SREI

SIFL\SECT\SKC\10-11\385
January 27, 2011

The Secretary
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
Fax: 022-2272 2037, 2272 2039, 2272 2041

The Secretary
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot no. C/1,
G Block, Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
Fax : 022 - 2659 8237/38; 6641 8125/26

The Secretary
The Calcutta Stock Exchange Limited
7 Lyons Range
Kolkata - 700 001
Fax: 033-2220 2514, 2221 4664, 2210 4492/
4500/9606

Dear Sir,

We are furnishing below a snapshot of issuance of Bonus Shares pursuant to the Scheme of Amalgamation -

i) Please note that the Board of Directors ("the Board") of the Company at its meeting held on 28th January, 2010 had approved the proposal of Amalgamation of Quippo Infrastructure Equipment Limited (Quippo) into and with Srei Infrastructure Finance Limited (Srei). In the aforesaid meeting, the Board had approved the share swap ratio of 3:2, meaning thereby 3 (Three) equity shares of ₹ 10/- each fully paid up in Srei for every 2 (Two) equity shares of ₹ 10/- each fully paid up in Quippo. Notwithstanding, in the aforesaid meeting, the Board had also considered a proposal for capitalization of reserves by way of issuance of bonus shares to the shareholders of Srei in the ratio of 4:5, meaning thereby, 4 (Four) bonus shares of ₹ 10/- each fully paid up for every 5 (Five) existing equity shares of ₹ 10/- each. The proposal of the said bonus issue forms part of the Scheme of Amalgamation (Scheme) of Quippo into and with Srei, which provides that the bonus shares shall be issued and allotted to the shareholders of Srei upon the Scheme coming into effect but in any case prior to the Record Date fixed for the purposes of allotment of equity shares of Srei to the shareholders of Quippo in consideration of the amalgamation.

ii) The Scheme further provides that upon such bonus issuance of equity shares being affected, necessary adjustments shall be carried out in the share exchange ratio mentioned hereinabove. Accordingly, the share exchange ratio shall stand adjusted to 27:10, i.e., every equity shareholder of Quippo shall, without any application, act or deed, be entitled to be issued 27 (Twenty Seven) equity shares of the face value of ₹ 10/- each, at par, credited as fully paid-up, of Srei, for every 10 (Ten) fully paid equity share of ₹ 10/- each held by such shareholder in Quippo, as on the Record Date. A copy of the Scheme is enclosed herewith for your ready reference and marked as **ANNEXURE A1**.

iii) Para 4.11 of the Scheme of Amalgamation states as under –

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"4.11 Upon the Scheme becoming effective and with effect from the Effective Date, an amount of Rs. 92,91,58,390 (Rupees ninety two crore ninety one lac fifty eight thousand three hundred ninety only) as appearing under the head Free Reserve in the books of accounts of the Amalgamated Company at the close of business on the day preceding the Appointed Date, shall stand converted into equity share capital in the Amalgamated Company by way of issuance of 9,29,15,839 number of additional equity shares of Rs. 10 each, fully paid-up, to the equity shareholders of the Amalgamated Company as on the record date. This will result in issuance of bonus shares in the ratio of four(4) equity shares of Rs. 10 each (fully paid-up) for every five(5) equity shares of Rs. 10 each of the Amalgamated Company held by the equity shareholders of the Amalgamated Company as on the record date.

For the purpose of this clause, the Board of Directors of the Amalgamated Company shall, after the Scheme is sanctioned but before it becomes effective, determine a date to be the "record date", which shall be a date prior to the Record Date as referred to under Clause 5.7 of the Scheme. The Board of Directors of the Amalgamated Company shall be entitled to devise a mechanism to deal with the fractional entitlements arising out of the aforesaid bonus issue, including but not limited to, by way of allotting all such fractional entitlements (cumulatively) to one of its Directors, who shall hold the same as a trustee for and on behalf of such shareholders of the Amalgamated Company, and shall dispose off the same and distribute the proceeds thereof to the shareholders in proportion to and in lieu of their respective fractional entitlements."

iv) Please further note that subsequent to confirmation petition being filed by Quippo and Srei, the Hon'ble High Court at Calcutta has sanctioned the aforesaid Scheme by its Order made on January 18, 2011 and a signed copy of the Order of the Hon'ble High Court at Calcutta has been received by the Company on 20th January, 2011. A copy of the said Order has already been furnished to the Stock Exchanges vide letter ref. no. SIFL\SECT\SKC\10-11\372 dated January 20, 2011.

Please also note that the Hon'ble High Court at Calcutta has sanctioned the aforesaid Scheme subject to the following conditions -

(i) The Company undertaking to comply with Accounting Standard 14;

(ii) The Board of Directors of the Company as well as Quippo to determine the 'record dates' according to the Scheme within seven days of issuance of copy of the Order; and

(iii)The Company to issue the bonus shares and shares to the shareholders of Quippo in terms of Clause 4.4 of the Scheme within a fortnight from the effective date of the Scheme.

However, the Scheme shall become effective upon filing of certified copies of the Orders of the Hon'ble High Court at Calcutta with the Registrar of Companies, West Bengal at Kolkata by Quippo and Srei. The certified copy of the Order of the Hon'ble

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High Court at Calcutta sanctioning the Scheme is pending to be received by the Company.

v) In compliance of the aforesaid direction given by the Hon'ble High Court at Calcutta vide aforesaid Order dated 18th January, 2011 and in accordance with Clause 4.11 of the Scheme, the Board of Directors of the Company has inter alia at its meeting held on January 25, 2011 fixed Friday, the 11th February, 2011 as the Record Date for the purpose of issuance of 9,29,15,839 Equity shares of ₹ 10/- each (fully paid-up) 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 held by the Equity Shareholders of the Company by way of capitalization of reserves, pursuant to Scheme of Amalgamation of Quippo Infrastructure Equipment Limited into and with Srei Infrastructure Finance Limited as sanctioned by Hon'ble High Court at Calcutta vide its Order made on January 18, 2011.

Please further note that the allotment of the aforesaid shares (9,29,15,839 Equity Shares of Rs. 10/- each fully paid up of Srei as bonus shares by way of capitalisation of free reserves to the shareholders of Srei and 29,40,25,696 Equity Shares of Rs. 10/- each fully paid up of Srei to the shareholders of Quippo) pursuant to the Scheme of Amalgamation shall be made within fortnight of the effective date of the Scheme.

Thanking you,

Yours faithfully,
For **Srei Infrastructure Finance Limited**

Sandeep Lakhotia

Sandeep Lakhotia
Company Secretary

Encl: as above