

INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

Registered Office : The IL&FS Financial Centre, Bandra-Kurla Complex

Bandra (East), Mumbai 400 051

Tel : 022-2653 3333 Fax : 022-2653 3042

Website: www.ilfsindia.com

E-mail: secretarialbkc@ilfsindia.com

Issue of 750,000 Secured Redeemable Non-Convertible Debentures (Debentures) of the face value of Rs.1,000 each for cash, aggregating to Rs.75 Crores with an option to retain over-subscription upto Rs 75 Crores, on a Private Placement Basis

General Risks:

For taking an investment decision, investors must rely on their own examination of the issue and this Document, including the risks involved. The issue has not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document

Issuer's Absolute Responsibility:

INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED (“**Issuer**” or “**Company**” or “**IL&FS**”), having made all reasonable inquiries, accepts responsibility for, and confirms that this “Information Memorandum” or “Document” contains all information with regard to the Issuer and this “Issue”, which is material in the context of this issue, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect

The Issuer confirms that, as of the date hereof, this Information Memorandum (including the documents incorporated by reference, if any) contains all information that is material in the context of this Issue and issue of the debentures described and proposed to be issued hereunder, is accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made not misleading. No person has been authorized to give any information or to make any representation not contained in or incorporated by reference in this Information Memorandum or in any material made available by the Issuer to any potential investor pursuant hereto

This information memorandum has been prepared by the Issuer for providing information in connection with the proposed issue of debentures described in this Information Memorandum



Credit Rating:

Details of Credit Rating: “AAA(Ind)” by Fitch Ratings India Private Limited dated December 1, 2010

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the rating agency on the basis of new information

Listing:

The Debentures are proposed to be listed on the Bombay Stock Exchange Limited (“BSE” or the “Stock Exchange”). The Issuer is in process of obtaining “in-principle” approval from the BSE, for listing the Debentures offered through this issue

Debenture Trustee:

Centbank Financial Services Limited
Central Bank MMO Building, 6th Floor
55 MG Road, Fort, Mumbai 400 001
Tel : 022-4057 5757 Fax : 022-2266 0260

Note: This document of private placement is neither a prospectus nor a statement in lieu of a prospectus. This is only an information brochure intended for private use and should not be construed to be a prospectus and/ or an invitation to the public for subscription to Debentures under any law for the time being in force

I Name and address of the Registered Office of the Company

Infrastructure Leasing & Financial Services Limited
The IL&FS Financial Centre, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Tel : (022) 2653 3333 Fax : (022) 2653 3042

II Names and Addresses of Directors on Board as on December 31, 2010

Sr No	Name of Director	Designation	Address
1	Mr. Ravi Parthasarathy	Chairman	1201/1202, Vinayak Angan, Old Prabahdevi Road, Mumbai 400025
2	Mr Hari Sankaran	Managing Director & CEO	29-B, Carter Road, Bandra (West) Mumbai 400 050
3	Mr Arun K Saha	Joint Managing Director	Flat No. E, Raheja Terrace Aga Ali Abbas Road Bangalore 560 042
4	Mr DK Mehrotra	Director	A-1, Jeevan Jyot, Setalwad Lane Nepeansea Road, Mumbai 400 006
5	Mr Sushobhan Sarker	Director	61 Jeevan Akash, Forjet Hill, Tardeo, Mumbai 400 036
6	Mr Yoshihiko Miyauchi	Director	5-5-7, Higashigotanda Shinagawa ku, Tokyp Japan – 1410022
7	Mr Makoto Inoue	Director	502 2-12-27, Shimotoda, Toda-shi Saitama 3350011, Japan
8	Mr Sanjeev Doshi	Director	Abu Dhabi Investment Authority Corniche Street No. 211 Next to Abu Dhabi Chamber of Commerce & Industry PO Box–3600, Abu Dhabi, UAE
9	Mr Keki M Mistry	Director	Hasmukh Mansion Flat No.702/703, 7th Floor 39, Chitrakar Dhurandar Marg 14 th Road Junction, Khar (West) Mumbai 400 052
10	Mr Santosh B Nayar	Director	C-7, Kinellan Tower 100-A, Nepeansea Road Mallabar Hill, Mumbai 400 006
11	Mr SB Mathur	Director	A-20, Geetanjali Enclave New Delhi 110 017
12	Mr RC Bhargava	Director	220, Sector 15-A, Noida Dist : Ghaziabad, UP 201301

Sr No	Name of Director	Designation	Address
13	Mr Michael Pinto	Director	405, Shalaka, Maharshi Karve Road, Opp. Cooperage Football Ground, Mumbai 400 021
14	Mr Makoto Shioda	Alternate Director	Grand Hyatt Service Apartment Off. Western Express Highway Santacruz (E), Mumbai 400055
15	Mr Hideo Ichida	Alternate Director	3-45 #B-1415, Kasama, Sakae-ku Yokohama City, Kanagawa 2470006, Japan

III SUMMARY OF BUSINESS / ACTIVITIES

IL&FS has been mandated to implement infrastructure projects on a commercial format. Over the last few years, IL&FS has been actively engaged in creating and developing a framework to enable such commercialisation.

IL&FS focuses on infrastructure projects is on the following sectors :

- (a) Surface Transport and Transportation Systems
- (b) Water Supply
- (c) Power Projects
- (d) Ports
- (e) Waste Management
- (f) Environmental & Social Management
- (g) Skill Development
- (h) New Initiatives

In respect of infrastructure sectors such as surface transport, water supply and area development, IL&FS has adopted a multiplicity of roles including project conceptualisation, project development, project financing, project sponsorship, project management and project implementation.

(a) Surface Transport and Transportation Systems:

The important initiatives of IL&FS in the surface transport sector are briefly provided below :

(i) Delhi–Noida Bridge :

An eight-lane bridge of approximately 550 meters length across the Yamuna River and includes approach roads on the South Delhi and Noida ends. The project was among the first large private sector initiatives in the surface transport sector in India and has been implemented during a period characterised by difficult economic conditions, four months ahead of schedule and within budgeted costs. Noida Toll Bridge Company Limited (NTBCL) has embarked on programs to attract additional vehicular traffic through direct marketing, advertising, etc with a focus on emphasising the benefits of the project in terms of fuel and time saving. In addition to the foregoing, commissioning of Mayur Vihar Link Road, would help NTBCL strengthening the revenues and operating results

(ii) West Gujarat Road Projects :

West Gujarat Expressway Limited is a project for developing 68 km road on NH 8-B. The Project Company has executed Concession Agreement with National Highways Authority for development of the project on Built-Operate-Transfer basis

(iii) Andhra Pradesh Expressway Project :

It is an annuity based road project for developing 74 km road under Concession from National Highways Authority on Built-Operate-Transfer basis. The construction work is in progress

(iv) North Karnataka Expressway Project :

The Project entailing the construction of 77 kms cement road on National Highway Number 4, connecting Belgaum to the Maharashtra Border was completed well ahead of schedule and within budgeted cost

(v) Tamil Nadu Road Projects :

Tamil Nadu Road Development Company Limited (TNRDC) is a venture promoted jointly by IL&FS and Tamil Nadu Industrial Development Corporation Limited (TIDCO). TNRDC has taken up the improvement and maintenance of the East Coast Road (ECR), connecting Chennai and Pondicherry (via Mahabalipuram). The project was commissioned on time and within the budgeted costs and the facility is opened for commercial operations. Besides acting as a project sponsor, TNRDC also assists the State Government in implementing projects sponsored by them as Managing Associate on a fee basis

(vi) Surface Transport Initiatives :

IL&FS Transportation Networks Limited (ITNL) a Subsidiary of IL&FS has retained its position as a leading player in the surface transport business with 7,850 kms of roads under its implementation. Some of the projects undertaken by IL&FS through ITNL are as follows :

(I) Domestic Projects :

(A) Projects under Implementation :

- (a) Beawar Gomti Road Project
- (b) Chenani Nashri Tunnel Project
- (c) Chattisgarh Accelerated Road Development Program
- (d) Hazaribaug Ranchi Road Project
- (e) Hyderabad Outer Ring Road Project
- (f) Jharkhand Accelerated Road Development Program
- (g) Nagpur Bus Project
- (h) Pune Sholapur Road Project
- (i) Thiruvananthapuram Roads Improvement Project
- (j) Warora Chandrapur Ballarpur Road Project

(B) Projects under Operation :

- (a) Ahmedabad Mehsana Road Project
- (b) Vadodara Halol Road Project
- (c) Jetpur Gondal Rajkot Road Project
- (d) Belgaum Maharashtra Road Project
- (e) Delhi Noida Bridge Project
- (f) Rajasthan Mega Highway Project
- (g) Kotakatta Bypass Kurnool Road Project

(II) International Projects :

Tren Rapido Interurbano De Guanahuato, Mexico

(vii) Pradhan Mantri Grameena Sadak Yojna :

Pradhan Mantri Grameena Sadak Yojna (PMGSY) has been conceived by Government of India (GoI) to provide road connectivity to approximately 1.58 lakhs villages. The PMGSY is being managed by State Governments with the Ministry of Rural Development, GoI acting as the nodal agency.

IL&FS has been appointed as Programme Manager to the Warana Rural Roads Development and Maintenance Co-operative Society Limited, a subsidiary of Warana Co-operative Society, for the development, implementation and maintenance of approximately 1,100 kilometers of rural roads in Maharashtra. This is the first such experiment in the country involving a Public Private Partnership framework in the implementation of PMGSY

(b) Water Supply :

(i) Tirupur Project :

IL&FS has evolved an integrated area development program for Tirupur, a leading knitwear centre in Tamil Nadu. The program encompasses development of water supply, drainage and effluent treatment, road network improvement, telecom up-gradation and housing. The project has received significant support from Ministry of Commerce, Government of India, which has also mandated the Project Company as Programme Manager for establishment of an Apparel Park.

(ii) Visakhapatnam Industrial Water Supply Project:

The Visakhapatnam Industrial Water Supply Project (VIWSP) was conceived to deliver 520 mld water to industrial areas around Visakhapatnam and Visakhapatnam Municipal Corporation on a BOOT basis in a Public Private Partnership (PPP) format. Phase I of the project involves extraction of water from the Godavari river and pumping it through a new 56 km long steel pipeline into the existing Yeleru canal for further conveyance. Construction work has been completed and the project commissioned in September 2004

(c) Power:

IL&FS Energy Development Company Limited (IEDCL) has been incorporated to spearhead IL&FS Group initiatives in the Energy sector. IEDCL, in turn has incorporated – IL&FS Renewable Energy Limited, IL&FS Hydro Energy Limited and IL&FS Wind Power Limited to nurture skill-sets and focus on implementation of projects in their respective sectors :

- (i) Hydro Power Projects in the States of Arunachal Pradesh, Uttarakhand and Sikkim
- (ii) ONGC Tripura Gas Based Power Project
- (iii) Enercon India Limited : Sole Financial Advisor for syndication
- (iv) Coal based Supercritical Thermal Power Projects in Andhra Pradesh and Bihar

- (v) Imported Coal based Supercritical Thermal Power Project in Tamil Nadu
- (vi) Cogeneration Power Projects in Maharashtra
- (vii) Pilot projects in the areas of solar power

(d) Port Sector:

IL&FS Maritime Infrastructure Company Limited (IMICL), a Subsidiary of IL&FS, had been set up with the objective of consolidating the existing Maritime Investments of the Group and create a business platform based on the diversified portfolio of assets, services and strategic alliances relating to the maritime and logistics sectors

IMICL has been currently engaged in development of the following Ports Shipyard and allied facilities :

- (i) Dighi Port in Maharashtra
- (ii) Khambhat Port in Gujarat
- (iii) Cuddalore Port in Tamil Nadu
- (iv) Inchudi/ Bahabalpur Port in Orissa
- (v) Nana Layja Shipyard and SEZ Project in Gujarat

(e) Waste Management:

IL&FS Waste Management & Urban Services Limited (IWMUSL) has been established by IL&FS to provide integrated end-to-end solid waste management solutions, *inter-alia*, including collection, transportation, treatment and disposal of solid waste to Urban Local Bodies. IWMUSL is also focusing on disposal of E-Waste and plastics. It is working with the fertilizers Companies to make farmers aware of the advantage of using organic compost as a complement with chemical fertilizers

The Okhla Compost Plant at New Delhi has already been commissioned. IWMUSL has also been awarded O&M contract for compost plants of Kozhikode and Mysore Municipal Authorities. IWMUSL is slowly establishing itself as one of the leading companies in Solid Waste Management space in the country

(f) Environment & Social Management:

IL&FS Ecosmart Limited (Ecosmart) promoted by IL&FS focuses on the environmental sector initiatives. Ecosmart provides consulting services to project developers, belonging to public and private sectors as well as financial institutions, in India as well as abroad

Currently, Ecosmart is engaged in implementing a Solid Waste Management Plan in Mumbai which is successfully positioned to receive carbon credits

Ecosmart has been engaged as a Project Management Consultant to support the Environmental Information Centre (EIC) set up by the Ministry of Environment and Forests, Government of India. In addition to the foregoing, Ecosmart has been working on path breaking initiatives like setting up of GIS Information System as a part of National e-Governance Programme and development, maintenance and operations of Alang Ship Breaking Yard addressing social and environmental challenges to position it as a world class ship breaking centre

(g) New Initiatives :

- (i) **Bhamashah Financial Empowerment Project** : The Government of Rajasthan (GoR) through its Bhamashah Financial Empowerment Project proposes to create a Statewide IT Backbone and Access Infrastructure with 15,000 rural Points of Service (PoS) to deliver banking and financial services to villagers at their doorsteps. Through these PoS, the deliverables include Rural Health Insurance, Rural Employment Guarantee Scheme, Pensions, Education Vouchers etc to rural population

GoR selected IL&FS to partner GoR in its ambitious social infrastructure initiative through a competitive bidding process, to set up and maintain the requisite IT infrastructure on Build-Operate-Transfer (BOT) basis for an initial period of 10 years. Due to election in the State of Rajasthan, the project work has been temporarily suspended

- (ii) **Land Registration System in Philippines** : The Land Registration Authority (LRA), Government of Philippines has awarded a project for comprehensive modernization of operations of LRA. The scope of the project includes :

- (a) computerization of land titling;
- (b) setting up of IT enabled infrastructure and state of the art Information Management Centre;
- (c) conversion of physical titles of property, maps, plans and other supporting documents into digital format; and
- (d) supply of IT hardware and networking for entire system

IL&FS through its subsidiary, IL&FS Technologies Limited, has been working closely with Land Registration System Inc, Philippines (LARES) and LRA on the project and has delivered all components of Phase I. Work on Phase II had commenced and is progressing as per schedule

- (iii) **Tamil Nadu Power Initiatives** : IL&FS is implementing a 4,000 MW integrated imported coal based power project in Cuddalore, Tamil Nadu with environment friendly super-critical technology. The project is envisaged to be implemented on integrated basis : mining of coal, transportation of coal, setting up of captive jetty for coal handling, and power generation

The Project has been domiciled in IL&FS Tamil Nadu Power Company Limited (ITPC). This project SPV is in process of acquiring land required for setting up the project. All major project studies have been completed. MOUs have been entered into with Power Trading Corporation, Tamil Nadu State Electricity Board and Power Grid Corporation for evacuation of power that would be generated from the project

- (iv) **Gujarat International Finance Tech City** : Gujarat International Finance Tec-City Company Limited. (GIFT), a Joint Venture promoted by IL&FS with Gujarat Urban Development Company Limited, Government of Gujarat implementing a global financial centre in terms of facilities and infrastructure that would provide an unrivalled business environment, supported by next level technology. The project demonstrates an example of a Public Private Partnership creating unique value proposition to all the stakeholders. Government of Gujarat has shown its full commitment to the project by provisioning land, resources and requisite approvals

GIFT has planned a phased implementation approach with Phase 1 taking up about 15% of the total built up area of the project and commensurate infrastructure components. Along with appropriate approvals, this phase is targeted for implementation during the coming year. In continuation of its commitment to the Project, IL&FS is desirous of taking up suitable investment in the implementation of Phase-I

- (h) **National Skill Development Initiative** : IL&FS Cluster Development Initiative Limited (ICDI), a Subsidiary of IL&FS has been able to successfully establish as a sustainable business solution provider for development of Micro, Small and Medium Enterprises through a cluster based and Public Private Partnership (PPP) mode. A significant development of ICDI during the year under review has been successful entry into the skill development sector, which has the potential to become the major key segment of the business of the Company in the coming years



ICDI efforts of training youth from poorer states like Orissa and Bihar and placing them with apparel manufacturing units in Karnataka and Kerala where the manpower is scarce. Based on the performance review of the project and assessment of costs being incurred, the Ministry of Rural Development, Government of India has increased the assistance from Rs 5,000 to Rs 9,500 per person which has enhanced the viability of the project

With a view to develop the traditional medicine viz, Ayurveda, Yoga, Unani, Siddha and Homeopathy (AYUSH), the Ministry of Health & Family Welfare, Government of India has launched a cluster development scheme and has appointed ICDI as Project Management Agency

IV BRIEF HISTORY OF ISSUER COMPANY SINCE INCORPORATION, DETAILS OF REORGANIZATION/ CHANGES IN CAPITAL STRUCTURE/ BORROWINGS

(A) Background

IL&FS has been originally promoted by erstwhile Unit Trust of India (UTI) – India’s first Mutual Fund institution, Central Bank of India (CBI) – one of the leading Nationalised Banks, and Housing Development Finance Corporation Limited (HDFC) – a Premier Housing Finance Institution

At present, the Institutional shareholders of IL&FS include, State Bank of India, Life Insurance Corporation of India, ORIX Corporation, Japan, Abu Dhabi Investment Authority

IL&FS is a professionally managed organisation with the Board of Directors comprising of nominees of the Institutional Shareholders and Independent Directors

(B) Business Re-organization :

Over the past three years, considerable efforts had been undertaken to streamline various business operations of the IL&FS Group (includes IL&FS and its major Subsidiaries & Affiliates) including divestment of non-core businesses and activities, agglomeration of co-generic initiatives and skills sets, and re-positioning of key personnel, with the objective of domiciling the businesses in entities with a singular regulatory supervisor, as well as to create an enabling framework to grow businesses both inorganically and organically and realise value over a period of time

Accordingly, a business re-organisation was undertaken by IL&FS in order to create entities each of which would be able to operate under a singular regulatory paradigm to the extent practicable. Pursuant to this, the Company undertook Re-organisation through two Schemes of Arrangement under Sections 391 to 394 of the Companies Act, 1956



Accordingly, with the approval of the Hon'ble High Court of Bombay to the first Scheme of Arrangement dated September 28, 2007, the Company has demerged its business activities as :

- (a) All Financial Services Business including lending, syndication and advisory have been domiciled in IL&FS Financial Services Limited
- (b) All Capital Market related activities have been domiciled in IL&FS Securities Services Limited
- (c) Portfolio related activities have been domiciled in IL&FS Portfolio Management Services Limited

As a result of the foregoing, IL&FS emerged as the Holding Company of the Group carrying on the following businesses, in addition to infrastructure development :

- Exposure to Group Companies and
- Real Estate Assets

In line with the IL&FS Group Strategy, to enable IL&FS Financial Services Limited (IFIN) to meet the external challenges from the financial services environment, the entire financial services activities and specified assets as well as liabilities thereto have been transferred to IFIN through second Scheme of Arrangement. The Hon'ble High Court, Bombay provided its approval for the second Scheme of Arrangement for transfer of specified assets and liabilities pertaining to financial services activities to IFIN on April 11, 2008

(C) Capital Structure

The authorised share capital of the Company is Rs 3,000,000,000/- (Rupees Three Billion) divided into 150,000,000 equity shares of Rs 10/- each, and 15,000,000 redeemable cumulative preference shares of Rs 100/- each

AUTHORISED

As at March 31st	(Rupees)	
	2010	2009
150,000,000 Equity Shares of Rs.10 each	1,500,000,000	1,500,000,000
15,000,000 Redeemable Cumulative Preference Shares of Rs.100 each	1,500,000,000	1,500,000,000

ISSUED AND SUBSCRIBED AND PAID UP

As at March 31st	(Rupees)	
	2010	2009
112,607,839 Equity Shares of Rs 10 each fully paid up	1,126,078,390	1,108,204,130
1,362,912 Equity Shares of Rs 10 each, paid up to the extent of Rs 1 each	1,362,912	--

Share Capital History of the Company (Equity)

Date of Allotment	No. of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Nature of allotment
September 16, 1987	7	100	100	Allotment to subscribers
January 7, 1988	599,993	100	100	Issue of shares
November 15, 1989	400,000	100	100	Rights Issue
March 20, 1990	200,000	100	100	Rights Issue
March 23, 1993	470,667	100		Bonus issue in the ratio of 1:3 ratio
March 31, 1993	212,000	100	165	Conversion of 10% Cumulative Convertible Preference Shares allotted on Sep 24, 1991
March 31, 1993	3,966,000	100	250	Issue of shares
April 6, 1993	34,000	100	250	Issue of shares
	* 5,882,667			
	58,826,670			
September 8, 1994	19,608,840	10	90	Issue of shares
April 30, 1995	7,843,551	10	10	Bonus Issue in the ratio of 1:10
October 20, 1998	2,150,000	10	10	Preferential allotment to Unit Trust of India
December 12, 2001	18,816,500	10	60	Conversion of Zero Coupon Fully Convertible Debentures into equity shares
March 31, 2008	1,787,426	10	85.06	Conversion of Warrants Series A issued at a premium of Rs.75.06 per shares
March 31, 2009	1,787,426	10	85.06	Conversion of Warrants Series B issued at a premium of Rs.75.06 per shares
March 31, 2010	1,787,426	10	85.06	Conversion of Warrants Series C issued at a premium of Rs.75.06 per shares
Total	112,607,839			

* 5,882,667 Equity shares of Rs 100/- each were sub-divided into 58,826,670 equity shares of Rs 10 each with effect from August 20, 1993

Partly Paid Shares

June 30, 2009 @	1,362,912	10	191.44	Preferential allotment to IL&FS Employees Welfare Trust
June 30, 2010 @	1,362,912	10	191.44	Preferential allotment to IL&FS Employees Welfare Trust

@ The Company has issued 5,451,650 equity shares to IL&FS EWT constituting 5% paid-up capital of the Company. As per the terms of issue, the Company has allotted 2,725,824 partly paid equity shares of Rs 10 each at a premium of Rs 191.44 per share to IL&FS EWT. The Shares are currently partly paid to the extent of Rs 1 per share

(D) DETAILS OF PRIVATE PLACEMENTS OF NCDs

Details of Private Placement of Debentures during the last 3 Financial Years, are provided below :

Year of Issue	No of Debentures	Amount Mobilised (Rs Mn)
2009-2010	39,058,940	39,058.94
2008-2009	48,628,558	48,628.56
2007-2008	54,548,362	54,548.36

V DEBT SECURITIES TO BE ISSUED AND LISTED UNDER CURRENT DOCUMENT

Under the purview of the current document, the Company is intending to raise an amount of Rs.75 Crores, with an option to retain over-subscription upto Rs.75 Crores under 2010 Series VII

VI DETAILS OF THE ISSUE SIZE

The Company proposes to issue 750,000 Secured Redeemable Non-Convertible Debentures of the face value of Rs.1,000 each for cash at par, by way of private placement (the issue) aggregating Rs.75 Crores (in face value terms) with an option to retain over-subscription upto Rs.75 Crores, as detailed below :

BROAD TERMS OF THE ISSUE OF DEBENTURES

2010 Series VII

Nature of Instrument	Secured Redeemable Non-Convertible Debentures
Face Value	Rs 1000/- per Debenture
Price	Rs.1000 per debenture
Tenor	Upto 10 Years from the date of allotment
Issue Size	750,000 NCDs of Rs.1000 each aggregating to Rs.75 Crores and with an option to retain over-subscription upto Rs 75 Crores
Type of Interest	Simple interest @ 9.35% pa for 3 years, 9.10% pa for 5 years and 9.20% pa for 10 years
Coupon Rate	9.35% pa for 3 years, 9.10% pa for 5 years and 9.20% pa for 10 years
Coupon Payment Frequency	Annually on December 24,th, each year
Interest on Application Money	Interest on application money at the coupon rate from the date of realisation of cheque till one day prior to the date of allotment
Put/ Call Option	Not applicable
Redemption	The debentures are redeemable on December 24, 2013, December 24, 2015 and December 24, 2020

The Company is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason thereof. An application form, which is not complete in all respects, shall be liable to be rejected. Any application, which has been rejected, would be intimated by the Company along with a refund warrant

VII DETAILS OF UTILISATION OF THE ISSUE PROCEEDS

The Company is in the business of infrastructure development and the proposed issue is to augment the long-term resources requirement of the Company for its business activities including refinancing the existing debt

VIII MATERIAL CONTRACTS INVOLVING FINANCIAL OBLIGATION

The contracts referred to below (not being contracts entered into the ordinary course of business carried on by the Company) which are or may be deemed material have been entered into by the Company.

Copies of these contracts together with the copies of these documents referred to below may be inspected at the Registered Office of the Company between 10:00 am and 12:00 noon on any working day of the Company

MATERIAL DOCUMENTS

- (i) Memorandum and Articles of Association of the Company as amended from time to time
- (ii) Copy of certificate of Incorporation of the Company dated September 3, 1987
- (iii) Copy of certificate of Commencement of Business dated October 13, 1987
- (iv) Audited Accounts of the Company for the year ended March 31, 2010, 2009, 2008, 2007, and 2006 and the Auditors' Report thereon
- (v) Certified true copy of Board Resolution dated April 22, 2010, authorizing the issue of private placement of debentures
- (vi) Certified true copy of the Resolution of the Members of the Company passed at the Annual General Meeting of the Company held on August 11, 2008 authorising borrowing powers under Section 293 (1)(d) of the Companies Act 1956
- (vii) Certified true copy of the Resolution of the Members of the Company passed at the Annual General Meeting held on September 25, 2010 appointing Messrs Deloitte Haskins and Sells, Chartered Accountants as Statutory Auditors of the Company
- (viii) Copy of letter from Fitch Ratings India Private Limited dated December 1, 2010 assigning **“AAA(Ind)”** for the Debentures issued/to be issued by the Company under this document
- (ix) Copy of tripartite agreement dated July 30, 2001 between the Company, Link Intime India Private Limited (erstwhile Intime Spectrum Registry Limited) and National Securities Depository Limited
- (x) Copy of tripartite agreement dated July 25, 2001 between the Company, Link Intime India Private Limited (erstwhile Intime Spectrum Registry Limited) and Central Depository Securities Limited
- (xi) Investment Agreement dated December 16, 1992 between IL&FS and ORIX Corporation, Japan
- (xii) Share Purchase Agreement dated June 15, 2006 between IL&FS Employees Welfare Trust, Abu Dhabi Investment Authority and IL&FS

IX DETAILS OF PAST BORROWINGS

(A) PREVIOUS DEBENTURE ISSUES – AS ON September 30, 2010

Sr No	Description (Series)	Date of Issue	Issue Size NCDs of Rs.1000 each	Amt. of Issue (Rs Mn)	Amt Outstanding (Rs Mn)	Terms of Issue			Tenor
						Interest Rate	Put / Call option	Security	
SECURED									
1	M	27.10.98	500,000	500.00	395.00	Rate of interest not exceeding 15.50% p.a. payable annually and/or at a spread of not exceeding 3.50% p.a. payable annually over and above the rate of interest	As mutually agreed	Pari-passu charge on common pool of assets	Not exceeding 12 years
2	1999-I	26.04.99	1,500,000	1500.00	158.68	Not exceeding 15.5 and/or not exceeding 4% over the bench mark rate	--	Pari-passu charge on common pool of assets	Not exceeding 15 years
3	2001 - II	30.04.01	500,000	500.00	330.30	Not exceeding 11% pa payable annually, semi-annually or quarterly as may be mutually agreed with the holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on common pool of assets	Not exceeding 10 years
4	2001 - IV	30.04.01	1,000,000	1000.00	175.00	Not exceeding 12% pa payable annually or at a spread not exceeding 2.5% over any benchmark rate	Not applicable	Pari-passu charge on common pool of assets	Not exceeding 10 years
5	2001-IXA & IX B	19.12.01	500,000	500.00	38.125	Fixed interest rate not exceeding 11% pa or floating rate of not exceeding 250 basis points over bench mark rate payable annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on common pool of assets	Not exceeding 15 years

6	2001-X	18.09.00	500,000	500.00	285.8	Not exceeding 11% pa payable monthly or quarterly or semi-annual or annual	At such price and at the end of such period as agreed at the time of allotment/ reissue	Pari-passu charge on common pool of assets	Not exceeding 15 years
7	2001-XI	18.09.00	250,000	250.00	199.5	Not exceeding 14% pa payable monthly or quarterly or semi-annual or annual	At such price and at the end of such period as agreed at the time of allotment/ reissue	Pari-passu charge on Common pool of assets	Not exceeding 15 years
8	2001-XII	24.04.02	400,000	400.00	100.00	Not exceeding 11% p.a. payable annually / semi annually	At such price and at the end of such period as agreed at the time of allotment/ reissue	Pari-passu charge on the common pool of assets	Not exceeding 7 years from the Date of Allotment
9	2002-II	28.3.02	300,000	300.00	nil	Not exceeding 11% p.a. Annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 15 years
10	2002-VIII	14.11.02	1,250,000	1,250.00	1,050.00	Not exceeding 7% p.a. payable annually/ semi annually	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on the common pool of assets	Not exceeding 3 years from the Date of Allotment
11	2002-X	28.03.02	100,000	100.00	00.00	Not exceeding 9.50% p.a. Annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 15 years
12	2002-XI	28.03.02	250,000	250.00	164.315	Not exceeding 9.50% p.a. Annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 15 years
13	2002-XII	28.03.02	400,000	400.00	1.09	Not exceeding 9.00% p.a. Annual or semi annual or quarterly	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 15 years

14	2003-III	16.12.02	250,000	250.00	70.85	Not exceeding 9% p.a. Annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 15 years
15	2004-IV	07.07.04	50,000	50.00	1.25	Not exceeding 10.00% p.a. Annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 5 years
16	2004-VII	24.11.04	250,000	250.00	7.50	Not exceeding 250 basis points over 5 year G Sec Rate. Annual or semi annual or quarterly, as agreed with the debenture holders	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on Common pool of assets	Not exceeding 5 years
17	2005-VI	10.01.06	750,000	750.00	449.42	Not exceeding 250 bps over corresponding G-Sec rate	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on the common pool of assets	Not exceeding 15 years
18	2005-VII	14.03.06	500,000	500.00	0.00	For Fixed instruments -Not exceeding 9.5% pa For Floating instruments – Not exceeding NSE MIBOR + Spread not exceeding 200 bps	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on the common pool of assets	Not exceeding 1 years from the Date of Allotment
19	2006-II	19.09.07	5,00,000	500	Nil	NSE MIBOR + spread (spread no exceeding 200 bps)	Daily	Pari-passu charge on common pool of assets	Not exceeding one year from the deemed date of allotment
20	2006-III	15.09.07	5,00,000	500	Nil	NSE MIBOR + spread (spread no exceeding 200 bps)	Daily	Pari-passu charge on common pool of assets	Not exceeding one year from the deemed date of allotment
21	2006-IV	15.01.07 16.01.07 21.02.07	1,00,000 3,50,000 50,000	100 350 50	Nil Nil Nil	NSE MIBOR + spread (spread no exceeding 200 bps)	Daily	Pari-passu charge on common pool of assets	Not exceeding one year from the deemed date of allotment

22	2006-V	22.12.06	1,600,000	1600.00	1575.00	Not exceeding 8.85% for 5 years and 9.25% pa for 10 years	None	Pari-passu charge on the common pool of assets	Not exceeding 10 years from the Date of Allotment
23	2006-VI	18.01.07	650,000	650.00	00.00	Not exceeding 9.20% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 15 months & 5 days from the Date of Allotment
24	2006-VII	18.01.07 22.01.07 09.02.07 12.02.07	3,00,000 5,00,000 4,00,000 3,00,000	300 500 400 300	Nil Nil Nil Nil	NSE MIBOR + spread (spread no exceeding 200 bps)	Daily	Pari-passu charge on common pool of assets	Not exceeding 1 years from the Date of Allotment
25	2006-VIII	20.03.07	884,400	884.00	884.40	Not exceeding 10.50% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 7 years from the Date of Allotment
26	2006-IX	20.03.07	1,000,000	1,000.00	00.00	Not exceeding 10.75% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 18 months from the Date of Allotment
27	2006-X	29.03.07	250,000	250.00	250.00	Not exceeding 10.50% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 5 years from the Date of Allotment
28	2006-XI	29.03.07	500,000	500.00	500.00	Not exceeding 10.75% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 24 months from the Date of Allotment
29	2007-I	18.04.07	530,000	530.00	530.00	Not exceeding 10.75% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 18 Months + 2 days from the Date of Allotment
30	2007-II	11.06.07	615,600	615.60	615.60	Not exceeding 10.50% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 10 Years from the Date of Allotment

31	2007-III	13.06.07	300,000	300.00	0.00	Not exceeding 10.20% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
32	2007-V	13.07.07	600,000	600.00	nil	Not exceeding 9.50% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 24 Months from the Date of Allotment
33	2007-VI	13.07.07	400,000	400.00	400.00	Not exceeding 9.60% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 36 Month from the Date of Allotment
34	2007-VII	27.07.07	500,000	500.00	0	Not exceeding 9.35% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 36 Months from the Date of Allotment
35	2007-IX	22.10.07	570,000	570.00	270.00	Not exceeding 9.35% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 36 Months from the Date of Allotment
36	2007-X	22.10.07	600,000	600.00	350.00	Not exceeding 9.35% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 36 Months from the Date of Allotment
37	2007-XVI	15.03.08	2762	2.762	2.762	Not exceeding 9.60% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 36 Months from the Date of Allotment
38	2008-I	17.06.08	1500000	1300	900	Not exceeding 15.00% pa	As may be agreed between IL&FS and NCD holder	Pari-passu charge on the common pool of assets	Not exceeding 12 months from the Date of Allotment

39	2008-II	26-09-08	300000	300	250	Not exceeding 15.00% pa	Mar 13, 2009	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
40	2008-III	25-07-08	500000	500	nil	Not exceeding 11.65% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 438 days from the Date of Allotment
41	2008-IV	26-09-08	500000	500	500	Not exceeding 15.00% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
42	2008-V	13-10-08	350000	350	350	Not exceeding 12.5% pa	None	Pari-passu charge on the common pool of assets	Not exceeding 24 Months from the Date of Allotment
43	2008-VI	13-10-08	5000	5	5	Not exceeding 12.00 % pa	None	Pari-passu charge on the common pool of assets	Not exceeding 36 Months from the Date of Allotment
44	2008-VII	18-10-08	45000	3.2	12.64	Not exceeding 14.00% pa for 60 months and not exceeding 7.5% pa for 36 months	None	Pari-passu charge on the common pool of assets	Not exceeding 60 Months from the Date of Allotment
45	2008-VIII	17-11-08	1000000	1000	nil	Not exceeding 13.00 % pa	None	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
46	2008-IX	15-12-08	14000000	1400	1400	Not exceeding 12.20 % pa	None	Pari-passu charge on the common pool of assets	Not exceeding 120 Months from the Date of Allotment

47	2008-X	9-01-2009	500000	500	0	For Fixed instruments -Not exceeding 13.00 pa For Floating instruments – Not exceeding NSE MIBOR + Spread not exceeding 350 bps	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
48	2008-XI	14-01-2009	700000	700	100	For Fixed instruments -Not exceeding 13.00% pa For Floating instruments – Not exceeding NSE MIBOR + Spread not exceeding 350 bps	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
49	2008-XII	27-01-2009	2000000	2000	0	For Fixed instruments -Not exceeding 13.00% pa For Floating instruments – Not exceeding NSE MIBOR + Spread not exceeding 350 bps	At such price and at the end of such period as agreed with the debenture holders	Pari-passu charge on the common pool of assets	Not exceeding 12 Months from the Date of Allotment
50	2009-I	18.06.2009	500000	500.00	500.00	Not exceeding 300 bps over the corresponding G-Sec rate	At such price and at the end of such period as agreed with the debenture holders	Pari passu charge on Common Pool of assets	Not exceeding 1 Year from the date of allotment
51	2009-II	03.07.2009	1500000	1500.00	1500.00	Not exceeding 8.35% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 3 Years from the date of allotment
52	2009-III	09.07.2009	1500000	1500.00	1500.00	Not exceeding 9.00% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 5 Years from the date of allotment
53	2009 IV	17.08.2009	2451000	2451.00	2451.00	Not exceeding 9.25% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 7 Years from the date of allotment
54	2009-V	31.08.2009	2000000	2000.00	2000.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Pari passu charge on Common Pool of assets	Not exceeding 1 Year from the date of allotment

55	2009 VI	09.10.2009	500000	500.00	500.00	Not exceeding 7.6% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 17 months & 27 days from the date of allotment
55	2009 VII	30.11.09	1250000	1250.00	1250.00	Not exceeding 7.6% pa	None	Common Security pool on a pari passu basis	Not exceeding 1 year from the date of allotment
56	2009 VIII	30.11.09	1000000	1000.00	1000.00	Not exceeding 7.6% pa	None	Common Security pool on a pari passu basis	Not exceeding 2 years from the date of allotment
57	2009 IX	23.11.09	1000000	1000.00	1000.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Common Security pool on a pari passu basis	Not exceeding 91days from the date of allotment
58	2009 X	24.11.09	1000000	1000.00	1000.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Common Security pool on a pari passu basis	Not exceeding 91days from the date of allotment
58	2009 XI	16.12.09	500000	500.00	500.00	Not exceeding 6.30% pa	None	Common Security pool on a pari passu basis	Not exceeding 1 year from the date of allotment
59	2009 XII	20.01.10	1000000	1000.00	15.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Common Security pool on a pari passu basis	Not exceeding 91days from the date of allotment
60	2009 XIII	21.01.10	1000000	1000.00	0.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Common Security pool on a pari passu basis	Not exceeding 91days from the date of allotment
61	2009 IV	27.01.10	1000000	1000.00	0.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Common Security pool on a pari passu basis	Not exceeding 91days from the date of allotment

62	2009 XV	22.02.10	2000000	2000.00	0.00	Effective rate of interest as per the requirement of prevailing market	At such price and at the end of such period as agreed with the debenture holders	Common Security pool on a pari passu basis	Not exceeding 12 months from the date of allotment
63	2009 XVI	05.03.10	3000000	3000.00	3000.00	Not exceeding 9.20% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 10 Years from the date of allotment
64	2010 V	20.05.10	3500000	3500.00	3500.00	Not exceeding 8.96% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 15 Years from the date of allotment
65	2010 VI	17.08.10	1500000	1500.00	1500.00	Not exceeding 9.35% pa	None	Pari passu charge on Common Pool of assets	Not exceeding 25 Years from the date of allotment

UNSECURED

66	2001-V	12.12.01	1,000,000	1,000.00	772.24	Not exceeding 12% p.a. and/or benchmark rate and spread	At such price and at the end of such period as agreed with the debenture holders	NA	Not exceeding 10 years from the date of allotment
67	2004-VI	09.12.04	1,000,000	1,000.00	1,000.00	Not exceeding 9% p.a. and/or benchmark rate and spread	At such price and at the end of such period as agreed with the debenture holders	NA	Not exceeding 10 years from the date of allotment
68	2005-I	03.05.05	500,000	500.00	100.00	Not exceeding 9% p.a. and/or benchmark rate and spread	At such price and at the end of such period as agreed with the debenture holders	NA	Not exceeding 11 years from the date of allotment



69	2006-I	10.07.06	1,000,000	1,000.00	980.00	Not exceeding 10% pa	None	NA	120 months from the date of allotment
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Notes :IL&FS has not entered into any stand-by buy back or similar arrangements for these Debentures

(B) SECURED LOANS : Secured loans as on September 30, 2010 stood at Rs.28,742.86.72 million

(C) UNSECURED LOANS : Unsecured loans as on September 30, 2010 stood at Rs.14,257.93 million

X MATERIAL DEVELOPMENT

Save as stated elsewhere in this Document, since the date of last published audited statement, no material developments have taken place that will materially affect the performance of the prospects of the Company

XI DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, AT PREMIUM OR AT DISCOUNT, IN PURSUANCE OF AN OPTION

The Company has not issued any debt securities for consideration other than cash, at premium or at discount, in pursuance of an option

XII DETAILS OF HIGHEST TEN HOLDERS OF EACH KIND OF SECURITIES

EQUITY SHARES : List of Top Ten Shareholders as on September 30, 2010

Fully Paid up Shares of Rs 10 each :

Sr No	Name of Shareholder	Address of the Shareholder	Number of Shares	%
1	Life Insurance Corporation of India	Yogakshema, Jeevan Bhima Marg, Mumbai 400021	29,921,511	26.57
2	ORIX Corporation, Japan	3-22-8, Shiba, Minato-ku, Tokyo, 105-8683 JAPAN	25,542,452	22.68
3	Housing Development Finance Corporation Ltd	Ramon House 169 Backbay Reclamation, Mumbai 400023	14,049,500	12.48
4	Abu Dhabi Investment Authority	C/o Standard Chartered Bank, Securities Services, 23-25, MG Road, Fort, Mumbai 400001	13,094,327	11.63
5	IL&FS Employees Welfare Trust & Others	The IL&FS Financial Centre, Bandra-Kurla Complex, Bandra (E), Mumbai 400051	10,140,879	9.00
6	Central Bank of India	Chandermukhi	9,843,386	8.74

		Nariman Point Mumbai 400021		
7	State Bank of India	Securities Services Br, Horniman Circle, BS Marg, Fort, Mumbai 400023	8,237,967	7.32
8	UTI Unit Linked Insurance Plan	UTI Towers, Gr Flr, Bandra-Kurla Complex, Bandra (E), Mumbai 400051	946,000	0.84
9	India Discovery Fund Ltd	C/o Deutsche Bank AG DB House, H Somani Marg, Fort Mumbai 400 001	559,090	0.50
10	Bay Capital Inv. Managers P Ltd A/c PMS Client Account	HDFC Bank Ltd Lodha-I Think Techno Campus, 8th Floor Nest to Kanjurmarg Station, Mumbai 400 042	272,727	0.25
	Total		112,607,839	100.00

Partly Paid up Shares of Rs 10 each paid up to extent of Rs 1 per share :

Sr No	Name of Shareholder	Address of the Shareholder	Number of Shares	%
1	IL&FS Employees Welfare Trust & Others	The IL&FS Financial Centre, Bandra-Kurla Complex, Bandra (E), Mumbai 400051	2,725,824	100.00

XIII UNDERTAKING TO USE A COMMON FORM OF TRANSFER

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these debentures held in electronic form. The seller should give delivery instructions containing detail of the buyer's DP account to his depository participant. The issuer undertakes that there will be common transfer form/ procedure for transfer of debentures

XIV REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION

Tenor	The debentures under 2010 Series VII are issued for periods of 3, 5 and 10 years from the date of allotment (i.e) redeemable on December 24, 2013, December 24, 2015 and December 24, 2020
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Coupon Rate	The debentures under 2010 Series VII carry a coupon at a rate of 9.35% pa for 3 years, 9.10% pa for 5 years and 9.20% pa for 10 years, payable annually
Redemption Date	December 24, 2013, December 24, 2015 and December 24, 2020
Minimum Subscription	In terms of the subsequent clarifications issued by SEBI (RefNo.SEBI/MRD/SE/AT/46/2003) dated December 22, 2003 the minimum subscription is not applicable to privately placed debt securities.
Trading	The debentures will be traded in dematerialised form only in market lot of Rs.1 lakh or as may be notified by the Stock Exchange from time to time, in the anonymous, order driven system of the stock exchanges in a separate trading segment
Depository/ies	National Securities Depository Limited and Central Depository Services (India) Limited
Security	The Secured Debentures issued by the Company under this Document, would be secured by creation of pari-passu, charge on the Common Pool of assets of the Company with a cover of 1.25 times, on the terms and conditions as may be agreed with the Debenture Trustee and as defined in the Debenture Trust Deed
Settlement	Payment of interest and principal will be made by way of cheque(s)/ interest warrant(s)/ demand draft(s)/ credit through RTGS system

XV INFORMATION RELATING TO THE TERMS OF OFFER

(i) GENERAL TERMS OF THE ISSUE

The terms and conditions pertaining to the issue for private placement of Debentures aggregating to Rs.75 Crores with an option to retain over-subscription upto Rs.75 Crores, is at the sole discretion of the Company. Participation and subscription is subject to the completion of the application form and submission of relevant documents along with the subscription money.

(ii) DEEMED DATE OF ALLOTMENT

The debentures 2010 Series VII issued under this Offer document will be allotted on December 24, 2010

(iii) INTEREST ON THE COUPON BEARING DEBENTURES

- (a) **Interest Rate** : Debentures shall carry interest at a fixed coupon rate from the corresponding deemed date of allotment

The interest shall be subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income tax Act, 1961, or any other statutory modification or re-enactment thereof, for which a certificate will be issued by the Company

- (b) **Computation of Interest** : Interest for each of the interest periods shall be computed on an actual days in a year basis on the principal outstanding on the Debentures at the coupon rate. However, where the interest period (start date to end date) includes 29th February, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the Debentures at the coupon rate

- (c) **Payment of Interest** : The interest will be payable to the beneficiaries as per the list of beneficiaries provided by the Depository which includes National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the record date

(iv) INTEREST ON APPLICATION MONEY

In case of interest on application money, interest at the applicable coupon rate/ implicit yield (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Company) will be paid on the application money. Such interest shall be paid from the date of realisation of the cheque(s)/ demand draft(s) up to but not including the deemed date of allotment. The respective interest payment instruments along with the letters of allotment/ refund orders, as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant

(v) TAX DEDUCTION AT SOURCE (TDS)

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. For seeking TDS exemption/lower rate of TDS, relevant certificate/ document must be lodged by the debenture holders at the office of the Transfer Agents of the Company at least 30 days before the interest payment becoming due. Tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form



(vi) REDEMPTION

The debentures under 2010 Series VII are redeemable on December 24, 2013, December 24, 2015 and December 24, 2020

(vii) TRANSFERABILITY

The Debenture issued will be freely transferable and transmittable

(viii) PAYMENT ON REDEMPTION

Payment of the redemption amount of the Debentures will be made by the Company to the beneficiaries as per the beneficiary list provided by the Depository as on the record date

The Debentures shall be taken as discharged on payment of the redemption amount by the Company to the beneficiaries as per the beneficiary list. Such payment will be a legal discharge of the liability of the Company towards the Debenture Holders. On such payment being made, the Company will inform Depository (NSDL/CDSL) and accordingly the account of the Debenture holders with NSDL/ CDSL will be adjusted

The Company's liability to the debenture holder in respect of all their rights including for payment or otherwise shall cease and stand extinguished after maturity in all events save and except the Debenture Holder's right of redemption as stated above

On the Company dispatching the payment instrument towards payment of the redemption amount as specified above in respect of the Debentures, the liability of the Company shall stand extinguished

(ix) EFFECT OF HOLIDAYS

Should any of dates defined above or elsewhere in this Document, excepting the deemed date of allotment, fall on a Saturday, Sunday or a public holiday, the next working day shall be considered as the effective date(s). The Company's liability to the debenture holder in respect of all their rights including for payment or otherwise shall cease and stand extinguished after maturity in all events save and except the Debenture Holder's right of redemption as stated above

(x) LETTER OF ALLOTMENT AND DEBENTURE CERTIFICATE IN DEMAT MODE

The Company will make allotment of Debentures to investors in due course after verification of the application form, the accompanying documents and on realisation of the application money. The allotted Debentures at the first instance will be credited in dematerialised form on Letter of Allotment ISIN



(LOA ISIN) within seven days of the date of allotment. The Company will instruct the Depositories (NSDL/CDSL) to convert the said LOA ISIN to Secured Debenture ISIN immediately after the receipt of confirmation of registration of charge from the Registrar of Companies

(xi) RIGHT TO ACCEPT OR REJECT APPLICATIONS

The Company is entitled at its sole and absolute discretion to accept or reject an application, in part or in full, without assigning any reason thereof. An application form, which is not complete in all respects, shall be liable to be rejected. Any application, which has been rejected, would be intimated by the Company along with a refund warrant

(xii) RECORD DATE

The record date will be 30 days prior to each interest payment/ principal repayment date

(xiii) RIGHT OF COMPANY TO PURCHASE & RE-ISSUE DEBENTURES

The Company will have the power exercisable at its absolute discretion from time to time to purchase some or all of the Debentures held by the Debenture holder at any time prior to the specified date(s) of redemption. Such buy-back of Debentures may be at par or at premium/discount to the par value at the sole discretion of the Company. In the event of the Debentures being so purchased and/or redeemed before maturity in any circumstances whatsoever, the Company shall have the right to re-issue the Debentures under Section 121 of the Companies Act, 1956

(xiv) FUTURE BORROWINGS

The Company shall be entitled, from time to time, to make further issue of Debentures and or such other instruments to the public, members of the Company and/or avail of further financial and/or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its properties without the consent of Debenture holders

(xv) RIGHTS OF DEBENTURE HOLDERS

The Debenture holder will not be entitled to any rights and privileges of Shareholders other than those available to them under applicable statutory provisions

The Debentures shall not confer upon the Debenture holder the right to receive notice, or to attend and vote at the general meetings of Shareholders of the Company

(xvi) TRUSTEES

Centbank Financial Services Limited (*a wholly owned subsidiary of Central Bank of India*), Central Bank MMO Building, 6th Floor, 55 MG Road, Fort, Mumbai 400 001 has consented to act as the Debenture Trustee for the holders of the Debentures issued under this Offer Document (hereinafter referred to as 'Trustees')

The debenture holders shall, without any further act or deed, be deemed to have irrevocably given their consent to the appointment of the Trustees by the Company. The Debenture-holders shall, without further act or deed, also be deemed to have already given their consent to and authorised the Trustees, or any of their Agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Trustees may in their absolute discretion deem necessary or required to be done in the interest of the Debenture-holders. All rights and remedies under the Debenture Trust Deed(s) and/or other security documents shall vest in and be exercised by the Trustees without having it referred to the Debenture-holders

(xvii) DEBENTURES IN DEMATERIALISED FORM

The Company has made provisions with National Securities Depository Limited (NSDL) and Central Depository Services Ltd (CDSL) to issue the Debentures in dematerialised form to all successful applicants. All provisions relating to issue, allotment, transfer, transmission, etc. in respect of dematerialisation and rematerialisation of the Debentures will be as prescribed under the Depositories Act, 1996 and the rules by NSDL/CDSL would be applicable to these Debentures

(xviii) MODIFICATION OF RIGHTS

The Debenture holders' rights, privileges, terms and conditions attached to the Debentures under any series may be varied, modified or abrogated with the consent, in writing, of those holders of the Debentures under the series who hold at least three-fourth of the outstanding amount of the Debentures or with the sanction accorded pursuant to a resolution passed at a meeting of the Debenture holders under the series, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Debentures which are not acceptable to the Company

(xix) NOTICES

The notices to the Debenture holders required to be given by the Company or the Trustees shall be deemed to have been given if sent by ordinary post or through Courier services to the sole/first allottee or sole/first registered holder of the Debentures, as the case may be. All notices to be given by Debenture holders shall be sent by registered post or by hand delivery to the Company at its Registered Office

(xx) KYC COMPLIANCE

The applications that do not conform to the KYC Norms issued by Reserve Bank of India for Banks, NBFCs and Financial Institutions are liable for rejection. The documents required to be produced are provided in the application form

(xxi) HOW TO APPLY

Applications for the Debentures must be in the prescribed form, and must be completed in block letters in English

(xxii) WHO CAN APPLY?

Only the Eligible Investors who are specifically addressed through a communication directly are eligible to apply for the Debentures. No other person may apply.

“Eligible Investors”, *inter-alia*, includes to the following category of investors who may invest in the Debentures proposed to be issued hereunder:

1. Banks;
2. Public Financial Institutions (as defined under Section 4A of the Companies Act);
3. Non Banking Financial Companies;
4. Companies;
5. Foreign Institutional Investors including any sub-account thereof registered with SEBI under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.;
6. Mutual Funds; and
7. Insurance Companies

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/ constitutional documents/ bye-laws; (ii) resolution authorising investment and containing operating instructions; (iii) specimen signatures of authorized signatories;

(xxiii) SUCCESSION

In the event of demise of the Debenture holder, the Company will recognize the executor or administrator of the deceased Debenture holder, or the holder of succession certificate or other legal representative as having title to the Debentures. The Company shall not be bound to recognize such executor, administrator or holder of the succession certificate or other legal representative as having title to the Debentures, unless such executor or administrator obtains probate of letter or administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a competent Court in India having jurisdiction over the matter. The Directors of the Company may, in their absolute discretion, where they think fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognise such holder as being entitled to the Debentures standing in the name of the deceased Debenture holder on production of sufficient documentary proof or indemnity

(xxiv) OPTION TO ISSUE FURTHER DEBENTURES

The Company reserves the option to issue and allot Debentures of the Company other than stated in this Document

(xxv) GOVERNING LAW

The Debentures are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts in the city of Mumbai

(xxvi) UNDERTAKING BY THE COMPANY

The Company hereby undertakes that :

- (i) the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily.
- (ii) that all steps for completion of the necessary formalities for listing and commencement of trading at the stock exchange where the securities are to be listed are taken within seven working days of finalisation of date of allotment
- (iii) that the Company shall forward the details of utilisation of the funds raised through the Debentures duly certified by the Statutory Auditors, to the Debenture Trustees at the end of each half-year
- (iv) that the Company shall disclose the complete name and address of the Debenture Trustee in its Annual Report.



- (v) that the Company shall provide a compliance certificate to the Debenture Trustees (on yearly basis) in respect of compliance with the terms and conditions of issue of Debentures as contained in this Document
- (vi) that the Company shall furnish a confirmation certificate to the Debenture Trustees that the security created by the Company in favour of the Debenture Trustees is properly maintained and is adequate enough to meet the payment obligations towards the debenture holders in the event of default.
- (vii) that necessary cooperation with the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

XVI DISCOUNT ON THE OFFER PRICE

The debentures are issued for cash at par and not at discount to offer price

XVII. DEBT EQUITY RATIO

PARTICULARS	March 31, 2010	March 31, 2009	March 31, 2008
Debt/Equity Ratio	1.96	1.88	1.73

XVIII SERVICING BEHAVIOUR OF THE EXISTING DEBTS

The Company is discharging all its liabilities in time and would continue doing so in future as well. The Company has been paying regular interest and principal amount on redemption

XIX PERMISSION AND CONSENT FROM THE CREDITORS

The Debenture Trustee shall in future provide consent to the Company to create pari-passu charge for and on behalf of the Debenture holders, as provided in sub-clause xvi of **Clause XV** pertaining to Information Relating to Debenture Trustees

XX NAME OF DEBENTURE TRUSTEE

Centbank Financial Services Limited
Central Bank MMO Building, 6th Floor
Fort, Mumbai 400 023
Tel: (022) 4057 5757 Fax:(022) 2266 0260



The Company propose to appoint Centbank Financial Services Limited to act as Trustees for the Debenture holders. In-principle consent in writing of the Debenture Trustee has been obtained

XXI RATING RATIONALE ADOPTED BY RATING AGENCIES

Details of Credit Rating – **“AAA(Ind)”** by Fitch Ratings India Private Limited dated December 1, 2010

The rating is not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the rating agency on the basis of new information

XXII LISTING OF DEBENTURES

The Company shall get the debentures listed on the Wholesale Debt Market (WDM) segment of the Bombay Stock Exchange Limited

XXIII SUMMARY TERM SHEET

Issuer	Infrastructure Leasing & Financial Services Limited
Minimum Subscription	In terms of the subsequent clarifications issued by SEBI (Ref No:SEBI/MRD/SE/AT/46/2003) dated December 22, 2003, the minimum subscription is not applicable to privately placed debt securities
Tenor	The debenture under 2010 Series VII are issued for a period of 3 years, 5 years and 10 years ie, the debentures are redeemable completely on December 24, 2020
Coupon Rate	The debentures carry a coupon @ 9.35% pa for 3 years, 9.10% pa for 5 years and 9.20% pa for 10 years
Redemption Date	3 Years -December 24, 2013 5 Years- December 24, 2015 10 Years - December 24, 2020
Put / Call Option	Not applicable
Listing	The Debentures are proposed to be listed on the WDM Segment of the Bombay Stock Exchange Limited (BSE)
Issuance	Only in Dematerialised form

Trading	The Debentures will be traded in Dematerialised form only in market lot of Rs.1 lakh or as may be notified by the Stock Exchange from time to time, in the anonymous, order driven system of the stock exchanges in a separate trading segment
Depository	NSDL/ CDSL
Security	In case of the Secured Debentures to be issued by the Company under this Document, the same would be secured by creation of pari-passu charge on the Common Pool of assets of the Company with a cover of 1.25 times, on terms and conditions as may be agreed with the Debenture Trustee and as defined in Debenture Trust Deed
Rating	For long term debentures “AAA(Ind)” by Fitch Ratings India Private Limited
Settlement	Payment of interest and principal will be made by way of cheque(s)/ interest warrant(s)/ demand draft(s)/ credit through RTGS system
Issue Opening date	December 10, 2010
Issue Closing date	December 20, 2010
Deemed date of allotment	The debentures issued under 2010 Series VII will be allotted on December 24, 2010

For Infrastructure Leasing & Financial Services Limited

Authorised Signatory

Date : January 10, 2011