million in the nature of secured, redeemable, non-convertible debentures, having benefit under section 80CCF of the Income Tax Act, 1961
Tranche 1 Issue Closing Date	January 31, 2012
Tranche 1 Issue Opening Date	December 31, 2011
Tranche 1 Issue Period	The period between the Tranche 1 Issue Opening Date and the Tranche 1 Issue Closing Date, both dates inclusive, during which Applicants can submit their Application Forms
Karvy	Karvy Investor Services Limited
KYC Documents	Documents required for fulfilling the know your customer requirements prescribed by RBI as prescribed in "KYC Documents" on page 55 of this Prospectus – Tranche 1
Lead Brokers	Almondz Global Securities Limited, AUM Capital Market Private Limited, Bajaj Capital Investor Services Ltd, Eastern Financiers Limited, Enam Securities Private Limited, HDFC Securities Limited, ICICI Securities Limited, IDBI Capital Market Services Limited, Integrated Enterprises (India) Ltd., Karvy Stock Broking Limited, Kotak Securities Limited, RR Equity Brokers (P) Ltd., SHCIL Services Limited, SMC Global Securities Ltd, SPA Securities Limited, JM Financial Services Private Limited and Edelweiss Broking Limited
Lead Managers	ICICI Securities Limited, Karvy Investor Services Limited, RR Investors Capital Services Private Limited and Srei Capital Markets Limited
Lock-in Period	5 years from the Deemed Date of Allotment
Market/ Trading Lot	One Tranche 1 Bond
Maturity Amount	The principal amount and the accrued interest (if any) or the cumulative interest payments which are due, till the Maturity Date, more particularly specified in the section titled “The Issue” at page 16 of this Prospectus – Tranche 1.
Maturity Date	120 months for Series 1 & 2 Tranche 1 Bonds from the Deemed Date of Allotment; or 180 months for Series 3 & 4 Tranche 1 Bonds from the Deemed Date of Allotment.
Notification	Notification No. 50 / 2011 . F . No . 178 / 43 / 2011 - SO (ITA.1) dated September 9, 2011 issued by the Central Board of Direct Taxes
NSE	National Stock Exchange of India Limited
Prospectus – Tranche 1	This Tranche Prospectus dated December 28, 2011 filed by the Company with the ROC pursuant to provisions of the Debt Regulations for issue of the first tranche of the Bonds for an amount not exceeding the Shelf Limit.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts on the Designated Date

<b>Term</b>	<b>Description</b>
Public Issue Account Bank	The banks which are clearing members and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Public Issue Accounts will be opened, comprising Axis Bank Limited, DBS Bank Ltd., Dhanlaxmi Bank Limited, HDFC Bank Ltd., ICICI Bank Limited, Punjab National Bank, Yes Bank Ltd.
Registrar / Registrar to the Issue	Link Intime India Private Limited, being the Registrar to the Issue and the transfer agent to our Company
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount shall be made
Refund Bank	The bank which is a clearing member and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Refund Account will be opened, comprising Axis Bank Limited .
Resident Individual	An individual who is a “person resident in India” as defined in the Income Tax Act
RR Capital / RR	RR Investors Capital Services Private Limited
Simple Mortgage Deed / Debenture Trust-cum-Hypothecation Deed	The simple mortgage deed / debenture trust-cum-hypothecation deed, as the case may be, to be executed between our Company and the Debenture Trustee in relation to this Tranche 1 Issue
Shelf Limit	The limit up to which the Bonds can be issued for the FY 2012 being ₹ 5,000 million.
Shelf Prospectus	The shelf prospectus dated December 28, 2011 filed by the Company with the ROC in accordance with the provisions of the Debt Regulations.
SMC Capitals / SMC Cap	SMC Capitals Limited
Srei Capital / Srei Cap	Srei Capital Markets Limited
Srei Group	Srei Infrastructure Finance Limited and its subsidiaries, step down subsidiaries, its joint ventures and associate companies and subsidiaries and step down subsidiaries of such subsidiaries, joint ventures and associate companies
Stock Exchange	BSE Limited
Tranche Prospectus	Every prospectus that will be filed with the ROC in connection with the issue of any tranche of Bonds within the Shelf Limit, and each such prospectus will be called a Tranche Prospectus
Tranche 1 Bonds	The Bonds that will be issued and allotted pursuant to the Prospectus – Tranche 1
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories have agreed to act as depositories for the bonds issued by the Issuer.
WDM	Wholesale Debt Market
YTM	Yield to Maturity
Working Days	All days excluding Saturdays, Sundays and public holidays in Kolkata or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

#### **COMPANY / INDUSTRY RELATED TERMS**

<b>Term</b>	<b>Description</b>
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<b>Term</b>	<b>Description</b>
“Srei Infra”, “Issuer”, “the Company”, “we”, “us”, and “our Company”	Srei Infrastructure Finance Limited, a public limited company incorporated under the Act having its registered office at “Vishwakarma”, 86C Topsia Road (South), Kolkata - 700 046
ALCO	Asset Liability Management Committee
ALM	Asset Liability Management
Articles / Articles of Association / AOA	Articles of Association of the Issuer, as amended
Auditors / Statutory Auditors	M/s. Haribhakti & Co., Chartered Accountants, the statutory auditors of our Company
Board / Board of Directors	The Board of Directors of the Issuer
CC&IC	Central Credit and Investment Committee
Committee of Directors	The Committee of Directors of the Issuer
CAR	Capital Adequacy Ratio
CP	Commercial Paper
CRAR	Capital-to-Risk-Weighted Assets Ratio
Exposure	Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure. The sanctioned limit or outstanding, whichever is higher, is our exposure as at that date. In the case of fully drawn term loans, where there is no scope for further drawal of any portion of the sanctioned amount, the committed/outstanding amount, as may be applicable, is equivalent to our exposure.
FIMMDA	Fixed Income, Money Markets and Derivatives Association
IFC	‘Infrastructure Finance Company’, as defined under applicable RBI guidelines
Memorandum / MOA	Memorandum of Association of the Issuer, as amended
Mezzanine Debt	Subordinated debt instruments secured by a charge other than an exclusive charge or a first charge
NBFC	Non-Banking Financial Company as defined under Section 45-I(f) of the RBI Act
NBFC-ND-SI	Systemically Important Non-Deposit Taking NBFC
NPA	Non Performing Asset
Portfolio	Aggregate outstanding loans and advances including Senior Debt, Mezzanine Debt, debentures, unsecured loans, and investments by way of equity and preference shares
PFI	Public financial institution as defined under Section 4A of the Companies Act
Promoter / our Promoter	The promoter of our Company, being Mr. Hemant Kanoria
Registered Office	Registered office of our Company situated at “Vishwakarma”, 86C Topsia Road (South), Kolkata - 700 046
Senior Debt/ Senior Loans	Debt secured by exclusive charge or first charge
USD	United States Dollar, the official currency of the United States of America



## FORWARD-LOOKING STATEMENTS

This Prospectus - Tranche 1 contains certain forward-looking statements such as “aim”, “anticipate”, “shall”, “will”, “will continue”, “would pursue”, “will likely result”, “expected to”, “contemplate”, “seek to”, “target”, “propose to”, “future”, “goal”, “project”, “could”, “may”, “in management’s judgment”, “objective”, “plan”, “is likely”, “intends”, “believes”, “expects” and other similar expressions or variations of such expressions. These statements are primarily meant to give the investor an overview of our Company’s future plans, as they currently stand. Our Company operates in a highly competitive, dynamic and regulated business environment, and a change in any of these variables may necessitate an alteration of our Company’s plans. Further, these plans are not static, but are subject to continuous internal review and policies, and may be altered, if the altered plans suit our Company’s needs better.

Further, many of the plans may be based on one or more underlying assumptions (all of which may not be contained in this Prospectus - Tranche 1) which may not come to fruition. Thus, actual results may differ materially from those suggested by the forward-looking statements. Our Company and all intermediaries associated with this Prospectus - Tranche 1 do not undertake to inform the investor of any change in any matter in respect of which any forward-looking statements are made.

All statements contained in this Prospectus - Tranche 1 that are not statements of historical fact constitute “forward-looking statements” and are not forecasts or projections relating to our Company’s financial performance. All forward-looking statements are subject to risks, uncertainties and assumptions that may cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that may cause actual results to differ materially from our Company’s expectations include, amongst others:

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

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor any of its Directors have any obligation, or intent to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. For further discussion of the factors that could affect our Company’s future financial performance, see the section titled “*Risk Factors*” beginning on page 9 of the Shelf Prospectus.

## **PRESENTATION OF FINANCIALS & USE OF MARKET DATA**

Unless stated otherwise, the financial information used in this Prospectus - Tranche 1 is derived from our Company's audited financial statements as at March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and March 31, 2011 and the 6 month period ending September 30, 2011 prepared in accordance with Indian GAAP and the Act and are in accordance with Paragraph B, Part – II of Schedule II to the Act, the Debt Regulations, as stated in the report of our Company's Statutory Auditors, M/s. Haribhakti & Co., Chartered Accountants, included in the Shelf Prospectus and this Prospectus - Tranche 1.

In this Prospectus - Tranche 1, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Except as specifically disclosed, all financial / capital ratios and disclosures regarding NPAs in this Prospectus - Tranche 1 are in accordance with the applicable RBI norms.

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

### **Currency and units of Presentation**

In this Prospectus - Tranche 1, all references to 'Rupees' / '₹' / 'INR' are to Indian Rupees, the official currency of the Republic of India and to 'U.S. Dollar' / 'USD' are to the United States dollar, the official currency of the United States.

Except where stated otherwise in this Prospectus - Tranche 1, all figures have been expressed in 'Millions'. All references to 'million/Million/Mn' refer to one million, which is equivalent to 'ten lakhs' or 'ten lacs', the word 'Lakhs/Lacs/Lac' means 'one hundred thousand' and 'Crore' means 'ten million' and 'billion/bn./Billions' means 'one hundred crores'.

## SECTION II: INTRODUCTION

### GENERAL INFORMATION

#### Srei Infrastructure Finance Limited

Date of Incorporation: March 29, 1985

A public limited company incorporated under the Act.

#### Registered Office

‘Vishwakarma’, 86C, Topsia Road (South), Kolkata – 700046, West Bengal, India

#### Registration

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

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

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

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

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

#### Income-Tax Registration

PAN: AAACS1425L

#### Compliance Officer

Name : Mr. Sandeep Lakhota  
Address : “Vishwakarma”, 86C Topsia Road (South), Kolkata - 700 046  
Telephone : +91 33 6160 7734  
Fax : +91 33 2285 8501  
E-Mail : infrabonds2012@srei.com

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

#### Lead Managers

<b>ICICI Securities Limited</b> ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel : +91 22 2288 2460 Fax : +91 22 2282 6580 E-mail : project.srei@icicisecurities.com Investor Grievance Email : customercare@icicisecurities.com Website : www.icicisecurities.com Contact Person: Mr. Sumit Agarwal Compliance Officer : Mr. Subir Saha SEBI Registration No: INM000011179	<b>Karvy Investor Services Limited</b> Hallmark Business Plaza, 7 <sup>th</sup> Floor, Sant Dynaneshwar Marg, Opp: Gurunank Hospital, Bandra - East Mumbai – 400 051 Maharashtra, India Tel: +91 22 6149 1500 Fax: +91 22 6149 1515 Email: sreiinfrabondissue@karvy.com Investor Grievance E mail: cmg@karvy.com Website: www.karvy.com Contact Person: Mr. Lokesh Singhi / Mr. Omkar Barve Compliance Officer : Mr. V. Madhusudhan Rao SEBI Registration No.: INM000008365
<b>RR Investors Capital Services Private Limited</b>	<b>Srei Capital Markets Limited*</b>

133A, Mittal Tower, Nariman Point, Mumbai 400 021 Maharashtra, India Tel :+91 22 2288 6627/28 Fax :+91 22 2285 1925 E-mail : sreinfra@rrfcl.com Investor Grievance E-mail ID: investors@rrfcl.com Website: www.rrfcl.com Contact person: Mr. Brahmdutt Singh Compliance Officer: Mr. Sandeep Mahajan SEBI Registration No: INM000007508	‘Vishwakarma’, 86C, Topsia Road (South) Kolkata – 700 046 West Bengal, India Tel: +91 33 6602 3845 Fax: +91 33 6602 3861 Email: capital@srei.com Investor Grievance E mail: scminvestors@srei.com Website: www.srei.com Contact Person: Mr. Manoj Agarwal Compliance Officer: Manoj Agarwal SEBI Registration No.: INM 000003762
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*\*Srei Capital Markets Limited, which is a wholly owned subsidiary of the Company, shall only be involved in marketing of the Issue.*

#### **Co-Lead Managers**

<b>Bajaj Capital Limited</b> 672, 7th Floor, Building No. 6, Solitaire Corporate Park, Andheri (East), Mumbai – 400 093 Telephone No.: +91 22 4009 9999 Fax: +91 22 4009 9911 Email: sumitd@bajajcapital.com Investor Grievance E-mail ID: info@bajajcapital.com Website: www.bajajcapital.com Contact person: Mr. Sumit Dudani Compliance officer: Mr. Janardhan P SEBI Reg. No. INM000010544	<b>SMC Capitals Limited</b> 3rd Floor, ‘A’ Wing, Laxmi Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Telephone number: +91 22 61383838 Fax number: +91 22 61383899 E-mail ID: sreibond@smccapitals.com Investor Grievance E-mail ID: investor.grievance@smccapitals.com Website: www.smccapitals.com Contact person: Mr. Abhishek Gaur Compliance Officer: Mr. Sanjeev Barnwal SEBI Registration No.: MB/INM000011427
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#### **Debenture Trustee**

##### **Axis Trustee Services Limited**

Axis House, 2<sup>nd</sup> Floor  
Bombay Dyeing Mills Compound  
Pandurang Budhkar Marg, Worli  
Mumbai: 400 025  
Tel: +91 22 2425 2525 / 4325 2525  
Email: debenturetrustee@axistrustee.com  
Contact Person: Mr. Indraprakash Rai

Axis Trustee Services Limited by its letter dated December 13, 2011, has given its consent to act as Debenture Trustee to the proposed Tranche 1 Issue and for its name to be included in this Prospectus - Tranche 1 and in all subsequent periodical communications sent to the holders of the Tranche 1 Bonds issued pursuant to this Tranche 1 Issue.

All the rights and remedies of the Debenture Holders under this Tranche 1 Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Tranche 1 Issue without having it referred to the Debenture Holders. All investors under this Tranche 1 Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Tranche 1 Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed, please refer to the section titled “*Issue Related Information*” on page 35 of this Prospectus - Tranche 1.

#### **Registrar**

##### **Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078

Tel.: +91 22 25960320  
 Fax :+91 22 25960329  
 Toll Free : 1-800-22-0320  
 Email : sreinfra.ncd@linkintime.co.in  
 Investor Grievance Email : sreinfra.ncd@linkintime.co.in  
 Website: www.linkintime.co.in  
 Contact Person: Mr. Sanjog Sud  
 Compliance Officer: Mr. Sanjeev Nandu  
 SEBI Registration No.: INR000004058

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

#### **Statutory Auditors**

##### **M/s. Haribhakti & Co., Chartered Accountants**

Geetanjali Apartments, Suite 7G, 7<sup>th</sup> Floor  
 8B, Middleton Street, Kolkata 700 001  
 Tel: +91 33 3201 6298  
 Fax: +91 33 2229 8936  
 Website: www.bdoindia.co.in  
 Firm registration no: 103523 W

#### **Credit Rating Agency**

##### **Credit Analysis and Research Limited**

3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building)  
 10A, Shakespeare Sarani, Kolkata 700 071  
 Tel: +91 334018 1600 / 1601 / 1602  
 Fax: +91 33 4018 1603  
 E-mail: care@careratings.com

#### **Legal Advisor to the Issue**

##### **Khaitan & Co LLP**

Emerald House, 1B Old Post Office Street  
 Kolkata - 700 001  
 Tel: +91 33 2248 7000  
 Fax: +91 33 2248 7656

#### **Escrow Collection Banks / Bankers to the Issue**

<b>Axis Bank Limited</b> Kolkata Main Branch 7, Shakespeare Sarani Kolkata - 700071, India Tel: +91 33 2282 2685 Fax: +91 33 2282 7611 Contact Person: Ms. Smita Nandi	<b>DBS Bank Ltd.</b> 4A Little Russel Street Kolkata - 700071, India Tel: +91 33 6621 8888 Fax: +91 33 6621 8899 Contact Person: Mr. Subhasish Dutta	<b>Dhanlaxmi Bank Limited</b> Ground Floor, Janmabhoomi Bhavan, Janmabhoomi Marg, Fort, Mumbai – 400001, India Tel: +91 22 6154 1700 Fax: +91 22 2202 8208/2287 1637 Contact Person: Mr. Venkataraghavan T A
<b>HDFC Bank Ltd.</b> Lodha, I- Think Techno Campus, 3 <sup>rd</sup> Floor, Opp. : Crompton Greaves Ltd. Next to Kanjurmarg Railways Station, Kanjurmarg East Mumbai - 400 042, India Tel: +91 22 3075 2901 Fax: +91 22 2579 9801 Contact Person: Mr. Deepak Rane	<b>ICICI Bank Limited</b> Capital Market Division 30, Rajabhadur Mansion Mumbai Samachar Marg, Fort Mumbai - 400 001, India Tel: +91 22 6631 0322 Fax: +91 22 6631 0350 Contact Person: Mr. Anil Gadoo	<b>Punjab National Bank</b> Large Corporate Branch 44, Park Street Kolkata - 700 016, India Tel: +91 33 4403 3232 Fax: +91 33 4403 3280 Contact Person: Mr. R.K. Acharya
<b>Yes Bank Ltd.</b> 3 <sup>rd</sup> Floor, Ion House Dr. E. Moses Road, Mahalaxmi Mumbai - 400 011, India		

Tel: +91 22 6622 9031 Fax: +91 22 2497 4875 Contact Person: Mr. Mahesh Shirali		
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### Bankers to our Company

<b>Allahabad Bank</b> 4, B.B.D. Bagh (East) Kolkata – 700 001 Tel: +91 33 22301918/22305857 Fax: +91 33 22301326	<b>Andhra Bank</b> 58, Chowringhee Road Kolkata – 700 071 Tel: +91 33 2282 5660/8435 Fax: +91 33 2282 3549	<b>Axis Bank Limited</b> Kolkata Main Branch 1, Shakespeare Sarani Kolkata – 700 071 Tel: +91 33 2288 3891 Fax: +91 33 2282 2149
<b>Bank of India</b> Kolkata Large Corporate Branch 5 BTM Sarani Kolkata – 700 001 Tel: +91 33 2231 3259/ 4406 7885 Fax: +91 33 2242 7562	<b>Central Bank of India</b> Corporate Finance Branch 33, N.S Road Kolkata – 700 001 Tel : +91 33 2230 3606 Fax : +91 33 2230 2818	<b>Corporation Bank</b> Corporation Banking Branch Mookherjee House, 1 <sup>st</sup> Floor 17 Brabourne Road Kolkata – 700 001 Tel: +91 33 2262 4063 Fax: +91 33 2231 3070
<b>DBS Bank Limited</b> 4A, Little Russell Street, Kolkata – 700 071 Tel: +91 33 6621 8888 Fax: +91 33 6621 8899	<b>Indian Bank</b> Strand Road Branch 3, Hare Street Kolkata – 700 001 Tel: +91 33 2210 6193 Fax: +91 33 2262 1494	<b>Indian Overseas Bank</b> International Business Branch 2 Wood Street Kolkata – 700 016 Tel: +91 33 2283 4231 Fax: +91 33 2287 2772
<b>Indusind Bank</b> 3A, Upper Wood Street Kolkata – 700 017 Tel: +91 33 3021 2469 Fax: +91 33 2289 6202 / 3021 2464	<b>ICICI Bank Limited</b> 2B, Gorky Terrace Kolkata – 700 017 Tel: +91 33 2283 2209 Fax: +91 33 2274 5209	<b>Punjab National Bank</b> Large Corporate Branch, 44, Park Street Kolkata – 700 016 Tel: +91 33 4403 3230 / 3232 Fax: +91 33 2281 5409 / 4403 3280
<b>State Bank of Bikaner &amp; Jaipur</b> 20-B, Park Street Kolkata – 700 016 Tel: +91 33 2249 3310 Fax: +91 33 2227 0632	<b>State Bank of Hyderabad</b> 83, Topsia Road (South) Kolkata – 700046 Tel: +91 33 22852060/61/62 Fax: +91 33 22852059	<b>State Bank of India</b> Industrial Finance Branch 11 Dr. U.N. Brahmachari Street Constantia Building, 1 <sup>st</sup> Floor Kolkata – 700 017 Tel: +91 33 2287 7607 Fax: +91 33 2287 3260
<b>State Bank of Mysore</b> Bentick Street Branch 1&2 Old Court House Corner Tobacco House Kolkata – 700 001 Tel: +91 33 2230 0991 Fax: +91 33 2231 1337	<b>UCO Bank</b> No. 3, N.S. Road, McLeod House Kolkata – 700 001 Tel: +91 33 6450 4480 Fax: +91 33 2248 0770	<b>Union Bank of India</b> Industrial Finance Branch 1/1, Camac Street (1 <sup>st</sup> Floor) Kolkata – 700 016 Tel : +91 33 2229 6322/7908 Fax : +91 33 2226 5388
<b>United Bank of India</b> Corporate Finance Branch Kolkata 11, Hemanta Basu Sarani, Kolkata – 700001 Tel: +91 33 22624016 -17 -18 Fax: +91 33 22624017	<b>Yes Bank</b> 11 <sup>th</sup> Floor, Nehru Centre, Discovery of India Dr A.B Road, Worli Mumbai – 400 018 Tel: +91 22 6669 9034 Fax: +91 22 2490 1128	

### Lead Brokers to the Issue

<b>Almondz Global Securities Limited</b> 2nd Floor, 3 Scindia House, Janpath, New Delhi – 110 001 Tel : +91 11 4151 4666 Fax : +91 11 4151 4665 E-mail :surendra.tare@almondz.com Contact Person: Mr. Surendra N.	<b>AUM Capital Market Private Limited</b> 5, Lower Rawdon Street Kolkata – 700 020 Tel : +91 33 3058 0116 Fax: +91 33 2476 0191 E-mail: rajesh@aumcap.com Contact Person: Mr. Rajesh Kumar	<b>Bajaj Capital Investor Services Limited</b> 5 <sup>th</sup> Floor, 97 Bajaj House, Nehru Place, New Delhi – 110019 Tel : +91 11 6616 1111 Fax : +91 11 6660 8888 E-mail : surajitm@bajajcapital.com sumitd@bajajcapital.com
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Tare	Paharia	Contact Person: Mr. Surajit Misra
<b>Eastern Financiers Limited</b> 14, India Exchange Place, 2 <sup>nd</sup> Floor Kolkata – 700 001. Tel: +91 33 4010 4213 Fax: +91 33 2230 6993 E-mail: kolkata@easternfin.com Contact Person: Mr. Dharmesh Yagnik	<b>Edelweiss Broking Limited</b> Edelweiss House, Off C.S.T. Road Kalina, Mumbai 400 098 Tel: (91 22) 6747 1341 Fax: (91 22) 6747 1347 Email: amit.dalvi@edelcap.com Contact Person: Mr. Amit Dalvi	<b>Enam Securities Private Limited</b> Khatau Building, 2nd Floor, 44 Bank Street, Fort, Mumbai 400001 Tel: +91 22 2267 7901 Fax: + 91 22 2266 5613 E-mail: ajays@enam.com / vinay@enam.com Contact Person: Mr. Ajay Sheth / Mr. Vinay Ketkar
<b>HDFC Securities Ltd</b> Office Floor 8, “I Think” Bldg, Jolly Board Campus, Opp. Crompton Greaves Factory, Kanjurmarg (East) Mumbai – 400042 Tel: +91 22 3075 3442 Fax: + 91 22 3075 3435 E-mail: sunil.raula@hdfcsec.com/ priya.rushi@hdfcsec.com Contact Person: Mr. Sunil Raula	<b>ICICI Securities Limited</b> ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai – 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: mitesh.shah@icicisecurities.com Contact Person: Mr. Mitesh Shah	<b>IDBI Capital Market Services Limited</b> 3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021 Tel: + 91 22 4322 1212/13 Fax: + 91 22 2288 5860 E-mail: info@idbicapital.com/ prasad.chitnis@idbicapital.com Contact Person: Mr. Prasad Chitnis
<b>Integrated Enterprises (India) Ltd.</b> 15, 1 <sup>st</sup> Floor, Modern House, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400 023 Tel: +91 22 4066 1800 Fax: +91 22 2287 4676 Email: Krishnan@integratedindia.in Contact Person: Mr. V. Krishnan. V.	<b>JM Financial Services Private Limited</b> Apeejay House, 3rd Floor, Dinshaw Vachha Road, Near K C College, Churchgate Mumbai - 400020 Tel: +91 22 3021 3500/22665577-80 Fax: +91 22 2266 5902 E-mail: rohit.singh@jmfinancial.in Contact Person: Mr. Rohit Singh	<b>Karvy Stock Broking Limited</b> "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 Tel : +91 40 2331 2454 Fax : +91 40 6662 1474 E-mail : vincent@karvy.com Contact Person: Mr.Ramapriyan PB
<b>Kotak Securities Limited</b> 3 <sup>rd</sup> Floor, Nirlon House Dr. Annie Beasant Road, Worli, Mumbai – 400 025 Tel No. + 91 22 6652 9191 Fax No. + 91 22 6661 7041 E-mail: sanjeeb.das@kotak.com Contact Person: Mr. Sanjeeb Kumar Das	<b>RR Equity Brokers Private Limited</b> 47,MM Road, Rani Jhosi Marg, Jhandewalan, New Delhi - 110 055 Tel : +91 11 2363 6363 Fax : +91 11 2363 6666 E-mail : manishagrawal@rrfel.com Contact Person: Mr. Manish Agrawal	<b>SHCIL Services Limited</b> SHCIL House, Plot No. P-51, T.T.C. Industrial Area, MIDC, MHAPE, Navi Mumbai – 400 710 Tel No. + 91 22 6177 8600 Fax No. + 91 22 6177 8648 E-mail: raviranjana@stockholding.com Contact Person: Mr. Ravi Ranjan
<b>SMC Global Securities Ltd</b> 11/6B, Shanti Chamber, Pusa Road, New Delhi - 110 005 Tel : +91 11 66070400 Fax : +91 11 2326 3297 E-mail : mkg@smcindiaonline.com Contact Person: Mr. Mahesh Gupta	<b>SPA Securities Limited</b> 25, C- Block Community Centre Janak Puri, New Delhi - 110058 Tel : +91 11 4567 5500 Fax : +91 11 2553 2644 E-mail : sunil@spacapital.com, raajat.chaturvedi@spacapital.com Contact Person: Mr. Raajat Chaturvedi	

### Minimum Subscription

In terms of the Debt Regulations, an issuer undertaking a public issue of debt securities may decide the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, any application monies received in the public issue are to be refunded. Our Company has decided to set no minimum subscription for the Tranche 1 Issue.

### Impersonation

Attention of the investors is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act,

relating to punishment for fictitious applications.

## Credit Ratings and Rationale

### CARE

By its letter dated December 15, 2011, CARE has assigned a rating of “CARE AA” (Double A) to the issue of Bonds by the Issuer to the extent of ₹ 5,000 million with a minimum tenor of 5 years and maximum tenor of 15 years. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Set out below is an extract of the rating rationale adopted by CARE:

*“The above ratings continue to draw strength from the satisfactory track record of the company, established experience of the promoter group with prominent position in infrastructure financing space, access to long term foreign funds at competitive rates, comfortable asset quality, satisfactory financial position with low gearing & adequate CAR (capital adequacy ratio) and comfortable asset-liability maturity profile. Receipt of ‘Infrastructure Finance Company’ status from RBI also supports the ratings. The long-term rating is however, constrained by the risk associated with volatility in interest rates, portfolio concentration risk, exchange rate risks in respect of foreign currency borrowings, relatively recent entry into new areas of financing, company’s significant exposure to group companies and increasing competition in the infrastructure financing business. Ability to maintain regulatory CAR, asset quality and improving level of profitability would remain the key rating sensitivities.”*

Kindly note that the above ratings are not a recommendation to buy, sell or hold the Bonds and investors should take their own independent decisions. The ratings may be subject to revision or withdrawal at any time by the rating agencies and each rating should be evaluated independently of any other rating. CARE has a right to suspend or withdraw the rating(s) at any time on the basis of new information, etc. For details in relation to the rationale for the credit rating, please refer to the Annexure to the Shelf Prospectus.

### Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the Lead Managers:

No	Activities	Responsibility	Coordinator
1.	Structuring of various issuance options with relative components and formalities etc.	I-Sec, Karvy, RR, Srei Cap	I-Sec
2.	Due diligence of Company’s operations/ management/ business plans/ legal etc.  Drafting and design of the Offering Document and of statutory advertisement including memorandum containing salient features of the Offering Document. (The Merchant Bankers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, and SEBI including finalization of Offering Document and filing)	I-Sec, Karvy, RR, Srei Cap	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	I-Sec, Karvy, RR, Srei Cap	Karvy
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	I-Sec, Karvy, RR, Srei Cap	I-Sec
5.	Publicity Strategy: <ul style="list-style-type: none"> <li>Finalize media, marketing and public relation strategy and publicity budget,</li> <li>Finalize centers for holding conferences for brokers, etc.</li> <li>Preparation of roadshow presentation, FAQs</li> </ul>	I-Sec, Karvy, RR, Srei Cap	Karvy
6.	Retail marketing strategy which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>Finalize collection centers,</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>	I-Sec, Karvy, RR, Srei Cap	I-Sec



No	Activities	Responsibility	Coordinator
7.	The Post Issue activities for the Issue will involve essential follow up steps, which include the management of escrow accounts, finalization of the basis of allotment, dispatch of refunds, demat and delivery of securities, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue and the redressal of investor grievances in relation to post issue activities.	I-Sec, Karvy, RR, Srei Cap	Karvy

#### Utilisation of Tranche 1 Issue proceeds

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

- All monies received out of the Tranche 1 Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act;
- The funds raised through this Tranche 1 Issue will be utilized towards “infrastructure lending” as defined by the RBI in the regulations issued by it from time to time, after meeting the expenditures of, and related to, the Issue;
- Details of all monies utilised out of the Tranche 1 Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- Details of all unutilised monies out of the Tranche 1 Issue, if any, shall be disclosed under an appropriate head in our Balance sheet indicating the form in which such unutilised monies have been invested.

#### Issue Programme

The Tranche 1 Issue shall remain open for subscription during banking hours for the period indicated below, except that the Tranche 1 Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Tranche 1 Issue closure.

<b>TRANCHE 1 ISSUE OPENS ON</b>	<b>DECEMBER 31, 2011</b>
<b>TRANCHE 1 ISSUE CLOSSES ON</b>	<b>JANUARY 31, 2012</b>

## THE ISSUE

The following is a summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “*Terms of the Issue*” beginning on page 38 of this Prospectus - Tranche 1.

### Salient Terms of the Tranche 1 Bonds

<b>Issuer</b>	Srei Infrastructure Finance Limited
<b>Issue of Tranche 1 Bonds</b>	Public issue of first tranche long term infrastructure bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80 CCF of the Income Tax Act, 1961 (the “Tranche 1 Bonds”), not exceeding ₹ 3,000 million, to be issued at par on the terms contained in the Shelf Prospectus and this Prospectus - Tranche 1.
<b>Stock Exchanges proposed for listing of the Tranche 1 Bonds</b>	BSE
<b>Face Value per Tranche 1 Bond</b>	₹ 1,000
<b>Issue Price per Tranche 1 Bond</b>	₹ 1,000
<b>Issuance</b>	In dematerialised form*
<b>Trading</b>	Dematerialized form or Physical form* as specified by an Applicant in the Application Form.
<b>Lock In period</b>	5 years from the Deemed Date of Allotment
<b>Redemption /Maturity Date</b>	120 months / 180 months from the Deemed Date of Allotment
<b>Security</b>	Exclusive charge on specific receivables of the Company with an asset cover of 1.0 time of the total outstanding amount of Tranche 1 Bonds, as may be agreed between the Company and the Trustees for the Debentures Holders and pari-passu mortgage/charge on its ownership Flat situated at Salimpore Road, Kolkata – 700 031, Police Station - Jadavpur, in the State of West Bengal having a super built up area of 1155 square feet together with undivided share in the land and the common areas.
<b>Security Cover</b>	1.0 time of the total outstanding amount of Tranche 1 Bonds
<b>Debenture Trustee</b>	Axis Trustee Services Limited
<b>Depositories</b>	NSDL and CDSL
<b>Registrar</b>	Link Intime India Private Limited
<b>Lead Managers</b>	ICICI Securities Limited, Karvy Investor Services Limited, RR Investors Capital Services Private Limited and Srei Capital Markets Limited
<b>Co-Lead Managers</b>	SMC Capitals Limited and Bajaj Capital Limited
<b>Rating(s)</b>	The Bonds have been rated CARE AA (Double A) by CARE.
<b>Tranche 1 Issue Schedule**</b>	Tranche 1 Issue Opening Date: December 31, 2011 and Tranche 1 Issue Closing Date: January 31, 2012
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date as may be determined by the Board/Committee of Directors of our Company and notified to the Stock Exchange. The actual allotment may occur on the date other than the Deemed Date of Allotment.
<b>Modes of Payment</b>	<ul style="list-style-type: none"> <li>• National Electronic Clearing System</li> <li>• Cheques / Demand Drafts / Warrants</li> <li>• Direct Credit</li> <li>• NEFT</li> <li>• RTGS</li> </ul> <p>For further details please refer to the section titled “<i>Terms of the Issue – Modes of Payment</i>” on page 45 of this Prospectus - Tranche 1</p>
<b>Minimum Application</b>	1 Tranche 1 Bond and in multiples of 1 Tranche 1 Bond thereafter. An Applicant may choose to apply for the Tranche 1 Bonds across the same series or different series.

<b>Buyback Options</b>	Buyback options are available to the Investors on the first Working Day after the expiry of 5 years from the Deemed Date of Allotment.
<b>Day Count Conversion</b>	Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Tranche 1 Bonds. However, where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the Tranche 1 Bonds

*\* In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the Tranche 1 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the Tranche 1 Bonds in physical form, will fulfil such request.*

*\*\* The Tranche 1 Issue shall remain open for subscription during banking hours for the period indicated above, except that the Tranche 1 Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Tranche 1 Issue closure.*

**The specific terms of the instrument are set out below:**

<b>Series</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Face Value per Tranche 1 Bond</b>	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
<b>Frequency of Interest payment</b>	Annual	Cumulative	Annual	Cumulative
<b>Buyback Facility</b>	Yes	Yes	Yes	Yes
<b>Buyback Date</b>	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment
<b>Buyback Amount*</b>	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Buyback Date	₹ 1531.58 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of five years	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Buyback Date	₹ 1549.24 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of five years
<b>Buyback Intimation Period</b>	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date
<b>Interest Rate p.a. (%)</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually
<b>Redemption/Maturity Date</b>	One date, being the date falling 120 months from the Deemed Date of Allotment	One date, being the date falling 120 months from the Deemed Date of Allotment	One date, being the date falling 180 months from the Deemed Date of Allotment	One date, being the date falling 180 months from the Deemed Date of Allotment
<b>Maturity Amount</b>	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Maturity Date	₹ 2346.73 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of ten years	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Maturity Date	₹ 3718.40 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of fifteen years

<b>Yield on Maturity*</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually
<b>Yield on Buyback*</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually

\* The yield on the Tranche 1 Bonds(to be paid by the Issuer shall not exceed the yield on government securities of corresponding residual maturity, as reported by FIMMDA, as on the last working day of the month immediately preceding the month of the issue of the Tranche 1 Bonds.

For various modes of interest payment, please refer to the section entitled “Terms of the Issue – Manner and Mode of Payment” on page 45.

#### **TAX ADJUSTED RATE OF RETURN FOR TRANCHE 1 BONDS**

The investment up to ₹ 20,000 made will be eligible for tax benefits in the year of investment under Section 80 CCF of the Income Tax Act, 1961 (“Tax Benefits”). The table below provides Tax Benefit adjusted internal rate of returns (pre-tax) (“TARR”) and the TARR on maturity and the TARR on buy back for the applicable tax rates. The TARR indicates the pre tax rate of return to the investor on the initial investment, after considering the tax benefit on the initial investment.

The purpose of TARR is to provide investors with a calculation of the rate of return on their investment in Tranche 1 Bonds up to ₹ 20,000 taking into account the benefits of such investment as a deduction to taxable income at the relevant tax rate applicable to such investor.

Series	1	2	3	4
<b>Face Value per Tranche 1 Bond</b>	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
<b>Interest Rate</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually
<b>Frequency of Interest payment</b>	Annual	Cumulative	Annual	Cumulative
<b>Redemption/Maturity Date</b>	One date, being the date falling ten years from the Deemed Date of Allotment	One date, being the date falling ten years from the Deemed Date of Allotment	One date, being the date falling fifteen years from the Deemed Date of Allotment	One date, being the date falling fifteen years from the Deemed Date of Allotment
<b>Buyback Date</b>	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment
<b>Tax Rate</b>	Tax Benefit adjusted rate of return on Maturity (with Tax Benefits up to ₹ 20,000 per annum) u/s 80CCF of the Income Tax Act, 1961)			
<b>10.30%</b>	10.62%	10.09%	10.55%	9.94%
<b>20.60%</b>	12.64%	11.44%	12.21%	10.84%
<b>30.90%</b>	15.07%	13.00%	14.24%	11.87%
<b>Tax Rate</b>	Tax Benefit adjusted rate of return on Buyback (with Tax Benefits up to ₹ 20,000 per annum) u/s 80CCF of the Income Tax Act, 1961)			
<b>10.30%</b>	11.74%	11.29%	12.01%	11.55%
<b>20.60%</b>	15.05%	14.04%	15.35%	14.30%
<b>30.90%</b>	19.01%	17.26%	19.33%	17.52%

The TARR is calculated assuming a gross investment of ₹ 20,000 less the relevant tax benefit under Section 80CCF of the Income Tax Act, 1961 available to the investor (varying according to the tax rate applicable to the relevant investor) resulting in a net invested amount. The aggregate of annual or cumulative interest coupon and the redemption amount receivable by the investor, as applicable, discounted over time divided by such net invested amount leads to the TARR. All interest received as the TARR will be subject to income tax as further set out in the section titled “Statement of Tax Benefits” at page 30.

The Tranche 1 Issue proposed to be made hereunder shall be made in India to investors specified under “Who Can Apply” on page 52 of this Prospectus - Tranche 1.

**THE TRANCHE 1 BONDS ARE CLASSIFIED AS “LONG TERM INFRASTRUCTURE BONDS” IN TERMS OF SECTION 80CCF OF THE INCOME TAX ACT AND THE NOTIFICATION. IN ACCORDANCE WITH SECTION 80CCF OF THE INCOME TAX ACT, THE AMOUNT, NOT EXCEEDING ₹ 20,000 PER ANNUM, PAID OR DEPOSITED AS SUBSCRIPTION TO LONG TERM INFRASTRUCTURE BONDS DURING THE PREVIOUS YEAR RELEVANT TO THE ASSESSMENT YEAR BEGINNING APRIL 01, 2012 SHALL BE DEDUCTED IN COMPUTING THE TAXABLE INCOME OF A RESIDENT INDIVIDUAL OR HUF. IN THE EVENT THAT ANY APPLICANT APPLIES FOR THE BONDS IN EXCESS OF ₹ 20,000 PER ANNUM, (INCLUDING LONG TERM INFRASTRUCTURE BONDS ISSUED BY ANY OTHER ELIGIBLE ENTITY), THE AFORESTATED TAX BENEFIT SHALL BE AVAILABLE TO SUCH APPLICANT ONLY TO THE EXTENT OF ₹ 20,000 PER ANNUM.**

***THE TARR FIGURES PROVIDED IN THE TABLE ABOVE ARE REPRESENTATIVE ONLY AND ARE SUBJECT TO THE ASSUMPTIONS AND QUALIFICATIONS MADE BY THE COMPANY IN ARRIVING AT THE ABOVE MENTIONED FIGURES. THE FIGURES CONTAINED IN THE TABLE ABOVE DO NOT IN ANY MANNER WHATSOEVER CONSTITUTE FINANCIAL OR TAX ADVICE OR ANY RECOMMENDATION TO INVEST IN THE TRANCHE 1 BONDS. THE FIGURES ARE GIVEN AS PER THE PREVAILING RATES OF TAXATION. THE INVESTOR IS ADVISED TO CONSIDER IN HIS OR HER OWN CASE THE TAX IMPLICATIONS IN RESPECT OF SUBSCRIPTION TO THE TRANCHE 1 BONDS. INVESTORS MUST CONSULT THEIR TAX AND FINANCIAL ADVISORS BEFORE MAKING ANY INVESTMENTS IN THE TRANCHE 1 BONDS. OUR COMPANY IS NOT LIABLE TO THE INVESTOR IN ANY MANNER FOR PLACING RELIANCE UPON THE CONTENTS OF THE TABLE ABOVE.***

## SUMMARY FINANCIAL INFORMATION

Srei Infrastructure Finance Ltd. (Standalone)

Statement of Assets and Liabilities, as Audited

(₹ in Million)

	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
<b>A Fixed Assets</b>						
Gross Block	4,282.80	4,285.70	1,010.40	881.40	45.40	4,826.50
Less: Depreciation/Amortisation	530.10	360.10	179.30	77.90	1.00	480.40
Net Block	3,752.70	3,925.60	831.10	803.50	44.40	4,346.10
Capital Work In Progress	175.50	59.90	-	-	-	-
	3,928.20	3,985.50	831.10	803.50	44.40	4,346.10
<b>B Investments</b>	26,034.90	25,055.10	7,073.30	4,805.10	3,281.80	1,466.80
<b>C Deferred Tax Assets</b>						
<b>D Current Assets, Loans and Advances</b>						
Stock for Trade	22.10	26.20	1.10	4.40	7.40	87.90
Sundry Debtors	915.40	464.10	36.50	72.20	-	79.60
Cash and Bank Balances	1,238.60	251.40	525.50	2,970.80	842.10	753.20
Other Current Assets	1,547.60	554.70	8.40	6.30	1.50	31,677.70
Loans and Advances	67,770.30	50,239.80	35,921.70	12,107.80	12,443.40	1,548.90
	71,494.00	51,536.20	36,493.20	15,161.50	13,294.40	34,147.30
<b>E Loan Funds</b>						
Secured Loans	56,854.20	45,185.60	28,407.10	11,516.10	5,877.80	23,263.90
Unsecured Loans	16,722.50	7,710.80	6,975.10	1,910.00	3,064.10	9,771.10
	73,576.70	52,896.40	35,382.20	13,426.10	8,941.90	33,035.00
<b>F Deferred Tax Liability</b>	628.70	679.00	344.00	-	-	644.70
<b>G Current Liabilities and Provisions</b>						
Current Liabilities	1,077.40	828.20	562.80	207.20	881.80	1,078.70
Provisions	229.00	641.90	207.60	188.20	216.10	492.20
	1,306.40	1,470.10	770.40	395.40	1,097.90	1,570.90
<b>H Networth (A+B+C+D-E-F-G)</b>	<b>25,945.30</b>	<b>25,531.30</b>	<b>7,901.00</b>	<b>6,948.60</b>	<b>6,580.80</b>	<b>4,709.60</b>

	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
<b>Networth Represented by Sources of Funds</b>						
<b>Shareholders' Funds</b>						
Share Capital	5,032.40	5,032.40	1,162.90	1,162.90	1,162.90	1,090.90
Equity Warrants Issued and Subscribed	-	-	-	178.00	178.00	-
Reserves and Surplus	20,912.90	20,498.90	6,738.10	5,607.70	5,239.90	3,679.40
Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-	-	-	-	60.70
	<b>25,945.30</b>	<b>25,531.30</b>	<b>7,901.00</b>	<b>6,948.60</b>	<b>6,580.80</b>	<b>4,709.60</b>

**Srei Infrastructure Finance Ltd. (Standalone)**

**Statement of Profits and Losses, As Audited**

(₹ in Million)

	Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
<b>INCOME</b>						
Income from Operations	4,900.70	7,457.00	4,700.70	3,225.80	4,632.60	4,002.70
Other Income	36.90	5.40	1.60	38.50	653.60	7.20
	<b>4,937.60</b>	<b>7,462.40</b>	<b>4,702.30</b>	<b>3,264.30</b>	<b>5,286.20</b>	<b>4,009.90</b>
<b>EXPENDITURE</b>						
Staff Expenses	201.40	302.20	196.80	143.80	256.10	223.30
Administrative & Other Expenses	218.00	387.80	396.30	583.50	312.70	321.50
Interest & Finance Charges	3,730.00	4,341.70	2,488.80	1,939.30	3,033.30	2,155.80
Depreciation/ Amortisation	170.00	180.80	101.40	76.90	361.20	332.40
Miscellaneous Expenditure written off	-	-	-	-	6.10	7.30
	<b>4,319.40</b>	<b>5,212.50</b>	<b>3,183.30</b>	<b>2,743.50</b>	<b>3,969.40</b>	<b>3,040.30</b>
<b>PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX</b>	<b>618.20</b>	<b>2,249.90</b>	<b>1,519.00</b>	<b>520.80</b>	<b>1,316.80</b>	<b>969.60</b>
Bad Debts written off	-	0.10	28.90	8.30	-	25.10
Stock for Trade written off	-	-	-	-	34.70	-
Provision for Non Performing Assets	9.50	-	-	-	-	-
Provision for Standard Assets	41.60	119.60	-	-	-	-
Provisions as per the norms of Reserve Bank Of India & Foreign Financial Institutions	-	-	-	-	137.10	77.80
Provision for Premium on Unsecured Subordinated Bonds	4.40	8.80	8.80	8.80	8.80	8.80
Difference Between the Value of Assets and Liabilities transferred Pursuant to Scheme of Arrangement	-	-	-	-	3.10	-
	<b>55.50</b>	<b>128.50</b>	<b>37.70</b>	<b>17.10</b>	<b>183.70</b>	<b>111.70</b>
<b>PROFIT BEFORE TAX</b>	<b>562.70</b>	<b>2,121.40</b>	<b>1,481.30</b>	<b>503.70</b>	<b>1,133.10</b>	<b>857.90</b>
Provision for Tax:	-	-	-	-	-	-
-Current Tax	172.50	418.50	219.00	21.10	53.10	53.40
-MAT Credit Entitlement	-	-	(219.00)	(21.10)	-	-
-Deferred Tax	(50.30)	335.00	344.00	-	-	-
-Income Tax in respect of Earlier Years	28.00	24.90	22.40	0.10	0.40	12.00
<b>PROFIT AFTER TAX</b>	<b>412.50</b>	<b>1,343.00</b>	<b>1,114.90</b>	<b>503.60</b>	<b>1,079.60</b>	<b>792.50</b>
Surplus brought forward from previous year	2,379.10	1,967.90	1,268.50	1,213.50	539.60	281.10
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>2,791.60</b>	<b>3,310.90</b>	<b>2,383.40</b>	<b>1,717.10</b>	<b>1,619.20</b>	<b>1,073.60</b>
<b>APPROPRIATIONS</b>						
Special Reserve (As per Reserve Bank of India guidelines)	82.50	269.00	228.00	102.00	220.00	160.00
Debt Redemption Reserve	59.50	222.80	(5.00)	210.80	(7.40)	186.60
General Reserve	-	-	30.00	-	30.00	60.00
Proposed Dividend	-	377.30	139.40	116.10	139.40	108.90
Corporate Dividend Tax on Proposed Dividend	(1.50)	62.70	23.10	19.70	23.70	18.50
Surplus carried to Balance Sheet	2,651.10	2,379.10	1,967.90	1,268.50	1,213.50	539.60
	<b>2,791.60</b>	<b>3,310.90</b>	<b>2,383.40</b>	<b>1,717.10</b>	<b>1,619.20</b>	<b>1,073.60</b>
<b>Earnings Per Equity Share (Basic &amp; Diluted) (*Not annualised) in ₹ (Face Value ₹ 10/- per Share)</b>	<b>*0.82</b>	<b>5.80</b>	<b>5.33</b>	<b>2.41</b>	<b>5.35</b>	<b>3.93</b>

**Srei Infrastructure Finance Ltd. (Standalone)**

**Statement of Cash Flows, As Audited**

(₹ in Million)

		Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
<b>A</b>	<b>Cash Flows from Operating Activities</b>						
	Net Profit Before Tax	562.70	2,121.40	1,481.30	503.70	1,133.10	857.90
	Adjustment for :	-	-	-	-	-	-
	Depreciation	170.00	180.80	101.40	76.90	361.20	332.40
	Bad Debts written off	-	0.10	28.90	8.30	39.80	25.10
	Provision for Non Performing Assets	9.50	-	-	-	137.10	77.80
	Contingent Provisions against Standard Assets	41.60	119.60	-	-	-	-
	Provision for Premium on Unsecured Subordinated Bonds	4.40	8.80	8.80	8.80	8.80	8.80
	Loss on sale of Fixed Assets(net)	5.00	-	-	-	1.40	2.70
	Profit on sale of Fixed Assets	-	-	-	(35.40)	-	-
	Interest & Finance Charges	3,730.00	4,341.70	2,487.80	1,939.30	3,022.20	2,146.60
	Income from Trade Investments	-	(2.80)	(118.50)	(245.20)	-	-
	Miscellaneous Expenditure Written off	-	-	-	-	6.10	7.30
	Amortisation of Premium/Discount on Government Securities	-	-	-	-	-	0.70
	Profit on sale of Investments(net)	-	(7.00)	(112.30)	(9.40)	(12.70)	(34.00)
	Liabilities No Longer Required Now Written Back	-	(4.40)	-	-	(642.70)	(0.50)
	Dividend Income	(2.70)	(4.00)	(14.30)	(6.20)	(2.30)	(2.30)
	Difference Between the Value of Assets and Liabilities Transferred	-	-	-	-	3.10	-
	Provision for Diminution in value of Stock for Trade	4.20	9.00	0.70	0.50	-	-
	Provision for Diminution in value of Investments	-	-	13.80	21.60	-	-
	Provision for Diminution in value of Investments written back	-	-	-	-	-	(2.90)
	<b>Operating Profit before Working Capital Changes</b>	<b>4,524.70</b>	<b>6,763.20</b>	<b>3,877.60</b>	<b>2,262.90</b>	<b>4,055.10</b>	<b>3,419.60</b>
	Adjustment for :						
	(Increase) / Decrease in Receivables/Others	(18,943.00)	(15,057.20)	(23,667.30)	(3,443.60)	(5,336.10)	(796.40)
	(Increase) / Decrease in Stock for Trade	(0.10)	(34.10)	2.60	2.50	45.80	-
	(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	(143.20)	(159.30)	40.10	39.90	548.50	683.90
	(Increase) / Decrease in Financial Assets	-	-	-	-	(13,883.10)	(14,827.80)
	(Decrease) / Increase in Trade Payables	154.60	57.20	268.90	(657.30)	1,305.60	197.50
	<b>Cash Generated from Operations</b>	<b>(14,407.00)</b>	<b>(8,430.20)</b>	<b>(19,478.10)</b>	<b>(1,795.60)</b>	<b>(13,264.20)</b>	<b>(11,323.20)</b>
	Interest Paid (net of foreign exchange fluctuation)	(3,622.80)	(4,174.90)	(2,417.30)	(1,966.00)	(3,175.60)	(2,026.60)
	Direct Taxes paid	(257.90)	(339.40)	(214.80)	(56.20)	(25.60)	(115.70)
	<b>Net Cash (Used in) / Generated from Operating Activities</b>	<b>(18,287.70)</b>	<b>(12,944.50)</b>	<b>(22,110.20)</b>	<b>(3,817.80)</b>	<b>(16,465.40)</b>	<b>(13,465.50)</b>
<b>B</b>	<b>Cash Flows from Investing Activities</b>						
	Purchase of Fixed Assets	(151.20)	(3,319.10)	(129.00)	(854.00)	(900.00)	(2,048.60)
	Proceeds from Sale of Fixed Assets	17.40	-	-	53.40	36.80	32.30
	Amount received towards transfer of business	-	-	-	3,750.00	-	-
	(Increase) in Investments (Other than Subsidiary)	(478.10)	(1,341.70)	(2,168.20)	(1,301.50)	(1,653.90)	(286.80)
	(Increase) of Investments in Subsidiary	(2.60)	(199.00)	(1.50)	(4.50)	(173.40)	(107.80)
	(Increase) of Investments in Joint Venture	(499.10)	-	-	(229.50)	-	-
	Profit on sale of Investments (net)	-	-	-	-	-	-
	Income from Trade Investments	-	2.80	118.50	245.20	-	-
	Dividend Received	2.70	4.00	14.30	6.20	2.30	2.30
	<b>Net Cash (Used) / Generated in Investing Activities</b>	<b>(1,110.90)</b>	<b>(4,853.00)</b>	<b>(2,165.90)</b>	<b>1,665.30</b>	<b>(2,688.20)</b>	<b>(2,408.60)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>						
	Issue of Equity Capital (including premium)	-	-	-	-	720.00	-



	Issue of Equity Warrants (Net)	-	-	-	-	178.00	-
	Increase/ (Decrease) in Debentures (net)	760.00	(2,100.00)	3,050.00		(3,306.10)	1,656.10
	Increase/ (Decrease) in Working Capital facilities (net)	7,165.90	14,964.90	6,400.70	1,243.20	(2,838.10)	(2,331.00)
	Increase/ (Decrease) in Other Loans (net)	12,754.40	4,649.30	12,555.90	3,241.00	25,199.30	16,766.10
	Dividend Paid	(376.50)	(139.30)	(116.00)	(139.40)	(108.90)	(179)
	Dividend Tax Paid	(61.20)	(23.10)	(19.70)	(23.70)	(18.50)	(25.20)
	<b>Net Cash (Used) / Generated in Financing Activities</b>	<b>20,242.60</b>	<b>17,351.80</b>	<b>21,870.90</b>	<b>4,321.10</b>	<b>19,825.70</b>	<b>15,887.00</b>
	<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>844.00</b>	<b>(445.70)</b>	<b>(2,405.20)</b>	<b>2,168.60</b>	<b>672.10</b>	<b>12.90</b>
	<b>Opening Cash &amp; Cash Equivalents</b>	<b>17.10</b>	<b>450.50</b>	<b>2,855.70</b>	<b>687.10</b>	<b>49.70</b>	<b>36.80</b>
	<b>Less: Cash and Bank balance transferred as per Scheme of Arrangement</b>	-	-	-	-	(34.70)	
	<b>Cash &amp; Cash Equivalents acquired on Amalgamation</b>	-	12.30		-	-	-
	<b>Closing Cash &amp; Cash Equivalents</b>	<b>861.10</b>	<b>17.10</b>	<b>450.50</b>	<b>2,855.70</b>	<b>687.10</b>	<b>49.70</b>
	Cash and Cash Equivalents are represented by:						
	Cash in Hand	0.10	0.20	0.70	0.40	0.30	30.50
	In Current Account	861.00	16.90	449.80	605.30	38.80	19.20
	Fixed Deposits with original maturity period being three months or less	-	-	-	2,250.00	648.00	-
		861.10	17.10	450.50	2,855.70	687.10	49.70
	Cash and Bank Balances are represented by :	-	-	-	-	-	-
	Cash and Cash Equivalents	861.10	17.10	450.50	2,855.70	687.10	49.70
	Fixed Deposits with original maturity period exceeding three months (under lien)	377.50	234.30	75.00	115.10	155.00	703.50
		1,238.60	251.40	525.50	2,970.80	842.10	753.20

**Srei Infrastructure Finance Ltd. (Consolidated)**

**Statement of Assets and Liabilities, as Audited**

(₹ in Million)

		As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
<b>A</b>	<b>Fixed Assets</b>						
	Gross Block	19,940.90	17,996.20	4,013.00	3,561.00	5,302.40	4,844.60
	Less: Depreciation / Amortisation	4,158.40	3,378.40	842.20	422.30	965.10	488.70
	Net Block	15,782.50	14,617.80	3,170.80	3,138.70	4,337.30	4,355.90
	Capital Work In Progress	661.10	274.10	-	-	-	-
	Project Work in Progress	542.90	470.90	-	-	-	-
		16,986.50	15,362.80	3,170.80	3,138.70	4,337.30	4,355.90
<b>B</b>	<b>Goodwill</b>	4,378.10	4,253.40	62.20	62.20	5.70	2.50
<b>C</b>	<b>Investments</b>	20,851.10	20,314.40	6,707.40	4,438.20	3,218.90	1,438.10
<b>D</b>	<b>Deferred Tax Assets</b>	340.60	358.30	8.40	2.20	6.10	-
<b>E</b>	<b>Current Assets, Loans and Advances</b>						
	Inventories	167.20	169.10	100.70	240.10	228.70	-
	Sundry Debtors	3,955.10	2,287.00	1,084.40	675.90	120.40	348.10
	Cash and Bank Balances	5,702.60	3,176.50	2,909.70	4,830.80	2,793.10	883.00
	Financial & Other Current Assets	52,201.30	45,530.40	34,011.50	29,962.30	44,360.70	32,177.90
	Loans and Advances	66,730.90	47,604.70	36,185.10	13,436.30	10,512.10	1,592.70
		128,757.10	98,767.70	74,291.40	49,145.40	58,015.00	35,001.70
<b>F</b>	<b>Loan Funds</b>						
	Secured Loans	107,609.80	88,063.70	55,774.70	37,515.50	41,880.00	23,696.50
	Unsecured Loans	23,779.30	12,577.30	9,921.20	5,307.40	13,565.00	9,771.10
		131,389.10	100,641.00	65,695.90	42,822.90	55,445.00	33,467.60
<b>G</b>	<b>Minority Interest</b>	813.90	737.90	236.10	221.10	76.20	39.70
<b>H</b>	<b>Deferred Tax Liability</b>	1,051.00	1,015.00	736.30	274.30	114.00	637.80
<b>I</b>	<b>Current Liabilities and Provisions</b>	-	-	-	-	-	-
	Current Liabilities	5,258.90	4,325.40	3,979.30	1,288.40	2,073.20	1,158.10
	Provisions	1,157.00	1,670.70	738.50	712.20	702.90	493.70
		6,415.90	5,996.10	4,717.80	2,000.60	2,776.10	1,651.80
<b>J</b>	<b>Networth (A+B+C+D+E-F-G-H-I)</b>	31,643.50	30,666.60	12,854.10	11,467.80	7,171.70	5,001.30

**Statement of Assets and Liabilities, as Audited**

(₹ in Million)

		As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
	<b>Networth Represented by Sources of Funds</b>						
	<b>Shareholders' Funds</b>						
	Share Capital	5,032.40	5,032.40	1,162.90	1,162.90	1,162.90	1,090.90
	Equity Warrants Issued and Subscribed	-	-	-	178.00	178.00	-
	Reserves and Surplus	26,622.90	25,648.20	11,733.80	10,152.90	5,887.50	3,971.50
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	11.80	14.00	42.60	26.00	56.70	61.10
		31,643.50	30,666.60	12,854.10	11,467.80	7,171.70	5,001.30

**Srei Infrastructure Finance Ltd. (Consolidated)**

**Statement of Profits and Losses, As Audited**

(₹ in Million)

	Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
<b>INCOME</b>						
Income from Operations	10,929.90	16,316.70	9,704.50	8,442.10	7,345.20	4,205.70
Other Income	81.50	64.20	25.90	80.90	676.60	10.40
	<b>11,011.40</b>	<b>16,380.90</b>	<b>9,730.40</b>	<b>8,523.00</b>	<b>8,021.80</b>	<b>4,216.10</b>
Staff Expenses	836.80	1,234.40	625.90	538.30	450.40	277.30
Administrative & Other Expenses	1,104.80	1,908.30	862.30	1,066.50	660.40	385.50
Interest & Finance Charges	6,506.40	8,292.00	5,336.70	5,229.80	4,598.50	2,175.10
Depreciation/ Amortisation	851.80	1,240.90	432.80	365.80	490.10	334.50
Miscellaneous Expenditure written off	2.20	22.80	7.30	4.40	8.30	7.70
	<b>9,302.00</b>	<b>12,698.40</b>	<b>7,265.00</b>	<b>7,204.80</b>	<b>6,207.70</b>	<b>3,180.10</b>
<b>PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX</b>	<b>1,709.40</b>	<b>3,682.50</b>	<b>2,465.40</b>	<b>1,318.20</b>	<b>1,814.10</b>	<b>1,036.00</b>
Bad Debts/Advances written off (net of recovery)	175.30	350.70	259.00	8.70	69.30	36.80
Provision for Bad & doubtful debts	8.00	48.50	-	-	-	-
Contingent Provisions against Standard Assets	57.50	223.60	-	-	-	-
Provision for Non Performing Assets	43.90	161.20	-	-	-	-
Provisions as per the norms of Reserve Bank Of India & Foreign Financial Institutions	-	-	21.00	251.30	173.60	77.80
Provision for Premium on Unsecured Subordinated Bonds	4.40	8.80	8.80	8.80	8.80	8.80
Stock for Trade written off	-	-	-	-	34.70	-
	<b>289.10</b>	<b>792.80</b>	<b>288.80</b>	<b>268.80</b>	<b>286.40</b>	<b>123.40</b>
<b>PROFIT BEFORE TAX</b>	<b>1,420.30</b>	<b>2,889.70</b>	<b>2,176.60</b>	<b>1,049.40</b>	<b>1,527.70</b>	<b>912.60</b>
Provision for Tax:	-	-	-	-	-	-
-Current Tax	506.60	826.70	343.70	70.10	80.70	55.20
-MAT Credit Entitlement	(12.10)	(9.40)	(219.00)	(71.10)	(16.20)	-
-Deferred Tax	8.10	(20.30)	461.90	219.90	114.00	(0.20)
-Fringe Benefits Tax	-	-	-	4.60	1.50	-
-Income Tax in respect of earlier years	52.40	130.90	22.00	0.20	0.40	12.00
<b>PROFIT AFTER TAX BEFORE SHARE OF RESULTS OF ASSOCIATE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>AND MINORITY INTERESTS</b>	<b>865.30</b>	<b>1,961.80</b>	<b>1,568.00</b>	<b>825.70</b>	<b>1,347.30</b>	<b>845.60</b>
Share of loss of Associates	-	-	-	-	(23.20)	(4.30)
<b>PROFIT AFTER TAX BEFORE MINORITY INTERESTS</b>	<b>865.30</b>	<b>1,961.80</b>	<b>1,568.00</b>	<b>825.70</b>	<b>1,324.10</b>	<b>841.30</b>
Minority Interest	68.80	169.40	9.40	4.90	4.70	(1.70)
<b>NET PROFIT</b>	<b>796.50</b>	<b>1,792.40</b>	<b>1,558.60</b>	<b>820.80</b>	<b>1,319.40</b>	<b>843.00</b>
Pre Acquisition Profit/(Loss)	-	47.40	-	-	5.20	(0.60)
Minority Interest of Pre Acquisition (Profit)/ Loss	-	(47.40)	-	(0.40)	2.70	(0.80)
<b>PROFIT AFTER TAX AFTER ADJUSTMENT OF MINORITY INTERESTS</b>	<b>796.50</b>	<b>1,792.40</b>	<b>1,558.60</b>	<b>820.40</b>	<b>1,327.30</b>	<b>841.60</b>
Surplus brought forward from previous year	3,033.90	2,561.80	1,577.50	1,335.30	625.10	319.00
Adjustment on account of Amalgamation	-	(57.00)	-	-	-	-
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>3,830.40</b>	<b>4,297.20</b>	<b>3,136.10</b>	<b>2,155.70</b>	<b>1,952.40</b>	<b>1,160.60</b>
<b>APPROPRIATIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Special Reserve (As per Reserve Bank of India guidelines)	201.30	399.70	315.10	164.70	268.20	160.00
Debt Redemption Reserve	231.40	422.80	66.70	262.90	155.60	186.60
General Reserve	-	0.20	30.00	0.30	30.00	60.00
Proposed Dividend	-	377.80	139.40	116.30	139.60	108.90
Dividend on Preference Shares	-	-	-	-	-	-
Profit on sale of Investment in Subsidiaries	(31.30)	-	-	-	-	-
Corporate Dividend Tax on Proposed Dividend	(1.50)	62.80	23.10	19.80	23.70	18.50

Adjustment due to conversion of Subsidiary into Joint Venture	-	-	-	14.20	-	-
Surplus carried to Balance Sheet	3,430.50	3,033.90	2,561.80	1,577.50	1,335.30	626.60
	<b>3,830.40</b>	<b>4,297.20</b>	<b>3,136.10</b>	<b>2,155.70</b>	<b>1,952.40</b>	<b>1,160.60</b>
<b>Earnings Per Equity Share (Basic &amp; Diluted) (*Not annualised) in ₹(Face Value ₹ 10/- per Share)</b>	*1.58	7.74	7.46	3.93	6.54	4.18

**Srei Infrastructure Finance Ltd. (Consolidated)**

**Statement of Cash Flows, As Audited**

(₹ in Million)

		Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
<b>A</b>	<b>Cash Flows from Operating Activities</b>						
	Net Profit Before Tax	1,420.30	2,889.70	2,176.60	1,049.40	1,527.70	912.60
	Adjustment for :	-	-	-	-	-	-
	Depreciation	851.80	1,240.90	432.80	365.80	490.10	334.50
	Bad Debts/Advances written off (net of recovery)	175.30	350.70	259.00	8.70	104.00	36.80
	Provision for Bad & doubtful debts	8.00	48.50	-	-	-	-
	Provision for Standard Assets	57.50	223.60	-	-	-	-
	Provision for Non- Performing Assets & Doubtful debts	43.90	161.20	21.00	251.30	173.60	77.80
	Provision for Premium on Unsecured Subordinated Bonds	4.40	8.80	8.80	8.80	8.80	8.80
	Loss on sale of Fixed Assets(net)	19.10	94.30	1.30	-	1.70	6.70
	Profit on sale of Fixed Assets(net)	-	-	-	35.30	-	-
	Interest & Finance Charges	6,506.40	8,292.00	5,327.90	5,222.10	4,584.00	2,165.90
	Income from Trade Investments	-	(7.00)	(118.50)	(245.20)	-	-
	Miscellaneous Expenditure Written off	2.20	22.80	7.30	4.40	8.30	7.70
	Liabilities No Longer Required Now Written Back	(1.40)	(11.30)	(0.40)	-	(642.70)	-
	Dividend Income	(3.70)	(4.60)	(14.50)	(6.70)	(2.30)	(2.30)
	Provision for Diminution in value of Stock for Trade	4.20	9.00	0.70	0.50	-	-
	Provision for Diminution in Inventories	8.80	-	-	-	-	-
	Provision for Diminution in value of Investments	-	4.50	13.80	16.60	-	-
	<b>Operating Profit before Working Capital Changes</b>	<b>9,096.80</b>	<b>13,323.10</b>	<b>8,115.80</b>	<b>6,711.00</b>	<b>6,253.20</b>	<b>3,548.50</b>
	Adjustment for :						
	(Increase) / Decrease in Receivables/Others	(21,662.00)	(11,698.40)	(22,908.90)	(7,027.70)	(7,150.90)	(1,077.80)
	(Increase) / Decrease in Stock for Trade	(7.00)	(58.30)	2.60	2.50	-	-
	(Increase) / Decrease in Financial Assets	(5,974.40)	(10,599.90)	(1,737.40)	16,396.10	(14,139.60)	(15,153.70)
	(Increase) / Decrease in Fixed Deposit (Deposit with original maturity period of more than three months)	(1,224.50)	(532.00)	(64.10)	360.50	(1,203.50)	659.90
	(Decrease) / Increase in Trade Payables	585.50	(486.60)	415.00	638.20	402.70	680.10
	<b>Cash Generated from Operations</b>	<b>(19,185.60)</b>	<b>(10,052.10)</b>	<b>(16,177.00)</b>	<b>17,080.60</b>	<b>(15,838.10)</b>	<b>(11,343.00)</b>
	Interest Paid (net of foreign exchange fluctuation)	(6,190.60)	(8,051.50)	(5,568.30)	(5,466.10)	(3,953.10)	(2,039.90)
	Direct Taxes paid	(663.70)	(580.90)	(276.80)	(96.30)	(102.10)	(119.90)
	<b>Net Cash (Used in) / Generated from Operating Activities</b>	<b>(26,039.90)</b>	<b>(18,684.50)</b>	<b>(22,022.10)</b>	<b>11,518.20</b>	<b>(19,893.30)</b>	<b>(13,502.80)</b>
	<b>Cash Flows from Investing Activities</b>						
	Purchase of Fixed Assets	(2,839.60)	(5,698.90)	(562.10)	580.60	(651.40)	(2,478.60)
	Proceeds from Sale of Fixed Assets	345.00	94.80	20.20	160.40	175.00	27.90
	(Increase) / Decrease in Investments	(536.70)	(1,424.20)	(2,296.80)	(1,235.90)	(1,804.00)	(259.60)
	Income from Trade Investments	-	7.00	118.50	245.20	-	-
	Dividend Received	3.70	4.60	14.50	6.70	2.30	2.30
	<b>Net Cash (Used) / Generated in Investing Activities</b>	<b>(3,027.60)</b>	<b>(7,016.70)</b>	<b>(2,705.70)</b>	<b>(243.00)</b>	<b>(2,278.10)</b>	<b>(2,708.00)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>						
	Issue of Equity Capital (including premium)	176.70	-	-	3,758.20	810.30	-
	Purchase of Goodwill	(124.70)	-	-	-	-	-
	Issue of Equity Warrants (Net)	-	-	-	-	178.00	-
	Increase / (Decrease) in Debenture (net)	796.90	296.00	6,455.10	(4,920.60)	9,456.80	2,095.00
	Increase / (Decrease) in Working Capital facilities (net)	13,522.60	21,261.20	5,852.90	(3,616.80)	7,240.50	(1,939.70)
	Increase / (Decrease) in Other Loans (net)	16,435.80	3,790.20	10,570.60	(3,934.50)	5,319.80	16,344.70
	Dividend Paid	(377.00)	(139.30)	(116.20)	(139.60)	(108.90)	(179.00)
	Dividend Tax	(61.20)	(23.20)	(19.80)	(23.70)	(18.50)	(25.20)
	<b>Net Cash (Used) / Generated in Financing Activities</b>	<b>30,369.10</b>	<b>25,184.90</b>	<b>22,742.60</b>	<b>(8,877.00)</b>	<b>22,878.00</b>	<b>16,295.80</b>
	<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>1,301.60</b>	<b>(516.30)</b>	<b>(1,985.20)</b>	<b>2,398.20</b>	<b>706.60</b>	<b>85.00</b>
	<b>Opening Cash &amp; Cash Equivalents</b>	<b>1,004.90</b>	<b>1,270.10</b>	<b>3,255.30</b>	<b>857.10</b>	<b>150.50</b>	<b>65.50</b>
	<b>Add: Cash and Cash Equivalent acquired on scheme of amalgamation</b>	<b>-</b>	<b>251.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	<b>Closing Cash &amp; Cash Equivalents</b>	2,306.50	1,004.90	1,270.10	3,255.30	857.10	150.50
	Cash and Cash Equivalents are represented by:						
	Cash in Hand	18.20	9.60	5.30	5.80	23.80	30.60
	In Current Account	2,005.70	822.50	994.50	913.90	181.20	106.40
	Cheques in Hand	-	67.10	-	-	-	-
	Fixed Deposits with original maturity period being three months or less	282.60	105.70	270.30	2,335.60	652.10	13.50
		2,306.50	1,004.90	1,270.10	3,255.30	857.10	150.50
	Cash and Bank Balances are represented by :	-	-	-	-	-	-
	Cash and Cash Equivalents	2,306.50	1,004.90	1,270.10	3,255.30	857.10	150.50
	Fixed Deposits with original maturity period exceeding three months (under lien)	3,396.10	2,171.60	1,639.60	1,575.50	1,936.00	732.50
		5,702.60	3,176.50	2,909.70	4,830.80	2,793.10	883.00

## OBJECTS OF THE ISSUE

### Issue Proceeds

Our Company has filed this Prospectus - Tranche 1 for a public issue of the Tranche 1 Bonds not exceeding the Shelf Limit for the FY 2012. The funds raised through this Tranche 1 Issue will be utilized towards “infrastructure lending” as defined by the RBI in the regulations issued by it from time to time, after meeting the expenditures of, and related to, the Issue.

The Tranche 1 Bonds will be in the nature of debt and will be eligible for capital allocation and accordingly will be utilized in accordance with statutory and regulatory requirements including requirements of the RBI and the Ministry of Finance.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Tranche 1 Issue.

Further, in accordance with the Debt Regulations, our Company will not utilize the proceeds of the Tranche 1 Issue for providing loans to or acquisition of shares of any person or company who is a part of the same group as our Company or who is under the same management as our Company or any subsidiary of our Company.

The Tranche 1 Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

### Tranche 1 Issue Expenses

A portion of the Tranche 1 Issue proceeds will be used to meet Tranche 1 Issue expenses. The following are the estimated Tranche 1 Issue expenses:

(₹ in million)

Particulars	Percentage of Issue expenses	Percentage of Issue proceeds	Amount
Fees paid to the Lead Managers and the Co-Lead Managers	4.68%	0.15%	4.41
Fees paid to the Debenture Trustees	0.76%	0.02%	0.72
Fees paid for advertising, marketing and selling & brokerage commission	76.99%	2.42%	72.50
Miscellaneous	17.57%	0.55%	16.55
Total	100.00%	3.14%	94.17

The fees detailed in the table above may also be paid by way of commission to various intermediaries. The above expenses are indicative and subject to change depending on the actual levels of subscription, number of Allottees and other relevant factors.

### Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. Our Board/ Audit Committee/Committee of Directors, as the case may be, shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose the utilization of the proceeds of the Tranche 1 Issue under a separate head along with details, if any, in relation to all such proceeds of the Tranche 1 Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Tranche 1 Issue, in our Company's financial statements for the relevant financial year. Our Company shall report the use of the proceeds in its annual report and other report submitted by us to any regulatory authority. Our Company shall also file these along with term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance, within three months from the end of financial year.

## STATEMENT OF TAX BENEFITS

### Statement of Possible Direct Tax Benefits available to Srei Infrastructure Finance Limited and its Bondholders

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

Dear Sirs,

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

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

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

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

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

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

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

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

Anand Kumar Jhunjunwala  
Partner  
Membership No: 056613



## **Annexure: STATEMENT OF TAX BENEFITS**

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

### **A. INCOME TAX**

1. Deduction u/s 80CCF of the I.T. Act
  - a) According to section 80CCF, an amount not exceeding Rupees twenty thousand invested in long term infrastructure bonds shall be allowed to be deducted from the total income of an Individual or a Hindu Undivided Family. This deduction shall be available over and above the aggregate limit of ₹ One Lakh as provided under sections 80C, 80CCC and 80CCD read with section 80CCE;
  - b) Section 80CCF reads as “In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, the whole of the amount, to the extent such amount does not exceed twenty thousand rupees, paid or deposited, during the previous year relevant to the assessment year beginning on the 1st day of April, 2012, as subscription to long term infrastructure bonds as may, for the purposes of this section, be notified by the Central Government.”
2. No income tax is deductible at source on interest on bonds as per the provisions of section 193 of the I.T. Act in respect of the following:
  - a) In case the payment of interest on bonds to resident individual Bond Holder by the company is by an account payee cheque and such bonds are listed on a recognized stock exchange in India, provided the amount of interest or the aggregate of the amounts of such interest paid or likely to be paid during the financial year to such individual does not exceed ₹ 2500;
  - b) When the Assessing Officer issues a certificate on an application by a Bond Holder on satisfaction that the total income of the Bond Holder justifies nil/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act and that certificate is filed with the Company before the prescribed date of closure of books for payment of bond interest.
  - c) When the resident Bond Holder (not being a company or a firm or a senior citizen) submits a declaration to the payer in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be ‘nil’, as per the provisions of Section 197A (1A) of the I.T. Act. Under Section 197A (1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from deduction of tax at source if the aggregate of income of the nature referred to in the said section, viz. dividend, interest, etc as prescribed therein, credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax. To illustrate, the maximum amount of income not chargeable to tax in case of individuals (other than women assesseees and senior citizens) and HUFs is ₹ 180,000, in case of women assesseees is ₹ 190, 000, in case of senior citizen who are 60 or more years of age but less than 80 years is ₹ 250, 000 and in case of senior citizen who are 80 or more years of age is ₹ 500,000 for financial year 2011-12. Senior citizens, who are 65 or more years of age at any time during the financial year, enjoy the special privilege to submit a self declaration to the payer in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A (1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax i.e. ₹ 250,000 or ₹ 5,00,000 for very senior citizen for FY 2011-12, provided tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be nil.
  - d) On any securities issued by a company in a dematerialized form listed on a recognized stock exchange in India. (w.e.f. 1.06.2008).

In all other situations, tax would be deducted at source as per the prevailing provisions of the I.T. Act.
3. Under section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. Act, a listed bonds is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after indexation of the cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be

computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. ₹ 180,000 in case of all individuals, ₹ 190,000 in case of women, ₹ 250,000 in case of senior citizens and ₹ 500,000 in case of very senior citizens, the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of 10%/20% in accordance with and the proviso to sub-section (1) of section 112 of the I.T. Act read with CBDT Circular 721 dated September 13, 1995. A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge) is payable by all categories of tax payers.

4. Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, education cess and secondary and higher secondary cess described at para 3 above would also apply to such short-term capital gains.

5. In case the bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

6.

- (i) Under section 54 EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80 C of the Act.

- (ii) As per the provisions of section 54F of the Act and subject to the conditions specified therein, any long term capital gains (not being on a residential house) arising to a bondholder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. The bondholder should not own more than one residential house (other than the new residential house referred above) on the date of transfer of the original asset. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

7. As per section 56(2) (vii)(c) of the I.T. Act, in case where an individual or Hindu undivided Family receives bonds from any person on or after 1st October, 2009:-

- A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds or;
- B. for a consideration which is less than the aggregate fair market value of the bonds by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such bonds as exceeds such consideration;

shall be taxable as the income of the recipient under the head "Income from Other Sources".

However, the aforesaid shall not apply in certain situations, like:-

- (a) Bonds received from any relative; or
- (b) On the occasion of the marriage of the individual; or

- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution; or
- (g) From any trust or institution registered under section 12AA.

**B. WEALTH TAX**

Wealth tax is not levied on investment in bonds under sec 2(ea) of Wealth Tax Act, 1957.

**C. GIFT TAX**


Gift-tax is not levied on gift of Bonds in the hands of the donor as well as the donee.

**D. DIRECT TAX CODE**

The Honourable Finance Minister has presented the Direct Tax Code Bill, 2010 ('DTC Bill') on August 30, 2010, which is proposed to be effective from April 1, 2012. The DTC Bill is likely to be presented before the Indian Parliament. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

## OUR PROMOTER

The Promoter of our Company is Mr. Hemant Kanoria

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

Mr. Hemant Kanoria has over thirty one years of experience in industry, trade and financial services. He is the Chairman of FICCI National Committee on Infrastructure. He is the former President of the Calcutta Chamber of Commerce and former member of Board of Governors of Indian Institute of Management, Calcutta.

## SECTION III: ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

Our Board of Directors, at its meeting held on December 19, 2011 approved the issue of the Bonds, in one or more tranches, for an amount not exceeding ₹ 5,000 million for FY 2012. Our Company may issue the Bonds in one or more tranches, subject to the aggregate amount of all such tranches not exceeding the Shelf Limit for the FY 2012. The amount raised in the subsequent tranches shall not exceed the difference between the Shelf Limit and the aggregate amount raised by issue of Bonds under the previous tranches.

The following is a summary of the issue structure for the issue of Tranche 1 Bonds, for an amount not exceeding the Shelf Limit. Please note that subsequent tranches may have a different structure which shall be specified by our Company in the respective tranche prospectus for such subsequent tranches of issue of Bonds.

#### Issue Structure

Particulars	Resident Individuals	HUFs
Minimum number of Tranche 1 Bonds per application*	1 Tranche 1 Bond and in multiples of 1 Tranche 1 Bond thereafter.	1 Tranche 1 Bond and in multiples of 1 Tranche 1 Bond thereafter.
Terms of Payment	Full amount with the Application Form	Full amount with the Application Form
Mode of Allotment**	Dematerialized form	Dematerialized form
Market Lot	One Tranche 1 Bond	One Tranche 1 Bond

*\*The Tranche 1 Bonds are classified as “long-term infrastructure bonds” and are being issued in terms of Section 80CCF of the Income Tax Act and the Notification. In accordance with Section 80CCF of the Income Tax Act, the amount, not exceeding ₹ 20,000 in the year of investment, paid or deposited as subscription to long-term infrastructure bonds during the previous year relevant to the assessment year beginning April 1, 2012 shall be deducted in computing the taxable income of a resident individual or HUF. In the event that any Applicant applies for the Tranche 1 Bonds in excess of ₹ 20,000 in the year of investment, the aforesaid tax benefit shall be available to such Applicant only to the extent of ₹ 20,000 for the financial year 2011-2012, whether such Applicant holds infrastructure bonds of any other eligible entity or not.*

*\*\*In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the Tranche 1 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Applicants who wish to hold the Tranche 1 Bonds in physical form, will fulfil such request.*

INVESTORS ARE REQUESTED TO NOTE THAT APPLICATION FOR THE TRANCHE 1 BONDS CAN BE MADE FOR ANY AMOUNT (₹ 1000 OR IN MULTIPLES THEREOF) AND ALLOTMENT WILL TAKE PLACE IN THE MANNER PROVIDED IN THE SECTION TITLED “ISSUE PROCEDURE - BASIS OF ALLOTMENT” ON PAGE 57 OF THIS PROSPECTUS – TRANCHE 1. HOWEVER, PLEASE NOTE THAT IN THE EVENT THAT ANY APPLICANT APPLIES FOR AND IS ALLOTTED LONG TERM INFRASTRUCTURE BONDS IN EXCESS OF ₹ 20,000 (INCLUDING LONG TERM INFRASTRUCTURE BONDS ISSUED BY ANY OTHER ELIGIBLE ENTITY), THE AFORESTATED TAX BENEFIT SHALL BE AVAILABLE TO SUCH APPLICANT ONLY TO THE EXTENT OF ₹ 20,000.

#### Particulars of the Tranche 1 Bonds being issued

Our Company is offering the Tranche 1 Bonds which shall have a fixed rate of interest. The Tranche 1 Bonds will be issued with a face value of ₹ 1,000 each. Interest on the Tranche 1 Bonds shall be payable on annual or cumulative basis depending on the series selected by the Applicants as provided below:

#### COMMON TERMS FOR ALL SERIES OF THE TRANCHE 1 BONDS

<b>Issuer</b>	Srei Infrastructure Finance Limited
<b>Issue of Tranche 1 Bonds</b>	Public issue of first tranche long term infrastructure bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80 CCF of the Income Tax Act, 1961 (the “Tranche 1 Bonds”), not exceeding ₹ 3,000 million , to be issued at par on the terms contained in the Shelf Prospectus and this Prospectus – Tranche 1
<b>Stock Exchanges proposed for listing of the Tranche 1 Bonds</b>	BSE
<b>Face Value per Tranche 1 Bond</b>	₹ 1,000
<b>Issue Price per Tranche 1 Bond</b>	₹ 1,000

<b>Issuance</b>	In dematerialised form*
<b>Trading</b>	Dematerialized form or Physical form* as specified by an Applicant in the Application Form.
<b>Lock In period</b>	5 years from the Deemed Date of Allotment
<b>Redemption /Maturity Date</b>	120 months / 180 months from the Deemed Date of Allotment
<b>Security</b>	Exclusive charge on specific receivables of the Company with an asset cover of 1.0 time of the total outstanding amount of Tranche 1 Bonds, as may be agreed between the Company and the Trustees for the Debentures Holders and pari-passu mortgage/charge on its ownership Flat situated at Salimpore Road, Kolkata – 700 031, Police Station - Jadavpur, in the State of West Bengal having a super built up area of 1155 square feet together with undivided share in the land and the common areas.
<b>Security Cover</b>	1.0 time of the total outstanding amount of Tranche 1 Bonds
<b>Debenture Trustee</b>	Axis Trustee Services Limited
<b>Depositories</b>	NSDL and CDSL
<b>Registrar</b>	Link Intime India Private Limited
<b>Lead Managers</b>	ICICI Securities Limited, Karvy Investor Services Limited, RR Investors Capital Services Private Limited and Srei Capital Markets Limited
<b>Co-Lead Managers</b>	SMC Capitals Limited and Bajaj Capital Limited
<b>Rating(s)</b>	The Bonds have been rated CARE AA (Double A) by CARE.
<b>Tranche 1 Issue Schedule**</b>	Tranche 1 Issue Opening Date: December 31, 2011 and Tranche 1 Issue Closing Date: January 31, 2012
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date as may be determined by the Board/Committee of Directors of our Company and notified to the Stock Exchange. The actual allotment may occur on the date other than the Deemed Date of Allotment.
<b>Modes of Payment</b>	<ul style="list-style-type: none"> <li>• National Electronic Clearing System</li> <li>• Cheques / Demand Drafts / Warrants</li> <li>• Direct Credit</li> <li>• NEFT</li> <li>• RTGS</li> </ul> <p>For further details please refer to the section titled “<i>Terms of the Issue – Modes of Payment</i>” on page 45 of this Prospectus - Tranche 1.</p>
<b>Minimum Application</b>	1 Tranche 1 Bond and in multiples of 1 Tranche 1 Bond thereafter. An applicant may choose to apply for the Tranche 1 Bonds across the same series or different series.
<b>Buyback Options</b>	Buyback options are available to the Investors on the first Working Day after the expiry of 5 years from the Deemed Date of Allotment
<b>Day Count Conversion</b>	Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. However, where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the Tranche 1 Bonds

\* In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the Tranche 1 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the Tranche 1 Bonds in physical form will fulfil such request.

\*\* The Tranche 1 Issue shall remain open for subscription during banking hours for the period indicated above, except that it the Tranche 1 Issue may close on such earlier date or extended date as may be decided by the Board / Committee of Directors of our Company, as the case may be, subject to necessary approvals. In the event of an early closure or extension of the Tranche 1 Issue In case of an earlier closure, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Tranche 1 Issue closure.

The specific terms of the instrument are set out below:

Series	1	2	3	4
<b>Face Value per Tranche 1 Bond</b>	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
<b>Frequency of Interest payment</b>	Annual	Cumulative	Annual	Cumulative

<b>Buyback Facility</b>	Yes	Yes	Yes	Yes
<b>Buyback Date</b>	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment	One date, being the date falling five years and one day from the Deemed Date of Allotment
<b>Buyback Amount*</b>	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Buyback Date	₹ 1531.58 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of five years	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Buyback Date	₹ 1549.24 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of five years
<b>Buyback Intimation Period</b>	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not more than nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date
<b>Interest Rate p.a. (%)</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually
<b>Redemption/Maturity Date</b>	One date, being the date falling ten years from the Deemed Date of Allotment	One date, being the date falling ten years from the Deemed Date of Allotment	One date, being the date falling fifteen years from the Deemed Date of Allotment	One date, being the date falling fifteen years from the Deemed Date of Allotment
<b>Maturity Amount</b>	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Maturity Date	₹ 2346.73 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of ten years	₹ 1,000 per Tranche 1 Bond and accrued interest calculated from the last interest payment date to the Maturity Date	₹ 3718.40 per Tranche 1 Bond and interest on Application Interest compounded annually at the end of fifteen years
<b>Yield on Maturity*</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually
<b>Yield on Buyback*</b>	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually

*\* The yield on the Tranche 1 Bonds(to be paid by the Issuer) shall not exceed the yield on government securities of corresponding residual maturity, as reported by FIMMDA, as on the last working day of the month immediately preceding the month of the issue of the Tranche 1 Bonds.*

#### **Terms of Payment**

The entire Application Money is payable along with the Application Form on application. In the event of allotment of a lesser number of Tranche 1 Bonds than applied for, our Company shall refund the amount paid on application to the Applicant to the extent of the Tranche 1 Bonds not allotted in accordance with the terms appearing hereafter.

## TERMS OF THE ISSUE

*Our Company may issue the Bonds in one or more tranches subject to the aggregate amount of all such tranches not exceeding an overall limit of ₹ 5,000 million for the FY 2012. There may be subsequent tranches for an aggregate amount not exceeding the difference between Shelf Limit and the aggregate amount raised through issue of previous tranches.*

*The following are the terms and conditions of the Tranche 1 Bonds being offered for an aggregate amount not exceeding the Shelf Limit, which will be incorporated into the Debenture Trust Deed and are subject to the provisions of the Companies Act, the Application Form and other terms and conditions as may be incorporated in the Debenture Trust Deed, Letter(s) of Allotment and/or Tranche 1 Bond certificate(s) in physical form, if any. In addition, the issue and Allotment of Tranche 1 Bonds under the Shelf Prospectus and this Prospectus – Tranche 1 shall be subject to laws as applicable from time to time, including guidelines, rules, regulations, notifications and any statutory modifications or re-enactments relating to the issue of capital and listing of securities, or in relation to our Company, issued from time to time by SEBI, RBI, GOI, BSE and/or other authorities (collectively, the “Applicable Laws”) and other documents that may be executed in respect of the Tranche 1 Bonds. The statements in these terms and conditions include summaries of and are subject to the detailed provisions of the Debenture Trust Deed.*

*Please note that the terms and conditions specified in this section are the terms and conditions for the issue of the Tranche 1 Bonds and any subsequent tranches may have different terms and conditions which shall be specified by our Company in separate tranche prospectus for such tranches.*

The 8.90 percent p.a. non-cumulative Tranche 1 Bonds with a buyback facility (the “Series 1 Tranche 1 Bonds”), 8.90 percent p.a., compounded annually Tranche 1 Bonds with a buyback facility (the “Series 2 Tranche 1 Bonds”), 9.15 percent p.a. non-cumulative Tranche 1 Bonds with a buyback facility (the “Series 3 Tranche 1 Bonds”) and the 9.15 percent p.a., compounded annually Tranche 1 Bonds with a buyback facility (the “Series 4 Tranche 1 Bonds” and together with the Series 1 Tranche 1 Bonds, Series 2 Tranche 1 Bonds and Series 3 Tranche 1 Bonds referred to as the “Tranche 1 Bonds”) for an aggregate amount up to ₹ 3,000 million. The Tranche 1 Bonds are in each case constituted by a debenture trust deed (the “Debenture Trust Deed”) to be entered into between the Company and Axis Trustee Services Limited (in its capacity as the “Debenture Trustee”, which expression shall include its successor(s)) as trustee for the holders of the Tranche 1 Bonds (the “Bondholders”). Link Intime India Private Limited has been appointed as the registrar to the Issue (the “Registrar” or “Registrar to the Issue”) pursuant to the Registrar Memorandum of Understanding dated December 19, 2011 with Link Intime India Private Limited (as amended and/or supplemented and/or restated from time to time, the “Registrar Agreement”).

The Tranche 1 Bonds are classified as “Long Term Infrastructure Bonds” and are being issued in terms of Section 80CCF of the Income Tax Act and the Notification. In accordance with Section 80CCF of the Income Tax Act, the amount, not exceeding ₹ 20,000 per annum (including infrastructure bonds of any other eligible entity), paid or deposited as subscription to long-term infrastructure bonds during the previous year relevant to the assessment year beginning April 01, 2012 shall be deducted in computing the taxable income of a resident individual or HUF. In the event that any Applicant applies for and is allotted long term infrastructure bonds in excess of ₹ 20,000 per annum (including long term infrastructure bonds issued by another entity), the aforesaid tax benefit shall be available to such Applicant only to the extent of ₹ 20,000 per annum.

Words and expressions defined in the Debenture Trust Deed and the Tripartite Agreements (defined below) shall have the same meanings where used in these terms and conditions unless the context otherwise requires or unless otherwise stated.

Any reference to “Bondholders” or “holders” in relation to any Tranche 1 Bond held in dematerialized form shall mean the persons whose name appears on the beneficial owners list as provided by the Depository and in relation to any Tranche 1 Bond in physical form, such holder of the Tranche 1 Bond whose interest shall be as set out in a Consolidated Bonds Certificate (as defined below) whose name is appearing in the Register of Bondholders (as defined below). The Debenture Trustee acts for the benefit of the Bondholders in accordance with the provisions of the Debenture Trust Deed.

### **1. Authority for the Issue**

The Board of Directors, at their meeting held on December 19, 2011, have approved the issue, in one or more tranches, of secured, redeemable, non-convertible debentures having benefits under Section 80CCF of the Income Tax Act of face value of ₹ 1,000 each, for an amount aggregating up to ₹ 5,000 million for the FY 2012 (the “Shelf Limit”). The Tranche 1 Bonds shall be issued on the terms set out in the Prospectus – Tranche 1 for an amount not exceeding the Shelf Limit.



In terms of the Notification, the aggregate volume of issuance of Long Term Infrastructure Bonds (having benefits under Section 80CCF of the Income Tax Act) by our Company during the FY 2012 shall not exceed 25% of the incremental infrastructure investment made by our Company during the FY 2011. The incremental infrastructure investments made by our Company during the FY 2010-11 were ₹ 34,024.50 million and therefore, the limit available for the Issue is ₹ 8,506.10 million.

## **2. Issue, Status of Tranche 1 Bonds**

- 2.1. The public Issue of Tranche 1 Bonds of our Company for an amount aggregating up to ₹ 3,000 million. These terms and conditions are for the Tranche 1 Bonds issued under the Prospectus – Tranche 1.
- 2.2. The Tranche 1 Bonds are constituted, and issued pursuant to a Debenture Trust Deed. The Bondholders are entitled to the benefit of the Debenture Trust Deed and are bound by and are deemed to have notice of all the provisions of the Debenture Trust Deed. Our Company is issuing the Tranche 1 Bonds in accordance with and pursuant to the Notification and the Tranche 1 Bonds issued by our Company can be classified as ‘Long Term Infrastructure Bonds’ for the purposes of Section 80 CCF of the Income Tax Act.
- 2.3. The Tranche 1 Bonds are issued in the form of secured, redeemable, non convertible debentures. The Tranche 1 Bonds constitute direct and secured obligations of our Company and shall rank *pari passu* inter se and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the Tranche 1 Bonds shall also, as regards the principal amount of the Tranche 1 Bonds, interest and all other monies in respect of the Tranche 1 Bonds, rank *pari passu* with all other present and future secured debentures of our Company. The claims of the Bondholders shall be *pari passu* to the claims of the secured creditors of our Company (subject to any obligations preferred due to mandatory provisions of the applicable law prevailing from time to time).

## **3. Form, Face Value, Title and Listing etc.**

### **3.1. Form**

- 3.1.1 In terms of Regulation 4(2) (d) of the Debt Regulations, our Company will make public issue of the Tranche 1 Bonds in dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the Tranche 1 Bonds in physical form, will fulfil such request. Our Company has made depository arrangements with NSDL and CDSL for issue of the Tranche 1 Bonds in a dematerialized form pursuant to the tripartite agreement between:

- (i). Our Company, NSDL and the Registrar dated December 23, 2011; and
- (ii). Our Company, CDSL and the Registrar dated December 23, 2011 (together the “Tripartite Agreements”).

Our Company shall take necessary steps to credit the Depository Participant account of the Bondholders with the number of Tranche 1 Bonds allotted.

Our Company shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Tranche 1 Bonds allotted. The Bondholders holding the Tranche 1 Bonds in dematerialized form shall deal with the Tranche 1 Bonds in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

- 3.1.2 The Bondholders may rematerialize the Tranche 1 Bonds at any time after allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.
- 3.1.3 In case an investor wishes to hold the Tranche 1 Bonds in physical form, our Company will issue one certificate to the Bondholder for the aggregate amount of the Tranche 1 Bonds that are held by such Bondholder (each such certificate a “Consolidated Tranche 1 Bond Certificate”). In respect of the Consolidated Tranche 1 Bond Certificate(s), our Company will, upon receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Tranche 1 Bond Certificates into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one Tranche 1 Bond. No fees will be charged for splitting any Consolidated Tranche 1 Bond Certificates but, stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Tranche 1 Bond Certificate shall be accompanied by the original Consolidated Tranche 1 Bond Certificate which will, upon issuance of the split Consolidated Tranche 1 Bond Certificates, be cancelled by our Company.

### **3.2 Face Value**

The face value of each Tranche 1 Bond is ₹ 1,000.

### **3.3 Title**

#### **3.3.1 In case of:**

- (i) Tranche 1 Bonds held in the dematerialised form, the person for the time being appearing in the Register of Bondholders (as defined below) maintained by the Depository; and
- (ii) The Tranche 1 Bonds held in physical form, the person for the time being appearing in the Register of Bondholders (as defined below) maintained by the Company,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Tranche 1 Bond Certificate issued in respect of the Tranche 1 Bonds and no person will be liable for so treating the Bondholder.

- 3.3.2 No transfer of title of a Tranche 1 Bond will be valid unless and until entered on the Register of Bondholders prior to the Record Date. In the absence of transfer being registered, interest, Buyback Amount and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders. In such cases, claims, if any, by the transferees of the Tranche 1 Bonds will need to be settled with the transferors of the Tranche 1 Bonds and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, *mutatis mutandis* (to the extent applicable) to the Tranche 1 Bond(s) as well.

### **3.4 Listing**

The Tranche 1 Bonds will be listed on BSE.

### **3.5 Market Lot**

- 3.5.1 Irrespective of whether the Tranche 1 Bonds are held in dematerialized or physical form, the trading of the Tranche 1 Bonds on the Stock Exchanges shall be in dematerialised form only in multiples of one (1) Tranche 1 Bond ("**Market Lot**").
- 3.5.2 For details of allotment refer to chapter entitled "*Issue Procedure*" under the section titled "*Issue Related Information*" beginning on page 35 of this Prospectus - Tranche 1.

### **3.6 Procedure for Rematerialisation of Tranche 1 Bonds**

Bondholders who wish to hold the Tranche 1 Bonds in physical form may do so by submitting his or her request to his or her Depository Participant in accordance with the applicable procedure stipulated by the Depository Participant.

### **3.7 Procedure for Dematerialization of Tranche 1 Bonds**

Bondholders who are holding the Tranche 1 Bonds in physical form and wish to hold the Tranche 1 Bonds in dematerialized form may do so by submitting his or her request to his or her Depository Participant in accordance with the applicable procedure stipulated by the Depository Participant.

## **4. Transfer of the Tranche 1 Bonds, Issue of Consolidated Tranche 1 Bond Certificates, etc.**

### **4.1 Register of Bondholders**

Our Company shall maintain at its registered office or such other place as permitted by law a register of Bondholders (the "**Register of Bondholders**") containing such particulars as required by Section 152 of the Companies Act. In terms of Section 152A of the Companies Act, the register of beneficial owners maintained by a Depository for any Bond in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of Bondholders for this purpose.

## **4.2. Lock-in Period**

### **4.2.1. No Transfer during Lock-in Period**

In accordance with the Notification, the Bondholders shall not sell or transfer the Tranche 1 Bonds in any manner for a period of 5 years from the Deemed Date of Allotment (the “**Lock-in Period**”).

### **4.2.2. Transfer after Lock-in Period**

- (a) The Bondholders may transfer the Tranche 1 Bonds after the expiry of the Lock-in Period on the stock exchange where the Tranche 1 Bonds are listed.
- (b) If a request for transfer of the Tranche 1 Bond is not received by the Registrar before the Record Date for maturity, the Maturity Amount for the Tranche 1 Bonds shall be paid to the person whose name appears as a Bondholder in the Register of Bondholders. In such cases, any claims shall be settled inter se between the parties and no claim or action shall lie against our Company.

## **4.3. Transfers**

### **4.3.1 Transfer of Tranche 1 Bonds held in dematerialised form:**

In respect of Tranche 1 Bonds held in the dematerialised form, transfers of the Tranche 1 Bonds may be effected only through the Depository (ies) where such Tranche 1 Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time, subject to the Lock-in period. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may transfer them in physical form in a manner as specified in section 4.3.2 below.

### **4.3.2. Transfer of Tranche 1 Bonds in physical form:**

Subject to the Lock-in period, the Tranche 1 Bonds may be transferred by way of a duly stamped and executed transfer deed or other suitable instrument of transfer as may be prescribed by our Company for the registration of transfer of Tranche 1 Bonds. Purchasers of Tranche 1 Bonds are advised to send the Consolidated Tranche 1 Bond Certificate to our Company, Registrar or to such persons as may be notified by our Company from time to time. If a purchaser of the Tranche 1 Bonds in physical form intends to hold the Tranche 1 Bonds in dematerialized form, the Tranche 1 Bonds may be dematerialised by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act, 1996 and/or rules as notified by the Depositories from time to time.

## **4.4. Formalities Free of Charge**

Registration of a transfer of Tranche 1 Bonds and issuance of new Consolidated Tranche 1 Bond Certificates will be effected without charge by or on behalf of our Company, but upon payment (or the giving of such indemnity as our Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and our Company being satisfied that the regulations concerning transfers of Tranche 1 Bonds have been complied with.

## **5. Debenture Redemption Reserve (“DRR”)**

Regulation 16 of the Debt Regulations and Section 117C of the Companies Act requires any company that intends to issue debentures to create a DRR to which adequate amounts shall be credited out of the profits of our Company till the redemption of the debentures. However, the Ministry of Company Affairs (the “MCA”) has, through its circular dated April 18, 2002, specified that NBFCs which are registered with the RBI under Section 45-IA of the RBI Act, 1934 shall create DRR to the extent of 50 percent of the value of the debentures issued through public issue. Accordingly, our Company shall create DRR of 50 per cent of the value of Tranche 1 Bonds issued and allotted in terms of this Prospectus - Tranche 1, for the redemption of the Tranche 1 Bonds. Our Company shall credit adequate amounts to DRR from its profits every year until the Tranche 1 Bonds are redeemed. The amounts credited to the DRR shall not be utilized by our Company for any purpose other than for the redemption of the Tranche 1 Bonds.

## **6. Deemed Date of Allotment**

The Deemed Date of Allotment for the Tranche 1 Bonds shall be the date as may be determined by the Board / Committee of Directors and notified to the Stock Exchanges. All benefits under the Tranche 1 Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. The actual allotment may occur on a date other than the Deemed Date of Allotment.

## **7. Application amount and Tax Savings**

Eligible investors can apply for up to any amount (₹ 1000 or in multiples thereof) of the Tranche 1 Bonds across any of the Series(s) or a combination thereof. The investors will be allotted the Tranche 1 Bonds in accordance with the Basis of Allotment. In the event that any investor applies for and is allotted long term infrastructure bonds in excess of ₹ 20,000 per annum (including long term infrastructure bonds issued by any other eligible entity), the above tax benefit shall be available to such investor only to the extent of ₹ 20,000 per annum.

## **8. Subscription**

### **8.1 Period of Subscription**

The Tranche 1 Issue shall remain open for:

<b>TRANCHE 1 ISSUE OPENS ON</b>	<b>DECEMBER 31, 2011</b>
<b>TRANCHE 1 ISSUE CLOSES ON</b>	<b>JANUARY 31, 2012</b>

The Tranche 1 Issue shall remain open for subscription during banking hours for the period indicated above, except that the Tranche 1 Issue may close on such earlier date as may be decided by the Board/Committee of Directors subject to necessary approvals. In the event of an early closure of subscription for the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements prior to such earlier date of Tranche 1 Issue closure.

### **8.2. Underwriting**

This Tranche 1 Issue is not underwritten.

### **8.3. Minimum Subscription**

In terms of the Debt Regulations, an issuer undertaking a public issue of debt securities may decide the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, an application monies received in the public issue are to be refunded. Our Company has decided to set no minimum subscription for the Issue.

## **9. Utilization of the proceeds**

The proceeds of the Tranche 1 Issue shall be utilized towards 'infrastructure lending' as defined by the RBI in the regulations issued by it from time to time. The end-use shall be duly reported in the annual reports and other reports submitted by our Company to the regulatory authority concerned, and specifically certified by the Statutory Auditor of our Company. Our Company shall report the use of the proceeds in its annual report and other report submitted by us to any regulatory authority. Our Company shall also file these along with term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance, within three months from the end of financial year.

## **10. Interest**

### **10.1. Annual Payment of Interest**

#### **10.1.1** For Series 1 and Series 3 Tranche 1 Bonds, interest at the rate of 8.90% and 9.15% respectively, per annum will be paid annually commencing from the Deemed Date of Allotment, subject to buyback of the Tranche 1 Bonds as specified in the section 12 below.

### **10.2. Cumulative Payment of Interest**

- 10.2.1** For Series 2 and Series 4 Tranche 1 Bonds, interest shall be compounded annually at the rate of 8.90 % and 9.15 % respectively, per annum commencing from the Deemed Date of Allotment and shall be payable on the Maturity Date, subject to buyback of the Tranche 1 Bonds as specified in the section 12 below.

**10.3. Day Count Convention**

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Tranche 1 Bonds. However, where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the Tranche 1 Bonds.

**10.4. Interest on Application and Refund Money**

**10.4.1. Application Interest**

The Company shall pay to the successful Applicants, interest at the rate of 5% p.a. on the Application Money on the amount allotted, three days from the date of receipt of the Application Form, or the date of realization of the Application Money, whichever is later, up to one day prior to the Deemed Date of Allotment, subject to deductions under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable.

Interest on Application Money shall be paid along with first interest payment for Series 1 and Series 3 Tranche 1 Bonds at their respective coupon rates and at buyback date or maturity date whichever is earlier compounded annually for Series 2 and Series 4 Tranche 1 Bonds at their respective coupon rates.

**TDS on Interest on Application Money**

Interest on Application Money is subject to deduction of income tax under the provisions of the Income Tax Act or any other statutory modification or re-enactment thereof, as applicable. Tax exemption certificate/declaration of non-deduction of tax at source on interest on Application Money, if any, should be submitted along with the Application Form.

**10.4.2. Refund Interest**

The Company shall not pay any interest on refund of Application Money on the amount not allotted.

**11. Redemption**

- 11.1** Unless previously redeemed or bought back as provided under the Debenture Trust Deed, our Company shall redeem the Tranche 1 Bonds on the Maturity Date.

**11.2 Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

**11.2.1 *Tranche 1 Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Tranche 1 Bonds.

**11.2.2 *Tranche 1 Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by our Company on the Record Date fixed for the purpose of redemption. However, our Company may require that the Consolidated Tranche 1 Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Tranche 1 Bond Certificate(s)) to be surrendered for redemption on Maturity Date and shall be sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar or our Company or to such persons at such addresses as may be notified by our Company from time to time. Bondholders may be requested to surrender the Consolidated Tranche 1 Bond Certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment. See the section titled “*Payment on Redemption or Buyback*” on page 44 of this Prospectus - Tranche 1.

## **12 Buyback of Tranche 1 Bonds**

The Tranche 1 Bonds shall have Buyback options as provided in this Prospectus Tranche 1.

## **13. Payments**

### **13.1 Payment of Interest**

Payment of interest on the Tranche 1 Bonds will be made to those Bondholders, whose name appears first in the Register of Bondholders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be as, on the Record Date. Whilst our Company will use the electronic mode of payments for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, our Company proposes to use other modes of payment to make payments to the Bondholders, including the dispatch of cheques through courier, hand delivery or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depository and/or our Company and/or the Registrar to the Issue, as the case may be, as on the Record Date.

### **13.2 Record Date**

The record date for the payment of interest or the Buyback Amount or the Maturity Amount shall be 15 days prior to the date on which such amount is due and payable ("**Record Date**") or such other date as may be notified by our Company.

### **13.3 Effect of holidays on payments**

If the date of payment of interest or principal or any date specified does not fall on a Working Day, then the next Working Day will be considered as the effective date. Interest and principal or other amounts, if any, will be paid on the next Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date or the date of buyback falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue.

### **13.4 Payment on Redemption or Buyback**

The manner of payment on Maturity or Buyback is set out below:-

#### **13.4.1 *Tranche 1 Bonds held in electronic form:***

On the Maturity Date or the Buyback Date as the case may be, the Maturity Amount or the Buyback Amount as the case may be will be paid in a manner as detailed in "*Terms of the Issue - Modes of Payment*" on page 45. These names will be as per the Depositories' records on the Record Date fixed for this purpose. The cheque for Maturity Amount or the Buyback Amount as the case may be will be dispatched by courier or hand delivery or registered post to the address provided in the Application Form or to the address as notified by the Bondholders or to the address as per the Depositories' record on the Record Date. No action is required on part of the Bondholders

#### **13.4.2 *Tranche 1 Bonds held in physical form:***

On the Maturity Date or the Buyback Date as the case may be, the Maturity Amount or the Buyback Amount as the case may be will be paid in a manner as detailed in "*Terms of the Issue - Modes of Payment*" on page 45 of this Prospectus - Tranche 1. However, if our Company so requires, payments on maturity may be made on surrender of the Consolidated Tranche 1 Bond Certificate(s). Dispatch of cheques or pay orders in respect of payments with respect to redemptions will be made on the Maturity Date or Buyback Date or if the Consolidated Tranche 1 Bond Certificate is requested by our Company in this regard, then within a period of 30 days from the date of receipt of the duly discharged Consolidated Tranche 1 Bond Certificate.

#### **13.5** Our Company's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or upon dispatch of the Maturity Amounts to the Bondholders. Further, our Company will not be liable to pay any interest, income or compensation of any kind from the Maturity Date.

## **14. Manner and Modes of Payment**

### **14.1 Manner of Payment:**

All payments to be made by our Company to the Bondholders shall be made in any of the following manners:

#### **14.1.1 *For Tranche 1 Bonds applied or held in electronic form:***

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Tranche 1 Bond in electronic form are advised to immediately update their bank account details as appearing on the record of Depository Participant. Please note that failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers and Co Lead Managers nor our Company shall have any responsibility and undertake any liability for such delays on part of the investors

#### **14.1.2 *For Tranche 1 Bonds held in physical form:***

The bank details will be obtained from the Registrar for effecting payments.

### **14.2 Modes of Payment:**

All payments to be made by our Company to the Bondholders shall be made through any of the following modes:

#### **14.2.1 *Cheques or Demand drafts***

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by our Company and/or as provided by the Depositories. All Cheques or demand drafts, as the case may be, shall be sent by registered/speed post at the Bondholder's sole risk.

#### **14.2.2 *National Electronic Clearing System ("NECS")***

Through NECS for Applicants having an account at any of the centres notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf, from the Depositories.

Please note that our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Buyback Amount or Maturity Amount so long as our Company has initiated the process in time.

#### **14.2.3 *Direct Credit***

Investors having their bank account with the Refund Banks shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker. We may enter into arrangement(s) with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date(s), would be directly credited to the account of those investors who have given their bank mandate for such banks.

#### **14.2.4 *NEFT***

Through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. In the event that NEFT is not operationally feasible, the payments would be made through any one of the other modes as discussed in this sections.

#### **14.2.5 *RTGS***

An Applicant having a bank account with a participating bank and whose refund / interest payment / redemption amount exceeds ₹ 0.2 million, has the option to receive the refund through RTGS. Such eligible applicant who indicates its preference to receive interest payment / refund / redemption through RTGS is required to provide the IFSC code in the Application Form or intimate our Company before the record date. In the event the same is not provided, interest payment / refund / redemption shall be made through ECS. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

Please note that our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Buyback Amount or Maturity Amount so long as our Company has initiated the process in time.

### **14.3 Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of Consolidated Tranche 1 Bond Certificates due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the Consolidated Tranche 1 Bond Certificate. Applications without these details are liable to be rejected. However, in relation to applications for dematerialised Bonds, these particulars will be taken directly from the Depositories. In case of Tranche 1 Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar before the Record Date failing which the amounts will be dispatched to the postal address of the Bondholders as held in the records of the Bank. Bank account particulars will be printed on the Consolidated Tranche 1 Bond Certificates which can then be deposited only in the account specified.

## **15. Taxation**

- 15.1 The Applicants are advised to consider the tax implications of their respective investment in the Tranche 1 Bonds.
- 15.2 The interest on Tranche 1 Bonds will be subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act or any statutory modification or re-enactment thereof.
- 15.3 As per clause (ix) of Section 193 of the Income Tax Act, no income tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the SCRA, and the rules notified thereunder. Accordingly, no income tax will be deducted at source from the interest on Tranche 1 Bonds held in dematerialised form.

As per clause (v) of Section 193 of the Income Tax Act, no income tax is required to be withheld on any interest payable on Tranche 1 bonds held in a physical form in case the interest does not exceed ₹ 2,500 in a financial year.

- 15.4 Senior citizens, who are 65 or more years of age at any time during the financial year, can submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum limit for the financial year. To ensure non-deduction/lower deduction of tax at source from interest on Bonds, the resident Applicant is required to submit Form 15G/15H/certificate under section 197 of the Income Tax Act or other evidence, as may be applicable, with the Application Form, or send to the Registrar along with a copy of the Application Form on or before the closure of the Issue. Subsequently, Form 15G/15H/certificate under section 197 of the Income Tax Act or other evidence, as may be applicable, may be submitted to our Company or to such person at such address as may be notified by us from time to time, quoting the name of the sole or first Bondholder, Bondholder number and the distinctive number(s) of the Bond(s) held, at least one month prior to the interest payment date.
- 15.5 Applicants are required to submit Form 15G or 15H or original certificate issued under section 197 of the Income Tax Act or other evidence in each financial year to ensure non-deduction or lower deduction of tax at source from interest on Bonds.
- 15.6 If the Applicant is eligible to submit Form 15G or 15H, he is required to tick at the relevant place on the Application Form, to send a blank copy of the form to the Applicants. Blank declaration form will be furnished to other Applicants on request made at least two months prior to the interest payment date. This



facility is being provided for the convenience of Applicants and we will not be liable in any manner, whatsoever, in case the Applicant does not receive the form.

- 15.7 As per the prevailing tax provisions, Form 15G cannot be submitted if the aggregate of income of the nature referred to in section 197A of the Income Tax Act viz. dividend, interest etc. as prescribed therein, credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax.

- 15.8 Tax exemption certificate or document, if any, must be lodged at the office of the Registrar prior to the Record Date or as specifically required. Tax applicable on coupon will be deducted at source on accrual thereof in our Company's books and / or on payment thereof, in accordance with the provisions of the Income Tax Act and / or any other statutory modification, re-enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted on annual basis.

## **16. Security**

The Tranche 1 Bonds issued by our Company will be secured. Our Company will create security in favour of Debenture Trustee pursuant to the terms of the Debenture Trust Deed.

## **17. Events of Defaults**

- 17.1 The Debenture Trustee at its discretion may, and if so requested in writing by the Bondholders of not less than 75 percent in principal amount of the Tranche 1 Bonds then outstanding or if so directed by a Special Resolution passed by the Bondholders, shall give notice to our Company specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable for the early redemption amount on such date as may be specified in such notice *inter alia* if any of the events (each an "event of default") specified therein occurs

- 17.2 The list given below is an indicative list of events of default and a complete list of event of default and its consequences shall be specified in the Debenture Trust Deed. Events of default shall include but not be limited to the following:

- (i) Default is made in any payment of the principal amount due in respect of any series of Tranche 1 Bonds and such failure continues for a period of 30 Working Days;
- (ii) Our Company does not perform or comply with one or more of its other material obligations in relation to the Tranche 1 Bonds or the Debenture Trust cum Hypothecation Deed which default is incapable of remedy or, if in the opinion of the Debenture Trustee capable of remedy, is not remedied within 30 Working Days after written notice of such default shall have been given to our Company by the Debenture Trustee and which has a material adverse effect on our Company;
- (iii) Our Company is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay (in the opinion of the Debenture Trustee) a material part of its debts, or stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Debenture Trustee) a material part of (or of a particular type of) its debts; or
- (iv) Any encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or (in the opinion of the Debenture Trustee) any substantial part of the property, assets or revenues of our Company (as the case may be) and is not discharged within 45 Working Days.

- 17.3 The early redemption amount payable upon the occurrence of an Event of Default shall be as detailed in the Debenture Trust cum Hypothecation Deed.

- 17.4 If an Event of Default occurs which is continuing, the Debenture Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Debenture Trust Deed and with a prior written notice to our Company, take action in terms of the Debenture Trust Deed.

- 17.5 In case of default in the redemption of Tranche 1 Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, our Company shall also pay interest on the defaulted amounts. Arrears of liquidated damages shall carry interest at 2% per annum on the defaulted amount and shall be payable on the footing of compound interest with quarterly rests.

## **18. Bondholder's Rights, Nomination Etc.**

### **18.1 Bondholder Not a Shareholder**

The Bondholders will not be entitled to any of the rights and privileges available to the equity and preference shareholders of our Company.

## **18.2 Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

- (a) The Tranche 1 Bonds shall not, except as provided in the Companies Act, confer upon the holders thereof any rights or privileges available to members of our Company including the right to receive notices or annual reports of, or to attend and / or vote, at our Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, the said resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, holders of Tranche 1 Bonds shall be entitled to a copy of the balance sheet on a specific request made to our Company.
- (b) The rights, privileges and conditions attached to the Tranche 1 Bonds may be varied, modified and / or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Tranche 1 Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against our Company, where such consent or resolution modifies or varies the terms and conditions governing the Tranche 1 Bonds, if modification, variation or abrogation is not acceptable to our Company.
- (c) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Tranche 1 Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Tranche 1 Bonds held by him or her on every resolution placed before such meeting of the Bondholders
- (d) Tranche 1 Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Tranche 1 Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the Debt Regulations. Our Company shall redeem the Tranche 1 Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the Debenture Trust cum Hypothecation Deed to be executed by our Company with the Debenture Trustee.

"Special Resolution" for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

## **18.3 Succession**

Where Tranche 1 Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s). It will be sufficient for our Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, our Company will recognise the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the Tranche 1 Bonds by way of succession, the following steps have to be complied with:

- (a) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bonds were acquired by the non-resident Indian as part of the legacy left by the deceased Bondholder.
- (b) Proof that the non-resident Indian is an Indian national or is of Indian origin. Such holding by a non-resident Indian will be on a non-repatriation basis.

#### **18.4 Nomination Facility to Bondholder**

- 18.4.1 In accordance with Section 109A of the Act, the sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Tranche 1 Bond. A person, being a nominee, becoming entitled to the Tranche 1 Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he were the registered holder of the Tranche 1 Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Tranche 1 Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a Tranche 1 Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Tranche 1 Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at our Company's registered or administrative office or at such other addresses as may be notified by our Company.
- 18.4.2 The Bondholders are advised to provide the specimen signature of the nominee to our Company to expedite the transmission of the Tranche 1 Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.
- 18.4.3 In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by our Company's Board or Committee of Directors, as the case may be, elect either:
  - (a) to register himself or herself as the holder of the Tranche 1 Bonds; or
  - (b) to make such transfer of the Tranche 1 Bonds, as the deceased holder could have made.
- 18.4.4 Further, our Company's Board or Committee of Directors, as the case may be, may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Tranche 1 Bonds, and if the notice is not complied with, within a period of 90 days, our Company's Board or Committee of Directors, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Tranche 1 Bonds, until the requirements of the notice have been complied with.
- 18.4.5 Notwithstanding anything stated above, Applicants to whom the Tranche 1 Bonds are credited in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant. For Applicants who opt to hold the Tranche 1 Bonds in physical form, the Applicant is required to fill in the details for "Nominees" as provided in the Application Form.

#### **19. Debenture Trustees**

- 19.1 Our Company has appointed Axis Trustee Services Limited to act as the Debenture Trustee for the Bondholders. Our Company intends to enter into a Debenture Trust Deed with the Debenture Trustee, the terms of which will govern the appointment and functioning of the Debenture Trustee and shall specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Tranche 1 Bonds on the relevant Maturity Date and also that it will pay the interest due on Tranche 1 Bonds on the rate specified under the Debenture Trust Deed.
- 19.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Tranche 1 Bonds as the Debenture Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by our Company to the Debenture Trustee on behalf of the Bondholders shall discharge our Company *pro*

*tanto* to the Bondholders All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Debenture Trustee without reference to the Bondholders No Bondholder shall be entitled to proceed directly against our Company unless the Debenture Trustee, having become so bound to proceed, failed to do so.

- 19.3 The Debenture Trustee will protect the interest of the Bondholders in the event of default by our Company in regard to timely payment of interest and repayment of principal and they will take necessary action at our Company's cost.

## **20. Miscellaneous**

### **20.1 Loan against Tranche 1 Bonds**

The Tranche 1 Bonds cannot be pledged or hypothecated for obtaining loans from scheduled commercial banks during the Lock-in Period.

### **20.2 Lien**

Our Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to our Company.

### **20.3 Lien on Pledge of Tranche 1 Bonds**

Our Company, at its discretion, may note a lien or pledge of Tranche 1 Bonds if such pledge of Tranche 1 Bond is accepted by any bank or institution for any loan provided to the Bondholder against pledge of such Tranche 1 Bonds as part of the funding subject to applicable laws.

### **20.4 Joint-holders**

Where two or more persons are holders of any Tranche 1 Bond (s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to Articles and applicable law.

### **20.5 Sharing of Information**

Our Company may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with our Company, its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither our Company nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

### **20.6 Notices**

All notices to the Bondholders required to be given by our Company or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Kolkata and also will be sent by post/courier to the registered Bondholders from time to time.

### **20.7 Issue of Duplicate Consolidated Tranche 1 Bond Certificate(s)**

If any Consolidated Tranche 1 Bond Certificate is mutilated or defaced it may be replaced by our Company against the surrender of such Consolidated Tranche 1 Bond Certificates, provided that where the Consolidated Tranche 1 Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Tranche 1 Bond Certificate is destroyed, stolen or lost then upon production of proof thereof to the Bank's satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Tranche 1 Bond Certificate(s) shall be issued.

### **20.8 Future Borrowings**

Our Company shall be entitled to borrow or raise loans or create encumbrances or avail financial assistance in whatever form, and also issue promissory notes or debentures or other securities in any

manner having such ranking, *pari passu* or otherwise and change the capital structure including the issue of shares of any class, on such terms and conditions as our Company may deem appropriate, without the consent of, or intimation to the Bondholders or the Debenture Trustee in this connection.

Further, our Company shall be at liberty from time to time during the continuance of the security to issue at such future dates and in such denomination as it considers advisable, further convertible and/or non-convertible debentures and/or to raise further loans, advances and/or avail further financial and/or guarantee facilities from financial institutions, banks, and/or any other persons or entities in any other form by creating further *pari-passu* charge on the property charged/mortgaged to the Debenture Trustees in respect of the Tranche 1 Bonds to be issued in pursuance of this Prospectus - Tranche 1 subject to obtaining the prior written consent of the Debenture Trustee. Consent of Debenture holders / Beneficial owners of this Tranche 1 Issue is not required to be obtained for creation of further charge / *pari-passu* mortgage on the immovable property charged/mortgaged to the Debenture Trustees in respect of such future issue(s) of securities.

## **20.9 Jurisdiction**

The Tranche 1 Bonds, the Debenture Trust Deed, the Tripartite Agreements with the Depositories and other relevant documents shall be governed by and construed in accordance with the laws of India. Our Company has in the Debenture Trust Deed agreed, for the exclusive benefit of the Debenture Trustee and the Bondholders, that the courts in Kolkata are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust or the Tranche 1 Bonds and that accordingly any suit, action or proceedings (together referred to as "Proceedings") arising out of or in connection with the Debenture Trust Deed and the Bonds may be brought only in the courts in Kolkata.

## ISSUE PROCEDURE

This section applies to all Applicants. Please note that all Applicants are required to make payment of the full Application money along with the Application Form.

The Shelf Prospectus and this Prospectus – Tranche 1 and the Application Forms together with the Abridged Prospectus may be obtained from our Registered Office or from the Lead Managers. In addition, Application Forms would also be made available to BSE where listing of the Tranche 1 Bonds is sought, and to brokers, being members of BSE, upon their request.

### Application Form

Applicants are required to submit their applications through the Bankers to the Issue. Such Applicants shall only use the specified Application Form bearing the stamp of the Banker to the Issue or the Lead Managers for the purpose of making an application in terms of the Shelf Prospectus and this Prospectus – Tranche 1. While submitting the Application Form the investors should ensure that the date stamp on their counter foil matches with the date stamp on the part of the Application Form being retained by the Banker to the Issue.

### WHO CAN APPLY

The following categories of persons are eligible to apply in the Issue:

- Individuals resident in India (as per Income tax Act), who are not minors, in single or joint names (not more than three); and
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: “Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Applications by HUFs would be considered at par with those from individuals.

**Please note that non-resident investors including NRIs, FIIs and erstwhile OCBs are not eligible to participate in the Issue.**

### Application Size

Applications are required to be for a minimum of 1 Tranche 1 Bond and multiples of 1 Tranche 1 Bond thereafter.

For the purpose of fulfilling the requirement of minimum subscription of 1 Tranche 1 Bond, an Applicant may choose to apply from any of the Series of the Tranche 1 Bonds.

### INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

Applications must be:

- (a). Made only in the prescribed Application Form.
- (b). Completed in block letters in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so completed. Applicants should note that the Bankers to the Issue will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c). In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (d). Applications are required to be for minimum of 1 Tranche 1 Bonds and in multiples of 1 Tranche 1 Bond thereafter. An Applicant may choose to apply for the Tranche 1 Bonds across the same series or different series. The applications without the minimum specified lot shall be rejected by our Company.
- (e). Thumb impressions and signatures other than in English/ Hindi/ Bengali or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f). No receipt would be issued by our Company for the Application money. However, the Bankers to the Issue, on receiving the Applications will acknowledge receipt by stamping and returning the acknowledgment slip to the Applicant. While submitting the Application Form the Applicant should ensure that the date stamp on their counter foil matches with the date stamp on the part of the Application Form being retained by the Banker to the Issue.
- (g). All Application Forms duly completed together with cheque/demand draft for the amount payable on application must be delivered before the closing of the Tranche 1 Issue to any of the Bankers to the Issue or collection centre(s)/ agent(s) as may be specified before the closure of the Issue.
- (h). Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.

**IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE APPLICATION FORM DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION FORM IS LIABLE TO BE REJECTED. IN THE EVENT AN APPLICANT OPTS TO HOLD THE TRANCHE 1 BONDS IN PHYSICAL FORM KYC DOCUMENTS ARE MANDATORILY REQUIRED TO BE SUBMITTED. SUCH APPLICANTS NEED NOT PROVIDE ANY DETAILS OF THEIR DEMAT ACCOUNT. HOWEVER, IF SUCH DETAILS ARE PROVIDED, OUR COMPANY RESERVES THE RIGHT BUT DOES NOT HAVE THE OBLIGATION TO DO THE KYC CHECK FROM THE DEMAT ACCOUNT DETAILS. INSERTION OF DEMAT ACCOUNT DETAILS DOES NOT ALLEVIATE THE APPLICANT FROM PROVIDING THE KYC DOCUMENTS.**

**BASED ON THE INFORMATION PROVIDED BY THE DEPOSITORIES, OUR COMPANY SHALL HAVE THE RIGHT TO ACCEPT BIDS BELONGING TO AN ACCOUNT FOR THE BENEFIT OF A MINOR (UNDER GUARDIANSHIP).**

**FOR HOLDERS OF PHYSICAL TRANCHE 1 BONDS, THE ADDRESS TO WHICH SUCH CERTIFICATES MUST BE DISPATCHED MUST BE MENTIONED.**

**The demat accounts for Applicants for which PAN details have not been verified shall be “suspended for credit” and no allotment of Tranche 1 Bonds pursuant to the Tranche 1 Issue shall be made into accounts of such Applicants.**

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

1. Check if you are eligible to apply.
2. Read all the instructions carefully and complete the Application Form in all respects by providing all the information including PAN and demographic details.
3. Applications are required to be in single or joint names (not more than three).
4. Ensure that the details about the Depository Participant and beneficiary account are correct and the demat account is active (if demat option is preferred). The requirement for providing Depository Participant details shall be mandatory only for Applicants who wish to subscribe to the Tranche 1 Bonds in dematerialized form. Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Tranche 1 Bonds in the dematerialized form only. Such Applicant shall not be Allotted the Tranche 1 Bonds in physical form.
5. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as “XYZ Hindu Undivided Family applying through PQR”, where PQR is the name of the Karta.
6. Applicant's Bank Account details.
7. The Tranche 1 Bonds shall be allotted in dematerialised form or in physical form. The Registrars to the Issue will obtain the Applicant's bank account details from the Depository in case of allotment in dematerialized form or from the Application Form in case of allotment in physical form.
8. The Applicant should note that in case of allotment in dematerialized form, on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Applicant's DP A/c, the Applicant's bank account details. Applicants are advised to ensure that bank account details are updated in their respective DP A/c and correct as these bank account details would be printed on the refund order(s), if any. The Applicants desirous of subscribing to the Tranche 1 Bonds in physical form should ensure that they have provided the correct bank account details in the Application Form, and provided a self attested copy of a cancelled cheque of the bank account to which the amounts pertaining to refunds, interest and redemption, as applicable, should be credited as these bank account details would be printed on the refund order(s), if any. Please note that failure to do so could result in delays in credit of refunds to Applicants at the their sole risk and neither the Lead Managers nor the Co-Lead Managers nor our Company nor the Refund Bank nor the Registrar shall have any responsibility and undertake any liability for the same.
9. Applications under Power of Attorney: Unless we specifically agree in writing, and subject to such terms and conditions as we may deem fit, in the case of applications made under Power of Attorney, a certified copy of the Power of Attorney is required to be lodged separately, along with a copy of the Application Form at the office of the Registrar to the Issue simultaneously with the submission of the Application Form, indicating the name of the Applicant along with the address, application number, date of submission of the Application Form, name of the bank and branch where it was deposited, Cheque/Demand Draft Number and the bank and branch on which the Cheque/Demand Draft was drawn.
10. Permanent Account Number: All Applicants should mention their PAN allotted under the Income Tax Act in the Application Form. In case of joint applicants, the PAN of the first Applicant should be provided and for HUFs, PAN of the HUF should be provided. The PAN would be the sole identification number for participants transacting in the securities markets, irrespective of the amount of the transaction. Any

Application Form without the PAN is liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR Number instead of the PAN as the application is liable to be rejected on this ground.

11. Joint Applications: Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.
12. Multiple Applications: An Applicant shall be allowed to use a single application to apply for Tranche 1 Bonds for multiple options. All additional applications, if any, made by the Investor either for one option or multiple options shall be considered valid, aggregated based on the PAN of the first Applicant and shall be considered for allotment as per the procedure detailed under Basis of Allotment.
13. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.
14. Tax Deduction at Source: Persons (other than companies and firms) resident in India claiming interest on bonds without deduction of tax at source are required to submit Form 15G/Form 15H at the time of submitting the Application Form, in accordance with and subject to the provisions of the Income Tax Act. Other Applicants can submit a certificate under section 197 of the Income Tax Act. For availing the exemption from deduction of tax at source from interest on Tranche 1 Bonds the Applicant is required to submit Form 15G/ 15H/ certificate under section 197 of the Income Tax Act/ valid proof of exemption, as the case may be along with the name of the sole/ first Applicant, Bondholder number and the distinctive numbers of Tranche 1 Bonds held to us on confirmation of Allotment. Applicants are required to submit Form 1 5G/ 15H/ certificate under section 197 of the Income Tax Act/ valid proof of exemption each financial year.
15. Category: All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form.
16. Ensure that the Applicants have specified the series of the Tranche 1 Bonds that they wish to subscribe to. The Application Forms which do not indicate the series for which the Applicant has applied shall be allotted such series of Tranche 1 Bonds as will be more specifically set out in the respective Tranche Prospectus.
17. Ensure that the applications are submitted to the Bankers to the Issue or collection centre(s)/ agents as may be specified before Tranche 1 Issue Closing Date;
18. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.
19. For holding the Tranche 1 Bonds in physical form: (i) Please select the option for holding the Tranche 1 Bonds in physical form in the Application Form; (ii) please provide full details under “Applicants Details”, the bank account details in the Application Form; and (iii) provide self attested copies of the KYC Documents along with the Application Form .

#### **Don'ts:**

1. Do not make an application for lower than the minimum Application size.
2. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.
3. Do not send Application Forms by post; instead submit the same to a Banker to the Issue only.
4. Do not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.
5. Do not submit the Application Forms without the full Application Amount.

For further instructions, please read the Application Form carefully.

#### **PAYMENT INSTRUCTIONS**

##### **Escrow Mechanism**

Our Company shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her application. Cheques or demand drafts received for the Application Amount from Applicants would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Shelf Prospectus, this Prospectus – Tranche 1 and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until creation of security for the Tranche 1 Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. The Escrow Collection Banks shall transfer the funds represented by Allotment of the Tranche 1 Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account after the creation of



security. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Shelf Prospectus, this Prospectus – Tranche 1 and the Escrow Agreement.

### **Payment into Escrow Account**

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the NEFT / RTGS mechanism for the Application Amount as per the following terms:

- a. All Applicants would be required to pay the full Application money at the time of the submission of the Application Form.
- b. The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application money in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.
- c. The payment instruments for payment into the Escrow Account should be drawn in favour of “**SIFL – Infra Bonds 2012 – Tranche 1**”.
- d. The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- e. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also transfer all amounts payable to Applicants whose applications have been rejected by our Company to the Refund Account(s) with the Refund Bank. The Refund Bank shall refund all the amounts to the Applicants in terms of the Escrow Agreement.
- f. Payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank) or through RTGS or NEFT, which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- g. Cash/ stockinvest/ money orders/ postal orders will not be accepted.

### **Submission of Application Forms**

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Bankers to the Issue during the Tranche 1 Issue period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection centre of the Bankers to the Issue will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

### **KYC Documents**

Self-attested copies of the following documents are required to be submitted by the Applicants as KYC Documents:

1. Proof of identification for individuals; the following documents are accepted as proof for individuals:
  - Passport
  - Voter’s ID
  - Driving Licence
  - Government ID Card
  - Defence ID Card
  - Photo PAN Card
  - Photo Ration Card
2. Proof of residential address; the following documents are accepted as proof of residential address:
  - Passport
  - Voter’s ID
  - Driving Licence
  - Ration Card
  - Society Outgoing Bill
  - Life Insurance Policy
  - Electricity Bill
  - Telephone (Land/Mobile) Bill
3. Copy of the PAN card

### **Online Applications**

Our Company may decide to offer an online application facility for the Tranche 1 Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed.

**Tranche 1 Bonds in dematerialised form with NSDL or CDSL**

- (i) An Applicant applying for the Tranche 1 Bonds in dematerialised form must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the application.
- (ii) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form.
- (iii) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- (iv) Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (v) If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form, it is liable to be rejected.
- (vi) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.
- (vii) Tranche 1 Bonds in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. BSE where the Tranche 1 Bonds are proposed to be listed has electronic connectivity with CDSL and NSDL.
- (viii) The trading of the Tranche 1 Bonds on the Stock Exchange shall be in dematerialised form only.

**Allottees will have the option to re-materialise the Tranche 1 Bonds so Allotted as per the provisions of the Companies Act and the Depositories Act.**

**Tranche 1 Bonds to be held in physical form**

**Our Company shall dispatch physical certificates of Tranche 1 Bonds to Applicants who select the option for holding the Tranche 1 Bonds in physical form in the Application Form.**

For holding the Tranche 1 Bonds in physical form: (i) Please select the option for holding the Tranche 1 Bonds in physical form in the Application Form; (ii) please provide full details under "Applicants Details", the bank account details in the Application Form; and (iii) provide self attested copies of the KYC Documents along with the Application Form.

In case of Tranche 1 Bonds that are issued in physical form, our Company will issue one certificate to the Bondholder for the aggregate amount of the Tranche 1 Bonds that are allotted (each such certificate a "Consolidated Tranche 1 Bond Certificate"). Our Company shall dispatch the Consolidated Tranche 1 Bond Certificate to the address of the Applicant provided in the Application Form within 15 Working Days from the Deemed Date of Allotment.

In case of joint holders, the names should be in the proper sequence i.e. the Application Form should clearly state the first holder and the joint holder.

If incomplete or incorrect details are given under the heading 'Applicants Details' in the Application Form, it is liable to be rejected.

The trading of the Tranche 1 Bonds on the Stock Exchange shall be in dematerialised form only and Bondholders holding the Tranche 1 Bonds in physical form will be required to rematerialize the Tranche 1 Bonds if they wish to trade in the same.

**Allottees will have the option to dematerialise the Tranche 1 Bonds so Allotted as per the provisions of the Companies Act and the Depositories Act.**

**PLEASE NOTE THAT, SUBJECT TO THE LOCK-IN PERIOD, TRADING OF TRANCHE 1 BONDS ON THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE TRANCHE 1 BOND.**

**Communications**

All future communications in connection with applications made in the Tranche 1 Issue should be addressed to the Registrar to the Issue, quoting all relevant details regarding the Applicant/application. Applicants may address our Compliance Officer as well as the contact persons of the Lead Managers and the Registrar to the Issue in case of

any post-Issue related problems such as non-receipt of letters of Allotment/credit of Tranche 1 Bonds in the Depository's beneficiary account/refund orders, etc.

### **Rejection of Applications**

Our Company reserves its' full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Tranche 1 Bonds applied for is less than the minimum application size;
- Applications not duly signed by the sole/joint Applicants;
- Applications for a number of Tranche 1 Bonds which is not in a multiple of 1;
- Investor category not ticked;
- Application amount paid not tallying with the number of Tranche 1 Bonds applied for;
- Bank account details not given;
- Individuals resident in India who are not competent to contract under the Indian Contract Act, 1872, as amended;
- In case of applications under Power of Attorney where relevant documents not submitted;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India;
- Application by stockinvest;
- Address not provided in case of exercise of option to hold Tranche 1 Bonds in physical form;
- Applications accompanied by cash / money order/ postal order;
- Applications without PAN;
- GIR number furnished instead of PAN; and
- DP ID, Client ID and PAN mentioned in the Application Form do not match with the DP ID, Client ID and PAN available in the records with the depositories.
- Copy of KYC documents not provided in case of exercise of option to hold Tranche 1 Bonds in physical form.

The collecting bank shall not be responsible for rejection of the application on any of the technical grounds mentioned above.

Application form received after the closure of the Tranche 1 Issue shall be rejected.

In the event, if any Tranche 1 Bond(s) applied for is/are not allotted, the application monies of such Tranche 1 Bonds will be refunded, as may be permitted under the provisions of applicable laws.

### **Basis of Allotment**

Our Company shall finalise the Basis of Allotment in consultation with the Lead Managers, Designated Stock Exchange and Registrar to the Issue. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the Lead Managers and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Subject to the provisions contained in this Prospectus – Tranche 1 and the Articles of Association of our Company, the Board or the Committee of Directors will to Allot the Tranche 1 Bonds under the Prospectus – Tranche 1 on a first come first basis up to the Tranche 1 Issue Closing Date, regardless of the Series of Tranche 1 Bonds applied for.

However, in the event of oversubscription above ₹ 3,000 Million, for valid applications for the Tranche 1 Bonds received on the date of oversubscription, the Tranche 1 Bonds shall be allotted proportionately, subject to the overall limit of ₹ 3,000 Million. Any applications for Tranche 1 Bonds received after the date of oversubscription or Tranche 1 Issue Closing Date, whichever is earlier, shall be rejected.

### **Letters of Allotment/ Refund Orders**

Our Company reserves, in its absolute and unqualified discretion and without assigning any reason thereof, the right to reject any application in whole or in part. The unutilised portion of the Application Money will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.

Our Company shall credit the allotted Tranche 1 Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/ Refund Orders by registered/speed post at the Applicant's sole risk.

Further,

- (a) Allotment of the Tranche 1 Bonds shall be made within 30 days of the Tranche 1 Issue Closing Date;
- (b) Credit to dematerialised accounts will be made within two Working Days from the date of Allotment;

- (c) Dispatch of physical certificates shall be within 15 Working Days from the date of Allotment;
- (d) Our Company shall pay interest at 5% per annum if the Allotment has not been made and/ or the Refund Orders have not been dispatched to the Applicants beyond the time period prescribed under the Act for this purposes.

Our Company will provide adequate funds to the Registrar to the Issue, for this purpose.

### **Filing of the Shelf Prospectus and Tranche Prospectus with the ROC**

A copy of the Shelf Prospectus and this Prospectus – Tranche 1 has been filed with the Registrar of Companies in terms of Sections 56 & 60 of the Companies Act.

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, on or before the Tranche 1 Issue Opening Date, publish a pre-Issue advertisement, in the form prescribed by the Debt Regulations, in one national daily newspaper with wide circulation.

### **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”*

### **Issue of Certificates**

Letter(s) of Allotment will be dispatched at the sole risk of the Applicant, through registered/speed post, within 15 days from the date of closure of the Issue, or such extended time as may be permitted under applicable laws.

### **Listing**

The Tranche 1 Bonds are proposed to be listed on the BSE. BSE is 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 Tranche 1 Bonds are not granted by the Stock Exchanges, we shall forthwith repay, without interest, all such moneys received from the applicants in pursuance of Prospectus – Tranche 1. If such money is not repaid within eight days after we become liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 5% p.a. on Application Money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within seven Working Days from the date of Allotment.

### **Utilisation of Application Money**

The sums received in respect of the Tranche 1 Issue will be kept in the Escrow Account and our Company will have access to such funds after creation of security for the Tranche 1 Bonds.

### **Undertaking by the Issuer**

We undertake that:

- (i). The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- (ii). We shall take necessary steps for the purpose of getting the Tranche 1 Bonds listed in the concerned stock exchange(s) within the specified time;
- (iii). The funds required for dispatch of refund orders/Allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by us;
- (iv). Necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the Tranche 1 Bonds are outstanding;
- (v). We shall forward the details of utilisation of the funds raised through the Tranche 1 Bonds duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- (vi). We shall disclose the complete name and address of the Debenture Trustee in our annual report;

- (vii). We shall provide a compliance certificate to the Debenture Trustee (on yearly basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in this Prospectus – Tranche 1;
- (viii). The necessary consents for creation of *pari passu* charge, on our mortgage property will be obtained prior to filing the Shelf Prospectus with the ROC.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the present Issue**

The shareholders of our Company, subject to the Memorandum and Articles of Association, have passed a resolution under section 293(1) (d) of the Act, at the annual general meeting held on July 30, 2011, authorising the maximum monetary limit for the purpose of borrowing as ₹ 200,000 million. The aggregate value of the Debentures offered under the Prospectus Tranche 1, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 200,000 million.

The Tranche 1 Issue of Debentures offered under this Prospectus – Tranche 1 is being made pursuant to resolution passed by the Board of Directors of our Company at its meeting held on December 19, 2011.

In terms of the Notification, the aggregate volume of issuance of long term infrastructure bonds (having benefits under Section 80CCF of the Income Tax Act) by our Company during FY 2012 shall not exceed 25% of the incremental infrastructure investment made by our Company during the FY 2011. The incremental infrastructure investments made by our Company during the FY 2010-11 were ₹ 34,024.50 million and therefore, the limit for the Issue is ₹ 8,506.10 million.

Thus, our Company has been duly authorized to issue the Tranche 1 Bonds. The borrowings under the Tranche 1 Bonds will be within the prescribed limits as aforesaid.

### **Prohibition by SEBI / Eligibility of our Company to come out with the Issue**

Our Company and our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### **Disclaimer clause of the BSE**

BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER DATED DECEMBER 28, 2011 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER: -

- A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- B. WARRANT THAT THIS COMPANY’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER

### **Disclaimer clause of the RBI**

RBI HAS ISSUED CERTIFICATE OF REGISTRATION DATED AUGUST 1, 1998 AND A FRESH CERTIFICATE OF REGISTRATION DATED MARCH 30, 2011 RE-CLASSIFYING OUR COMPANY UNDER THE CATEGORY “INFRASTRUCTURE FINANCE COMPANY – NON DEPOSIT ACCEPTING”. IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS PROSPECTUS – TRANCHE 1 NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT AND THE RBI DOES NOT TAKE ANY RESPONSIBILITY OR

GUARANTEE THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED BY OUR COMPANY IN THIS CONNECTION AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY OUR COMPANY.

### **Listing**

The Tranche 1 Bonds proposed to be offered in pursuance of the Shelf Prospectus and this Prospectus - Tranche 1 is proposed to be listed on BSE. If permissions to deal in and for an official quotation of our Tranche 1 Bonds are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Shelf Prospectus and this Prospectus – Tranche 1.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange(s) mentioned above are taken within seven working days from the date of allotment.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such Bonds with Option(s) shall not be listed.

### **Consents**

Consents in writing of: (a) the Directors, (b) the Compliance Officer, (c) the Statutory Auditors, (d) Bankers to our Company, (e) Lead Managers and Co-Lead Managers, (f) Registrar, (g) Legal Advisor to the Issue, (h) Credit Rating Agency, (i) Lead Brokers, (j) Bankers to the Issue and (k) the Debenture Trustee, to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus - Tranche 1 with the Stock Exchange.

### **Expert Opinion**

Except for the report of CARE dated December 15, 2011 in respect of the credit rating(s) of the Issue and the letters furnishing their rationale for their respective rating, the reports in relation to our financial statements and the statement of tax benefits issued by M/s Haribhakti & Co., Chartered Accountants, our Company has not obtained any expert opinions.

### **Common Form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the Tranche 1 Bonds held in physical form and the provisions of SCRA / Act and all applicable laws shall be duly complied with in respect of all transfer of Tranche 1 Bonds and registration thereof.

### **Minimum Subscription**

In terms of the Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, an application monies received in the public issue are to be refunded. Our Company has decided to set no minimum subscription for the Issue.

### **Tranche 1 Issue Related Expenses**

The expenses of this Tranche 1 Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Tranche 1 Issue expenses to be incurred for the Tranche 1 Issue size of ₹ 3,000 Million are as follows:

(₹ In million)

Particulars	Percentage of Issue expenses	Percentage of Issue proceeds	Amount
Fees paid to the Lead Managers and the Co-Lead Managers	4.68%	0.15%	4.41
Fees paid to the Debenture Trustees	0.76%	0.02%	0.72
Fees paid for advertising, marketing and selling & brokerage commission	76.99%	2.42%	72.50
Miscellaneous	17.57%	0.55%	16.55
<b>Total</b>	<b>100.00%</b>	<b>3.14%</b>	<b>94.17</b>

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Tranche 1 Issue and the number of Allottees, market conditions and other relevant factors

### **Underwriting**

This Tranche 1 Issue has not been underwritten.

### **Commission or Brokerage on Previous Public Issues**

Our Company has made no public issues in the preceding five years.

### **Details regarding the capital issue during the last three years by our Company and other listed companies under the same management within the meaning of section 370 (1B)**

Other than as disclosed in this section, neither our Company nor any other listed company under the same management within the meaning of Section 370(1B) of the Act has made any public or rights or composite issue of capital in the last three years

### **Public / Rights Issues by our Company and our Promoter**

Our Company undertook a public issue of its equity shares in 1992. The particulars of which have been set forth below.

<b>Date of Opening</b>	July 7, 1992
<b>Date of Closing</b>	July 16, 1992
<b>Total Issue Size</b>	32,20,000 equity shares of ₹10/- each
<b>Whether subsequently dividend was declared</b>	Yes
<b>Date of Allotment</b>	August 31, 1992

### **Previous issues of shares otherwise than for cash**

Pursuant to the Scheme of Amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with our Company sanctioned by the Honourable High Court at Calcutta vide order dated March 3, 2011, our Company had issued and allotted 294,025,696 Equity Shares of ₹ 10 each fully paid up of our Company to the shareholders of Quippo based on the share exchange ratio of 27:10, in consideration of the transfer and vesting of all assets and liabilities of Quippo into and with our Company. Further, our Company had issued and allotted 9,29,15,839 Equity Shares of ₹ 10/- each fully paid up to the equity shareholders of Srei Infra as bonus shares in the ratio of 4 (four) equity shares of ₹10/- each (fully paid-up) for every 5 (five) equity shares of ₹10/- each of Srei Infra held by them as on the record date, by way of capitalisation of free reserves, pursuant to the aforesaid Scheme of Amalgamation.

### **Dividend**

The details of dividend pay-out by our Company in the previous five years are as follows:

<b>Financial Year ended</b>	<b>Dividend Per Share (₹)</b>	<b>Total Dividend* (₹ in Mn)</b>
31.03.2011	0.75	438.5
31.03.2010	1.20	162.5
31.03.2009	1.00	135.9
31.03.2008	1.20	163.1
31.03.2007	1.00	127.4

*\*inclusive of dividend distribution tax*

### **Revaluation of assets**

Our Company has not re-valued its assets in the last five years

### **Trading of Debentures**

Subject to the Lock-in period of five years, the Debentures shall be traded on the BSE.

### **Debentures or bonds and redeemable preference shares and other instruments outstanding by our Company**

As at September 30, 2011, our Company had outstanding listed / rated / unrated, secured / unsecured, non-convertible redeemable debentures and commercial papers aggregating to ₹ 15,673.55 million. Apart from the above, there are no outstanding debentures, bonds, redeemable preference shares or other instruments issued by our Company that are outstanding.



## Mechanism for redressal of investor grievances

Link Intime India Private Limited has been appointed as the Registrar to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. The MOU between the Registrar and our Company will provide for retention of records with the Registrar for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar for redressal of their grievances. All grievances relating to the Issue should be addressed to the Registrar giving full details of the applicant, number of Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

### Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West)

Mumbai 400 078

Tel.: +91 22 25960320

Fax :+91 22 25960329

Toll Free : 1-800-22-0320

Email : sreinfra.ncd@linkintime.co.in

Investor Grievance Email : sreinfra.ncd@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sanjog Sud

Compliance Officer: Mr. Sanjeev Nandu

SEBI Registration No.: INR000004058

In addition, our Company's Compliance Officer would also handle all investors' grievances:

Name : **Mr. Sandeep Lakhotia**  
Address : "Vishwakarma", 86C Topsia Road (South), Kolkata - 700 046  
Telephone : (033) 6160 7734  
Fax : (033) 2285 8501  
E-Mail : infrabonds2012@srei.com

We estimate that the average time required by the Registrar for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

## Change in auditors of our Company during the last three years

The auditors of our Company during the preceding three years are:

Sl. No.	Financial Year	Name of the Statutory Auditors
1.	2008-09	Deloitte Haskins & Sells, Chartered Accountants
2.	2009-10	Deloitte Haskins & Sells, Chartered Accountants
3.	2010-11	M/s. Haribhakti & Co, Chartered Accountants

The erstwhile auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, have requested for not being re-appointed. The current statutory auditor of our Company, M/s Haribhakti & Co., Chartered Accountants having registration No. 103523W allotted by The Institute of Chartered Accountants of India (ICAI) were appointed as the statutory auditor of our Company pursuant to the resolution passed at the 26<sup>th</sup> AGM of our Company held on July 30, 2011.

## Trading

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

## Caution

Though the provisions of sub-section (1) of section 68-A of the Act, do not apply to an issue of bonds / debentures, the attention of the investors is drawn to the provisions as a matter of abundant caution:

*"Any person who –*

- (a) makes in a fictitious name, an application to a company for acquiring, or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years”.*

**Disclaimer in respect of Jurisdiction**

ISSUE OF THE DEBENTURES HAVE BEEN / WILL BE MADE IN INDIA TO INVESTORS AS SPECIFIED UNDER SECTION “WHO CAN APPLY” ON PAGE 52 OF THIS PROSPECTUS – TRANCHE 1. THE DEBENTURES ARE GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE EXISTING INDIAN LAWS AS APPLICABLE IN THE STATE OF WEST BENGAL. ANY DISPUTE ARISING IN RESPECT THEREOF WILL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF THE COURTS AND TRIBUNALS OF KOLKATA.

**Disclaimer Statement from the Issuer**

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS PROSPECTUS – TRANCHE 1 ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE DEBENTURES AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER OWN RISK.

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and the other documents referred to hereunder, may be inspected at the Registered Office of our Company at “Vishwakarma”, 86C Topsia Road (South), Kolkata - 700 046 from 10.00 a.m. to 5.00 p.m. on any business days from the date of this Prospectus - Tranche 1 until the date of closure of the Issue.

### A. Material Contracts

1. Engagement letter dated December 5, 2011 appointing ICICI Securities Limited, Karvy Investor Services Limited, RR Investors Capital Services Private Limited and Srei Capital Markets Limited to act as the Lead Managers to the Issue.
2. Engagement letter dated December 5, 2011 appointing SMC Capitals Limited and Bajaj Capital Limited as the Co- Lead Managers to the Issue.
3. The Issue Agreement dated December 19, 2011 executed between our Company and the Lead Managers and the Addendum to the Issue Agreement between the Company, the Lead Managers and the Co-Lead Managers dated December 19, 2011.
4. Agreement dated December 19, 2011 executed between our Company and the Registrar to the Issue.
5. Debenture Trust Deed to be entered into between our Company and Axis Trustee Services Limited, the Debenture Trustee, within 3 months from the Issue Closing Date.
6. Escrow Agreement dated December 26, 2011 executed amongst our Company, the Registrar, the Escrow Collection Bank(s), Refund bank and the Lead Managers
7. Tripartite Agreement dated December 23, 2011 among our Company, the Registrar to the Issue and NSDL for offering depository option to the Bondholders
8. Tripartite Agreement dated December 23, 2011 among our Company, the Registrar to the Issue and CDSL for offering depository option to the Bondholders

### B. Documents

1. Memorandum and Articles of Association of our Company.
2. Certificate of Registration No. 05.02773 dated August 1, 1998 issued by RBI, under Section 45-IA of the RBI Act.
3. Certificate of Registration No. B-05.02773 dated March 31, 2011 issued by RBI, classifying our Company under the category “Infrastructure Finance Company – Non Deposit Taking”.
4. Certified True Copy of Resolution passed by the Shareholders at the annual general meeting held on July 30, 2011, granting authority to the Board of Directors/Committee of Directors to borrow monies under Section 293(1)(d) of the Act, from time to time.
5. Certified True Copy of the Resolution passed by the Board of Directors at its Meeting held on December 19, 2011 authorising the Issue.
6. Certified True Copy of the Resolution passed by the Board of Directors at its Meeting held on December 19, 2011 appointing Mr. Sandeep Lakhota as the Compliance Officer for the Issue.
7. Auditor’s Report dated December 19, 2011 referred to in the Shelf Prospectus and this Prospectus - Tranche 1.
8. Annual Reports of our Company for FY 2007 to FY 2011.
9. In-principle listing approval obtained from BSE vide letter no. DCS / SP / PI – BOND / 06 / 11-12 dated December 28, 2011.
10. Certified True Copy of Board Resolution dated January 28, 2010 and an agreement dated August 9, 2010 relating to the terms of appointment of the Chairman and Managing Director of our Company.
11. Certified True Copy of Board Resolution dated January 29, 2009 and an agreement dated September 12, 2009 relating to the terms of appointment of the Joint Managing Director of our Company.
12. Credit rating letter dated December 15, 2011 from CARE granting credit rating to the Debentures to be issued in pursuance of this Prospectus - Tranche 1.
13. Consents of the (a) the Directors, (b) the Compliance Officer, (c) the Statutory Auditors, (d) Bankers to our Company, (e) Lead Managers and Co-Lead Managers, (f) Registrar, (g) Legal Advisor to the Issue, (h)

Credit Rating Agency (i) Lead Broker (j) Bankers to the Issue and (k) the Debenture Trustee to include their names in this Prospectus - Tranche 1 and to act in their respective capacities.

14. Due Diligence Certificate dated December 28, 2011 filed by the Lead Managers with SEBI.
15. Due Diligence Certificate to be filed by the Debenture Trustee before Tranche 1 Issue Opening Date with SEBI.

**Any of the contracts or documents mentioned above may be amended or modified any time without reference to the holders in the interest of our Company in compliance with the applicable laws.**

## DECLARATION

We, the Directors of Srei Infrastructure Finance Limited, certify that all the relevant guidelines issued by the Government of India, SEBI, applicable provisions under the SCRA, SCRR, the Act and the Debt Regulations have been complied with. We further certify that the disclosures made in this Prospectus - Tranche 1 are true, fair and correct and adequate and in conformity with Schedule II of the Act, Schedule I of the Debt Regulations and the Listing Agreement executed with the BSE Limited, to the extent applicable.

Yours faithfully,

Mr. Salil K. Gupta  
(Chief Mentor)

Mr. Hemant Kanoria  
(Chairman & Managing Director)

Mr. Sunil Kanoria  
(Vice Chairman)

Mr. Saud Ibne Siddique  
(Joint Managing Director)

Mr. S. Rajagopal  
(Non Executive & Independent Director)

Mr. V. H. Pandya  
(Non Executive & Independent Director)

Dr. Satish C. Jha  
(Non Executive & Independent Director)

Mr. S. K. Deb  
(Non Executive & Independent Director)

Mr. Avinder Singh Bindra  
(Non Executive & Independent Director)

Mr. S. Chatterjee  
(Non Executive Director)

**Place:** Kolkata  
**Date:** December 28, 2011

**ANNEXURE**  
**[The Shelf Prospectus]**