

Srei Infrastructure Finance Limited (SIFL)**Public Issue of Long Term Infrastructure Bonds 2011-2012 – Tranche 1**

Srei Infrastructure Finance Limited ('SIFL' or 'Company') was incorporated in 1985. The Company provides financial products and services to customers engaged in infrastructure development and construction, with particular focus on power, road, telecom, port, oil and gas & SEZ sectors in India with a medium to long term perspective.

The equity shares of the Company are listed on National Stock Exchange of India Limited ('NSE'), BSE Limited ('BSE') and Calcutta Stock Exchange Limited ('CSE') and its GDRs are listed on the London Stock Exchange ('LSE').

On September 26, 2011 the Company was notified as a Public Financial Institution by the Ministry of Corporate Affairs under Section 4A of the Companies Act, 1956.

The disbursements of the Company have grown at a CAGR of 99.66% between fiscal 2009 and 2011. The total income of the Company on a standalone basis for the six months ended September 30, 2011 and for fiscal 2011 was ₹ 4,937.60 million and ₹ 7,462.40 million respectively.

The Company is coming out with a Public Issue of Long Term Infrastructure Bonds – Tranche 1 (**the "Issue"**) for an amount not exceeding ₹ 300 crores. The funds raised through this Issue would be utilised towards infrastructure lending.

The Issue will open for subscription from December 31, 2011 and shall close on January 31, 2012. CARE has assigned CARE AA rating to the bonds proposed to be issued. The instruments with a rating of 'CARE AA' by CARE are considered to offer high degree of safety regarding timely servicing of financial obligations.

The Company will be providing four series of Bonds. Interest rate is 8.90% p.a. for Series 1 and Series 2 and 9.15% p.a. for Series 3 and Series 4. Interest under Series 1 and Series 3 will be payable annually and interest under Series 2 and Series 4 will be payable cumulatively (compounded annually). All Series of bonds will have a buy back option at the end of 5 years. The Bonds have a maturity period of 10 years and 15 years and shall be locked-in for a period of 5 years and can be traded thereafter on BSE, where they would be listed. Face Value per Bond is ₹ 1,000.

Company will maintain an asset cover of at least 100% of the outstanding amount of the Bonds, at all times, till the Bonds are completely redeemed. Resident Individuals, who are not minors and HUFs shall be eligible to apply for this Issue. **Investors will be having an option to hold the Bonds in physical form or demat form.**

These Long Term Infrastructure Bonds are eligible for exemption from income tax to the extent of ₹ 20,000 for the financial year 2011-2012 under section 80CCF of the Income Tax Act, 1961.

Srei Tranche 1 Issue Structure

Series	1	2	3	4
Face Value per Tranche 1 Bond	₹ 1,000	₹ 1,000	₹ 1,000	₹ 1,000
Minimum Application	1 Bond and in multiples of 1 Bond thereafter. An Applicant may choose to apply for the Tranche 1 Bonds across the same series or different series.			
Interest Rate	8.90% p.a.	8.90% p.a., compounded annually	9.15% p.a.	9.15% p.a., compounded annually
Frequency of Interest payment	Annual	Cumulative	Annual	Cumulative
Redemption/Maturity Date	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
Maturity Amount	₹ 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
Buyback Date	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
Buyback Amount	₹ 1,000 per Tranche 1 Bond and accrued interest	₹ 1531.58 per Tranche 1 Bond and interest on Application	₹ 1,000 per Tranche 1 Bond and accrued interest	₹ 1549.24 per Tranche 1 Bond and interest on Application

	calculated from the last interest payment date to the Buyback Date	Interest compounded annually at the end of five years	calculated from the last interest payment date to the Buyback Date	Interest compounded annually at the end of five years
Buyback Intimation Period	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

Key Highlights:

1. Investment upto ₹ 20,000 in SIFL Infrastructure Bonds – Tranche 1 will be eligible for exemption under Section 80CCF of the Income Tax Act, 1961
2. Interest rate is 8.90% p.a. for Series 1 and 2 and 9.15% p.a. for Series 3 and 4. Interest under series 1 and series 3 will be payable annually and interest under series 2 and series 4 will be payable cumulatively (compounded annually)
3. Buyback facility is offered under all the series at the end of 5 years and one day from the Deemed Date of Allotment
4. Maturity will be at the end of 10 years from the Deemed Date of Allotment for Series 1 and 2 and will be at the end of 15 years from the Deemed Date of Allotment for Series 3 and 4
5. Minimum Investment required in SIFL Tranche 1 Issue is ₹ 1,000 and in multiples of ₹ 1,000 thereafter
6. Investors will be having an option to hold the Bonds in physical form or demat form.
7. An applicant is allowed to do multiple application in SIFL Tranche 1, however tax benefit under Section 80CCF of the Income Tax Act, 1961 would be applicable to ₹ 20,000 only.
8. CARE has assigned CARE AA rating to the bonds proposed to be issued.

Srei Infrastructure Finance Limited Tranche 1 Issue
Issue Opens On: December 31, 2011
Issue Closes On: January 31, 2012