INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

(Infrastructure Development Finance Company Limited (the "Company"), with CIN L65191TN1997PLC037415, incorporated in the Republic of India with limited liability under the Companies Act, 1956, as amended (the "Companies Act"))

Registered Office: KRM Tower, 8th Floor, No.1, Harrington Road, Chetpet, Chennai 600 031
Tel: (9144) 4564 4000; **Fax:** (91 44) 4564 4022
Corporate Office: Naman Chambers, C-32, G-Block, Bandra-Kurla Complex Bandra (East), Mumbai 400 051
Tel: (91 22) 4222 2000; **Fax:** (91 22) 2654 0354
Compliance Officer and Contact Person: Mahendra N. Shah, Company Secretary
E-mail: InfrabondFY12_3@idfc.com; **Website:** www.idfc.com

PUBLIC ISSUE BY INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED ("COMPANY" OR "ISSUER") OF LONG TERM INFRASTRUCTURE BONDS OF FACE VALUE OF RS. 5,000 EACH, IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 80CCF OF THE INCOME TAX ACT, 1961 (THE "BONDS"), NOT EXCEEDING RS. 50,000.0 MILLION FOR THE FINANCIAL YEAR 2011 – 2012 (THE "SHELF LIMIT"). THE BONDS WILL BE ISSUED IN ONE OR MORE TRANCHES SUBJECT TO THE SHELF LIMIT FOR THE FINANCIAL YEAR 2011-2012 UNDER THE SHELF PROSPECTUS FILED WITH THE ROC, STOCK EXCHANGES AND SEBI ON SEPTEMBER 29, 2011 AND THE RESPECTIVE TRANCHE PROSPECTUS. THE THIRD TRANCHE OF BONDS (THE "TRANCHE 3 BONDS") FOR AN AMOUNT NOT EXCEEDING RS. 37,000.0 MILLION SHALL BE ISSUED ON THE TERMS SET OUT IN THE SHELF PROSPECTUS AND THIS PROSPECTUS – TRANCHE 3 (THE "ISSUE").

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

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, Investors must rely on their own examination of the Company and the Issue including the risks involved. **Investors are advised to refer to "Risk Factors" on page IX, before making an investment in this 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 3, contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in the Shelf Prospectus and this Prospectus – Tranche 3 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 material facts, the omission of which makes the Shelf Prospectus and this Prospectus – Tranche 3 as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

ICRA Limited ("**ICRA**") has vide its letter no. 2011-12/MUM/418 dated August 17, 2011 and revalidated through its letter dated November 8, 2011 assigned a rating of (ICRA)AAA to the Tranche 3 Bonds proposed to be issued by the Company, pursuant to the Shelf Prospectus and this Prospectus – Tranche 3. This rating of the Tranche 3 Bonds indicates stable outlook and is the highest credit quality rating assigned by ICRA. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. Please refer to Annexure of this Prospectus – Tranche 3 for rationale for the above ratings.

Fitch Ratings India Private Limited ("**Fitch**") has through its letter dated August 16, 2011 assigned a rating of Fitch AAA(ind) to the Tranche 3 Bonds proposed to be issued by the Company, pursuant to the Shelf Prospectus and the Prospectus – Tranche 3. This rating of the Tranche 3 Bonds indicates a long term stable outlook. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. Please refer to Annexure of this Prospectus – Tranche 3 for rationale for the above ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus was filed with the Designated Stock Exchange for public comments, pursuant to the provisions of the SEBI Debt Regulations. The Company, thereafter, filed the updated Shelf Prospectus with the ROC and the Designated Stock Exchange and undertook the issue of the first tranche of the Bonds on the terms set out in the Prospectus – Tranche 1. Further, the Company undertook the issue of the Tranche 2 Bonds on the terms set out in the Prospectus – Tranche 2. The Company had through letter dated December 16, 2010 filed with SEBI sought exemption from making the prospectuses for the second and subsequent tranches available for public comments for a period of seven working days in terms of Regulation 6 (2) of the SEBI Debt Regulations. SEBI has through its letter no. IMD/DF1/OW/31284/2010 dated December 28, 2010 (the "**SEBI Clarification**") advised that it has no objection to the proposal that only shelf offer document in respect of the proposed public issue shall be made available for public comments in terms of Regulation 6 (2) of the SEBI Debt Regulations, dispensing with the requirement of filing the tranche prospectus for public comments. The Company, through its letter dated November 4, 2011 has intimated SEBI about the Company's reliance on the SEBI Clarification.

LISTING

The Tranche 3 Bonds offered through the Shelf Prospectus and this Prospectus – Tranche 3 are proposed to be listed on the National Stock Exchange of India Limited ("**NSE**") and the BSE Limited ("**BSE**"). Application for 'in-principle' listing approval was made to NSE and BSE through letters dated September 19, 2011 and September 19, 2011 respectively. NSE and BSE have given their 'in-principle' listing approval through letters dated September 28, 2011 and September 28, 2011, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be NSE.

LEAD MANAGERS TO THE ISSUE

KARVY INVESTOR SERVICES LIMITED 701, Hallmark Business Plaza, Sant Dyaneneshwar Marg, Off Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel: (91 22) 6149 1500 Fax: (91 22) 6149 1515 Email : idfcinfrabond2011@karvy.com Investor Grievance Email: cmg@karvy.com Website : www.karvy.com Contact Person: Mr. Sumit Singh/Mr. Omkar Barve Compliance Officer: Mr. V Madhusudhan Rao SEBI Registration No.: INM000008365	**HDFC BANK LIMITED** **Investment Banking Division,** Trade World, " A" Wing, 1st Floor, Kamla Mills Compound Senapati Bapat Marg, Lower Parel (West) Mumbai – 400 013 Tel: (91 22) 4080 4108 Fax: (91 22) 4080 4114 Email: paresh.soni@hdfcbank.com Investor Grievance Email: investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Paresh Soni Compliance Officer: Mr. Manoj Nadkarni SEBI Registration No.: INM000011252	**ICICI SECURITIES LIMITED** ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Tel : (91 22) 2288 2460 Fax : (91 22) 2282 6580 Email : idfcbonds@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website : www.icicisecurities.com Contact Person : Mr. Amit Joshi Compliance Officer: Mr. Subir Saha SEBI Registration No.: INM000011179	**JM FINANCIAL CONSULTANTS PRIVATE LIMITED** 141 Maker Chambers III, Nariman Point, Mumbai – 400021 Tel : (91 22) 6630 3030 Fax : (91 22) 2204 2137 Email : idfc.infrabondsFY12@jmfinancial.in Investor Grievance Email: grievance.ibd@jmfinancial.in Website : www.jmfinancial.in Contact Person : Ms. Lakshmi Lakshmanan Compliance Officer: Mr. Chintal Sakaria SEBI Registration No.: INM000010361	**IDFC CAPITAL LIMITED*** Naman Chambers, C-32 G-Block, Bandra- Kurla Complex Bandra (East), Mumbai 400 051 Tel: (91 22) 6622 2600 Fax: (91 22) 6622 2501 E-mail: idfc.publicissue@idfc.com Investor Grievance Email: complaints@idfc.com Website: www.idfccapital.com Contact Person: Cyril Paul Compliance Officer: Pritesh Dedhia SEBI Reg. No. INM000011336
CO-LEAD MANAGERS TO THE ISSUE			**REGISTRAR TO THE ISSUE**	**DEBENTURE TRUSTEE TO THE ISSUE**
BAJAJ CAPITAL LIMITED 97, Nehru Place New Delhi 110 019 Tel: (91 11) 4009 9999 Fax: (91 11) 4009 9911 Email: idfcinfrabonds@bajajcapital.com Investor Grievance Email: info@bajajcapital.com Website: www.bajajcapital.com Contact Person: Mr. Surajit Misra Compliance Officer: Mr. P. Janardhan SEBI Registration No.: INM000010544	**RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED** 133A, Mittal Tower Nariman Point Mumbai 400 021 Tel: (91 22) 22886627/28 Fax: (91 22) 2285 1925 Email: idfcinfra@rrfcl.com Investor Grievance Email: investors@rrfcl.com Website: www.rrfcl.com Contact Person: Brahmdutta Singh Compliance Officer: Mr. Sandeep Mahajan SEBI Registration No.: INM000007508	**SMC CAPITALS LIMITED** 3rd Floor, A-Wing, Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel: (91 22) 6138 3838 Fax: (91 22) 6138 3899 Email: idfcl.ncd@smccapitals.com Investor Grievance Email: investor.grievance@smccapitals.com Website: www.smccapitals.com Contact Person: Sanjeev Barnwal Compliance Officer: Sanjeev Barnwal SEBI Registration No: MB/INM000011427	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot no. 17-24, Vittalrao Nagar Madhapur, Hyderabad 500 081 Tel: (91 40) 4465 5000 Fax: (91 40) 2343 1551 Investor Grievance Email: idfcbonds.ipo@karvy.com Website: http://karisma.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration No.: INR000000221	**IDBI TRUSTEESHIP SERVICES LIMITED** Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai 400 001 Tel: (91 22) 4080 7000 Fax: (91 22) 6631 1776 E-mail: itsl@idbitrustee.co.in Investor Grievance E-mail: srikkanth.s@idbitrustee.co.in Contact Person: Mr. Srikkanth S. SEBI Reg. No. IND000000460

IDFC Capital Limited, which is a subsidiary of the Company, shall only be involved in marketing of the Issue.

ISSUE PROGRAMME

ISSUE OPENS ON	ISSUE CLOSES ON
March 19, 2012	March 30, 2012

The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board subject to necessary approvals. In the event of an early closure or extension of the Issue, the 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 Issue closure.

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DEFINITIONS AND ABBREVIATIONS

This Prospectus – Tranche 3 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.

General

Term	Description
"Issuer", "IDFC", "our Company" or "the Company"	Infrastructure Development Finance Company Limited
"We" or "us", "our" or the "Group"	Infrastructure Development Finance Company Limited and its subsidiaries, joint ventures and associates

Company Related Terms

Term	Description
Amended and Restated Shareholders Agreement	The Amended and Restated Shareholders Agreement dated May 9, 2005 between the Company, the Domestic Institutions, the Foreign Investors and certain other entities
Articles/ Articles of Association	Articles of Association of the Company
Auditors	Deloitte Haskins & Sells, Chartered Accountants
Board/Board of Directors	Board of Directors of the Company or any duly constituted committee thereof
Compulsorily Convertible Cumulative Preference Shares/ CCCPS	Compulsorily convertible cumulative preference shares of face value of Rs. 100 each
Corporate Office	Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India
Domestic Institutions	Domestic Institutions collectively mean the Indian financial institutions and entities being IDBI, ICICI, SBI, HDFC, UTI-I and IFCI, so long as they own Equity Shares of the Company and are parties to the Amended and Restated Shareholders Agreement.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each
ESOS	Our Company's Employee Stock Option Scheme 2005 and the Employee Stock Option Scheme 2007
Foreign Investors	Foreign Investors shall collectively mean the foreign financial institutions and entities being ADB, International Finance Corporation, IPL, CDCFS, CDCIH, KHL, BNL, SLAC, SECO and DB, so long as they own Equity Shares of the Company and are parties to the Amended and Restated Shareholders Agreement
GML	Galaxy Mercantiles Limited
IDFC Capital	IDFC Capital Limited
IDFC Securities	IDFC Securities Limited
Memorandum / Memorandum of Association	Memorandum of Association of the Company
NOIDA	New Okhla Industrial Development Authority
Registered Office	The registered office of the Company situated at KRM Tower, 8th Floor, No. 1, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India
RoC	Registrar of Companies, Chennai, Tamil Nadu

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	Unless the context otherwise requires, the allotment of Tranche 3 Bonds to the successful Applicants pursuant to the Issue
Allottee	A successful Applicant to whom the Tranche 3 Bonds, issued in terms the Shelf Prospectus and Prospectus – Tranche 3, are allotted

Term	Description
Applicant	A Resident Individual or an HUF who applies for issuance of the Tranche 3 Bonds pursuant to the terms of the Shelf Prospectus and Prospectus – Tranche 3 and the Application Form
Application Amount	The aggregate value of the Tranche 3 Bonds applied for, as indicated in the Application Form
Application Form	The form (including revisions thereof) in terms of which the Applicant shall make an offer to subscribe to the Tranche 3 Bonds and which will be considered as the application for Allotment of Tranche 3 Bonds in terms of the Shelf Prospectus and the Prospectus – Tranche 3
Axis Bank	Axis Bank Limited
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened and in this case being the following banks: • HDFC Bank Limited • ICICI Bank • IDBI Bank Limited • Axis Bank • IndusInd Bank • Dhanlaxmi Bank • DBS Bank Limited • ING Vysya Bank • Kotak Mahindra Bank The details of the Banker to the Issue are provided in the section entitled "General Information" at page 28
Bajaj Capital	Bajaj Capital Limited
Bonds	Long term infrastructure bonds of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80CCF of the Income Tax act, 1961, not exceeding the Shelf Limit, to be issued, in one or more tranches, at par on the terms contained in the Shelf Prospectus and the respective Tranche Prospectus and includes the Tranche 3 Bonds.
Bondholder(s)	Any person holding the Tranche 3 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 the Company
Buyback Amount	The amount specified as the Buyback Amount for the various series of the Tranche 3 Bonds in the section entitled "The Issue" on page 113
Buyback Date	The date falling 5 years and one day from the Deemed Date of Allotment on which date the Company shall complete the buyback of the Tranche 3 Bonds, as more particularly described in the section entitled "Terms of the Issue – Buyback of Tranche 3 Bonds" on page 113
Buyback Intimation Period	The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date
Buyback Intimation Request	The letter sent by the Company to the Bondholders intimating them about the Buyback of the Tranche 3 Bonds
Co-Lead Managers	RR Investors, SMC Capitals and Bajaj Capital
Consolidated Tranche 3 Bond Certificate	In case of Tranche 3 Bonds held in physical form, the certificate issued by the Issuer to the Bondholder for the aggregate amount of the Tranche 3 Bonds that are held by such Bondholder
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company within three months from the Issue Closing Date
Debenture Trustee/ Trustee	Trustees for the Bondholders in this case being IDBI Trusteeship Services Limited
Deemed Date of Allotment	The Deemed Date of Allotment for the Tranche 3 Bonds shall be the date as may be determined by the Board of the Company and notified to the Stock Exchanges
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

Term	Description
	the Board of Directors shall Allot the Tranche 3 Bonds to the successful Applicants
Designated Stock Exchange/ DSE	The designated stock exchange for the Issue, being National Stock Exchange of India Limited
Dhanlaxmi Bank	Dhanlaxmi Bank Limited
Draft Shelf Prospectus	The draft shelf prospectus dated September 19, 2011 filed by the Company with the Designated Stock Exchange for receiving public comments, in accordance with the provisions of SEBI Debt Regulations
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants will issue cheques or drafts in respect of the Application Amount when submitting an Application for the Tranche 3 Bonds
Escrow Agreement	Agreement to be entered into by the Company, the Registrar to the Issue, the Lead Managers, the Co-Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts for the Tranche 3 Bonds issued pursuant to the terms of the Shelf Prospectus and this Prospectus – Tranche 3 and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
Fitch	Fitch Ratings India Private Limited
HDFC Bank	HDFC Bank Limited
ICICI Bank	ICICI Bank Limited
ICICI Securities	ICICI Securities Limited
ICRA	ICRA Limited
IndusInd Bank	IndusInd Bank Limited
ING Vysya	ING Vysya Bank Limited
Issue	Public issue of Tranche 3 Bonds of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80CCF of the Income Tax Act not exceeding an aggregate amount of Rs. 37,000.0 million
Issue Closing Date	March 30, 2012
Issue Opening Date	March 19, 2012
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms
JM Financial	JM Financial Consultants Private Limited
Karvy	Karvy Investor Services Limited
Lead Managers	ICICI Securities, JM Financial, Karvy, HDFC Bank and IDFC Capital
Lock-in Period	5 years from the Deemed Date of Allotment
Market Lot	One Tranche 3 Bond
Maturity Date	10 years 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
Oversubscription Date	The date on or prior to the Issue Closing Date, on which the aggregate amount of Tranche 3 Bonds subscribed for by the Applicants as determined by the number of applications received by the Company, being offered in terms of the Shelf Prospectus and this Prospectus – Tranche 3, exceeds the aggregate amount of the Tranche 3 Bonds being offered
Prospectus – Tranche 1	The prospectus dated November 11, 2011 filed by the Company with the RoC pursuant to provisions of the SEBI Debt Regulations for issue of the first tranche of the Bonds for an amount not exceeding the Shelf Limit
Prospectus – Tranche 2	The prospectus dated January 3, 2012 filed by the Company with the RoC pursuant to provisions of the SEBI Debt Regulations for issue of the second tranche of the Bonds for an amount not exceeding Rs. 44,000.0 million
Prospectus – Tranche 3	This prospectus dated March 12, 2012 filed by the Company with the RoC pursuant to provisions of the SEBI Debt Regulations for issue of the second tranche of the Bonds for an amount not exceeding Rs. 37,000.0 million
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from

Term	Description
	the Escrow Accounts for the Issue on the Designated Date
RR Investors	RR Investors Capital Services Private Limited
Record Date	Date falling 15 days prior to the date on which interest is due and payable, the Buyback Date or the Maturity Date.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made
Refund Bank	Axis Bank Limited
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act and as more particularly detailed in the section entitled "Terms of the Issue – Register of Bondholders" on page 110
Registrar Agreement	Agreement entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registrar to the Issue or Registrar	Karvy Computershare Private Limited
Resident Individual	An individual who is a person resident in India as defined in the Income Tax Act, 1961, as amended
SMC Capitals	SMC Capitals Limited
Secured Assets	Certain receivables of the Company arising out of its investments and/or infrastructure loans and/ or current assets, loans and advances, as appearing in the Company's balance sheet from time to time as more particularly described in the section entitled "Terms of the Issue – Security" on page 117
Secured Obligation	The Face Value of the Tranche 3 Bonds to be issued upon the terms contained herein together with all interest, costs, charges, fees, remuneration of Debenture Trustee and expenses payable in respect thereof as more particularly described in the section entitled "Terms of the Issue – Security" on page 117
Shelf Limit	The limit up to which the Bonds can be issued for the Financial Year 2011 – 2012, being Rs. 50,000.0 million.
Shelf Prospectus	The shelf prospectus dated September 29, 2011 filed by the Company with the RoC in accordance with the provisions of SEBI Debt Regulations.
Stock Exchange(s)	The NSE and the BSE
Trading Lot	One Tranche 3 Bond
Tranche Prospectus	Every prospectus, including this Prospectus – Tranche 3, 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 were issued and allotted in December, 2011 pursuant to the Prospectus – Tranche 1
Tranche 2 Bonds	The Bonds that will be issued and allotted in March, 2012 pursuant to the Prospectus – Tranche 2
Tranche 3 Bonds	The Bonds that will be issued and Allotted pursuant to this Prospectus – Tranche 3
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 securities issued by the Issuer
Working Days	All days excluding Saturdays, Sundays and a public holiday in Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
Companies Act	Companies Act, 1956, as amended, unless the context requires otherwise
ADB	Asian Development Bank
AGM	Annual General Meeting
AMC	Asset Management Company

Term/Abbreviation	Description/ Full Form
AS	Accounting Standards issued by the ICAI
AUM	Asset Under Management
BNL	BNL International Investments SA
BOT	Build, Operate and Transfer
BSE	BSE Limited
CARE	Credit Analysis and Research Limited
CBDT	Central Board of Direct Taxes
CDCFS	CDC Financial Services (Mauritius) Limited
CDCIH	CDC Investments Holdings Limited
CDSL	Central Depository Services (India) Limited
CRISIL	CRISIL Limited
DB	Deutsche Asia Pacific Holdings Pte Ltd.
Depositories	CDSL and NSDL
Depositories Act	Depositories Act, 1996, as amended
DIMTS	Delhi Integrated Multi-Modal Transit Systems Limited
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
Debt Listing Agreement	The agreement for listing of Tranche 3 Bonds on the Stock Exchanges
DIN	Director Identification Number
Equity Listing Agreement(s)	The equity listing agreement(s) with each of the Stock Exchanges
EPS	Earnings Per Share
ERM	Enterprise Risk Management
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations,1995), registered with the SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FOFEA	Swiss Federal Office for Foreign Economic Affairs (Acting on behalf of the Swiss Confederation)
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI or Government	Government of India
HDFC	Housing Development Finance Corporation Limited
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICICI	ICICI Bank Limited
IDBI	IDBI Bank Limited
iDeCK	Infrastructure Development Corporation (Karnataka) Limited
IFC	Infrastructure Finance Company, as defined under applicable RBI guidelines
IFCI	IFCI Limited
IFRS	International Financial Reporting Standards
IND AS	Indian Accounting Standards
Income Tax Act / IT Act	Income Tax Act, 1961, as amended
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IT	Information technology
KHL	Kendall Holdings Limited
MCA	Ministry of Corporate Affairs, Government of India
Mn	Million
NBFC	Non Banking Finance Company, as defined under applicable Reserve Bank of India Act, 1934, as amended
NECS	National Electronic Clearing System
NPA	Non Performing Asset
NSDL	National Securities Depository Limited

Term/Abbreviation	Description/ Full Form
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PPP	Public Private Partnership
QIP	Qualified Institutional Placement
RBI	Reserve Bank of India
Rs. or Rupees or Indian Rupees	The lawful currency of India
SBI	State Bank of India
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008
SECO	State Secretariat for Economic Affairs, Switzerland
SGX-ST	Singapore Exchange Securities Trading Limited
SLAC	SLAC (Mauritius Holdings) Co. Ltd.
USD	United States Dollar
U-Dec	Uttarakhand Infrastructure Development Company Limited
UTI-I	The administrator of the specified undertaking of Unit Trust of India

Technical and Industry Related Terms

Term/Abbreviation	Description/ Full Form
Exposure	Net approvals net of repayments plus defaults of interest, penal interest and liquidated damages, and including funded and non-funded debt and equity
Gross non-performing assets	All assets which are classified as sub-standard assets, doubtful and loss assets as per the RBI guidelines for NBFCs
Net approvals	Gross approvals net of cancellations
Net interest income	Total interest income net of total interest expense and other charges on borrowings
Net non-performing assets	Gross non-performing assets less provision for sub-standard assets, doubtful and loss assets
Net operating income	Operating income as per our Indian GAAP financial statements, less interest expense
Outstanding disbursements	Gross disbursements net of repayments
Yield	Ratio of interest income to the daily average of interest earning assets

PRESENTATON OF FINANCIAL INFORMATION AND OTHER INFORMATION

All references herein to "India" are to the Republic of India and its territories and possessions. References to "RBI" are to the Reserve Bank of India. References to the "Government" are to the government of India.

In this Prospectus – Tranche 3, references to 'IDFC', the 'Company', 'our Company' or the 'Issuer' are to Infrastructure Development Finance Company Limited, and references to 'we', 'our', 'us' or the 'Group' are to Infrastructure Development Finance Company Limited together with its subsidiaries, joint ventures and associates.

Currency and Unit of Presentation

In this Prospectus - Tranche 3, references to '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and references to 'U.S.$' and 'U.S. dollars' are to the legal currency of the United States of America.

Financial Data

References to "Indian GAAP" and "GAAP" are to generally accepted accounting principles in India.

Unless stated otherwise, the financial data in this Prospectus - Tranche 3 is derived from our audited standalone and consolidated financial statements, prepared in accordance with Indian GAAP and the Companies Act. In this Prospectus - Tranche 3, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to one decimal point.

The current financial year of the Company commences on April 1 and ends on March 31 of the next year, so all references to particular "financial year", "fiscal year", and "Fiscal" or "FY", unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The degree to which the Indian GAAP financial statements included in this Prospectus - Tranche 3 will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus - Tranche 3 should accordingly be limited.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our businesses contained in this Prospectus - Tranche 3 consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Prospectus - Tranche 3 relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither we nor the Lead Managers or Co-Lead Managers have independently verified this data and do not make any representation regarding the accuracy of such data. We take responsibility for accurately reproducing such information but accept no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. 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 or Co-Lead Managers can assure potential investors as to their accuracy.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus - Tranche 3 that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘could’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus - Tranche 3 that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- growth prospects of the Indian infrastructure sector and related policy developments;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition in the Indian and international markets;
- availability of adequate debt and equity financing at reasonable terms;
- performance of the Indian debt and equity markets;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Prospectus - Tranche 3, including under the section entitled “Risk Factors” on page IX.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed under the section entitled “Our Business” on page 58. The forward-looking statements contained in this Prospectus - Tranche 3 are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

RISK FACTORS

You should carefully consider all the information in this Prospectus - Tranche 3, including the risks and uncertainties described below, and in the sections entitled "Our Business" on page 58 as well as the financial statements contained in this Prospectus - Tranche 3, before making an investment in the Tranche 3 Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following or any other risks actually occur, our business, prospects, results of operations and financial condition could be adversely affected and the price of, and the value of your investment in, the Tranche 3 Bonds could decline and you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate the ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Tranche 3 Bonds.

Unless otherwise stated, our financial information used in this section is derived from our audited consolidated financial statements under Indian GAAP.

RISKS RELATING TO OUR BUSINESS

1. Infrastructure financing carries certain risks which, to the extent they materialize, could adversely affect our business and result in our loans and investments declining in value.

Our business consists primarily of project finance, principal investments, asset management, financial markets and investment banking and advisory services, principally relating to the infrastructure sector in India. Infrastructure financing is characterized by project-specific risks as well as general risks. These risks are generally beyond our control, and include:

- political, regulatory and legal actions that may adversely affect project viability;
- interruption or disruption in domestic or international financial markets, whether for equity or debt funds;
- changes in our credit ratings;
- changes in government and regulatory policies;
- delays in implementation of government plans and policies;
- delays in obtaining regulatory approvals for, and the construction and operation of, projects;
- adverse changes in market demand or prices for the products or services that the project, when completed, is expected to provide;
- the unwillingness or inability of consumers to pay for infrastructure services;
- shortages of, or adverse price developments for, raw materials and key inputs such as metals, cement, steel, oil and natural gas;
- unavailability of financing at favourable terms, or at all;
- potential defaults under financing arrangements with our lenders and investors;

- potential defaults under financing arrangements with our borrowers or the failure of third parties to perform their contractual obligations;

- emergence of strong or large competitors eligible for benefits that we are not eligible for;

- adverse developments in the overall economic environment in India;

- adverse liquidity, interest rate or currency exchange rate fluctuations or changes in financial or tax regulations; and

- economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve.

To the extent these or other risks relating to our activities in the infrastructure sector materialize, the quality of our asset portfolio and our business, prospects, results of operations and financial condition could be adversely affected.

2. **The private infrastructure development industry in India is still at a relatively early stage of development and is linked to the continued growth of the Indian economy, the sectors on which we focus, and stable and experienced regulatory regimes.**

Although infrastructure is a rapidly growing sector in India, we believe that the further development of India's infrastructure is dependent upon the formulation and effective implementation of programs and policies that facilitate and encourage private sector investment in infrastructure. Many of these programs and policies are evolving and their success will depend on whether they are designed to properly address the issues faced and are effectively implemented. Additionally, these programs will need continued support from stable and experienced regulatory regimes that not only stimulate and encourage the continued movement of private capital into infrastructure development, but also lead to increased competition, appropriate allocation of risk, transparency, effective dispute resolution and more efficient and cost-effective services to the end consumer.

The availability of private capital and the continued growth of the infrastructure development industry in India are also linked to continued growth of the Indian economy. Many specific factors within each industry sector may also influence the success of the projects within those sectors, including changes in policies, regulatory frameworks and market structures. Any sudden and adverse change in the policies relating to sectors, in which we intend to invest, may leave us with unutilized capital and interest and debt obligations to fulfil. While there has been progress in sectors such as energy, transportation and telecommunications and information technology, other sectors such as water and sanitation, irrigation infrastructure, have not progressed to the same degree. Further, since infrastructure services in India have historically been provided by the central and state governments without charge or at a low charge to consumers, the growth of the infrastructure industry will be affected by consumers' income levels and the extent to which they would be willing to pay or can be induced to pay for infrastructure services. This would depend, to a large extent, on the quality of services provided to consumers. If the quality of infrastructure services provided to consumers, over which we have no control, are not as desired, income from infrastructure services would decline. This would lead to a decrease in demand for infrastructure financing, which in turn could adversely affect our business and operations. If the central and state governments' initiatives and regulations in the infrastructure industry do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India or in specific sectors, our business, prospects, results of operations and financial condition could be adversely affected.

3. **As part of our growth strategy, we have diversified our business operations to increase the emphasis on fee-based revenue streams such as asset management, financial markets, and investment banking and advisory services. Our diversification led growth initiatives are susceptible to various risks that may limit our growth and diversification.**

Our business strategy involves substantial expansion of our current business lines, as well as diversification into new business areas. Our aim is to preserve our market position as an infrastructure lender of choice and to also increase the non-interest and fee-earning aspects of our business. Our growth initiatives carry execution risks, and factors that may limit the success of our growth and diversification include:

- significant demands on our management as well as our financial, accounting and operating resources. As we grow and diversify, we may not be able to implement our business strategies effectively and our new initiatives could divert management resources from areas in which they could be otherwise better utilized;

- our inability to identify suitable projects in the future, particularly for our principal investments, private equity, project equity and infrastructure development businesses.

- our limited experience in these new businesses, which may prevent us from competing effectively with established and new competitors in these areas. We will face significant competition from commercial banks, investment banks, private equity and venture capital firms and established infrastructure developers. As we seek to diversify our business operations, we will face the risk that some of our competitors may be more experienced in or have a deeper understanding of these businesses or have better relationships with potential clients; and

- diversified business operations may make forecasting revenue and operating results difficult, which impairs our ability to manage businesses and shareholders’ ability to assess our prospects.

If we are unable to overcome these obstacles and are unsuccessful in executing our diversification and growth strategy, our business, prospects, results of operations and financial condition could be adversely affected.

Further, on June 23, 2010, the RBI classified our Company as an Infrastructure Finance Company, or IFC. In order to maintain such status, we are required to keep a minimum percentage of total assets continuously deployed in infrastructure loans. This may restrain us from diversifying in and developing other business segments.

4. If we are unable to manage our rapid growth effectively, our business, prospects, results of operations and financial condition could be adversely affected.

Our business has grown rapidly since we began operations in 1997. From fiscal 2009 to fiscal 2011, our balance sheet, total income and profit after tax on a consolidated basis increased at a compounded annual growth rate of 26.4 per cent., 16.5 per cent., and 30.7 per cent., respectively. We intend to continue to grow our business rapidly, which could place significant demands on our operational, credit, financial and other internal risk controls. Our growth may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important.

Our asset growth will be primarily funded by the issuance of new debt and occasionally, new equity. We may have difficulty obtaining funding on suitable terms or at all. As we are a systemically important non-deposit accepting NBFC and do not have access to deposits, our liquidity and profitability are dependent on timely and adequate access to capital, including borrowings from banks.

Increase in debt would lead to leveraging the balance sheet, exerting pressure on the financial covenants that we are required to maintain under our various loan agreements. We cannot assure you that we would continue to be in compliance with loan agreements’ conditions. Any default under a loan agreement may lead to an adverse impact on our financial condition and results of operations.

The exposure (both lending and investment, including off balance sheet exposures) of a bank to IFCs cannot exceed 15.0 per cent. (the “Specified Exposure Limit”) of the bank's capital funds as per such bank’s last audited balance sheet. Banks may, however, assume exposures to IFCs up to 20.0 per cent. provided, however, that a bank’s exposure in excess of the Specified Exposure Limit is on account of funds on-lent by the IFCs to the infrastructure sector. Banks may also fix internal limits for their aggregate exposure to all NBFCs (including IFCs) put together. Although the

Specified Exposure Limit is in excess of the permitted bank exposure levels to NBFCs that are not IFCs, the restrictions applicable to us may impact our ability to obtain adequate funding from Indian banks.

Further, our growth also increases the challenges involved in preserving a uniform culture, values and work environment; and developing and improving our internal administrative infrastructure. Addressing the challenges arising from our growth entails substantial senior level management time and resources and would put significant demands on our management team and other resources. As we grow and diversify, we may not be able to implement, manage or execute our strategy efficiently in a timely manner or at all, which could adversely affect our business, prospects, results of operations, financial condition and reputation.

5. Our growth strategy includes pursuing strategic alliances and acquisitions, which may prove difficult to manage or may not be successful.

Part of our growth strategy includes pursuing strategic acquisitions and alliances. For instance, we have in the last few years acquired capabilities in investment banking, institutional brokerage and public markets asset management through inorganic acquisitions. Although, as of the date hereof, we have not entered into any letter of intent, memorandum of understanding or other contract for any such acquisition or alliance, we continue to seek such strategic acquisitions in future. However, we cannot assure you that we will be able to consummate acquisitions or alliances on terms acceptable to us, or at all. In particular, an acquisition or alliance outside India may be subject to regulatory approvals which may not be received in a timely manner, or at all. In addition, we cannot assure you that the integration of any future acquisitions will be successful or that the expected strategic benefits or synergies of any future acquisitions or alliances will be realized. Acquisitions or alliances may involve a number of special risks, including, but not limited to:

- outflow of capital as consideration of acquisition and temporary unavailability of capital for financing operations;
- adverse short-term effects on our reported operating results;
- higher than anticipated costs in relation to the continuing support and development of acquired companies or businesses;
- inheritance of litigation or claims;
- impact of acquisition financing on our financial position;
- diversion of management's attention;
- requirement of prior lender consent for acquisition;
- difficulties assimilating and integrating the processes, controls, facilities and personnel of the acquired business with our own;
- covenants that may restrict our business, such as non-compete clauses; and
- unanticipated liabilities or contingencies relating to the acquired company or business.

Further, such investments in strategic alliances and acquisitions may be long-term in nature and may not yield returns in the short to medium term. We may from time to time evaluate and change our strategies related to such investments.

Thus, our inability in managing alliances and acquisitions may have an adverse impact on business, liquidity and results of operations.

6. **Our access to liquidity is susceptible to adverse conditions in the domestic and global financial markets.**

Since the second half of 2007, the global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions, which have originated from the liquidity disruptions in the United States and the European credit and sub-prime residential mortgage markets. During fiscal 2009, we had to operate in a liquidity crunch, especially during September, October and November 2008, and had fewer opportunities to finance or provide services to the infrastructure sector, resulting in a considerable slowdown in our business activities during fiscal 2009. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. There can be no assurance that we will be able to secure additional financing required by us on adequate terms or at all.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. Furthermore, pre-emptive actions taken by the RBI in response to the market conditions in the second half of fiscal 2009, especially the provision of liquidity support and a reduction in policy rates, may not continue in the future and there can be no assurance that we will be able to access the financial markets for liquidity if needed. In the event that the current difficult conditions in the global credit markets continue or if there are changes in statutory limitations on the amount of liquidity we must maintain or if there is any significant financial disruption, such conditions could have an adverse effect on our business, prospects, results of operations and financial condition.

7. **We have significant exposure to certain sectors and to certain borrowers and if certain assets become non-performing, the quality of our asset portfolio may be adversely affected.**

As of January 31, 2012, our three largest sector-wise exposures were in the energy, telecommunications and transportation sectors, which in the aggregate constituted 89.0 per cent. of our total exposure of Rs. 587,104.7 million, followed by the commercial and industrial infrastructure sectors, which constituted 11.0 per cent. Additionally, our concentration within these sectors was also significant. Any negative trends or adverse developments in the energy, transportation, telecommunications and the commercial and industrial infrastructure sectors, particularly those that may affect our large borrowers, could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. For the foreseeable future, we expect to continue to have a significant concentration of assets in these sectors and to certain borrowers.

Further, as of January 31, 2012, our ten largest single borrowers in the aggregate accounted for 24.4 per cent. of our total exposure and our ten largest borrower groups in the aggregate accounted for 41.7 per cent. of our total exposure. Credit losses on our significant single borrower and group exposures could adversely affect our business and financial performance and the price of our Tranche 3 Bonds.

In addition, at present a majority of our income is in the form of interest income received from our borrowers. Any default by our large borrowers may have an adverse impact on our liquidity position and results of operations.

8. **As a consequence of our being regulated as an NBFC and an IFC, we will have to adhere to certain individual and borrower group exposure limits under RBI regulations and any material changes in the Indian regulations could materially affect our business.**

In addition to being a public financial institution under the Companies Act, since August 2006 our Company has been regulated by the RBI as an NBFC and as a systemically important non-deposit accepting NBFC pursuant to a notification dated December 13, 2006. We are also subject to the regulations passed by SEBI in respect of certain activities that we carry on. In addition, we are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. We also receive certain benefits from being notified as a public financial institution under the Companies Act and by virtue of operating in the infrastructure sector.

In terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended (the "Prudential Norms Regulations") our Company was required to change the manner of calculating its exposure limits. In the past, our Company had exceeded the exposure limits for individual and borrower groups in certain cases and a letter to ensure compliance with the exposure norms was issued to our Company by the RBI.

Further, on June 23, 2010, our Company has been classified as an IFC by the RBI, which classification is subject to certain conditions including 75.0 per cent. of the total assets of such NBFC being deployed in infrastructure loans (as defined under the Prudential Norms Regulations), net owned funds of Rs. 3,000.0 million or more, a minimum credit rating of "A" or an equivalent credit rating of CRISIL, FITCH, CARE or ICRA or any other accrediting rating agency and a capital to risk-weighted asset ratio of 15.0 per cent (of which tier I capital is over 10.0 per cent). As an IFC, our single borrower limit for infrastructure lending is 25.0 per cent. compared to 20.0 per cent. for an NBFC that is not an IFC, and our single group limit for infrastructure lending is 40.0 per cent. compared to 25.0 per cent. for an NBFC that is not an IFC. Our Company's inability to continue being classified as an IFC may impact our growth and expansion plans by affecting our competitiveness in relation to our Company's competitors.

In the event that our Company is unable to comply with the exposure norms within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of our registration as an NBFC or IFC. Our Company cannot assure you that it may not breach the exposure norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC or IFC by the RBI due to the breach of exposure norms may adversely affect our business, prospects, results of operations and financial condition.

At present, certain of our business and expansion plans are contingent upon our IFC status, and could be affected in the event we are unable to maintain IFC status. Further, as an IFC, we will have to constantly monitor our Company's compliance with the necessary conditions, which may hinder our future plans to diversify into new business lines.

Pursuant to current regulations on prudential norms issued by the RBI, our Company is required to comply with other norms such as capital adequacy, credit concentration and disclosure norms along with reporting requirements. We cannot assure you that we will be able to continue to comply with such norms, and non-compliance, if any, may subject us to regulatory action.

Further, any amendments or other changes to the regulations governing us may require us to restructure our activities and/or incur additional expenses in complying with such laws and regulations and could materially and adversely affect our business, financial condition and results of operations. The RBI is in the process of instituting several changes in regulations applicable to NBFCs, including increase in risk-weights on certain categories of loans for computation of capital adequacy, increase in general provisioning requirements for various categories of assets, change in capital requirements, accounting norms for securitization, increase in regulated interest rates, change in limits on investments in group companies, single party and group exposure limits on lending/investment and directed lending requirements. The Competition Act, 2002, as effective, may impact also our business.

9. We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to decline and adversely affect our return on assets and profitability.

Our business is dependent on interest income from our infrastructure loans. Accordingly, we are affected by volatility in interest rates in our lending operations. Being a non-deposit accepting NBFC, our Company is exposed to greater interest rate risk compared to banks or deposit accepting NBFCs. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors which may have access to low-cost deposit funds. Further, in case our borrowings are linked to market rates, we may have to pay interest at a higher rate as compared to other lenders. Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise were sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities. In addition, the value of any interest rate hedging instruments we may enter into in the future would be affected by changes in interest rates.

When interest rates decline, we are subject to greater repricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. When assets are repriced, our spread on our loans, which is the difference between our average yield on loans and our average cost of funds, could be affected. During periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to reprice loans. If we reprice loans, our results may be adversely affected in the period in which the repricing occurs. If borrowers prepay loans, the return on our capital may be impaired as any prepayment premium we receive may not fully compensate us for the redeployment of such funds elsewhere.

Further, the majority of the loans provided by us are long-term in nature and may not have escalation clauses and may be on a fixed rate basis. Any increase in interest rates over the duration of such loans may result in us losing interest income. Our inability to effectively and efficiently manage interest rate variations may adversely affect our result of operations and profitability.

10. We cannot assure you that we will be able to adequately manage our interest rate risk in the future, and our inability to do so may have an adverse effect on our net interest income. We could face asset-liability mismatches, which could affect our liquidity position.

Our asset-liability management policy categorizes all interest rate sensitive assets and liabilities into various time period categories according to contracted residual maturities or anticipated repricing dates, as may be relevant in each case. The difference between the value of assets and liabilities maturing, or being repriced, in any time period category provides the measure to which we are exposed to the risk of potential changes in the margins on new or repriced assets and liabilities. Despite the existence of such measures, our liquidity position could be adversely affected by the development of an asset-liability mismatch, which could have an adverse effect on our business, prospects, results of operations, financial condition and asset quality.

11. The infrastructure financing industry is becoming increasingly competitive and our growth will depend on our ability to compete effectively.

Competition in our industry depends on, among other things, the ongoing evolution of Government policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India.

Our primary competitors are public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. Many of our competitors may have larger resources or balance sheet sizes than us. Additionally, since our Company is a non-deposit accepting NBFC, we may have restricted access to capital in comparison to banks. Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. With the growth of our business, we are increasingly reliant on funding from the debt markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds on acceptable terms or at all will depend on various factors including our ability to maintain our credit ratings. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our infrastructure loans. This is a significant challenge for us, as there are limits to the extent to which higher costs of funds can be passed on to borrowers, thus potentially affecting our net interest income.

We also face significant competition in the public markets asset management, investment banking and institutional brokerage and infrastructure development businesses which we have acquired or established over the last few years. Our competitors in these businesses may be substantially larger and may have considerably greater financing resources than those available to us. Also, some of our competitors may have greater technical, marketing and other resources and greater experience in these businesses. Such competitors also compete with us for management and other human resources and operational resources and capital.

12. We make equity investments, which can be volatile and may not be recovered.

As of January 31, 2012, the book value of our quoted equity investments accounted for 0.7 per cent. of our total assets. The value of these investments depends on the success of the operations and management and continued viability of the investee entities. We may have limited control over the operations or management of these entities and some of these investments are unlisted, offering limited exit options. Therefore, our ability to realize expected gains as a result of our equity investments is highly dependent on factors outside of our control. Write-offs or write-downs in respect of our equity portfolio could adversely affect our business, prospects, results of operations, financial condition and asset quality.

13. If the level of non-performing assets in our portfolio were to increase, our business will be adversely affected.

As of January 31, 2012, our gross and net non-performing loans were Rs. 1,483.2 million and Rs. 964.3 million, respectively. These represent 0.3 per cent and 0.2 per cent. of our total loan assets, respectively. Our provision for contingencies of 1.6 per cent. of total loan assets as of January 31, 2012 may not be indicative of the expected quality of our asset portfolio if risks affecting a significant portion of our exposure were to materialize or general economic conditions deteriorate.

We expect the size of our asset portfolio to continue to increase in the future, and we may have additional non-performing assets on account of these new loans and sectoral exposures. If we are not able to prevent increases in our level of non-performing assets, our business, prospects, results of operations, financial condition and asset quality could be adversely affected.

14. Failure to recover the expected value of collateral when borrowers default on their obligations to us may adversely affect our financial performance.

As of January 31, 2012, most of our loans were secured. For debt provided on a senior basis (comprising 99.4 per cent. of the value of our outstanding disbursements), we generally have a first ranking charge on the project assets. For loans provided on a subordinated basis, we generally have a second ranking charge on the project assets. Although we seek to maintain a collateral value to loan ratio of at least 100.0 per cent. for our secured loans, an economic downturn or the other project risks described in this section could result in a fall in collateral values. Moreover, foreclosure of such collateral may require court or tribunal intervention that may involve protracted proceedings and the process of enforcing security interests against collateral can be difficult. Additionally, the realizable value of our collateral in liquidation may be lower than its book value. Further, a significant portion of our outstanding disbursements were made on a non-recourse or limited recourse basis. With respect to disbursements made on a non-recourse basis, only the related project assets are available to repay the loan in the event the borrowers are unable to meet their obligations under the loan agreements. With respect to disbursements made on a limited recourse basis, project sponsors generally give undertakings for funding shortfalls and cost overruns.

We cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, defects in the perfection of collateral, delays on our part in taking immediate action in bankruptcy foreclosure proceedings, stock market downturns, claims of other lenders, legal or judicial restraint and fraudulent transfers by borrowers. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed.

In addition, to put in place an institutional mechanism for the timely and transparent restructuring of corporate debt, the RBI has devised a corporate debt restructuring system. The applicable RBI guidelines envisage that for debt amounts of Rs. 100.0 million and above, where recovery suits have been filed by the creditors, lenders constituting at least 60.0 per cent. of the total number of lenders and holding more than 75.0 per cent. of such debt can decide to restructure the debt and such a decision would be binding on the remaining lenders. In situations where other lenders constitute 60.0 per cent. of the total number of lenders and own more than 75.0 per cent. of the debt of a borrower, we could be required by the other lenders to agree to restructure the debt, regardless of our preferred method of settlement. Any failure to recover the expected value of collateral security could expose us to a potential loss. Apart from the RBI guidelines, we may be a part of a syndicate of lenders the majority of whom elect to pursue a different course of action than we would have chosen. Any such unexpected loss could adversely affect our business, prospects, results of operations and financial condition.

15. As an infrastructure lending institution, we have received certain tax benefits in the past as a result of the type of lending operations we conduct. These benefits are gradually being made unavailable, which could adversely affect our profits.

We, as well as infrastructure projects that we finance, have benefited from certain tax regulations and incentives that accord favourable treatment to infrastructure-related activities. As a consequence, our operations have been subject to relatively low tax liabilities. In fiscal 2009, 2010 and 2011, our effective tax rates (net of deferred tax) on a consolidated basis were 26.9 per cent., 25.7 per cent. and 28.1 per cent, respectively, compared to the marginal rate of tax of 34.0 per cent. for fiscal 2009 and fiscal 2010 and 33.2 per cent. in fiscal 2011, including applicable surcharges and cess that would have been applicable to us if these benefits were not made available to us. We cannot assure you that we would continue to be eligible for such lower tax rates or any other benefits. In addition, it is likely that the Direct Tax Code, once introduced, could significantly alter the taxation regime, including incentives and benefits, applicable to us or other infrastructure development activities. If the laws or regulations regarding the tax benefits applicable to us or the infrastructure sector as a whole were to change, our taxable income and tax liability may increase, which would adversely affect our financial results. Additionally, if such tax benefits were not available, infrastructure projects could be considered less attractive which could negatively affect the sector and be detrimental to our business, prospects, results of operations and financial condition.

16. Our income and profit from our public markets asset management and private and project equity business is largely dependent on the value and composition of assets under management, which may decline because of factors outside our control.

Our income and profit from our public markets asset management and private and project equity business is dependent on the total value and composition of assets under our management ("AUM"), as our management fees are usually calculated as a percentage of the AUM. Any decrease in the value or composition of AUM will cause a decline in our income and profit. The AUM may decline or fluctuate for various reasons, many of which are outside our control.

Factors that could cause the AUM and income to decline include the following:

- Declines in the Indian equity markets: The AUM for our equity funds, and, to a lesser extent, our balanced/hybrid funds are concentrated in the Indian equity markets. As such, declines in the equity markets or the market segments in which our investment portfolios are concentrated will cause AUM to decline. The equity markets in India are volatile, which contributes and will continue to contribute to fluctuations in our AUM.

- Changes in interest rates and defaults: Many of our funds invest in fixed income securities, including short-term money market instruments. The value of fixed income securities may decline as a result of changes in interest rates, an issuer's actual or perceived creditworthiness or an issuer's ability to meet its obligations.

- Redemptions and withdrawals: Clients, in response to market conditions, inconsistent or poor investment performance, the pursuit of other investment opportunities, or any other factors, may reduce their investments in our funds or potential clients may avoid the market segments in which our funds are concentrated. In a declining market, the price of redemptions may accelerate rapidly. Most of our equity and balanced/hybrid funds are open-ended funds, such that clients can redeem their units any time. Some of our income and liquid closed-ended funds have a short duration, so after the life of the fund, clients may choose not to reinvest in our funds and seek alternative forms of savings.

If any of our funds face a lack of liquidity, although we have no legal obligation to do so, in order to protect the IDFC brand name, we may need to provide monies to such funds.

Further, as compared to our other businesses, the public markets asset management involves direct interaction with retail customers who are sensitive to our brand image. Retail customers may, in response to any negative perception of our brand image, reduce their investments in our funds or avoid the market segments in which our funds are concentrated or choose not to reinvest in our funds and seek alternative forms of savings, all of which could adversely affect our business, prospects, results of operations, financial condition and reputation.

The rates for management fees differ depending on the type of fund and product. For example, fee levels for equity and balanced/hybrid funds are generally higher than the fee levels for income and liquid funds. Fee levels for debt funds vary significantly depending on market conditions and the type of fund. Accordingly, the composition of AUM also substantially affects the level of our income.

Further, regulatory intervention on the entry and exit loads and the fees chargeable under different schemes, have been considerable in the recent past. We cannot assure you that such actions would not continue in future. Any such actions may limit our income, increase expenses and may have a material adverse effect on our profitability and results of operations.

The amount of expenses funds can charge is also usually based on a percentage of AUM. Any expense incurred by us in excess of the pre-determined percentage that can be charged to the funds would be met by the AMC. Accordingly, the value of AUM also can affect the level of our operating expenses. In addition, excluding any distribution costs, most of our costs do not vary directly with AUM or income. As a result, our operating margins may fluctuate by a higher percentage than changes in income.

17. Our investment funds business is subject to a number of risks and uncertainties.

Our subsidiary IDFC Private Equity Company Limited is the investment manager for three funds and manages a corpus of Rs. 5,735.0 million as on January 31, 2012. For more details of these funds, please see the section entitled “Our Business - Alternative Asset Management” on page 69.

Existing and potential investors in our funds continually assess our investment funds’ performance, and our ability to raise capital for future investment funds will depend on our investment funds’ continued satisfactory performance. Fiscal 2011 witnessed high levels of activity in the performance of our investment funds with the successful closure of a key man event, one new investment, three follow-on investments and eight exits/liquidity events (including 3 full exits and 1 partial exit). We believe this is the highest number of exits/liquidity events made by any private equity firm in India during the year. If any of our investment funds were to perform poorly, the value of our assets under management would decrease. This would also result in a reduction in our management and incentive fees and carried interest. Moreover, we could experience losses on our investments as principal as a result of poor investment performance by our investment funds. This could adversely affect our ability to expand our funds business, which is one of the key elements of our strategy.

Further, any adverse regulatory action in relation to the investment fund business or the sector in which we have investments may have an adverse impact on our business and results of operations. Thus, if we are unable to manage foreseeable and unforeseen risks and uncertainties in our investment management, it could affect our overall profitability and performance.

18. If the investment strategy for any of our funds goes out of favour with our clients, our income and profit may be materially adversely affected.

Our investment strategy in relation to any of our funds could go out of favour with our clients for a number of reasons, such as our inability to formulate an appropriate investment strategy, incorrect presumption about risks and benefits, underperformance relative to market indices, competition or other factors. If our investment strategies were to go out of favour with our clients, it could potentially cause our clients to reduce the assets that we manage for them. However, it should be noted that the clients make firm commitments and can default in payment of their contributions, in which case the Company has the ability to forfeit units already subscribed by them and allot the balance unsubscribed units to other eligible investor(s), subject to Company finding such investor(s). Our inability to formulate new investment strategies or offer new products promptly if market conditions change or new opportunities arise also may adversely affect the growth of our AUM. A decrease in our AUM may have a material adverse effect on our business, prospects, results of operations and financial condition.

19. We have a limited history with respect to acting as an infrastructure developer and we are subject to all of the business risks and uncertainties associated with commencing a new business in general, and with infrastructure development in particular.

We established IDFC Projects Limited in 2007, to act as an infrastructure developer. However, we have very limited experience in developing infrastructure projects and, as of the date of this Prospectus - Tranche 3, we have a majority interest in a company which is setting up a 1,050 MW coal-fired power plant in Chhattisgarh and a 26 per cent. stake in a company which has entered into a concession agreement with NHAI for the four laning of the Jetpur-Somnath section of the NH-8D in Gujarat for a distance stretching to 127.6 km on a BOT basis. Our success as an infrastructure developer will depend, among other things, on our ability to attract and retain talented and experienced personnel and to build relationships with partners and co-developers. We may not have control over joint ventures incorporated for undertaking infrastructure projects. Additionally, we are subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that we will not achieve our objectives within the estimated time period, or at all. Any inability to effectively develop or operate the projects, which we are developing or expect to develop, could adversely affect our business, prospects, results of operations and financial condition.

20. Any infrastructure projects we develop will require significant capital expenditure for which we will require additional capital. If we are unable to obtain the necessary funds on acceptable terms, our growth plans could be adversely affected.

Our funding requirements for infrastructure projects that we seek to develop through IDFC Projects Limited are likely to be substantial, and our ability to finance these plans are subject to a number of risks, contingencies and other factors, some of which are beyond our control, including availability of liquidity, general economic and capital markets conditions and our ability to obtain financing on acceptable terms, in a timely manner, or at all. Furthermore, adverse developments in the Indian credit markets or a reduced perception in the credit markets of our creditworthiness could increase our debt service costs and the overall cost of our funds. Additionally, due to the number of large scale infrastructure projects currently under development in India and increased lending by banks and financial institutions to such projects, we may not be able to receive adequate debt funding on commercially reasonable terms. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements.

Our ability to obtain the required capital on acceptable terms is subject to a variety of uncertainties, including:

- limitations on our ability to incur additional debt, including as a consequence of regulatory and contractual restrictions and prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities;
- limitations on our ability to raise capital in the capital markets and conditions of the Indian, U.S. and other capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

Any inability to raise sufficient capital, or any delays in raising capital, to fund our infrastructure projects could adversely affect our business, prospects, results of operations and financial condition.

21. We are subject to credit, market and liquidity risks, and if any such risks were to materialize, our credit ratings and our cost of funds could be adversely affected.

To the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may not be able to mitigate effectively our risk exposures in particular market environments or against particular types of risks.

Our trading revenues and interest rate risk are dependent upon our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, we could incur higher than anticipated losses.

The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. For example, one of the rating agencies had downgraded our debt grading from AAA to AA+ in July, 2009 and there can be no assurance that we may not experience such downgrade in the future. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in our ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions, particularly longer-term and derivatives transactions, or retain our customers. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition.

In addition, as an IFC, banks' exposures to us are risk-weighted in accordance with the ratings assigned to the Company by the rating agencies registered with the SEBI and accredited by the RBI. Our classification as an IFC is dependent upon the credit rating we obtain and maintain.

Although we believe that we have adequate risk management policies and procedures in place, we may still be exposed to unidentified or unanticipated risks, which could lead to material losses.

22. Our consolidated contingent liabilities not provided for could adversely affect our financial condition.

As of March 31, 2011, we had consolidated contingent liabilities not provided for of Rs. 23,536.4 million, including Rs. 7,288.9 million of capital commitments and Rs. 12,344.5 million of financial guarantees. We also had Rs. 1,184.8 million of contingent liabilities as on March 31, 2011 which increased to Rs. 1,070.7 million of contingent liabilities on account of income tax disputes as on January 31, 2012. If these contingent liabilities fully materialize, our financial condition could be adversely affected. For further details of our contingent liabilities, please see the section entitled "Financial Statements" beginning on page F-1.

23. Our success is dependent upon our management team and skilled personnel and our ability to attract and retain such persons.

Our future performance will be affected by the continued service of our management team and our ability to attract and retain skilled personnel. We also face a continuing challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we utilize the experienced understanding of our management of risks and opportunities associated with our business, and continue to grow and broaden our business activities. Our diversification strategy with its emphasis on principal investments, loan syndication, institutional brokerage, asset management and investment banking, and corporate and advisory services, requires highly qualified and skilled personnel. There is significant competition in India for such personnel, and it may be difficult to attract, adequately compensate and retain the personnel we need in the future. We do not maintain a "key man" insurance policy. Inability to attract and retain appropriate managerial personnel, or the loss of key personnel could adversely affect our business, prospects, results of operations and financial condition.

24. **Foreign currency lending or borrowing will expose us to fluctuations in foreign exchange rates.**

We are affected by adverse movements in foreign exchange rates to the extent they affect our borrowers negatively, which may in turn adversely affect the quality of our exposure to these borrowers. As of January 31, 2012, we had foreign currency borrowings of U.S.$ 937.5 million. While we currently seek to hedge foreign currency exposures, as our business grows and we seek greater amounts of foreign currency funds (for example, as an IFC, we have greater access to external commercial borrowings), we could be exposed to a greater extent to fluctuations in foreign currency rates. Volatility in foreign exchange rates could adversely affect our business, prospects, results of operations and financial condition.

25. **We are involved in certain legal proceedings that, if determined against us, could adversely impact our business and financial condition.**

We are subject to certain significant legal proceedings that could adversely impact our business and financial condition. These include:

- We are involved in a number of disputes pending with the Income Tax Department with respect to income tax assessments for the assessment years 1997-1998, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009. The aggregate income tax liability in dispute is Rs. 1,070.7 million as on January 31, 2012.

- In fiscal 2004, we sanctioned and disbursed a loan of Rs. 300.0 million to Data Access (India) Limited ("DAIL") for use in connection with its Internet service provider business. As a result of a promoter dispute and a winding up petition filed by one of DAIL's promoters. The High Court of Delhi on November 18, 2005 awarded a winding up order against DAIL and appointed an official liquidator (the "Official Liquidator") to take charge of DAIL's assets. As security against the loan, we hold a number of shares in DAIL. However, a group of new investors filed a suit against us seeking to prevent us from selling DAIL's shares held by the Company, and the Madras High Court subsequently passed a temporary order preventing us from disposing of our shareholding in DAIL. The matter is still pending before the Madras High Court.

  On August 26, 2005, the Company filed a recovery application in the Debt Recovery Tribunal, New Delhi against the guarantors under the loan to DAIL, namely Siddharth Ray and SPA Enterprises Limited for recovery of an amount aggregating to Rs. 314.1 million. The Company has filed its evidence in the matter. The recovery application will be taken up for arguments before the Debt Recovery Tribunal.

  In February 2008, the Company filed a recovery application against DAIL for recovery of Rs. 465.40 million in the Debt Recovery Tribunal, New Delhi, where Canara Bank is also impleaded as a defendant. The Company prayed for issuing of a certificate of recovery in its favour by the Debt Recovery Tribunal. The final order is awaited.

- Following Vodafone International Holdings BV's ("Vodafone") agreement with Hutchison Telecommunications International Limited ("HTIL") for the acquisition of a controlling stake in Hutchison Essar Limited ("HEL"), an organization called the Telecom Watchdog filed a civil writ petition before the High Court of Delhi alleging breach of the 74 per cent. sectoral cap for foreign direct investment by Vodafone in HEL. The Government, along with 21 other entities, including our Company were made respondents under this writ petition. The petitioner has alleged that SMMS Investments Private Limited (which was held 49 per cent. by the Company, 49 per cent. by IDF and 2 per cent. by SSKI Corporate Finance Limited (now IDFC Capital Limited)) holds its 54.21 per cent. investment in Omega Telecom Holdings Private Limited (which in turn held 5.11 per cent. equity interest in HEL) as a nominee of HTIL. On May 7, 2007, the Ministry of Finance, Government approved the acquisition of a controlling stake in HEL by Vodafone. However on May 10, 2007 Telecom Watchdog filed an application before the High Court of Delhi for the revival of the civil writ petition. The High Court of Delhi issued revival notice and granted liberty to Telecom Watchdog to amend the writ petition. Telecom Watchdog filed writ petition involving Vodafone also as a party. The matter is pending.

- Delhi Gurgaon Super Connectivity Limited ("DGSCL") and NHAI are involved in a dispute arising out of Concession Agreement signed between them for a road project. NHAI has issued a termination notice. We have an exposure of approximately Rs. 5,550.0 million on DGSCL. As an affected party, a consortium of lenders including the Company filed for an injunction and also to direct NHAI to execute escrow agreement and substitution agreement. The matter had come up for hearing on March 1, 2012 and a stay has been granted. Consequently the interim orders are to continue; *i.e.* the termination of the concession agreement has not been given effect to. The matter is posted on March 27, 2012 for further hearing.

Further, in the past, IDFC Capital Limited and IDFC Securities Limited have received show-cause notices from the SEBI and income tax authorities.

For further details, please see the section entitled "Outstanding Litigations and Default" on page 98.

26. We have debt agreements which contain restrictive covenants, placing limitations on us.

Some debt agreements entered into by the Company contain restrictive covenants including certain restrictions relating to the diversification of our business. These restrictions may impede the growth of our business. We have recently secured our outstanding borrowings by a floating charge over our receivables. Any inability to comply with the provisions of our debt agreements and any consequent action taken by our lenders, including an enforcement of the security, may adversely affect our business, prospects, results of operations and financial condition.

27. Our transition to IND AS reporting could have a material adverse effect on our reported results of operations or financial condition.

On February 25, 2011, the Ministry of Corporate Affairs, Government, of India ("MCA"), notified that the IND AS will be implemented in a phased manner. It was also mentioned that the date of implementation of IND AS will be notified by the MCA at a later date. As of the date of this Prospectus - Tranche 3, the MCA has not yet notified the date of implementation of IND AS. Additionally, IND AS has fundamental differences with IFRS and hence financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS.

There can be no assurance that the financial condition, results of operations, cash flow or changes in shareholder‘s equity of the Company will not appear materially different under IND AS than under Indian GAAP. As our Company adopts IND AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of IND AS-experienced accounting personnel available once Indian companies begin to prepare IND AS financial statements.

There can be no assurance that the adoption of IND AS by the Company will not adversely affect its reported results of operations or financial condition and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have a material adverse effect on our financial position and results of operations.

RISKS RELATING TO THE INDIAN ECONOMY

28. A slowdown in economic growth in India could cause our business to be adversely affected.

We and most of our subsidiaries are incorporated in India, and substantially all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our asset portfolio, the quality of our assets, and our ability to implement our strategy.

In recent years, India has been one of the fastest growing major economies in the world, recording a GDP growth rate at factor cost of 8.0 per cent. in 2009-10 and 8.6 per cent. during the year 2010-11. The current challenges for the economy are high oil and other commodity prices and inflation, which followed by RBI's anti-inflationary monetary stance, has the potential to moderate growth. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown could adversely affect our business, prospects, results of operations and financial condition.

29. Increased volatility or inflation of commodity prices in India could adversely affect the Company's business.

In recent months, consumer and wholesale prices in India have exhibited marked inflationary trends, with particular increases in the prices of food and crude oil. Inflation measured by the Wholesale Price Index decreased from 10.4 per cent. at March 31, 2010 to 9.7 per cent. at March 31, 2011. Any increased volatility or rate of inflation of global commodity prices, in particular oil metals and metal products prices, could adversely affect the Company's borrowers and contractual counterparties. This may lead to slowdown in the growth of the infrastructure and related sectors could adversely impact the Company's business, financial condition and results of operations.

30. Significant shortages in the supply of crude oil or natural gas, and other raw materials, could adversely affect the Indian economy and the infrastructure sector, which could adversely affect us.

In fiscal 2010, India imported approximately 159.26 million tonnes of crude oil. Crude oil prices are volatile and prices have risen in recent years due to a number of factors such as the level of global production and demand and political factors such as war and other conflicts, particularly in the Middle East. In June 2010, the Government eliminated subsidies on petroleum products, which will significantly increase the price of gasoline, diesel and kerosene. Any significant increase in oil prices could adversely affect the Indian economy, including the infrastructure sector, and the Indian banking and financial system. Prices of other key raw materials, for example steel, coal and cement, have also risen in recent years and if the prices of such raw materials approach levels that project developers deem unviable, this will result in a slowdown in the infrastructure sector and thereby reduce our business opportunities, our financial performance and our ability to implement our strategy. In addition, natural gas is a significant input for infrastructure projects, particularly those in the energy sector. India has experienced delays in the availability of natural gas which has caused difficulties in these projects. Continued difficulties in obtaining reliable, timely supply of natural gas could adversely affect some of the projects we finance and could impact the quality of our asset portfolio and our business, prospects, results of operations and financial condition.

31. Financial instability in other countries could disrupt our business.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

In the event that the current difficult conditions in the global credit markets continue or if the recovery is slower than expected or if there any significant financial disruption, this could have an adverse effect on our cost of funding, loan portfolio, business, prospects, results of operations and financial condition.

32. Political instability or changes in the Government could adversely affect economic conditions in India and consequently, our business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects. The current Government, which came to power in May 2009, is a coalition of several political parties. Although the previous Governments had announced policies and taken initiatives that supported the economic liberalisation programme pursued by previous governments, the policies of subsequent Governments may change the rate of economic liberalisation.

A significant change in the Government's policies in the future, particularly in respect of the banking and finance industry and the infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

33. If regional hostilities, terrorist attacks or social unrest in India increases, our business could be adversely affected.

India has from time to time experienced social and civil unrest and hostilities within itself and with neighbouring countries. India has also experienced terrorist attacks in some parts of the country. In November 2008, several coordinated terrorist attacks occurred across Mumbai, India's financial capital, which resulted in the loss of life, property and business. These hostilities and tensions and/or the occurrence of similar terrorist attacks have the potential to cause political or economic instability in India and adversely affect our business and future financial performance. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, prospects, results of operations and financial condition.

34. Natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. In previous years, many parts of India received significantly less than normal rainfall. As a result, the agricultural sector recorded minimal growth. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business.

35. Difficulties faced by other banks, financial institutions or NBFCs or the Indian financial sector generally could cause our business to be adversely affected.

We are exposed to the risks of the Indian financial sector which in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years particularly in managing risks associated with their portfolios and matching the duration of their assets and liabilities, and some co-operative banks have also faced serious financial and liquidity crises. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, prospects, results of operations and financial condition.

36. The proposed new taxation system could adversely affect the Company's business and the price of the Tranche 3 Bonds.

In its Union Budget for Fiscal Year 2010, the Government proposed two major reforms in Indian tax laws, namely the goods and services tax and the direct taxes code, which are proposed to be effective starting 1 April 2011 and 1 April 2012, respectively. Subsequently, in the Union Budget for Fiscal Year 2011, the effective date for the goods and services tax has been deferred by one year. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, surcharge and cess currently being collected by the central and state Governments. The direct taxes code was introduced in Parliament in August 2010. It aims to reduce distortions in tax structure, introduce moderate levels of taxation and expand the tax base. The code also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies. It seems to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax, fringe benefit tax and wealth tax and facilitate voluntary compliance.

As the taxation system is going to undergo significant overhaul, its long-term effects on the Company are unclear as of the date of this Prospectus - Tranche 3 and there can be no assurance that such effects would not adversely affect the Company's business and future financial performance.

RISKS RELATING TO THE TRANCHE 3 BONDS

37. The Tranche 3 Bonds are classified as "Long Term Infrastructure Bonds" and eligible for tax benefits under Section 80CCF of the Income Tax Act up to an amount not exceeding Rs. 20,000 in the year of investment. In the event that your investment in the Tranche 3 Bonds exceeds Rs. 20,000 in the year of investment, you shall be eligible for benefits under Section 80CCF of the Income Tax Act only for an amount up to Rs. 20,000 in the year of investment.

The Tranche 3 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, an amount, not exceeding Rs. 20,000, 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 Tranche 3 Bonds in excess of Rs. 20,000 in the year of investment, the aforestated tax benefit shall be available to such Applicant only to the extent of Rs. 20,000 in the year of investment.

38. There has been no prior public market for the Tranche 3 Bonds and it may not develop in the future, and the price of the Tranche 3 Bonds may be volatile.

The Tranche 3 Bonds under this Prospectus - Tranche 3 have no established trading market. Moreover, the Tranche 3 Bonds issued in this Issue are subject to statutory lock-in for a minimum period of five years from the date of Allotment. No trading market would exist or be established for the Tranche 3 Bonds issued in this Issue for the Lock-In Period despite the Tranche 3 Bonds being listed on NSE and BSE. Even after the expiry of the Lock-in Period, there can be no assurance that a public market for the Tranche 3 Bonds would develop. The proposed tax changes to the income tax regime by introduction of the draft Direct Tax Code ("**DTC**") may result in extinguishment of benefits available under Section 80CCF of the Income Tax Act. This may result in no further issuance of the Tranche 3 Bonds after DTC is approved by the Government of India. Although an application has been made to list the Tranche 3 Bonds on NSE and BSE, there can be no assurance that an active public market for the Tranche 3 Bonds will develop, and if such a market were to develop, there is no obligation on us to maintain such a market. The liquidity and market prices of the Tranche 3 Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Tranche 3 Bonds. Such fluctuations may significantly affect the liquidity and market price of the Tranche 3 Bonds, which may trade at a discount to the price at which you purchase the Tranche 3 Bonds.

Moreover, the price of the Tranche 3 Bonds on the NSE and the BSE may fluctuate after this Issue as a result of several other factors.

39. The legal regime in respect of issue of long term infrastructure bonds has been recently introduced and its efficiency is yet to be established.

The legal regime in relation to issue of long term infrastructure bonds was introduced in the Finance Bill of 2010, along with the tax benefits upon investment, initially for the financial year ending March 31, 2011 and was subsequently extended for the financial year ending March 31, 2012 pursuant to the Finance Bill of 2011. Pursuant to the Notification, the Ministry of Finance issued terms and conditions required for issuance of long term infrastructure bonds. We cannot assure you that the tax benefits offered for investment in long term infrastructure bonds would be continued in future. Further, we cannot assure you that any other company would be issuing infrastructure bonds in future and that a market for infrastructure bonds would be develop in future.

40. There is no guarantee that the Tranche 3 Bonds issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permissions for listing and trading of the Tranche 3 Bonds issued pursuant to this Issue will not be granted until after the Tranche 3 Bonds have been allotted. Approval for listing and trading will require all relevant documents authorising the issuance of Tranche 3 Bonds to be submitted. There could be a failure or delay in listing the Tranche 3 Bonds on the Stock Exchanges.

41. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Tranche 3 Bonds.

Our ability to pay interest accrued on the Tranche 3 Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, *inter alia*, including our financial condition, profitability and the general economic conditions in India and in the global financial markets.

We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Tranche 3 Bonds and/or the interest accrued thereon in a timely manner, or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the Bondholders on the assets adequate to ensure 100 per cent. asset cover for the Tranche 3 Bonds, the realizable value of the Secured Assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Tranche 3 Bonds. A failure or delay to recover the expected value from a sale or disposition of the Secured Assets could expose you to a potential loss.

42. Debenture Redemption Reserve ("DRR") would be created up to an extent of 50 per cent. for the Tranche 3 Bonds.

The Department of Company Affairs General Circular No.9/2002 No.6/3/2001-CL.V dated April 18, 2002 specifies that NBFCs which are registered with the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 shall create DRR to the extent of 50 per cent. of the value of the debentures issued through public issue. Therefore the Company will be maintaining debenture redemption reserve to the extent of 50 per cent of the Tranche 3 Bonds issued and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default.

43. Any downgrading in credit rating of our Tranche 3 Bonds may affect our the trading price of the Tranche 3 Bonds.

The Tranche 3 Bonds proposed to be issued under this Issue have been rated '(ICRA)AAA' from ICRA and 'Fitch AAA(ind)' from Fitch. We cannot guarantee that this rating will not be downgraded. The ratings provided by ICRA and Fitch may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Tranche 3 Bonds and may also affect the Company's ability to raise further debt.

44. The Tranche 3 Bondholders are required to comply with certain lock-in requirements.

The Bondholders are required to hold the Tranche 3 Bonds for a minimum period of five years before they can sell the same or utilise the buy-back option offered by the Company. This may lead to a lack of liquidity for the Bondholders during such periods (whether before or after the expiry of the Lock-in Period). Additionally, after the Lock-in Period, the Company will provide for buyback of the Tranche 3 Bonds on the Buyback Date in a manner as prescribed herein below. Other than on the Buyback Date, no Bondholder will be permitted to require a buyback of the Tranche 3 Bonds by the Company.

In the event that a Bondholder has not opted for the buyback facility upfront in the Application Form or fails to inform the Company during the Buyback Intimation Period of his or her intention to utilize the buyback facility offered by the Company, such Tranche 3 Bonds held by such Bondholder shall not be bought back by the Company on the Buyback Date. In such a case, a Bondholder may after the expiry of the Lock-in Period sell or dispose of those Tranche 3 Bonds on the Stock Exchanges.

In the event that a Bondholder who has opted for the buyback facility upfront in the Application Form, fails to inform the Company during the Buyback Intimation Period of his or her intention not to utilise the buyback facility offered by the Company, such Tranche 3 Bonds shall be compulsorily bought back by the Company on the Buyback Date.

Pursuant to the SEBI Debt Regulations, the Tranche 3 Bonds can only be traded in dematerialized form, after the Lock-in Period. The Tranche 3 Bonds held in physical form cannot be traded even after the Lock-in Period.

45. Changes in interest rates may affect the price of the Company's Tranche 3 Bonds.

All securities where a fixed rate of interest is offered, such as the Company's Tranche 3 Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Company's Tranche 3 Bonds.

46. Payments made on the Tranche 3 Bonds is subordinated to certain tax and other liabilities preferred by law.

The Tranche 3 Bonds will be subordinated to certain liabilities preferred by law such as to claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of the Company's trading or banking transactions. In particular, in the event of bankruptcy, liquidation or winding-up, the Company's assets will be available to pay obligations on the Tranche 3 Bonds only after all of those liabilities that rank senior to these Tranche 3 Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Tranche 3 Bonds.

THE ISSUE

The Board of Directors, at its meeting held on April 29, 2011 approved the issue of the Bonds, in one or more tranches, for an amount not exceeding Rs. 50,000.0 million for the financial year 2011-2012. The 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 financial year 2011-2012. The amount for 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 first tranche of the Bonds (the "**Tranche 1 Bonds**") was issued by the Company in December, 2011 on the terms set out in the Shelf Prospectus and the Prospectus – Tranche 1 for an aggregate amount of Rs. 5,326.2 million out of the overall limit of Rs. 50,000.0 million. On January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

The following is a summary of the issue structure for the issue of Tranche 3 Bonds, for an amount not exceeding Rs. 37,000.0 million. Please note that subsequent tranches may have a different structure which shall be specified by the Company in the respective tranche offer documents for such subsequent tranches of issue of Bonds.

COMMON TERMS FOR ALL SERIES OF THE TRANCHE 3 BONDS

Issuer	Infrastructure Development Finance Company Limited
Issue of Tranche 3 Bonds	Public issue of second tranche of long term infrastructure bonds of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80CCF of the Income Tax act, 1961 (the "**Tranche 3 Bonds**"), not exceeding Rs. 37,000.0 million, to be issued at par on the terms contained in the Shelf Prospectus and this Prospectus – Tranche 3.
Face Value (Rs.) per Tranche 3 Bond	5,000
Issue Price (Rs.) per Tranche 3 Bond	5,000
Minimum Application	Two Tranche 3 Bonds and in multiples of one Tranche 3 Bond thereafter. For the purpose fulfilling the requirement of minimum subscription of two Tranche 3 Bonds, an Applicant may choose to apply for two Tranche 3 Bonds of the same series or two Tranche 3 Bonds across different series.
Rating	"(ICRA)AAA" from ICRA "Fitch AAA(ind)" from Fitch
Security	First *pari passu* floating charge over the Secured Assets and first fixed *pari passu* charge over specified immovable properties of the Company more particularly as detailed in the section entitled "Terms of Issue -Security" on page 117.
Security Cover	1.0 time the outstanding Tranche 3 Bonds at any point of time.
Listing	NSE and BSE
Debenture Trustee	IDBI Trusteeship Services Limited
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Registrar	Karvy Computershare Private Limited

Mode of Payment	1. Electronic Clearing Services 2. At par cheques 3. Demand drafts
Issuance	Dematerialized form or Physical form* as specified by an Applicant in the Application Form.
Lock-in Period	5 years from the Deemed Date of Allotment
Trading	Dematerialized form only following expiry of the Lock-in Period
Issue Opening Date	March 19, 2012
Issue Closing Date	March 30, 2012 The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board subject to necessary approvals. In the event of an early closure or extension of the Issue, the 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 Issue closure
Deemed Date of Allotment	The Deemed Date of Allotment shall be the date as may be determined by the Board of the Company and notified to the Stock Exchanges. The actual allotment may occur on a date other than the Deemed Date of Allotment.
Lead Managers	ICICI Securities, JM Financial, Karvy, HDFC Bank and IDFC Capital
Co-Lead Managers	RR Investors, SMC Capitals and Bajaj Capital
Maturity Date	10 years from the Deemed Date of Allotment
Buyback Date	Date falling 5 years and one day from the Deemed Date of Allotment
Put/Call Option	None
Day Count Convention	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 Bonds

**In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the Tranche 3 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the Tranche 3 Bonds in physical form, will fulfill such request.*

SPECIFIC TERMS FOR EACH SERIES OF TRANCHE 3 BONDS

Series	1	2
Frequency of Interest payment	Annual	Cumulative
Face Value per Tranche 3 Bond	Rs. 5,000	Rs. 5,000
Buyback Facility	Yes	Yes
Buyback Amount	Rs. 5,000 per Tranche 3 Bond	Rs. 7,495 per Tranche 3 Bond.
Buyback Intimation Period	The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date
Tenor	120 months from the Deemed Date of Allotment	120 months from the Deemed Date of Allotment
Interest Rate	8.43% p.a.	N.A.
Maturity Amount	Rs. 5,000 per Tranche 3 Bond	Rs. 11,230 per Tranche 3 Bond
Yield on Maturity	8.43%	8.43% compounded annually
Yield on Buyback	8.43%	8.43% compounded annually

For various modes of interest payment, please refer to the section entitled "Terms of the Issue – Manner and Mode of Payment" on page 115.

TAX ADJUSTED RATE OF RETURN FOR TRANCHE 3 BONDS

The investment up to Rs. 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 3 Bonds up to Rs. 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	Series 1 Tranche 3 Bond	Series 2 Tranche 3 Bond
Face Value per Tranche 3 Bond (Rs.)	5,000	5,000
Interest Rate/ Yield on Maturity/Yield on Buyback (as applicable)	8.43% p.a.	8.43% compounded annually
Frequency of Interest Payment	Annual	Cumulative
Time to Maturity	10 years from the Deemed Date of Allotment	10 years from the Deemed Date of Allotment
Time to Buyback	Date falling five years and one day from the Deemed Date of Allotment	Date falling five years and one day from the Deemed Date of Allotment
Tax Rate (%)	Tax Benefit adjusted rate of return on Maturity (with Tax Benefits up to Rs. 20,000 u/s 80CCF of the Income Tax Act, 1961)	
10.30	10.11%	9.61%
20.60	12.08%	10.95%
30.90	14.45%	12.50%
Tax Rate (%)	Tax Benefit adjusted rate of return on Buyback (with Tax Benefits up to Rs. 20,000 u/s 80CCF of the Income Tax Act, 1961)	
10.30	11.23%	10.81%
20.60	14.50%	13.54%
30.90	18.39%	16.74%

The TARR is calculated assuming a gross investment of Rs. 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 55.

THE TRANCHE 3 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 RS. 20,000 IN THE YEAR OF THE 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 LONG TERM INFRASTRUCTURE BONDS IN EXCESS OF RS. 20,000 IN THE YEAR OF THE INVESTMENT, THE AFORESTATED TAX BENEFIT SHALL BE AVAILABLE TO SUCH APPLICANT ONLY TO THE EXTENT OF RS. 20,000 IN THE YEAR OF THE INVESTMENT.

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 3 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 3 BONDS. INVESTORS MUST CONSULT THEIR TAX AND FINANCIAL ADVISORS BEFORE MAKING ANY INVESTMENTS IN THE TRANCHE 3 BONDS. THE COMPANY IS NOT LIABLE TO THE INVESTOR IN ANY MANNER FOR PLACING RELIANCE UPON THE CONTENTS FOR CALCULATING TARR AS MENTIONED IN THE TABLE ABOVE.

SELECTED FINANCIAL INFORMATION

STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

	For the financial year ended 31st March, 2007 ₹ in Million	For the financial year ended 31st March, 2008 ₹ in Million	For the financial year ended 31st March, 2009 ₹ in Million	For the financial year ended 31st March, 2010 ₹ in Million	For the financial year ended 31st March, 2011 ₹ in Million
Income					
Operating Income	15,660.7	27,951.3	36,261.7	40,330.4	49,167.4
Other Income	51.9	113.6	104.0	296.1	162.9
Total	15,712.6	28,064.9	36,365.7	40,626.5	49,330.3
Expenditure					
Interest & Other Charges	8,554.6	14,829.0	20,812.1	19,534.7	23,875.3
Staff Expenses	481.7	1,686.7	1,782.4	3,083.7	2,955.9
Establishment Expenses	39.8	133.7	328.7	406.0	361.3
Other Expenses	255.2	638.4	1,316.0	1,630.3	1,601.6
Provisions and Contingencies	175.0	700.4	1,531.8	1,282.5	2,346.1
Depreciation and Amortisation	44.3	72.9	238.1	405.7	401.7
	9,550.6	18,061.1	26,009.1	26,342.9	31,541.9
Profit before Taxation	**6,162.0**	**10,003.8**	**10,356.6**	**14,283.6**	**17,788.4**
Less: Provision for Taxation					
Current Tax	1,292.5	2,484.8	3,206.3	3,999.6	5,724.2
Less: Deferred Tax	62.8	112.7	450.5	333.9	726.7
Add: Fringe Benefit Tax	11.3	108.3	25.9	-	-
	1,241.0	2,480.4	2,781.7	3,665.7	4,997.5
Profit after Taxation (before share of profit from Associates and adjustment for Minority Interest)	**4,921.0**	**7,523.4**	**7,574.8**	**10,617.9**	**12,790.9**
Add: Dilution effect due to change in holding in an Associate	-	47.9	-	-	-
Add / (Less): Share of Net Profit / (Loss) from Associates (Equity method)	118.3	(2.0)	15.6	10.8	22.3
Less: Share of Profit of Minority	-	112.5	42.3	1.0	(3.4)
Less: Pre-acquisition profits of a Subsidiary	-	35.2	50.1	4.6	-
Profit after Taxation	**5,039.3**	**7,421.6**	**7,498.1**	**10,623.1**	**12,816.6**

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

		As at 31st March, 2007 ₹ in Million	As at 31st March, 2008 ₹ in Million	As at 31st March, 2009 ₹ in Million	As at 31st March, 2010 ₹ in Million	As at 31st March, 2011 ₹ in Million
A.	**Fixed Assets**					
	Gross Block	794.0	858.6	5,111.6	5,184.2	5,329.6
	Less: Depreciation and Amortisation	304.6	367.2	612.5	907.4	1,204.3
	Net Block	489.4	491.4	4,499.1	4,276.8	4,125.3
	Add: Capital Work-in-Progress	-	3,358.5	44.4	54.6	6.4
	Add: Pre-operative Expenses pending capitalisation	-	-	-	83.7	337.3
		489.4	3,849.9	4,543.5	4,415.1	4,469.0
B.	**Goodwill on Consolidation**	(0.0)	2,867.6	10,691.8	11,596.3	11,638.0
C.	**Investments**	24,914.2	52,393.6	65,496.0	46,554.0	69,611.5
D.	**Infrastructure Loans**	139,184.3	199,050.9	205,962.4	250,310.6	376,523.2
E.	**Deferred Tax Asset**	856.9	972.1	1,425.0	1,766.2	2,495.4
F.	**Current Assets, Loans and Advances**					
	Income accrued on Investments	308.8	345.8	255.9	454.8	689.6
	Interest accrued on Infrastructure Loans	846.4	1,644.4	2,498.0	3,598.2	5,441.2
	Sundry Debtors	177.3	379.3	331.5	859.1	621.7
	Cash and Bank balances	10,802.5	18,084.0	8,254.5	2,714.7	11,049.1
	Loans and Advances	6,068.0	9,379.8	7,542.1	25,830.2	10,628.6
		18,203.0	29,833.3	18,882.0	33,457.0	28,430.2
	Total Assets (A+B+C+D+E+F)	**183,647.8**	**288,967.4**	**307,000.7**	**348,099.2**	**493,167.2**
G.	**Liabilities and Provisions**					
	Loan Funds:					
	Secured	4,980.3	1,649.2	-	-	354,350.1
	Unsecured	144,279.7	222,384.8	235,481.2	265,438.7	8,689.3
	Current Liabilities and Provisions	4,911.8	8,759.2	9,475.9	12,482.9	17,626.4
		154,171.8	232,793.2	244,957.1	277,921.6	380,665.8
H.	**Minority Interest**	-	241.2	281.1	63.2	1.7
I.	**Deferred Tax Liability**	0.0	0.1	3.8	11.1	15.3
J.	**Networth**	**29,476.0**	**55,932.9**	**61,758.7**	**70,103.3**	**112,484.4**

		As at 31st March, 2007 ₹ in Million	As at 31st March, 2008 ₹ in Million	As at 31st March, 2009 ₹ in Million	As at 31st March, 2010 ₹ in Million	As at 31st March, 2011 ₹ in Million
K.	**Represented by**					
	Share Capital	11,259.3	12,943.0	12,952.8	13,006.1	23,009.5
	Share Application Money	-	-	0.5	2.6	41.4
	Reserves and Surplus	18,216.7	42,989.9	48,805.4	57,094.6	89,433.5
	Networth	**29,476.0**	**55,932.9**	**61,758.7**	**70,103.3**	**112,484.4**
L.	**Contingent Liabilities and Commitments**					

STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED

		For the financial year ended 31st March, 2007 ₹ in Million	For the financial year ended 31st March, 2008 ₹ in Million	For the financial year ended 31st March, 2009 ₹ in Million	For the financial year ended 31st March, 2010 ₹ in Million	For the financial year ended 31st March, 2011 ₹ in Million
A.	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Profit Before Taxation	6,162.0	10,003.8	10,356.6	14,283.6	17,788.4
	Adjustments for:					
	Depreciation and Amortisation	44.3	72.9	238.1	405.7	401.7
	Provision for Employee Benefits	0.8	17.0	17.6	11.0	(19.1)
	ESOP compensation cost	9.6	29.4	123.1	53.4	167.5
	Provision for Contingencies	498.5	575.2	1,563.5	1,026.2	1,484.8
	Provision for Doubtful Loans, Debtors and Restructured Loans	(519.4)	(206.8)	(202.1)	36.0	61.1
	(Excluding Bad Debts)					
	Provision for Diminution in value of Investments	26.6	331.2	(61.0)	220.3	798.7
	Provision For Mark to Market on Derivatives	-	-	-	-	1.6
	(Gain) / Loss on Foreign Currency Revaluation	85.2	(206.3)	33.2	358.4	(74.2)
	Amortisation of Premium / (Discount) on Investments	32.4	25.7	7.0	13.1	30.1
	Increase in Foreign Currency Translation Reserve	-	-	6.7	(11.4)	(12.7)
	Profit on sale of Investments	(1,411.2)	(2,885.3)	(3,179.3)	(4,286.1)	(2,555.4)
	(Profit)/ Loss on sale of Assets	0.4	(9.5)	(18.5)	(119.0)	(68.9)
		4,929.2	7,747.3	8,884.9	11,991.2	18,003.6
	Changes in:					
	Current Assets, Loans and Advances	(2,706.3)	(2,963.6)	1,372.0	1,070.4	(3,409.3)
	Current Liabilities and Provisions	1,386.3	2,891.5	(389.2)	1,915.9	835.0
		(1,320.0)	(72.1)	982.8	2,986.3	(2,574.3)
	Direct Taxes paid	(2,220.5)	(3,285.2)	(2,593.7)	(3,300.0)	(4,815.1)
	CASH GENERATED FROM OPERATIONS	**1,388.6**	**4,390.0**	**7,274.0**	**11,677.5**	**10,614.2**
	Infrastructure Loans disbursed (net of	(38,295.0)	(60,060.3)	(7,303.4)	(44,936.7)	(126,739.7)

		For the financial year ended 31st March, 2007 ₹ in Million	For the financial year ended 31st March, 2008 ₹ in Million	For the financial year ended 31st March, 2009 ₹ in Million	For the financial year ended 31st March, 2010 ₹ in Million	For the financial year ended 31st March, 2011 ₹ in Million
	repayments)					
	NET CASH USED IN OPERATING ACTIVITIES	**(36,906.3)**	**(55,670.3)**	**(29.4)**	**(33,259.2)**	**(116,125.5)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Purchase of Fixed Assets (including Capital Work - in - Progress &	(27.9)	(3,453.3)	(948.0)	(399.3)	(524.6)
	and Pre-operative Expenses pending capitalisation)					
	Sale of Fixed Assets	1.7	29.4	35.1	240.8	137.8
	Income from Investments	-	-	2.2	-	-
	Sale Proceeds of Investments	356,195.5	753,042.6	951,128.0	1,018,717.4	1,869,393.3
	Purchase of Investments	(365,548.7)	(781,321.9)	(958,366.2)	(1,017,624.9)	(1,874,280.5)
	Goodwill on acquisitions	(969.3)	(1,973.9)	(7,846.5)	(904.4)	(41.7)
	Capital Reserve on increase of stake in Subsidiary/ Joint Venture	2.5	10.0	0.1	0.0	(0.0)
	Opening Adjustment	-	-	-	24.1	0.3
	NET CASH FROM / (USED) IN INVESTING ACTIVITIES	**(10,346.2)**	**(33,667.1)**	**(15,995.3)**	**53.7**	**(5,315.4)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Proceeds from fresh issue of shares (net of issue expenses)	60.7	20,822.4	17.6	207.5	35,052.4
	Proceeds from Borrowings (net of repayment)	55,748.4	76,104.1	8,381.8	29,368.1	97,067.6
	Dividend paid (including dividend tax)	(1,283.2)	(1,320.3)	(1,886.2)	(1,852.8)	(2,250.8)
	Increase / (Decrease) in Minority Interest	(2.5)	128.7	(2.4)	(218.8)	(58.2)

		For the financial year ended 31st March, 2007 ₹ in Million	For the financial year ended 31st March, 2008 ₹ in Million	For the financial year ended 31st March, 2009 ₹ in Million	For the financial year ended 31st March, 2010 ₹ in Million	For the financial year ended 31st March, 2011 ₹ in Million
	NET CASH FROM FINANCING ACTIVITIES	**54,523.4**	**95,734.9**	**6,510.8**	**27,504.0**	**129,811.0**
	Net increase/ (decrease) in cash and cash equivalent (A+B+C)	7,270.9	6,397.5	(9,513.9)	(5,701.5)	8,370.1
	Cash and cash equivalents as at the beginning of the year	3,529.6	10,800.5	17,198.0	7,684.1	1,982.6
	(See Note below)					
	Cash and cash equivalents as at the end of the year	10,800.5	17,198.0	7,684.1	1,982.6	10,352.7
	(See Note below)					
		7,270.9	**6,397.5**	**(9,513.9)**	**(5,701.5)**	**8,370.1**
	Note:					
	Cash and cash equivalents as per Annexure XII (Schedule 5)	10,802.5	18,084.0	8,254.5	2,714.7	11,049.1
	Less:Current Accounts held for Unclaimed Dividend	2.0	3.3	6.0	7.7	9.6
	Less:Bank Deposits under lien	-	882.7	564.4	724.4	686.8
	Cash and cash equivalents as above	**10,800.5**	**17,198.0**	**7,684.1**	**1,982.6**	**10,352.7**

RECENT DEVELOPMENTS

I. LIMITED REVIEW STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011

(a) Auditors' Report to the Board Of Directors of Infrastructure Development Finance Company Limited

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results of **INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED** ("the Company") for the quarter and the nine months ended 31st December, 2011 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an opinion.

3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrars. We are informed that there is no promoter or promoter group of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No.117366W)
P. R. Ramesh
Partner
(Membership No. 70928)

HYDERABAD, 10th February, 2012
PRR/PG/SCR

Infrastructure Development Finance Company Limited

Unaudited Standalone Financial Results for the quarter and nine months ended 31st December, 2011

(₹ in lakhs)

		Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
1	**Income from Operations** (See Notes 1 & 2)	**158,223.11**	165,144.10	116,214.62	**453,067.73**	324,766.58	454,595.53
2	**Expenditure**						
	(a) Employees Cost	**4,572.79**	4,339.87	2,569.73	**11,707.17**	7,633.10	10,652.07
	(b) Other Expenditure	**1,743.52**	1,943.46	1,585.63	**5,214.28**	5,280.33	6,922.90
	(c) Provisions and Contingencies (Net)	**9,764.45**	6,295.40	4,822.00	**19,992.94**	14,014.19	23,493.66
	(d) Depreciation and Amortisation	**785.41**	785.76	819.51	**2,345.20**	2,427.30	3,269.77
	Total	**16,866.17**	13,364.49	9,796.87	**39,259.59**	29,354.92	44,338.40
3	**Profit from Operations before Other Income**	**141,356.94**	151,779.61	106,417.75	**413,808.14**	295,411.66	410,257.13
	& Interest (1) -(2)						
4	Other Income	**65.57**	67.14	323.73	**641.40**	924.92	1,439.81
5	**Profit before Interest (3)+(4)**	**141,422.51**	151,846.75	106,741.48	**414,449.54**	296,336.58	411,696.94
6	Interest and Other Charges	**87,994.08**	82,566.17	64,958.93	**245,923.15**	170,297.42	238,652.09
7	**Profit from Ordinary Activities before Tax (5)-(6)**	**53,428.43**	69,280.58	41,782.55	**168,526.39**	126,039.16	173,044.85
8	Tax expense (net)	**14,720.00**	16,360.00	11,360.00	**43,920.29**	32,980.00	45,330.00
9	**Net Profit after tax for the period (7)-(8)**	**38,708.43**	52,920.58	30,422.55	**124,606.10**	93,059.16	127,714.85
10	Paid-up Equity Share Capital (See Note 4)	**146,353.73**	146,332.70	146,076.54	**146,353.73**	146,076.54	146,094.75
		(Face Value ₹ 10)					
11	Reserves						876,506.06
12	Analytical Ratios						
	(i) **Capital Adequacy Ratio**	**21.89%**	22.87%	24.93%	**21.89%**	24.93%	24.48%

		Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
		(Reviewed)	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Audited)**
	(ii) **Earnings Per Share (EPS)**						
	(a) Basic (₹) (See Note 4)	**2.55**	3.51	1.97	**8.22**	6.46	8.74
	(b) Diluted (₹) (See Note 4)	**2.54**	3.51	1.94	**8.19**	6.41	8.68
	(iii)**NPA Ratio**						
	(a)Amount of Gross Non Performing Assets	**14,832.45**	7,754.95	7,973.43	**14,832.45**	7,973.43	7,973.43
	(b) Amount of Net Non Performing Assets	**9,643.45**	3,615.25	3,890.52	**9,643.45**	3,890.52	3,890.52
	(c) % of Gross NPAs to Gross Assets	**0.33%**	0.19%	0.22%	**0.33%**	0.22%	0.21%
	(d) % of Net NPAs to Net Assets	**0.22%**	0.09%	0.11%	**0.22%**	0.11%	0.10%
	(iv **Return on Assets (annualised)**	**2.79%**	4.05%	2.54%	**3.17%**	2.94%	2.92%
13	**Public shareholding:**						
	(a) Number of Equity Shares (See Note 4)	**146,35,37,336**	146,33,27,000	146,07,65,398	**146,35,37,336**	146,07,65,398	146,09,47,548
	(b) Percentage of shareholding	**100%**	100%	100%	**100%**	100%	100%
14	**Promoter and promoter group shareholding**	**Not Applicable**	Not Applicable	Not Applicable	**Not Applicable**	Not Applicable	Not Applicable

Notes:

1 Income from Operations for the nine months ended 31st December, 2011 includes Dividend of ₹ 5,927.44 lakhs (Previous Year ₹ Nil) received from Subsidiary Companies.

2 Income from Operations for the quarter and nine months ended 31st December, 2011 includes profit on sale of 25% equity shares in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited amounting to ₹ 8,900.16 lakhs.

3 The Company's main business is infrastructure operations. All other activities revolve around the main business. As such, there are no reportable segments as per Accounting Standard 17 on 'Segment Reporting' as notified by Companies (Accounting Standards) Rules, 2006.

4 During the nine months ended 31st December, 2011, the Company issued 25,89,788 equity shares of face value of ₹ 10 each pursuant to exercise of stock options by employees under the employee stock option scheme.

5 Key data relating to the consolidated results of Infrastructure Development Finance Company Limited are as under:

(₹ in lakhs)

	Quarter ended 31.12.2011	**Quarter ended 30.09.2011**	**Quarter ended 31.12.2010**	**Nine months ended 31.12.2011**	**Nine months ended 31.12.2010**	**Year ended 31.03.2011**
	(Reviewed)	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Audited)**
Income from Operations	**163,917.62**	171,492.80	130,625.60	**470,544.53**	361,440.23	491,673.94
Net Profit for the Period	**38,121.62**	52,427.31	32,147.28	**121,918.46**	99,497.97	128,165.32
Earnings per Share (EPS)						
(a) Basic (₹)	**2.50**	3.48	2.08	**8.03**	6.92	8.77
(b) Diluted (₹)	**2.50**	3.47	2.06	**8.01**	6.87	8.71

6 (a) The status of Shareholders' complaints received during the quarter ended 31st December, 2011 is as under:

Complaints pending as at 1st October, 2011	Nil
Complaints received during the quarter ended 31st December, 2011	112
Complaints resolved during the quarter ended 31st December, 2011	112
Complaints pending as at 31st December, 2011	Nil

(b) The status of Infrastructure Retail Bondholders' complaints received during the quarter ended 31st December, 2011 is as under:

Complaints pending as at 1st October, 2011	1
Complaints received during the quarter ended 31st December, 2011	3,616
Complaints resolved during the quarter ended 31st December, 2011	3,617
Complaints pending as at 31st December, 2011	Nil

7 The above results were reviewed by the Audit Committee on 8th February, 2012 and approved by the Board of Directors on 10th February, 2012 and have been subjected to a "Limited Review" by the Statutory Auditors.

8 Figures for the previous periods / year have been regrouped wherever necessary, in order to make them comparable.

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

Hyderabad, 10th February, 2012

For and on behalf of the Board

Rajiv B. Lall
Managing Director & CEO

Hyderabad, 10th February, 2012

(b) Auditors' Report to the Board Of Directors of Infrastructure Development Finance Company Limited

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results of **INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") and its share of the profit of associate companies for the quarter and the nine months ended 31st December, 2011 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an opinion.

3. The Statement includes the results of the following entities:

   Subsidiaries: IDFC Private Equity Company Limited, IDFC Finance Limited, IDFC Projects Limited, IDFC PPP Trusteeship Company Limited, IDFC Securities Limited, IDFC Capital Limited, IDFC Distribution Company Limited, IDFC Project Equity Company Limited, IDFC Investment Advisors Limited, IDFC Trustee Company Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Pension Fund Management Company Limited, Dheeru Powergen Limited, IDFC General Partners Limited - Guernsey, IDFC Fund of Funds Limited - Guernsey, Emerging Markets Private Equity Fund LP - Guernsey, IDFC Capital (USA) Inc. - USA, IDFC Investment Managers (Mauritius) Limited – Mauritius and IDFC Capital (Singapore) Pte. Limited - Singapore.

   Associate Companies: Feedback Infrastructure Services Private Limited and Jetpur Somnath Tollways Limited.

4. The Statement reflects the Group's share of Revenue of ₹ 4,271.83 lakhs and Profit after Tax (net) ₹ 886.05 lakhs for the quarter ended 31st December, 2011 and Revenue of ₹ 13,903.96 lakhs and Profit after Tax of (net) ₹ 3,268.41 lakhs for the nine months ended 31st December, 2011 relating to six subsidiaries and financial results of one associate which reflect the Group's share of Profit after Tax of ₹ 5.40 lakhs for the quarter ended 31st December, 2011 and Profit after Tax ₹ 9.16 lakhs for the nine months ended 31st December, 2011 whose results have been reviewed by other auditors. Accordingly, our assurance on the Statement in so far as it relates to the amounts included in respect of these subsidiaries and associate is based solely on the reports of such other auditors which have been furnished to us.

5. The financial results of six subsidiaries which reflect the Group's share of Revenue of ₹ 23.48 lakhs and Loss after Tax (net) of ₹ 400.01 lakhs for the quarter ended 31st December, 2011 and Revenue of ₹ 214.39 lakhs and Loss after Tax (net) of ₹ 731.81 lakhs for the nine months ended 31st December, 2011 and the financial results of one associate which reflect the Group's share of Profit after Tax of ₹ 52.74 lakhs for the quarter ended 31st December, 2011 and Profit after Tax ₹ 112.40 lakhs for the nine months ended 31st December, 2011 which have not been reviewed by their auditors.

6. Based on our review and read with our comments in paragraph 4 above and subject to our comments in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be

disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Further, we also report that we have traced the number of shares as well as the percentage of shareholdings in respect of the aggregate amount of public shareholdings in terms of Clause 35 of the Listing Agreements from the details furnished by the Management and the particulars relating to the undisputed investor complaints from the details furnished by the Registrars. We are informed that there is no promoter or promoter group of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

P. R. Ramesh
Partner
(Membership No.70928)

HYDERABAD, 10th February, 2012
PRR/PG

Infrastructure Development Finance Company Limited

Unaudited Consolidated Financial Results for the quarter and nine months ended 31st December, 2011

(₹ in lakhs)

		Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
		(Reviewed)	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Audited)**
1	**Income from Operations** (See Note 3)	**163,917.62**	171,492.80	130,625.60	**470,544.53**	361,440.23	491,673.94
2	**Expenditure**						
	(a) Employees Cost	**7,264.10**	7,704.02	8,763.58	**21,460.06**	21,142.16	29,559.22
	(b) Other Expenditure	**4,431.43**	4,467.62	6,617.11	**12,772.50**	17,121.74	19,628.53
	(c) Provisions and Contingencies (Net)	**9,777.07**	6,312.91	4,797.58	**20,082.70**	14,218.10	23,461.38
	(d) Depreciation and Amortisation	**963.55**	965.82	1,026.46	**2,876.30**	3,031.44	4,017.26
	Total	**22,436.15**	19,450.37	21,204.73	**57,191.56**	55,513.44	76,666.39
3	**Profit from Operations before Other Income**	**141,481.47**	152,042.43	109,420.87	**413,352.97**	305,926.79	415,007.55
	& Interest (1) -(2)						
4	Other Income	**69.10**	110.95	375.35	**844.09**	1,197.77	1,628.93
5	**Profit before Interest (3)+(4)**	**141,550.57**	152,153.38	109,796.22	**414,197.06**	307,124.56	416,636.48
6	Interest and Other Charges	**88,021.30**	82,597.16	65,001.87	**246,012.29**	170,402.06	238,752.66
7	**Profit from ordinary activities before Tax (5)-(6)**	**53,529.27**	69,556.22	44,794.35	**168,184.77**	136,722.50	177,883.82
8	Tax expense (net)	**15,366.40**	17,145.56	12,723.88	**46,289.97**	37,451.43	49,975.42
9	**Net Profit after tax (before Share of profit of Associates**	**38,162.87**	52,410.66	32,070.47	**121,894.80**	99,271.07	127,908.40
	and Share of Minority Interest) (7) - (8)						
10	Share of profit of Associates (Equity method)	**58.14**	11.46	51.87	**121.56**	140.23	222.74
11	Share of profit / (loss) of Minority Interest	**99.39**	(5.19)	(24.94)	**97.90**	(86.67)	(34.18)

		Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
12	**Net Profit after tax for the period (9)+(10)-(11)**	**38,121.62**	52,427.31	32,147.28	**121,918.46**	99,497.97	128,165.32
13	Paid-up Equity Share Capital (See Note 4)	**146,353.73**	146,332.70	146,076.54	**146,353.73**	146,076.54	146,094.75
	(Face Value ₹ 10)						
14	Reserves						894,335.28
15	**Earnings per Share (EPS)**						
	(a) Basic (₹) (See Note 4)	**2.50**	3.48	2.08	**8.03**	6.92	8.77
	(b) Diluted (₹) (See Note 4)	**2.50**	3.47	2.06	**8.01**	6.87	8.71
16	**Public shareholding**						
	(a) Number of Equity shares (See Note 4)	**146,35,37,336**	146,33,27,000	146,07,65,398	**146,35,37,336**	146,07,65,398	146,09,47,548
	(b) Percentage of shareholding	**100%**	100%	100%	**100%**	100%	100%
17	**Promoter and promoter group shareholding**	**Not Applicable**	Not Applicable	Not Applicable	**Not Applicable**	Not Applicable	Not Applicable

Notes:

1 The disclosure in terms of Accounting Standard 17 on ‘Segment Reporting’ as notified under the Companies (Accounting Standards) Rules, 2006.

(₹ in lakhs)

Particulars	Consolidated					
	Quarter ended 31.12.2011	Quarter ended 30.09.2011	Quarter ended 31.12.2010	Nine months ended 31.12.2011	Nine months ended 31.12.2010	Year ended 31.03.2011
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
Segment Revenue						
Infrastructure operations	**158,189.71**	165,117.89	118,423.44	**452,908.00**	328,622.79	452,328.49
Others *	**7,149.12**	8,788.78	12,554.18	**24,342.50**	33,406.77	45,408.07
	165,338.83	173,906.67	130,977.62	**477,250.50**	**362,029.56**	497,736.56
Less: Inter Segment Revenue	**1,421.21**	2,413.87	352.02	**6,705.97**	589.33	6,062.62

Particulars	Consolidated					
	Quarter ended 31.12.2011	**Quarter ended 30.09.2011**	**Quarter ended 31.12.2010**	**Nine months ended 31.12.2011**	**Nine months ended 31.12.2010**	**Year ended 31.03.2011**
	(Reviewed)	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Reviewed)**	**(Audited)**
Income from Operations	**163,917.62**	171,492.80	130,625.60	**470,544.53**	**361,440.23**	491,673.94
Segment Results						
Infrastructure operations	**52,395.94**	67,663.65	41,418.40	**162,583.91**	124,774.79	165,826.20
Others *	**1,133.17**	1,892.57	3,305.24	**5,472.97**	11,362.54	11,465.53
Unallocated	**0.16**	-	70.71	**127.89**	585.17	592.09
Profit Before Tax	**53,529.27**	69,556.22	44,794.35	**168,184.77**	**136,722.50**	177,883.82
Capital Employed (Segment Assets - Segment Liabilities)						
Infrastructure operations	**1,068,127.55**	1,018,432.78	945,971.15	**1,068,127.55**	945,971.15	938,243.12
Others *	**127,827.20**	144,932.42	150,916.28	**127,827.20**	150,916.28	145,386.57
Unallocated	**49,020.27**	43,939.14	42,700.84	**49,020.27**	42,700.84	41,231.93
Total Capital Employed	**1,244,975.02**	1,207,304.34	1,139,588.27	**1,244,975.02**	1,139,588.27	1,124,861.62

* Others comprise asset management, investment banking and institutional broking.

2 The Analytical Ratios and key data relating to Standalone results of Infrastructure Development Finance Company Limited are as under:

(₹ in lakhs)

Particulars	Standalone					
	Quarter ended 31.12.2011	**Quarter ended 30.09.2011**	**Quarter ended 31.12.2010**	**Nine months ended 31.12.2011**	**Nine months ended 31.12.2010**	**Year ended 31.03.2011**
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
(i) **Capital Adequacy Ratio**	**21.89%**	22.87%	24.93%	**21.89%**	24.93%	24.48%
(ii) **Earnings per Share (EPS)**						
(a) Basic (₹) (See Note 4)	**2.55**	3.51	1.97	**8.22**	6.46	8.74
(b) Diluted (₹) (See Note 4)	**2.54**	3.51	1.94	**8.19**	6.41	8.68
(iii) **NPA Ratio**						
(a) Amount of Gross Non	**14,832.45**	7,754.95	7,973.43	**14,832.45**	7,973.43	7,973.43

Particulars	Standalone					
	Quarter ended 31.12.2011	**Quarter ended 30.09.2011**	**Quarter ended 31.12.2010**	**Nine months ended 31.12.2011**	**Nine months ended 31.12.2010**	**Year ended 31.03.2011**
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
Performing Assets						
(b) Amount of Net Non Performing Assets	**9,643.45**	3,615.25	3,890.52	**9,643.45**	3,890.52	3,890.52
(c) % of Gross Non Performing Assets to Gross Assets	**0.33%**	0.19%	0.22%	**0.33%**	0.22%	0.21%
(d) % of Net Non Performing Assets to Net Assets	**0.22%**	0.09%	0.11%	**0.22%**	0.11%	0.10%
(iv) **Return on Assets (annualised)**	**2.79%**	4.05%	2.54%	**3.17%**	2.94%	2.92%
(v) **Turnover (Income from Operations)**	**158,223.11**	165,144.10	116,214.62	**453,067.73**	324,766.58	454,595.53
(vi) **Profit Before Tax**	**53,428.43**	69,280.58	41,782.55	**168,526.39**	126,039.16	173,044.85
(vii) **Profit After Tax**	**38,708.43**	52,920.58	30,422.55	**124,606.10**	93,059.16	127,714.85

3 Income from Operations for the quarter and nine months ended 31st December, 2011 includes profit on sale of 25% equity shares in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited amounting to ₹ 8,378.27 lakhs.

4 During the nine months ended 31st December, 2011, the Company issued 25,89,788 equity shares of face value of ₹ 10 each pursuant to exercise of stock options by employees under the employee stock option scheme.

5 (a) The status of Shareholders' complaints received during the quarter ended 31st December, 2011 is as under:

Complaints pending as at 1st October, 2011	Nil
Complaints received during the quarter ended 31st December, 2011	112
Complaints resolved during the quarter ended 31st December, 2011	112
Complaints pending as at 31st December, 2011	Nil

(b) The status of Infrastructure Retail Bondholders' complaints received during the quarter ended 31st December, 2011 is as under:

Complaints pending as at 1st October, 2011	1
Complaints received during the quarter ended 31st December, 2011	3,616

Complaints resolved during the quarter ended 31st December, 2011	3,617
Complaints pending as at 31st December, 2011	Nil

6 The above results were reviewed by the Audit Committee on 8th February, 2012 and approved by the Board of Directors on 10th February, 2012 and have been subjected to a "Limited Review" by the Statutory Auditors.

7 The standalone financial results are available on the Company's website (www.idfc.com) and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).

8 Figures for the previous periods / year have been regrouped wherever necessary, in order to make them comparable.

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Ramesh
Partner

Hyderabad, 10th February, 2012

For and on behalf of the Board

Rajiv B. Lall
Managing Director & CEO

Hyderabad, 10th February, 2012

II. PUBLIC ISSUE OF TRANCHE 1 BONDS UNDER PROSPECTUS - TRANCHE 1

On December 30, 2011, the Company issued and allotted 1065232 Tranche 1 Bonds having face value and issue price of Rs. 5,000 aggregating Rs. 5,326.2 million in terms of the Shelf Prospectus and Prospectus – Tranche 1.

III. INVESTMENT IN INFORMATION TECHNOLOGY INDUSTRIAL PARK IN NOIDA BY THE COMPANY

The Company has recently acquired a stake of 40.25 per cent. in Galaxy Mercantiles Limited ("**GML**") in terms of a share purchase, securities subscription cum shareholders' agreement ("**SSA**") dated November 2, 2011. GML is a company carrying on the business of developing and maintaining industrial parks. New Okhla Industrial Development Authority ("**NOIDA**") and GML have entered into a lease deed, under which NOIDA has given a plot to GML on a leasehold basis for the purpose of construction and setting up an information technology industrial park ("**IT Industrial Park**"), for a period of 90 years. GML has constructed the IT Industrial Park on the plot with all other facilities. In terms of the SSA, the Company shall make further investments on the achievement of certain milestones.

IV. ESTABLISHMENT OF A MEDIUM TERM NOTE PROGRAMME

On January 27, 2012, the Company filed an offering circular with Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in connection with the establishment of its U.S.$1,500,000,000 medium term note programme ("**MTN Programme**"). The Company proposes to issue foreign currency denominated notes under the MTN Programme, from time to time in accordance with applicable laws and regulations including without limitation the regulations pertaining to external commercial borrowings issued by the RBI.

V. PUBLIC ISSUE OF TRANCHE 2 BONDS UNDER PROSPECTUS – TRANCHE 2

On January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

VI. ASSIGNMENT OF RIGHTS AS MANAGER OF EMERGING MARKETS PRIVATE EQUITY FUND, L.P. BY IDFC CAPITAL (SINGAPORE) PTE. LTD.

IDFC Capital (Singapore) Pte. Ltd. has assigned its rights as a manager of its fund of fund business (i.e. ceased to be manager of the 'Emerging Markets Private Equity Fund, L.P.') effective from January 26, 2012. Consequently, IDFC General Partners has assigned its rights and has discontinued managing the Emerging Market Private Equity Fund, L.P. in its capacity as general partner of the aforementioned fund.

SUMMARY OF BUSINESS

Overview

We believe that we are a leading knowledge-driven financial services company in India and play a central role in advancing infrastructure development in the country. We provide a full range of financing solutions to our clients and believe that we distinguish ourselves from other financiers by having developed extensive domain knowledge of infrastructure in India. We operate as a professionally managed commercial entity with the objective of maximizing shareholder value. We were established in 1997 as a private sector enterprise by a consortium of public and private investors and listed our Equity Shares in India pursuant to an initial public offering in August 2005. Following the listing of our Equity Shares, we steadily broadened our business activities from project financing and government advisory to cover a wide spectrum of financial intermediation services. Since our second major capital raising in July 2007 through a qualified institutions placement of our Equity Shares raising approximately Rs. 21,000.0 million, we have continued to grow and diversify our business and revenue streams through a mix of organic as well as inorganic growth, including acquisitions. In July 2010, we raised approximately Rs. 35,000.0 million on an aggregate basis, through a qualified institutions placement of our Equity Shares and a preferential allotment of our compulsorily convertible cumulative preference shares. In November 2010, we raised Rs. 4,710.4 million on an aggregate basis, through the public issue of long term infrastructure bonds with tax benefits under Section 80CCF of the Income Tax Act, 1961. We raised a further Rs. 7,572.9 million through an additional issue of the bonds in February 2011 and Rs. 2,234.3 million in March 2011. In December 2011, we raised a further Rs. 5,326.2 million through the issue of the Tranche 1 Bonds in terms of the Shelf Prospectus and the Prospectus – Tranche 1. On January 3, 2012, we had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. We have received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and we are in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

The Government has identified infrastructure development as a key priority in its five year plans. The Eleventh Five Year Plan (Fiscal 2008 to 2012) envisages investments of U.S. $514.04 billion in the infrastructure sector. Given the scale of investment required, we expect a substantial proportion of the investment to be met through private financing or PPP. We believe that given our history, capabilities and financial strength, we are well placed to benefit from these opportunities, particularly with the increasingly conducive policy and regulatory environment in India for infrastructure development. In this connection, we have been reclassified by the RBI as an Infrastructure Finance Company, or IFC, which, among other things will allow us to diversify our borrowings, access long-term funds to a greater extent and give us the flexibility to increase our exposures to borrowers and groups.

We classify our business into the following four broad platforms, through which we not only provide project finance but also arrange and facilitate the flow of private capital to infrastructure development by creating appropriate structures and financing vehicles for a wide range of market participants:

- Corporate Finance and Investment Banking, which includes our project finance, principal investments and treasury operations, as well as the investment banking business of IDFC Capital and the institutional brokerage business of IDFC Securities, which were acquired in 2007;
- Public Markets Asset Management, which comprises the mutual funds business that we acquired from Standard Chartered Bank in 2008;
- Alternative Asset Management, which includes our private asset management and project management businesses; and
- Advocacy and Nation Building, through which we remain actively involved in providing policy formulation and advocacy, institutional capacity building to structure public-private partnerships, government transaction advisory services and corporate social responsibility initiatives.

These business platforms are supported by a shared services platform that includes information technology, human resources, legal and compliance, secretarial services, risk management, finance and facilities.

Our clients include prominent participants in infrastructure development in India and our product portfolio caters to the diverse needs of these clients across all layers of the capital structure. Our main focus has been on the energy, transportation and the telecommunications and information technology sectors, and we expect to see continued growth and significant financing opportunities in these sectors.

In view of our historical and intended growth and the increasingly interconnected nature of our businesses, in fiscal 2010 we launched the 'One Firm' initiative, which seeks to forge our identity and brand across our various platforms and businesses. We believe that this initiative will enable us to emerge as a better aligned and integrated firm that presents a unified value proposition to our clients.

Strengths

We believe that the following are our primary strengths:

Composite financial services platform focused on infrastructure. Infrastructure lending has been and remains the predominant contributor to our business; however, we have over the last few years strategically diversified into new businesses and believe that we are now a one-stop infrastructure financing group. We have grown some of our business organically, such as our Alternative Asset Management platform, which includes our private equity and project equity business. We have also strategically acquired capabilities in investment banking, institutional brokerage and public markets asset management. Further, we have grouped our businesses under four interconnected platforms, which through our 'One Firm' initiative collectively enable us to offer comprehensive solutions and unified value proposition to our clients and also generate fee based sources of revenue in addition to interest income.

Reputation as a leading private sector infrastructure financier. We were established with the objective of promoting private financing of Indian infrastructure and we are now a significant lender in the private infrastructure financing sector. We believe that we distinguish ourselves among financiers to infrastructure projects in India by having developed domain knowledge, particularly with regard to project structuring, appraisal and risk evaluation. We have expertise in providing financing through a variety of products and have played a key role in introducing innovative financial products and structures, which allow a broader cross-section of lenders and investors to participate in infrastructure financing. We believe that these attributes have contributed to our being a leading infrastructure financing institution in India.

Experienced management team and dynamic professional staff. The members of our management team and professional staff are from diverse backgrounds, including leading commercial banks and lending institutions, finance companies, regulators, academia, rating agencies, investment banks and private equity firms. Our managers and professional staff have domestic and international expertise in areas such as project finance, principal investments, asset management, financial markets and investment banking as well as advisory services. Our managers and professional staff also have domain knowledge and experience in the various sectors we serve, which contributes to our understanding of the sector-specific aspects of our business.

Established relationships with government entities. Our robust working relationship with the Government gives us access to decision makers in government entities and multilateral development agencies. As a consequence, we are able to play a significant role in the direction of infrastructure policy in the country. We believe that our policy-related initiatives have helped rationalize India's policy and regulatory frameworks across the infrastructure sector, which has encouraged an increased flow of private capital, including foreign capital, into infrastructure. In addition, we believe that our multidimensional relationship with governmental entities, in advisory as well as beneficiary capacities, gives us access to major financing and advisory opportunities in the infrastructure sector.

Well-developed client relationships. We have well-developed relationships with prominent private sector sponsors in India's infrastructure sector and many emerging participants in the sector. We were among the earliest providers of infrastructure financing for many of our clients, which has fostered our relationships in the industry. These relationships have enabled us to have a prominent role in prospective projects with such clients at an early stage and to obtain leadership roles in advising and financing infrastructure projects.

Financial strength to take advantage of market opportunities. We believe that our financial strength and status provides us with the ability to grow our balance sheet and our return on assets and equity. Our business has grown rapidly in recent years. Our balance sheet, total income and profit after tax, on a consolidated basis, grew at a compounded annual growth rate of 26.4 per cent., 16.5 per cent. and 30.7 per cent, respectively, from fiscal 2009 to fiscal 2011. As of January 31, 2012, our gross and net non-performing loans were Rs. 1,483.2 million and Rs. 964.3 million, respectively. These represent 0.3 per cent. and 0.2 per cent. of our total loan assets, respectively. Our capital to risk-weighted asset ratio as of December 31, 2011 was 22.89 per cent. Our consolidated return on average total assets in fiscal 2011 was 3.0 per cent and was 3.9 per cent as on January 31, 2012.

Further, our leverage, which we define as average assets divided by average net worth, was 4.4 times as of January 31, 2012. We believe that this will enable us to increase the size of our balance sheet while remaining within a sustainable level of leverage and thereby access a broad range of opportunities. Our long term borrowings have been rated (ICRA)AAA by ICRA and Fitch AAA (ind) by Fitch, which are the highest credit ratings awarded by these rating agencies. We believe that our financial position will be further strengthened with our recent classification as an Infrastructure Finance Company, as it allows us to diversify our borrowings, access long-term funds and increase our lending exposures to individual entities, corporations and groups, which will enable us to take advantage of further growth opportunities.

Strong asset quality. Our gross and net non-performing loans represented 0.3 per cent. and 0.2 per cent. of total loan assets, respectively, as of January 31, 2012. We believe that our strong asset quality has been achieved due in part to our comprehensive credit and project appraisal skills and disciplined risk management practices. Our credit process involves extensive screening and financial analysis to assess potential risks and devise appropriate risk mitigation mechanisms. We also have a systematic review process to continuously monitor and evaluate the projects in our portfolio.

Strategy

Our mission is to be the leading knowledge driven financial services firm, creating enduring value, promoting infrastructure and nation building in India and beyond. To enable us to achieve our mission, we are creating a unifying, company-wide culture and governance system based on the pillars of knowledge expertise, teamwork and stewardship. This initiative, called 'One Firm', cuts across functional domains and is a cornerstone philosophy in executing our key strategies. The initiative is intended to minimize internal segregation and divisions across practice and product areas and emphasizes on collaboration across platforms and leveraging different capabilities across departments and businesses. Guided by our 'One Firm' framework, we are focused on enhancing shareholder value by pursuing strategies that enhance our profitability, return on assets and return on equity. The key elements of our business strategy are as follows:

Deliver profitability growth by:

- operating as a one stop provider of infrastructure financing by offering clients a diverse range of infrastructure financing options and other related services, which include project finance, principal investment, asset management, financial markets and investment banking services, and advisory services;

- continuing to diversify our revenue streams to increase fee-based income through our non-lending businesses such as asset management, investment banking, private equity and project equity and capturing a greater share of client revenues by cross-selling products and services that address clients' requirements;

- increasing our market share in the investment banking business by expanding our geographical reach and product base and the institutional brokerage business by capitalizing on existing corporate and institutional relationships;

- seeking transaction leadership roles in select projects in which we participate and working closely with clients, from the pre-bidding stage to project commissioning; and

- maintaining high levels of operational efficiency to lower our expense to assets ratio.

Achieve robust balance sheet growth by:

- utilizing our recently awarded IFC status to optimize our capital structure and long-term funding resources and thereby expand our financing operations while maintaining our competitive cost of funds;
- building on the strong relationships we have with sponsors of infrastructure projects to continue expanding our business activities and financing opportunities;
- focusing and capitalizing on our key sectors, including energy, transportation and the telecommunications and information technology sectors; and
- offering a broader array of financing solutions tailored to different risk appetites in order to expand funding options for infrastructure projects.

Pursue leadership in the Indian infrastructure sector by:

- using our structuring skills and knowledge of domestic and international capital markets to continuously develop and launch new products suitable to a wider array of domestic and international investors and lenders;
- advocating policy and regulatory frameworks in our areas of focus and tailoring global best practices to the Indian context;
- delivering high quality advisory services to clients and working with government entities in India, as well as with multilateral and bilateral development agencies, to seek removal of bottlenecks and encourage private investment into infrastructure; and
- attracting and retaining the best talent in the industry and offering them the opportunity to grow and excel within our organization.

GENERAL INFORMATION

Infrastructure Development Finance Company Limited

The Company was incorporated as a public company with limited liability in the Republic of India under the Companies Act, on January 30, 1997.

Registered Office

KRM Tower
8th Floor, No. 1
Harrington Road
Chetpet, Chennai 600 031

Corporate Office

Naman Chambers
C-32, G-Block, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Registration

Corporate Identification Number: L65191TN1997PLC037415 issued by the Registrar of Companies, Chennai, Tamil Nadu.

Certification of incorporation dated January 30, 1997 and certificate for commencement of business dated February 13, 1997.

Certification of Registration no. B-07-00718 dated April 25, 2002 issued by the RBI allowing the Company to commence/ carry on the business of non-banking financial institution, under section 45-IA of the RBI Act.

Certificate of Registration dated June 23, 2010 issued by the RBI reclassifying the Company as Infrastructure Finance Company, under section 45-IA of the RBI Act.

Compliance Officer

Mahendra N. Shah
Company Secretary
Naman Chambers
C-32, G-Block, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Tel: (91 22) 4222 2000
Fax: (91 22) 2654 0354
Email: mahendra.shah@idfc.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post Issue related issues such as non-receipt of letters of allotment, demat credit or refund orders.

Lead Managers to the Issue

Karvy Investor Services Limited
701, Hallmark Business Plaza,
Sant Dyaneneshwar Marg,
Off Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
Tel: (91 22) 6149 1500
Fax: (91 22) 6149 1515
Email: idfcinfrabonds2011@karvy.com
Investor Grievance Email: cmg@karvy.com
Website: www.karvy.com

Contact Person: Mr. Sumit Singh/Mr. Omkar Barve
Compliance Officer: Mr. V Madhusudhan Rao
SEBI Registration No.: INM000008365

HDFC Bank Limited
Investment Banking Division,
Trade World, "A" Wing, 1st Floor,
Kamla Mills Compound,
Senapati Bapat Marg,
Lower Parel (West)
Mumbai – 400 013
Tel: (91 22) 4080 4108
Fax: (91 22) 4080 4114
Email: paresh.soni@hdfcbank.com
Investor Grievance Email: investor.redressal@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Paresh Soni
Compliance Officer: Mr. Manoj Nadkarni
SEBI Registration No.: INM000011252

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai 400 020
Tel : (91 22) 2288 2460
Fax : (91 22) 2282 6580
Email : idfcbonds@icicisecurities.com
Investor Grievance Email: customercare@icicisecurities.com
Website : www.icicisecurities.com
Contact Person: Mr. Amit Joshi
Compliance Officer: Mr. Subir Saha
SEBI Registration No.: INM000011179

JM Financial Consultants Private Limited
141 Maker Chambers III,
Nariman Point,
Mumbai - 400021
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 2137
Email: idfc.infrabondsFY12@jmfinancial.in
Investor Grievance Email: grievance.ibd@jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Lakshmi Lakshmanan
Compliance Officer: Chintal Sakaria
SEBI Registration No.: INM000010361

IDFC Capital Limited
Naman Chambers, C-32,
G-Block, Bandra- Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: (91 22) 6622 2600
Fax: (91 22) 6622 2501
E-mail: idfc.publicissue@idfc.com
Investor Grievance Email: complaints@idfc.com
Website: www.idfccapital.com
Contact Person: Cyril Paul
Compliance Officer: Pritesh Dedhia
SEBI Reg. No.: INM000011336

Note - IDFC Capital Limited, which is a subsidiary of the Company, shall only be involved in marketing of the Issue.

Co-Lead Managers to the Issue

Bajaj Capital Limited
97, Nehru Place
New Delhi 110 019
Tel: (91 11) 4009 9999
Fax: (91 11) 4009 9911
Email: idfcinfrabonds@bajajcapital.com
Investor Grievance Email: info@bajajcapital.com
Website: www.bajajcapital.com
Contact Person: Mr. Surajit Misra
Compliance Officer: Mr. P. Janardhan
SEBI Registration No.: INM000010544

RR Investors Capital Services Private Limited
133A, Mittal Tower
Nariman Point
Mumbai 400 021
Tel: (91 22) 22886627/28
Fax: (91 22) 2285 1925
Email: idfcinfra@rrfcl.com
Investor Grievance Email: investors@rrfcl.com
Website: www.rrfcl.com
Contact Person: Brahmdutta Singh
Compliance Officer: Sandeep Mahajan
SEBI Registration No.: INM000007508

SMC Capitals Limited
3rd Floor, A-Wing, Laxmi Towers,
Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
Tel: (91 22) 6138 3838
Fax: (91 22) 6138 3899
Email: idfcl.ncd@smccapitals.com
Investor Grievance Email: investor.grievance@smccapitals.com
Website: www.smccapitals.com
Contact Person: Sanjeev Barnwal
Compliance Officer: Sanjeev Barnwal
SEBI Registration No: MB/INM000011427

Debenture Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17, R. Kamani Marg, Ballard Estate
Mumbai 400 001
Tel: (91 22) 4080 7000
Fax: (91 22) 6631 1776
E-mail: itsl@idbitrustee.co.in
Investor Grievance E-mail: srikkanth.s@idbitrustee.co.in
Contact Person: Mr. Srikkanth S.
SEBI Reg. No. IND000000460

All the rights and remedies of the Bondholders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Bondholders, subject to the terms of the Debenture Trust Deed. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by the Company for this 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 the Company to the Bondholders / Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Company *pro tanto* from any liability to the Bondholders. For details on the terms of the Debenture Trust Deed, please refer to the section entitled "Terms of the Issue" on page 107.

Registrar

Karvy Computershare Private Limited
Plot no. 17-24,
Vittalrao Nagar
Madhapur,
Hyderabad 500 081
Tel: (91 40) 4465 5000
Fax: (91 40) 2343 1551
Investor Grievance Email: idfcbonds.ipo@karvy.com
Website: http://karisma.karvy.com
Contact Person: Mr. M. Muralikrishna
SEBI Registration No.: INR000000221

Statutory Auditor

Deloitte Haskins & Sells, Chartered Accountants
12, Dr. Annie Besant Road,
Opposite Shiv Sagar Estate, Worli
Mumbai 400 018
Tel: (91 22) 6667 9000
Fax: (91 22) 6667 9100

Credit Rating Agencies

ICRA Limited
Electric Mansion, 3rd Floor
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Tel: (91 22) 3047 0000
Fax: (91 22) 2433 1390
Email: karthiks@icraindia.com
Website: www.icra.in
Contact Person: Karthik Srinivasan

Fitch Ratings India Private Limited
Apeejay House, 6th Floor
3 Dinshaw Vachha Road
Churchgate
Mumbai 400 020
Tel: (91 22) 4000 1700
Fax: (91 22) 4000 1701
Email: rajesh.patel@fitchratings.com
Website: www.fitchindia.com
Contact Person: Rajesh Patel, Chief Operating Officer

Legal Advisor to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455

Fax: (91 22) 2496 3666

Bankers to the Issue

Axis Bank Limited Fortune 2000, C Wing Ground Floor Bandra-Kurla Complex Bandra (East) Mumbai 400 051 Tel: (91 22) 61483100 Fax: (91 22) 61483119 Email: muneeb.tungekar@axisbank.com Investor Grievance Email: bkc.operationshead@axisbank.com Website: www.axisbank.com Contact Person: Muneeb Tungekar SEBI Reg. No.: INBI00000017	**HDFC Bank Limited** HDFC Bank Limited, FIG-OPS Department, Lodha, I Think Techno Campus, O – 3 Level, Next to Kanjurmarg Railway Station Kanjurmarg (East) Mumbai 400 042 Tel: (91 22) 3075 2928 Fax: (91 22) 2579 9801 Email: deepak.rane@hdfcbank.com Investor Grievance Email: nozer.morena@hdfcbank.com Website: www.hdfcbank.com Contact Person: Deepak Rane SEBI Reg. No.: INBI00000063	**ICICI Bank Limited** Capital Market Division, Raja Bahadur Mansion, 30, Mumbai Samachar Marg, Fort, Mumbai 400 001 Tel: (91 22) 6631 0322 Fax: (91 22) 6631 0350 Email: anil.gadoo@icicibank.com Investor Grievance Email: bticompliance@icicibank.com Website:www.icicibank.com Contact Person: Anil Gadoo SEBI Reg. No.: INBI00000004
IDBI Bank Limited Unit No.2, Corporate Park Near Swastik Chambers Sion-Trombay Road Chembur Mumbai 400 071 Tel (91 22) 6690 8402/6658 8264 Fax (91 22) 6690 8424 Email ipoteam@idbi.co.in Website www.idbibank.com Contact Person: V. Jayananthan SEBI Reg. No.: INBI00000076	**Dhanlaxmi Bank Limited** Ground Floor, Janmabhoomi Bhavan, Janmabhoomi Marg, Mumbai 400 001 Tel: (91 22) 22022535/61541857 Fax: (91 22) 22871637/61541725 Email: Venkataraghavan.ta@dhanbank.co.in Investor Grievance Email: investors@dhanbank.co.in Website: www.dhanbank.com Contact Person: Venkataraghavan T. A. SEBI Reg. No.: INBI00000025	**IndusInd Bank Limited** Cash Management Services Solitaire Corporate Park No. 1001, Building No. 10, Ground Floor Guru Hargovindji Marg Andheri (East) Mumbai 400 093 Tel: (91 22) 67723901 - 3917 Fax: (91 22) 67723998 Email: sanjay.vasarkar@indusind.com Website: www.Indusind.com Contact Person: Sanjay Vasarkar SEBI Reg. No.: INBI00000002
ING Vysya Bank Limited 8th floor, Plot No. C -12, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 Tel: (91 22) 3309 5868 Fax: (91 22) 2652 2812 Email: amit.kavale@ingvysyabank.com Investor Grievance Email: ccu@ingvysyabank.com Website: www.ingvysyabank.com Contact Person: Amit Kavale SEBI Reg. No.: INBI00000022	**Kotak Mahindra Bank Limited** 5th Floor, Dani Corporate Park 158, CST Road, Kalina Santa Cruz (East) Mumbai 400 098 Tel: (91 22) 6759 5335 Fax: (91 22) 6759 5374 Email: amit.kr@kotak.com Investor Grievance Email: cmsipo@kotak.com Website: www.kotak.com Contact Person: Amit Kumar SEBI Reg. No.: INBI00000927	**DBS Bank Limited** First Floor, Fort House 221, D.N. Road, Fort Mumbai 400 001 Tel: (91 22) 6617 8973/ 6613 1213 Fax: (91 22) 6752 8470 Email: amolnatekar@dbs.com; Mustafa@dbs.com; ganesh@dbs.com; joephilips@dbs.com Investor Grievance Email: Mustafa@dbs.com Website: www.dbs.com/in Contact Person: Amol Natekar; Mustafa Sanchawala; Ganesh Ramanathan; Joe Philips SEBI Reg. No.: INBI00000992

Refund Bank to the Issue

Axis Bank Limited
BKC Branch, Fortune 2000, C Wing
Ground Floor
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: (91 22) 61483100
Fax: (91 22) 61483119
Email: muneeb.tungekar@axisbank.com
Investor Grievance Email: bkc.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Muneeb Tungekar
SEBI Reg. No.: INBI00000017

Banker to the Company

HDFC Bank Limited
1201, 12th Floor, Raheja Centre
Free Press Journal Marg
Nariman Point
Mumbai 400 021
Tel: (91 22) 3023 3248/3023 3247
Fax: (91 22) 3023 3209
Email: kaushal.patel@hdfcbank.com/suresh.shanbhag@hdfcbank.com

Brokers to the Issue

Bajaj Capital Investor Services Limited 5th Floor, Bajaj House 97, Nehru Place New Delhi 110 019 Tel: (91 11) 4009 9999 Fax: (91 11) 4009 9911 Email: surajitm@bajajcapital.com Contact Person: Surajit Misra Website: www.justtrade.in	**Enam Securities Private Limited** Khatau Building, 2nd Floor 44 Bank Street Fort, Mumbai 400 001 Tel: (91 22) 2267 7901 Fax: (91 22) 2266 5613 Email: ajays@enam.com/vinay@enam.com Contact Person: Ajay Sheth / Vinay Ketkar Website: www.enam.com	**SBICAP Securities Limited** 191, Maker Tower F, Cuffe Parade, Mumbai 400 005 Tel: (91 22) 4227 3300 Fax: (91 22) 4227 3390 Email: archana.dedhia@sbicapsec.com Investor Grievance Email: complaints@sbicapsec.com Website: www.sbicapsec.com Contact Person: Archana Dedhia SEBI Reg. No.: INB231052938
HDFC Securities Limited Office Floor 8, "I Think" Building, Jolly Board Campus, Opposite Crompton Greaves Factory, Kanjurmarg (East) Mumbai 400 042 Tel: (91 22) 3075 3442 Fax: (91 22) 3075 3435 Email: sunil.raula@hdfcsec.com Contact Person: Sunil Raula Website: www.hdfcsec.com	**IDBI Capital Market Services Limited** Mafatlal Centre, 3rd Floor, Nariman Point, Mumbai 400 021 Tel: (91 22) 4322 1212 Fax: (91 22) 2285 0785 Email: prasad.chitnis@idbicapital.com info@idbi@idbicapital.com Contact Person: Prasad Chitnis Website: www.idbicapital.com	**JM Financial Services Private Limited** Apeejay House, 3rd Floor Dinsha Vachha Road Churchgate Mumbai 400 020 Tel: (91 22) –6704 0404/ 022 – 3021 3500 Fax: (91 22) 6654 1511/ 022 – 2266 5902 Email: rohit.singh@jmfinancial.in Deepak.vaidya@jmfinancial.in Contact Person: Rohit Singh/Deepak Vaidya Website: www.jmfinancialservices.in

Karvy Stock Broking Limited “Karvy House” 46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad 500 034 Tel: (91 40) 2331 2454 Fax: (91 40) 6662 1474 Email: ksblredressal@karvy.com Contact Person: Ramapriyan PB Website: www.karvy.com	**Kotak Securities Limited** 3rd Floor, Nirlon House Dr. Annie Besant Road, Near Passport Office, Worli Mumbai 400 025 Tel: (91 22) 6652 9191 Fax: (91 22) 6661 7041 Email: sanjeeb.das@kotak.com Contact Person: Sanjeeb Kumar Das Website: www.kotak.com	**NJ India Invest Private Limited** 9th Floor, ‘B’ Tower Udhna Udyog Nagar Sangh Commercial Complex, Central Road No.10, Udhna, Surat 394 210 Tel: (91 261)- 3985 934/ 5825 Fax: (91 261)- 3985 880 Email: husaini@njgroup.in / nirmal.mavapuri@njgroup.in Contact Person: Husaini Kanchwala/ Nirmal Mavapuri Website: www.njindiainvest.com
RR Equity Brokers (P) Ltd 47, MM Road, Rani Jhansi Marg Jhandewalan New Delhi – 110 055 Tel: (91 11) 2363 6363 Fax: (91 11) 2363 6666 Email: manishagrawal@rrfcl.com Contact Person: Manish Agrawal Website: www.rrfinance.com	**Sharekhan Limited** 10th Floor, Beta Building Lodha iThink Techno Campus, Off JVLR, Opposite Kanjurmarg Railway Station, Kanjurmarg (East) Mumbai 400 042 Tel: (91 22) 6116 1978 Fax: (91 22) 6748 1891 Email: Pankajp@sharekhan.com Contact Person: Pravin Darji Website: www.sharekhan.com	**SMC Global Securities Limited** 17, Netaji Subhash Marg, Opp. Golcha Cinema Daryaganj, New Delhi Tel: (91 11) 6607 0400 Fax: (91 11) 2326 3297 Email: mkg@smcindiaonline.com, neerajkhanna@ smcindiaonline.com Contact Person: Mahesh Kumar Gupta Website: www.smctradeonline.com

Credit Rating and Rationale

ICRA has vide its letter no. 2011-12/MUM/418 dated August 17, 2011 and revalidated through its letter dated November 8, 2011 assigned a rating of (ICRA)AAA to the Tranche 3 Bonds proposed to be issued by the Company, pursuant to the Shelf Prospectus and this Prospectus - Tranche 3. This rating of the Tranche 3 Bonds indicates stable outlook and is the highest credit quality rating assigned by ICRA. For details in relation to the rationale for the credit rating, please refer to the Annexure to this Prospectus - Tranche 3.

Fitch has vide its letter dated August 16, 2011 assigned a rating of Fitch AAA(ind) to the Tranche 3 Bonds proposed to be issued by the Company, pursuant to the Shelf Prospectus and this Prospectus - Tranche 3. This rating of the Tranche 3 Bonds indicates a long term stable outlook. For details in relation to the rationale for the credit rating, please refer to the Annexure to this Prospectus - Tranche 3.

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 and the Co-Lead Managers:

No	Activities	Responsibility	Coordinator
1.	Structuring of various issuance options with relative components and formalities etc.	ICICI Securities, JM Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	Karvy
2.	Due diligence of Bank’s operations/ management/	ICICI Securities, JM	Karvy

No	Activities	Responsibility	Coordinator
	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)	Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	
3.	Co-ordination with Auditors on Comfort Letter	ICICI Securities, JM Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	Karvy
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	ICICI Securities, JM Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	ICICI Securities
5.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	ICICI Securities, JM Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors, SMC Capitals	ICICI Securities
6.	Preparation of roadshow presentation, FAQs	ICICI Securities, JM Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	ICICI Securities
7.	Marketing strategy which will cover, inter alia: Finalize media, marketing and public relation strategy and publicity budget, Finalize centers for holding conferences for brokers, etc. Finalize collection centers, Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material	ICICI Securities, IDFC Capital, JM Financial, Karvy, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	HDFC Bank
8.	The Post Issue activities for the Issue will involve essential follow up steps, which include the management of escrow accounts, coordination with Stock Exchanges, 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	ICICI Securities, JM Financial, HDFC Bank, Bajaj Capital, RR Investors and SMC Capitals	JM Financial

No	Activities	Responsibility	Coordinator
	and the redressal of investor grievances in relation to post issue activities.		

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities is required to 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, all application moneys received in the public issue are required to be refunded forthwith.

SEBI has, by way of letter no. IMD/DF1/OW/29786/2011 dated September 19, 2011 has exempted the Company from specifying the minimum level of subscription for the issue of the Bonds. Consequently, there is no minimum subscription amount for the Tranche 3 Bonds.

Issue Programme

The Issue shall remain open for subscription during banking hours for the period indicated below, except that the Issue may close on such earlier date or be extended to such date as may be decided by the Board subject to necessary approvals. In the event of an early closure or extension of the Issue, the 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 Issue closure.

ISSUE OPENS ON	March 19, 2012	**ISSUE CLOSES ON**	March 30, 2012

CAPITAL STRUCTURE

Details of share capital

The share capital of the Company as on March 9, 2012 is set forth below:

	Amount (Rs. in million)
Authorised share capital	
4,000,000,000 Equity Shares of Rs. 10 each	40,000.0
100,000,000 Preference Shares of Rs.100 each	10,000.0
Issued, subscribed and paid up share capital	
1,512,362,768 Equity Shares of Rs. 10 each, fully paid up	15,123.6
Preference Share capital	Nil
Securities premium account as on February 29, 2012	52,478.4

Notes to Capital Structure

1. *Equity Share capital history of the Company as on March 9, 2012:*

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Cumulative Paid-up Share Capital	Cumulative Share Premium (Rs.)
February 20, 1997	2,000,000	10	10.00	Cash	20,000,000	-
March 30, 1998	998,000,000	10	10.00	Cash	10,000,000,000	-
May 16, 2005	2,453,512	10	17.48	Cash	10,024,535,120	18,352,270
August 5, 2005	120,000,000	10	34.00	Cash	11,224,535,120	2,898,352,270
July 7, 2006	2,947,194	10	17.48	Cash	11,254,007,060	2,920,397,281
October 6, 2006	77,573	10	17.48	Cash	11,254,782,790	2,920,977,527
January 29, 2007	73,207	10	17.48	Cash	11,255,514,860	2,921,525,115
March 30, 2007	376,564	10	17.48	Cash	11,259,280,500	2,924,341,814
June 4, 2007	2,540,827	10	17.48	Cash	11,284,688,770	2,943,347,200
July 11, 2007	165,354,330	10	127.00	Cash	12,938,232,070	22,289,803,810
July 23, 2007	221,116	10	17.48	Cash	12,940,443,230	22,291,457,758
August 7, 2007	191,940	10	17.48	Cash	12,942,362,630	22,292,893,469
December 6, 2007	62,700	10	17.48	Cash	12,942,989,630	22,293,362,465
June 16, 2008	918,038	10	17.48	Cash	12,952,170,010	22,300,229,389
December 11, 2008	59,060	10	17.48	Cash	12,952,760,610	22,300,671,158
April 29, 2009	30,000	10	17.48	Cash	12,953,060,610	22,300,895,558
June 23, 2009	188,252	10	17.48	Cash	12,954,943,130	22,302,303,683
June 23,	4,800	10	121.64	Cash	12,954,991,130	22,302,839,555

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Cumulative Paid-up Share Capital	Cumulative Share Premium (Rs.)
2009						
October 23, 2009	576,781	10	17.48	Cash	12,960,758,940	22,307,153,877
October 23, 2009	5,210	10	121.64	Cash	12,960,811,040	22,307,735,521
October 23, 2009	9,000	10	138.80	Cash	12,960,901,040	22,308,894,721
December 28, 2009	481,417	10	17.48	Cash	12,965,715,210	22,312,495,720
December 28, 2009	4,000	10	55.43	Cash	12,965,755,210	22,312,677,440
December 28, 2009	1,240	10	121.64	Cash	12,965,767,610	22,312,815,874
February 19, 2010	88,891	10	17.48	Cash	12,966,656,520	22,313,480,779
February 19, 2010	4,500	10	55.43	Cash	12,966,701,520	22,313,685,214
February 19, 2010	620	10	121.64	Cash	12,966,707,720	22,313,754,430
March 24, 2010	647,646	10	17.48	Cash	12,973,184,180	22,318,598,822
March 24, 2010	3,262,475	10	50.05	Cash	13,005,808,930	22,449,260,946
March 24, 2010	500	10	146.06	Cash	13,005,813,930	22,449,328,976
March 24, 2010	30,000	10	121.64	Cash	13,006,113,930	22,452,678,176
March 24, 2010	1,000	10	55.43	Cash	13,006,123,930	22,452,723,606
April 13, 2010	216,799	10	17.48	Cash	13,008,291,920	22,454,345,263
April 13, 2010	290,000	10	50.05	Cash	13,011,191,920	22,465,959,763
April 13, 2010	3,500	10	55.43	Cash	13,011,226,920	22,466,118,768
April 13, 2010	6,000	10	78.68	Cash	13,011,286,920	22,466,530,848
May 19, 2010	100,271	10	17.48	Cash	13,012,289,630	22,467,280,875
May 19, 2010	372,705	10	50.05	Cash	13,016,016,680	22,482,207,710
May 19, 2010	3,500	10	55.43	Cash	13,016,051,680	22,482,366,715
May 19, 2010	12,000	10	72.84	Cash	13,016,171,680	22,483,120,795
May 19, 2010	13,500	10	121.64	Cash	13,016,306,680	22,484,627,935
May 19, 2010	14,000	10	146.06	Cash	13,016,446,680	22,486,532,775
July 7, 2010	157,752,090	10	168.25	Cash	14,593,967,580	47,450,801,018
July 14, 2010	170,036	10	17.48	Cash	14,595,667,940	47,452,072,887
July 14, 2010	6,000	10	55.43	Cash	14,595,727,940	47,452,345,467
July 14, 2010	23,575	10	121.64	Cash	14,595,963,690	47,454,977,380
July 14, 2010	188,250	10	50.05	Cash	14,597,846,190	47,462,516,792
July 14, 2010	15,000	10	146.06	Cash	14,597,996,190	47,464,557,692
August 27,	106,850	10	50.05	Cash	14,599,064,690	47,468,837,035

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Cumulative Paid-up Share Capital	Cumulative Share Premium (Rs.)
2010						
August 27, 2010	14,355	10	121.64	Cash	14,599,208,240	47,470,439,627
August 27, 2010	3,900	10	17.48	Cash	14,599,247,240	47,470,468,799
August 27, 2010	6,000	10	76.68	Cash	14,599,307,240	47,470,868,879
August 27, 2010	9,000	10	138.80	Cash	14,599,397,240	47,472,028,079
August 27, 2010	51,000	10	146.06	Cash	14,599,907,240	47,478,967,139
August 27, 2010	5,500	10	131.70	Cash	14,599,962,240	47,479,636,489
October 14, 2010	5,000	10	17.48	Cash	14,600,012,240	47,479,673,889
October 14, 2010	26,500	10	50.05	Cash	14,600,277,240	47,480,735,214
October 14, 2010	15,500	10	121.64	Cash	14,600,432,240	47,482,465,634
October 14, 2010	33,500	10	146.06	Cash	14,600,767,240	47,487,023,644
October 14, 2010	500	10	131.7	Cash	14,600,772,240	47,487,084,494
November 10, 2010	40,000	10	50.05	Cash	14,601,172,240	47,488,686,494
November 10, 2010	22,524	10	17.48	Cash	14,601,397,480	47,488,854,974
November 10, 2010	234,420	10	121.64	Cash	14,603,741,680	47,515,025,622
November 10, 2010	6,750	10	146.06	Cash	14,603,809,180	47,515,944,027
November 10, 2010	2,000	10	55.43	Cash	14,603,829,180	47,516,034,887
December 21, 2010	60,000	10	17.48	Cash	14,604,429,180	47,516,483,687
December 21, 2010	174,500	10	50.05	Cash	14,606,174,180	47,523,472,412
December 21, 2010	12,000	10	55.43	Cash	14,606,294,180	47,524,017,572
December 21, 2010	127,480	10	121.64	Cash	14,607,568,980	47,538,249,440
December 21, 2010	8,500	10	146.06	Cash	14,607,653,980	47,539,405,950
January 27, 2011	11,500	10	17.48	Cash	14,607,768,980	47,539,491,970
January 27, 2011	52,300	10	50.05	Cash	14,608,291,980	47,541,586,584
January 27, 2011	6,500	10	55.43	Cash	14,608,356,980	47,541,881,880
January 27, 2011	20,000	10	85.60	Cash	14,608,556,980	47,543,393,880
January 27, 2011	74,850	10	121.64	Cash	14,609,305,480	47,551,750,134
January 27, 2011	15,000	10	137.85	Cash	14,609,455,480	47,553,667,884
January 27, 2011	2,000	10	146.06	Cash	14,609,475,480	47,553,940,004
April 5, 2011	68,067	10	17.48	Cash	14,610,156,150	47,554,449,145
April 5, 2011	793,025	10	50.05	Cash	14,618,086,400	47,586,209,796
April 5,	1,000	10	55.43	Cash	14,618,096,400	47,586,255,226

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Cumulative Paid-up Share Capital	Cumulative Share Premium (Rs.)
2011						
April 5, 2011	1,500	10	121.64	Cash	14,618,111,400	47,586,422,686
April 5, 2011	2,100	10	146.06	Cash	14,618,132,400	47,586,708,412
June 8, 2011	228,205	10	17.48	Cash	14,620,414,450	47,588,415,385
June 8, 2011	666,725	10	50.05	Cash	14,627,081,700	47,615,117,721
June 8, 2011	2,000	10	55.43	Cash	14,627,101,700	47,615,208,581
June 8, 2011	49,174	10	115.91	Cash	14,627,593,440	47,620,416,599
June 8, 2011	12,200	10	121.64	Cash	14,627,715,440	47,621,778,607
June 8, 2011	33	10	146.06	Cash	14,627,715,770	47,621,783,097
July 6, 2011	13,643	10	17.48	Cash	14,627,852,200	47,621,885,147
July 6, 2011	112,150	10	50.05	Cash	14,628,973,700	47,626,376,755
July 6, 2011	70,000	10	85.60	Cash	14,629,673,700	47,631,668,755
July 6, 2011	39,469	10	115.91	Cash	14,630,068,390	47,635,848,917
July 6, 2011	1,000	10	121.64	Cash	14,630,078,390	47,635,960,557
September 6, 2011	2,000	10	17.48	Cash	14,630,098,390	47,635,975,517
September 6, 2011	287,250	10	50.05	Cash	14,632,970,890	47,647,479,879
September 6, 2011	8,000	10	76.68	Cash	14,633,050,890	47,648,013,319
September 6, 2011	19,411	10	115.91	Cash	14,633,245,000	47,650,069,138
September 6, 2011	2,500	10	121.64	Cash	14,633,270,000	47,650,348,238
December 3, 2011	29,000	10	17.48	Cash	14,633,560,000	47,650,565,158
December 3, 2011	1,54,225	10	50.05	Cash	14,635,102,250	47,656,741,869
December 3, 2011	27,111	10	115.91	Cash	14,635,373,360	47,659,613,195
January 16, 2012	5,000	10	55.43	Cash	14,635,423,360	47,659,840,345
January 16, 2012	4,86,000	10	50.05	Cash	14,640,283,360	47,679,304,645
January 16, 2012	53,310	10	17.48	Cash	14,640,816,460	47,679,703,404
February 11, 2012	47,727,272	10	176.00	Cash	15,118,089,180	55,602,430,556
March 7, 2012	103,850	10	115.91	Cash	15,119,127,680.00	55,613,429,309
March 7, 2012	450,000	10	50.05	Cash	15,123,627,680.00	55,631,451,809

2. *Preference share capital history of the Company:*

The compulsorily convertible cumulative preference shares issued by the Company having a face value of Rs. 100 each (the "**CCCPS**") have been converted into 47,727,272 equity shares of Rs 10 each at a conversion price of Rs. 176/- per share on February 11, 2012. The said equity shares have been allotted to Sipadan Investments (Mauritius) Limited (21,590,909 equity shares) and Actis

Hawk Limited (26,136,363 equity shares).

3. *Shareholding pattern of the Company as on March 2, 2012:*

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Shares	No. of Shares held in Dematerialized Form	Total shareholding as a percentage of total no. of shares		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)	As a Percentage of (A+B+C)	Number of Shares	As a Percentage
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX) = [(VIII)/(IV)] x 100**
(A)	**PROMOTER AND PROMOTER GROUP**	0	0	0	0.00	0.00	0	0
	Total A	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0**
(B)	**PUBLIC SHAREHOLDING**						**NA**	**NA**
(1)	**Institutions**						**NA**	**NA**
(a)	Mutual Funds /UTI	143	64,703,423	64,703,423	4.28	4.28		
(b)	Financial Institutions /Banks	65	119,652,700	119,652,700	7.91	7.91		
(c)	Central Government / State Government(s)	1	261,400,000	261,400,000	17.29	17.29		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	6	94,077,979	94,077,979	6.22	6.22		
(f)	Foreign Institutional Investors	452	727,842,178	727,842,178	48.14	48.14		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Others	0	0	0	0.00	0.00		
	Sub-Total B(1):	667	1,267,676,280	1,,267,67,6280	83.85	83.85	**NA**	**NA**
(2)	**Non-Institutions**						**NA**	**NA**
(a)	Bodies Corporate	2998	93,893,342	93,893,342	6.21	6.21		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	341872	95903890	95877164	6.34	6.34		
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	722	34,319,711	34,319,711	2.27	2.27		
(c)	Others							
	Non Resident Indians	4292	4,763,156	4,763,156	0.32	0.32		
	Trusts	42	1,066,534	1,066,534	0.07	0.07		
	Overseas Corporate Bodies	1	500	500	0.00	0.00		
	Clearing Members	309	2,382,194	2,382,194	0.16	0.16		
	Foreign Nationals	1	11,803,311	11,803,311	0.78	0.78		
	Sub-Total B(2):	**350,237**	**244,132,638**	**244,105,912**	**16.15**	**16.15**		
	Total B=B(1)+B(2):	**350,904**	**1,511,808,918**	**1511782192**	**100.00**	**100.00**	**NA**	**NA**
	Total (A+B):	**350,904**	**1,511,808,918**	**1,511,782,192**	**100.00**	**100.00**	**0**	**0**
(C)	Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0.00	0.00	**NA**	**NA**
	Grand Total (A+B+C):	**350904**	**1511808918**	**1511782192**	**100.00**	**0.00**	**0**	**0**

4. *List of top 10 holders of Equity Shares of the Company as on March 2, 2012:*

Sr. No.	Name of the Shareholder	Address	Total Equity Shares held	Percentage of the shareholding (%)
(i)	President of India	Department of Economics Affairs Ministry of Finance Banking Division Jeevanandam Building Parliament Street New Delhi 110 001	261,400,000	17.29
(ii)	Sipadan Investments (Mauritius) Limited	Citi Bank N A Custody Services 3rd Floor, Trent House, G Block, Plot No. 60, Bandra-Kurla Complex, BKC Bandra East, Mumbai 400 051	151,145,989	10.00

Sr. No.	Name of the Shareholder	Address	Total Equity Shares held	Percentage of the shareholding (%)
(iii)	Life Insurance Corporation of India	Investment Department 6th Floor, West Wing Central Office, Yogakshema Jeevan Bima Marg Mumbai 400 021	75,073,505	4.97
(iv)	Actis Hawk Limited	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39, G-Block, BKC Bandra (East) Mumbai 500051, India	30,569,363	2.02
(v)	LIC of India Market Plus – 1 Growth Fund	Investment Department 6th Floor, West Wing Central Office, Yogakshema Jeevan Bima Marg Mumbai 400 021	29,023,952	1.92
(vi)	Flagship Indian Investment Company (Mauritius) Limited	J.P. Morgan Chase Bank N.A. India Sub Custody 6th Floor, Paradigm B, Mindspace, Malad (W), Mumbai 400 064	23,068,716	1.53
(vii)	LIC of India - Market Plus Growth Fund	Investment Department 6th Floor, West Wing Central Office, Yogakshema Jeevan Bima Marg Mumbai 400 021	20,779,260	1.37
(viii)	Housing Development Finance Corporation Limited	HDFC Bank Limited, Custody Services, Lodha – I Think Techno Campus Office 8th Floor, Next to Kanjurmarg Station Kanjurmarg (E), Mumbai 400 042	20,000,000	1.32
(ix)	Macquarie Bank Limited	Citibank N A, Custody Services, 3rd Floor, Trent House, G – Block, Plot No. 60, BKC, Bandra – East, Mumbai - 400051	19,748,976	1.31
(x)	Emerging Markets Growth Fund, Inc	J.P. Morgan Chase Bank N.A. India Sub Custody 6th Floor, Paradigm B, Mindspace, Malad (W), Mumbai 400 064	18,382,177	1.22
TOTAL			**649,191,938**	**42.94**

5. *List of top 10 holders of non-convertible debentures of the Company as on February 29, 2012:*

Sr. No.	Name of the Debenture holder	Non-Convertible Debenture Holders/ Custodian's Address	Total number of Debentures held	Debenture of Holding Percentage (%)
(i)	Life Insurance Corporation of India -Investment Department	Life Insurance Corporation of India Investment Department 6th Floor, West Wing Central Office, Yogakshema Jeevan Bima Marg	41,805	0.98

Sr. No.	Name of the Debenture holder	Non-Convertible Debenture Holders/ Custodian's Address	Total number of Debentures held	Debenture of Holding Percentage (%)
		Mumbai 400021		
(ii)	Central Board of Trustees Employees Provident Fund	Custodian's Address: State Bank of India EPFO Securities Services Branch, 2nd Floor, Mumbai Main Branch, Mumbai Samachar Marg, Mumbai 400 023	15,704	0.37
(iii)	Reliance Industries Limited	Maker Chambers, Nariman Point, Mumbai – 400 001	11,000	0.26
(iv)	Nomura Mauritius Limited	Custodian's Address: HSBC Securities Services, 2nd Floor, "Shiv", Plot No 139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle (East), Mumbai - 400 057	10,000	0.24
(v)	Barclays Merchant Bank (Singapore) Limited	Custodian's Address: Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	8,837	0.21
(vi)	Punjab National Bank	Custodian's Address: HSBC, 2nd Floor, "Shiv", Plot No 139-140 B, Western Express, Highway, Sahar Road Junction, Vile Parle (East), Mumbai 400 057	7,834	0.18
(vii)	Citicorp Investment Bank (Singapore) Limited	Custodian's Address: Citibank N A Custody Services, 3rd Floor, Trent House, G Block, Plot No. 60, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	6,950	0.16
(viii)	Standard Chartered Bank Singapore Branch	Custodian's Address: Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	6,750	0.16
(ix)	Deutsche Bank International Asia - Debt Fund	Deutsche Bank Ag Db House, Hazarimal Somani Marg Post Box No. 1142, Fort, Mumbai 400 001	6,000	0.14
(x)	Union Bank of India	C/O. ILFS, ILFS House, Plot No.14, Raheja Vihar, Chandivali, Andheri (E), Mumbai 400 072	4,650	0.11
	TOTAL		**119,530**	**2.81**

6. *List of top 10 holders of commercial paper of the Company as on February 29, 2012:*

Sr. No.	Name of the Commercial Paper Holder	Commercial Paper Holders/ Custodian's Address	Total units of Commercial Paper held	Commercial Paper Holding Percentage (%)
(i)	ICICI Prudential Mutual Fund *	Custodian's Address: HDFC Bank Limited, Custody Services, Lodha – I Think Techno Campus Office 8th Floor, Next to Kanjurmarg Station Kanjurmarg (E), Mumbai 400 042	15,000	13.90
(ii)	Reliance Mutual Fund*	Custodian's Address: Deutsche Bank Ag Db House, Hazarimal Somani Marg Post Box No. 1142, Fort, Mumbai 400 001	11,800	10.93
(iii)	Birla Sun Life Mutual Fund*	Custodian's Address: Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39 G-Block, BKC, Bandra (East), Mumbai 400051	8,819	8.17
(iv)	Deutsche Bank International Asia - Debt Fund	Custodian's Address: Deutsche Bank Ag Db House, Hazarimal Somani Marg Post Box No. 1142, Fort, Mumbai 400 001	7,000	6.49
(v)	J.P. Morgan Securities Asia Private Limited	Custodian's Address: J.P. Morgan Chase Bank, India Sub Custody, 6th Floor, Paradigm B Mindspace, Malad (West), Mumbai 400 064	7,000	6.49
(vi)	Standard Chartered Bank (Singapore Branch)	Custodian's Address: Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	4,700	4.35
(vii)	Bank of India	Treasury Branch, H.O., Star House, 7th Floor, C-5, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	4,000	3.71
(viii)	Baroda Pioneer Mutual Fund*	Custodian's Address: Citibank N A Custody Services, 3rd Floor, Trent House, G Block, Plot No. 60, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	3,500	3.24
(ix)	Bank of America Singapore Limited	Custodian's Address: Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	3,500	3.24
(x)	LIC Nomura Mutual Fund *	Jeevan Bima Sahayog Asset Management, Industrial Assurance Building, 4th Floor, Opposite Churchgate Station, Mumbai 400020	3,500	3.24

Sr. No.	Name of the Commercial Paper Holder	Commercial Paper Holders/ Custodian's Address	Total units of Commercial Paper held	Commercial Paper Holding Percentage (%)
	TOTAL		**68,819**	**63.76**

**The holding of the mutual fund reflects the aggregate no. of units held by such mutual fund through its various schemes.*

7. *List of top 10 holders, as on March 2, 2012, of Series – 1 long term infrastructure bonds issued in terms of prospectus – tranche 1 dated September 23, 2010 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Usha Chandrakant Patel	704 Dun Apartmemts, Lallubhai Amichand Com, Tardeo Mumbai 400 034	500	0.45
(ii)	Surinder Paul Kaur	H. No. 1002, Sector 43B Chandigarh 160 022	400	0.36
(iii)	Rajesh Kishin Mansharamani	53, Landmark Carter Road Bandra (W) Mumbai 400 050	200	0.18
(iv)	Gargi Pradeep Mankame	A/102, Express Apartments, Yari Road, Versova Mumbai 400 061	200	0.18
(v)	Ramesh B Patel	386, Lane 18, Satyagrah Chhavni Satellite Road Jodhpur Tekra Ahmedabad 380 015 Gujarat	200	0.18
(vi)	Anil Tikam Rajani	F/17 Venus Apartments Worli Sea Face Worli Mumbai 400 018	200	0.18
(vii)	K Ganesh Babu	Old 16/New 33, First Cross Street Trustpuram, Kodambakkam Chennai 600 024	170	0.15
(viii)	Sanjay Banerjee	M 303 Habitat Appartment Vasundhra Enclave New Delhi 110 096	140	0.12
(ix)	G Ramasubramanian	T-1 3rd Floor 5th Cross Sai Swarnim Venkatadri L/O Panduranga Nagar Bangalore 560078	120	0.11
(x)	Anthony Baptist Tauro	Muncipal New LAbour Camp, R No. 57, GR Floor, Sasmira Road, Mumbai - 400025	100	0.09
	TOTAL		**2,230**	**1.99**

8. *List of top 10 holders, as on March 2, 2012, of Series – 2 long term infrastructure bonds issued in terms of prospectus – tranche 1 dated September 23, 2010 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Naresh Singhani	Block R/5/8 Parmar Trade Centre 12 Connaught House Pune 411 001	880	0.52
(ii)	Manoj Garg	A 59 Vivek Vihar Phase II New Delhi 110 095	500	0.29
(iii)	Madan Menon	181 Maker Tower - B Cuffe Parade Mumbai 400 005	400	0.24
(iv)	Mahesh Matta	350/6 Vishal Mandir 6^{th} Road, 2nd Floor, Khar, Mumbai 400 052	300	0.18
(v)	Ashish Kumar Gupta	Aanchal Craig Estate Near Hampton Court Mussoorie 248 179	250	0.15
(vi)	Arun Kumar Singh	Flat No. D/1602, 16^{th} Floor, Runawal Centre, Govandi Station Road, Gavandi, Mumbai 400 088, Maharashtra	200	0.12
(vii)	Sharad Chand Singhvi	2C4 Pratap Nagar Jodhpur 342004	200	0.12
(viii)	Sachin Kirit Modi	17/B, Eden Hall, Worli Mumbai 400 018	200	0.12
(ix)	Swapnil K Modi	17/B, Eden Hall, Worli Mumbai 400 018	200	0.12
(x)	Rahul Pal	Flat No 1004, 10th Floor, Bloomingdale Patlipada, Hiranandani Estate, Mumbai 400 607	200	0.12
	TOTAL		**3,330**	**1.96**

9. *List of top 10 holders, as on March 2, 2012, of Series – 3 long term infrastructure bonds issued in terms of prospectus – tranche 1 dated September 23, 2010 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	K J Ramaswamy	New No 12 Old No 42 1st Avenve Sabthin Nagar Adyan, Chennai 600 020	500	0.22
(ii)	K J Ramaswamy	Kotak Towers, 6th Floor Building No 21 Infinity Park Goregaon Mulund Link Road Malad East Mumbai 400 097	500	0.22
(iii)	Nikhil Lalchand Karani	75, Mount Unique 10th Floor 62 / A Peddar Road Mumbai 400 026	204	0.09
(iv)	Vidhyadhar Chidambar Kulkarni	E 304, Raheja Nest Complex Chandivli Farm Road Chandivli Mumbai 400 072	200	0.09

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(v)	Pralhad Dattatraya Khedkar	A 2, Padmanabh Co Op Housing Society Nal Stop, Off Karve Road Near Samudra Hotel Pune 411 004	200	0.09
(vi)	Lakshmi Kasturi	Ruby 37 Golden Enclave Airport Road Bangalore 560 017	200	0.09
(vii)	Renuka Mahajan	C 6/1, Saf Dev Area New Delhi 110 016	200	0.09
(viii)	Rajiv Swarup	42, Rail Vihar Sector 33 Noida 201 303	200	0.09
(ix)	Purwez Rusi Patel	103 B, Beverly Park I DLF Qutab Enclave Phase II Gurgaon 122 002	200	0.09
(x)	Zarina Purwez Patel	103 B, Beverly Park I DLF Qutab Enclave Phase II Gurgaon 122 002 Haryana	200	0.09
	TOTAL		**2,604**	**1.16**

10. *List of top 10 holders, as on March 2, 2012, of Series – 4 long term infrastructure bonds issued in terms of prospectus – tranche 1 dated September 23, 2010 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Sheel Malhotra	19 Pusa Road Karol Bagh New Delhi 110005	1,000	0.23
(ii)	Vera Garg	Penthouse- 1, Terrace Heights Tower- 3, The Laburnum Sector 28, Sushant Lok Gurgaon 122002	400	0.09
(iii)	Subhas Guhathakurta	24, Surya Sen Street Muchipara Kolkata 700009	200	0.05
(iv)	Paresh Shah	C/601, Guru Kripa Society Evershine Nagar Malad West Mumbai 400064	200	0.05
(v)	Kajal Dilip Lakhani	Hemsharsaka 19, Gola Lane Behind Badri Mahal, Fort Mumbai 400001	200	0.05
(vi)	Anil Lalchand Karani	75, Mount Unique, 10th Floor, 62 A Dr G D Marg Peddar Road Near Villa Theresa School Mumbai 400026	180	0.04
(vii)	Sruti Talukdar	No.109 Palm Meadows, Phase I Ramagondanahalli Airport Whitefield Bangalore 560066	160	0.04

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(viii)	Pallab Kumar Talukdar	Villa No.109 Palm Meadows Phase I Ramagondanahalli Bangalore 560066	140	0.03
(ix)	Hubert Anthony Saldanha	H No 465/1, Plot No 167 Nagali Housing Colony Alto Nagali Dona Paula P O Goa 403004	140	0.03
(x)	Narayana Iyer	A-103, Solataire Residency. Opposite – Park Dairy Road Pune 411027	120	0.03
	TOTAL		**2,740**	**0.63**

11. *List of top 10 holders, as on March 2, 2012, of Series – 1 long term infrastructure bonds issued in terms of prospectus – tranche 2 dated January 4, 2011 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Rajesh Kumar Maggon	Old No.32, New No-2, Rathnam Street, Roy Apettah, Chennai 600014	200	0.05
(ii)	G. Ramasubramanian	T-1 3rd Floor 5th Cross, Sai Swarnim Venkatadri, L/O Pansuranga Nagar, Bangalore 560078	120	0.03
(iii)	Sundar Krishnan	33 NGEF Layout, Nrupatunga Nagar, Nagarbhavi Bangalore 560072	100	0.03
(iv)	Sri Brojen Mech	Dorikapar Nowjan Gaon PO Namtial Pothar Sivasagar Assam 785640	60	0.02
(v)	Venkataraman V	Flat No. 1, B Kailash, Old No. 34 New No 18 V Trust Cross Street Mandavelipakkam Chennai 600028	60	0.02
(vi)	Godbole Madhuri Madhukar	C/6 Jumbodarshan, Koldongri Road No. 2, Andheri (E), Mumbai 400069	40	0.01
(vii)	Godbole Madhukar Balwant	C/6 Jumbodarshan, Koldongri Road No. 2, Andheri (E), Mumbai 400069	40	0.01
(viii)	Meena Mukesh Shah	B/605, Om Sundaram Keshav Park, Bhayander West, Thane 401101	40	0.01
(ix)	Leela R Pritamdasan	Flat No. 91, Almanda Glendale Co-op-hs, Glady Alvares Road, Off Pokharan Road, Thane 400610	40	0.01
(x)	Lakshmi Borah	Darikapar Nawjan Gaon, PO Namtial Pathar, Sivasagar,	40	0.01

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
		Assam 785640		
	TOTAL		**740**	**0.2**

12. *List of top 10 holders, as on March 2, 2012, of Series –2 long term infrastructure bonds issued in terms of prospectus – tranche 2 dated January 4, 2011 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Prabha S Pyati	1 New No 2/1, 3rd Cross Road, 1st Block, Jayanagar, Bangalore 560 011	200	0.02
(ii)	Anil KottainkadanGode Gopalan	3/1 Hayes Road, 1/3 Cavendish Court, Richmond Town, Bangalore 560025	200	0.02
(iii)	Prakash Dharshibhai Shah	503 A, Mithila Apartment, S V Road, Kandivali (West) Mumbai 400 067	160	0.01
(iv)	Sushil Kumar Kabra	A Wing, Flat No. 403, Aster Tower, Vasnt Vally Complex Film City Road Malad(East) Mumbai 400 097	100	0.01
(v)	Neelam Malik	A-58/3 SFS Flats, Saket New Delhi 110 017	100	0.01
(vi)	Sridhar Dhulipala	A 104, Bairavi Drupad Apartment Hall, 3rd Stage, New Thippasandra, Main Road, Bangalore 560 075	100	0.01
(vii)	Joe Thomas	A 305, Shobha Garden, Sarjapur Road, Iblur, Bangalore 560 034 Karnataka	100	0.01
(viii)	Pankaj R Naik	2nd Floor R T S Niketan Building 3 Kashinath Dhuru Road Dadar Mumbai 400028 Maharashtra	100	0.01
(ix)	Yaju Dev Misra	D 1, Krishna Teja, 20B Balakrishna Road Valmiki Nagar Chennai 600 041	100	0.01
(x)	D Krishna Ram	Old No. 20 New No. 9 Flat No 5 Viveks Apts, 3rd Floor, 1st Main Road, Anna Nagar East Chennai 600102	68	0.01
	TOTAL		**1,228**	**0.11**

13. *List of top 10 holders, as on March 2, 2012, of Series – 1 long term infrastructure bonds issued in terms of prospectus – tranche 3 dated February 21, 2011 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Sunanda Pradeep Shah	129 Nauayug Nagar No 2 Forjet Hill Road Jafdeo Mumbai 400036	120	0.10
(ii)	K S Menon	T 10/1720 Vell View Estate Faridabad Gurgaon 122003	40	0.03
(iii)	Ramananand Rao Vajendia	1201 Bhima Sikpochkhanwala Road Worli Mumbai 400030	40	0.03
(iv)	Zenobia K Mehta	E2 Godrej Bank Off Nepeansea Road Mumbai 400036	36	0.03
(v)	Jadav Vinay Bharat	102, Parle Sky View CHS Ltd. 65, Prathna Samaj Road Vile Parle (East) Mumbai 400 057	24	0.02
(vi)	Vijaya Abhimanyu Pawar	Flat No. B 301 Uday Building, 3rd Floor, Plot No 1 Patwardhan Colony Govandi Station Road Govandi East Mumbai 400 088	24	0.02
(vii)	Abhimanyu Arjun Pawar	Flat No. 8- 301 Uday Building, 3rd Floor, Plot No 1 Patwardhan Colony Govandi Station Road Govandi East Mumbai 400 088	24	0.02
(viii)	Tasneem Aiyaz Ansari	2nd Flr Flat No 3/4 Faridabad Mansion 55 Lady Jamshedji Road Mahim Mumbai 400 016	24	0.02
(ix)	Varanasi Padmini	Villa No 52 C, Purva Parkridge Garudachar Palya, Goshala Road, Mahadevpura Post Bangalore 560 048	24	0.02
(x)	Kamal Kumar Kejriwal	AD – 85, Salt Lake, Sector – I near Tank No. 3, Kolkata – 700064, West Bengal	20	0.02
	TOTAL		**376**	**0.32**

14. *List of top 10 holders, as on March 2, 2012, of Series – 2 long term infrastructure bonds issued in terms of prospectus – tranche 3 dated February 21, 2011 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Sunil Nanda	B/3/3, Baj Apt, S V Road, Saibaba Nagar, Borivali West, Mumbai 400 092 Maharashtra	100	0.03
(ii)	Amita Chebbi Dhingra	18 Second Floor Sodhna Enclave Inside Panchsheel S Block	40	0.01

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
		New Delhi 110007		
(iii)	Prodip Kumar Sengupta	25/5 Golf Garden A Kolkata 700 095	30	0.01
(iv)	Lakshman Narayanaswamy	Sanovi Technologies 186 2 Tapaswiji Arcade BTM 1st Stage Hosur Road Bangalore 560078	30	0.01
(v)	Mahendra Ratilal Shah HUF	1102 Minarette Dadabhai Cross Road Near Bhavans College Andheri (West) Mumbai 400 058	21	0.01
(vi)	Sarika B Randeria	3/305, C Wing Bhagya Apt. Bhardawadi Near Ramdas Park, Andheri (W) Mumbai 400058	21	0.01
(vii)	Darshana Mahendra Shah	1102 Minarette Dadabhai Cross Road Near Bhavans Collage Andheri (West) Mumbai 400 058	21	0.01
(viii)	Prabhat Ranjan Sharma	Savitri Sadan Soor Marg Vishnupuri Aligarh 202 001	21	0.01
(ix)	Dipisha Gupta	D 1/69, D-1 Block Kshitij, Near Meri Institute, Janakpuri, New Delhi - 110058	20	0.01
(x)	Suresh Shamrao Laud	Fl – 203, Bld – D,SN – 70/A/5/1, Siciliaa, B.T. Kawade Road, Ghorpadigaon Nr Croma Company, Pune - 411001 Maharashtra	20	0.01
	Total		**324**	**0.10**

15. *List of top 10 holders, as on March 2, 2012, of Series – 1 Tranche 1 Bonds issued in terms of Prospectus – Tranche 1 dated November 11, 2011 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Nita Nainish Parekh	14, Jayashree, 75 Worli Sea Face Road, Mumbai, 400030	1,000	0.85
(ii)	Kanchan Ramesh Poplay	702,703, Yashowan tower, Mumbai – 400016	280	0.24
(iii)	Srilakshmi M Krishnan	Flat No. 861, Navsansad Vihar, Plot No. 4, Sector 22 Dwarka, West Delhi, New Delhi, 110075	204	0.17
(iv)	Aditi Ramanand Padiyar	401, Lotus, Maitri Garden, Adjacent to Oswal Park, 2nd Pokhran Road, Thane (W), 400601	200	0.17
(v)	Sujan Kumar Pandit	"Jodhpur Court", Flat No. 7, 332, Jodhpur Park, Calcutta – 700068	140	0.12
(vi)	Ramanand Ramdas Padiyar	401, Lotus, Maitri Garden, Adjacent to Oswal Park, 2nd Pokhran Road, Thane (W), 400601	120	0.10

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(vii)	Navin Dinkar Lotlikar	12 Shivalik Soc, Opp ICICI Prud, Appa Saheb Marathe Marg, Prabhadevi, Mumbai – 400025	100	0.09
(viii)	Hasmukhbhai Gajjar	345 Sutharvas Nidhraj, Taluka Sanand, Ahmedabad – 382115	100	0.09
(ix)	Girish Varjivandas Shah	C/O. S Ballubhai and Co., 238, Nagdevi Street, Mumbai – 400003	100	0.09
(x)	Arvind Anant Halbe	No. – 144, Jyeshtha Building, Tarangan Housing Complex, Near Cadbury Factory, Thane – 400606	100	0.09
	TOTAL		**2,344**	**2.01**

16. *List of top 10 holders, as on March 2, 2012, of Series – 2 Tranche 1 Bonds issued in terms of Prospectus – Tranche 1 dated November 11, 2011 filed with the RoC:*

Sr. No.	Name of the Bondholder	Address	Total number of Bonds held	Percentage Holding (%)
(i)	Nagaraj K S	A 1208, Brigade Gateway, Malleshwaram West, Behind Metro Stores, Bengalooru – 560055	500	0.15
(ii)	Sanjay Sinha	17/3, Deodar Marg, DLF City I, Gurgaon – 122002	400	0.12
(iii)	Mahyar P Antia	Sorab S Engineer and Co., Chartered Accountants, Ismail Building, 381 D.N. road, Fort, Mumbai – 4000001	300	0.09
(iv)	Manish Kulkarni	FLC – 602A Lunkad Skylounge, S No. 210 Pl 72, Kalyaninagar, Yerwada, Pune, - 411006	200	0.06
(v)	Dr. V. Krishnamurthy	Raheja Towers, 7th Floor, Unit 705, Detta Wing No. 177, Annasalai, Chennai – 6000002	200	0.06
(vi)	Ashesh Chidanand Bhumkar	103 D Wing, Sita Vihar, Damani Estate, LBS Marg, Thane 400602	200	0.06
(vii)	Ramkrishna Gattani	204 Aalay Flats, NR Vijay Restaurant, Navrangpura, Ahmedabad, Gujarat, 380009	200	0.06
(viii)	Sharad Gattani	204 Aalay Flats, NR Vijay Restaurant, Navrangpura, Ahmedabad, Gujarat, 380009	200	0.06
(ix)	Anil Kumari Malhotra	J27, II Floor, Lajpat Nagar III, New Delhi, 110024	150	0.05
(x)	Gita Pal	2B Purbayan 30 A Raja S.C., Mallick Road, PO Jadavpur, Kolkata West Bengal, 700032	100	0.03
	TOTAL		**2,450**	**0.74**

17. *Long Term Debt - Equity Ratio:*

The long term debt to equity ratio of the Company prior to this Issue is based on a total long term outstanding debt of Rs. 383,753.2 million, and shareholders' funds amounting to Rs. 124,709.9 million which was 3.06 times as on February 29, 2012. The long term debt to equity ratio post the Issue under this Prospectus - Tranche 3, (assuming full subscription of Rs. 50,000.0 million) is 3.46 times, based on a total long term outstanding debt of Rs. 433,753.2 million and shareholders' fund (as on February 29, 2012) of Rs. 124,709.9 million.

(In Rs. million)

Particulars	Prior to the Issue (As on February 29, 2012) (Unaudited)	Post-Issue (Unaudited)
Debt		
Short Term Debt	64,959.4	64,959.4
Long Term Debt	383,753.2	433,753.2*
Total Debt	**448,712.6**	**498,712.6**
Share Capital		
Equity Share Capital	15,118.1	15,118.1
Preference Share Capital	-	-
Share application money pending allotment	27.1	27.1
Reserves and surplus	109,564.7	109,564.7
Total Shareholders' Funds	**124,709.9**	**124,709.9**
Long Term Debt to Equity Ratio	**3.08**	**3.48**

* *Assuming subscription of Rs. 50,000.0 million of Bonds for the financial year 2011-2012. In the event that the subscription is less than Rs. 50,000.0 million of Bonds, the ratio would be adjusted accordingly.*

18. The Company has not issued any Equity Shares or debt securities issued for consideration other than cash, whether in whole or part.

19. Other than zero coupon bonds aggregating, at face value, to Rs. 16,497.0 million outstanding as at February 29, 2012, issued at a discount, the Company has not issued any debt securities at a premium or at a discount, or in pursuance of an option.

20. For details of the outstanding borrowings of the Company, please see the section entitled "Description of Certain Indebtedness" on page 96.

OBJECTS OF THE ISSUE

Issue Proceeds

The Company has filed this Prospectus - Tranche 3 for a public issue of the Tranche 3 Bonds not exceeding an aggregate amount of Rs. 37,000.0 million for the financial year 2011-2012. The funds raised through the 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 3 Bonds will be in the nature of debt and accordingly will be utilized in accordance with statutory and regulatory requirements including requirements of SEBI, RBI and the Ministry of Finance.

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

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

The 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.

Issue Expenses

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

Particulars	Amount (Rs. in Million)	Percentage of net proceeds of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees to Intermediaries			
Fees paid to the Registrar to the Issue	10	0.03%	1.54%
Fees paid to the Lead Managers and Co-Lead Managers including selling and brokerage commission	500	1.35%	76.92%
Fees paid for advertising and marketing	135	0.36%	20.77%
Miscellaneous (including fees paid to Debenture Trustee)	5	0.01%	0.77%
Total	650	1.76%	100%

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

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board of Directors of the Company shall monitor the utilisation of the proceeds of the Issue. The Company will disclose in the Company's financial statements for the relevant financial year commencing from FY 2012, the utilization of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. The 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

Under the current tax laws the following tax benefits inter alia, will be available to the Bondholder 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 Bondholder 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 Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.

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. This 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.

A. TAX BENEFITS TO RESIDENT BONDHOLDERS

<u>Deduction u/s 80CCF</u>

1. 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 Hindu Undivided Family. This deduction shall be available over and above the aggregate limit of Rs. One Lakh as provided under sections 80C, 80CCC and 80CCD read with section 80CCE.

   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, 2011 or 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"

Taxability of Interest

Taxability of interest on Tranche 3 Bonds would depend upon the method of accounting adopted by the resident bondholder as mentioned in the provisions of the IT Act.

Withholding Tax

1. No income tax is deductible at source on interest on Tranche 3 Bonds as per the provisions of the Income Tax Act in respect of the following:

   (a) On any securities issued by a company in a dematerialized form listed on recognized stock exchange in India.

   (b) In case the payment of interest on Tranche 3 Bonds held in physical form to resident individual Bond Holder (not being a HUF) by company by an account payee cheque and such Tranche 3 Bonds being 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 does not exceed Rs. 2,500;

   (c) 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 IT Act;

   (d) 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 IT Act.

Under Section 197A(1B) of the IT 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 assessees and senior citizens) and HUFs is Rs 180,000, in case of women assessees is Rs.190,000, in case of senior citizens (who are of the age of 60 years or more but less than 80 years at any time during the year) is Rs. 250,000 and in case of very senior citizens (who are of the age of 80 years or more at any time during the year) is Rs. 500,000 for financial year 2011-12. Senior citizens, who are 65 or more years of age and very senior citizen, who are 80 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 IT Act even if the aggregate income credited or paid or likely to be credited or paid exceed the maximum amount not chargeable to tax i.e. Rs 250,000 in case of senior citizen and Rs. 500,000 in case of very senior citizen for financial year 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.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act.

Transfer before maturity

1. Under section 2(29A) of the IT Act, read with section 2(42A) of the IT Act, a listed bond 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 IT Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 10% of capital gains calculated 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 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. Rs. 180,000 in case of all individuals (other than women assessees and senior citizens) and HUFs, Rs. 190,000 in case of women, Rs. 250,000 in case of senior citizens and Rs. 500,000 in case of very senior citizen, 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 ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the IT 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 is payable by all categories of tax payers.

2. 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 IT Act.

   The provisions related to minimum amount not chargeable to tax and education cess described at para 1 above would also apply to such short-term capital gains.

   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 IT Act.

B. WEALTH TAX

Wealth-tax is not levied on investment in Tranche 3 Bonds under section 2(ea) of the Wealth-tax Act, 1957.

C. GIFT TAX

Gift-tax is not levied on gift of Tranche 3 Bonds in the hands of the donor as well as the donee.

OUR BUSINESS

Overview

We believe that we are a leading knowledge-driven financial services company in India and play a central role in advancing infrastructure development in the country. We provide a full range of financing solutions to our clients and believe that we distinguish ourselves from other financiers by having developed extensive domain knowledge of infrastructure in India. We operate as a professionally managed commercial entity with the objective of maximizing shareholder value. We were established in 1997 as a private sector enterprise by a consortium of public and private investors and listed our Equity Shares in India pursuant to an initial public offering in August 2005. Following the listing of our Equity Shares, we steadily broadened our business activities from project financing and government advisory to cover a wide spectrum of financial intermediation services. Since our second major capital raising in July 2007 through a qualified institutions placement of our Equity Shares raising approximately Rs. 21,000.0 million, we have continued to grow and diversify our business and revenue streams through a mix of organic as well as inorganic growth, including acquisitions. In July 2010, we raised approximately Rs. 35,000.0 million on an aggregate basis, through a qualified institutions placement of our Equity Shares and a preferential allotment of our compulsorily convertible cumulative preference shares. In November 2010, we raised Rs. 4,710.4 million on an aggregate basis, through the public issue of long term infrastructure bonds with tax benefits under Section 80CCF of the Income Tax Act, 1961. We raised a further Rs. 7,572.9 million through an additional issue of the bonds in February 2011 and Rs. 2,234.3 million in March 2011. In December 2011, we raised a further Rs. 5,326.2 million through the issue of the Tranche 1 Bonds in terms of the Shelf Prospectus and the Prospectus – Tranche 1. On January 3, 2012, we had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. We have received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and we are in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

The Government has identified infrastructure development as a key priority in its five year plans. The Eleventh Five Year Plan (Fiscal 2008 to 2012) envisages investments of U.S. $514.04 billion in the infrastructure sector. Given the scale of investment required, we expect a substantial proportion of the investment to be met through private financing or PPP. We believe that given our history, capabilities and financial strength, we are well placed to benefit from these opportunities, particularly with the increasingly conducive policy and regulatory environment in India for infrastructure development. In this connection, we have been reclassified by the RBI as an Infrastructure Finance Company, or IFC, which, among other things will allow us to diversify our borrowings, access long-term funds to a greater extent and give us the flexibility to increase our exposures to borrowers and groups.

We classify our business into the following four broad platforms, through which we not only provide project finance but also arrange and facilitate the flow of private capital to infrastructure development by creating appropriate structures and financing vehicles for a wide range of market participants:

- Corporate Finance and Investment Banking, which includes our project finance, principal investments and treasury operations, as well as the investment banking business of IDFC Capital and the institutional brokerage business of IDFC Securities, which were acquired in 2007;

- Public Markets Asset Management, which comprises the mutual funds business that we acquired from Standard Chartered Bank in 2008;

- Alternative Asset Management, which includes our private asset management and project management businesses; and

- Advocacy and Nation Building, through which we remain actively involved in providing policy formulation and advocacy, institutional capacity building to structure public-private partnerships, government transaction advisory services and corporate social responsibility initiatives.

These business platforms are supported by a shared services platform that includes information technology, human resources, legal and compliance, secretarial services, risk management, finance and facilities.

Our clients include prominent participants in infrastructure development in India and our product portfolio caters to the diverse needs of these clients across all layers of the capital structure. Our main focus has been on the energy, transportation and the telecommunications and information technology sectors, and we expect to see continued growth and significant financing opportunities in these sectors.

In view of our historical and intended growth and the increasingly interconnected nature of our businesses, in fiscal 2010 we launched the 'One Firm' initiative, which seeks to forge our identity and brand across our various platforms and businesses. We believe that this initiative has enabled us to emerge as a better aligned and integrated firm that presents a unified value proposition to our clients.

Strengths

We believe that the following are our primary strengths:

Composite financial services platform focused on infrastructure. Infrastructure lending has been and remains the predominant contributor to our business; however, we have over the last few years strategically diversified into new businesses and believe that we are now a one-stop infrastructure financing group. We have grown some of our business organically, such as our Alternative Asset Management platform, which includes our private equity and project equity businesses. We have also strategically acquired capabilities in investment banking, institutional brokerage and public markets asset management. Further, we have grouped our businesses under four interconnected platforms, which through our 'One Firm' initiative collectively enable us to offer comprehensive solutions and unified value proposition to our clients and also generate fee based sources of revenue in addition to interest income.

Reputation as a leading private sector infrastructure financier. We were established with the objective of promoting private financing of Indian infrastructure and we are now a significant lender in the private infrastructure financing sector. We believe that we distinguish ourselves among financiers to infrastructure projects in India by having developed domain knowledge, particularly with regard to project structuring, appraisal and risk evaluation. We have expertise in providing financing through a variety of products and have played a key role in introducing innovative financial products and structures, which allow a broader cross-section of lenders and investors to participate in infrastructure financing. We believe that these attributes have contributed to our being a leading infrastructure financing institution in India.

Experienced management team and dynamic professional staff. The members of our management team and professional staff are from diverse backgrounds, including leading commercial banks and lending institutions, finance companies, regulators, academia, rating agencies, investment banks and private equity firms. Our managers and professional staff have domestic and international expertise in areas such as project finance, principal investments, asset management, financial markets and investment banking as well as advisory services. Our managers and professional staff also have domain knowledge and experience in the various sectors we serve, which contributes to our understanding of the sector-specific aspects of our business.

Established relationships with government entities. Our robust working relationship with the Government gives us access to decision makers in government entities and multilateral development agencies. As a consequence, we are able to play a significant role in the direction of infrastructure policy in the country. We believe that our policy-related initiatives have helped rationalize India's policy and regulatory frameworks across the infrastructure sector, which has encouraged an increased flow of private capital, including foreign capital, into infrastructure. In addition, we believe that our multidimensional relationship with governmental entities, in advisory as well as beneficiary capacities, gives us access to major financing and advisory opportunities in the infrastructure sector.

Well-developed client relationships. We have well-developed relationships with prominent private sector sponsors in India's infrastructure sector and many emerging participants in the sector. We were among the earliest providers of infrastructure financing for many of our clients, which has fostered our relationships in the industry. These relationships have enabled us to have a prominent role in prospective projects with such clients at an early stage and to obtain leadership roles in advising and financing infrastructure projects.

Financial strength to take advantage of market opportunities. We believe that our financial strength and status provides us with the ability to grow our balance sheet and our return on assets and equity. Our business has grown rapidly in recent years. Our balance sheet, total income and profit after tax, on a consolidated basis, grew at a compounded annual growth rate of 26.4 per cent., 16.5 per cent. and 30.7 per cent, respectively, from fiscal 2009 to fiscal 2011. As of January 31, 2012, our gross and net non-performing loans were Rs. 1,483.2 million and Rs. 964.3 million, respectively. These represent 0.3 per cent. and 0.2 per cent. of our total loan assets, respectively. Our capital to risk-weighted asset ratio as of December 31, 2011 was 22.9 per cent. Our consolidated return on average total assets in fiscal 2011 was 3.0 per cent and was 3.9 per cent as on January 31, 2012.

Further, our leverage, which we define as average assets divided by average net worth, was 4.4 times as of January 31, 2012. We believe that this will enable us to increase the size of our balance sheet while remaining within a sustainable level of leverage and thereby access a broad range of opportunities. Our long term borrowings have been rated (ICRA)AAA by ICRA and Fitch AAA (ind) by Fitch, which are the highest credit ratings awarded by these rating agencies. We believe that our financial position will be further strengthened with our recent classification as an Infrastructure Finance Company, as it allows us to diversify our borrowings, access long-term funds and increase our lending exposures to individual entities, corporations and groups, which will enable us to take advantage of further growth opportunities.

Strong asset quality. Our gross and net non-performing loans represented 0.3 per cent. and 0.2 per cent. of total loan assets, respectively, as of January 31, 2012. We believe that our strong asset quality has been achieved due in part to our comprehensive credit and project appraisal skills and disciplined risk management practices. Our credit process involves extensive screening and financial analysis to assess potential risks and devise appropriate risk mitigation mechanisms. We also have a systematic review process to continuously monitor and evaluate the projects in our portfolio.

Strategy

Our mission is to be the leading knowledge driven financial services firm, creating enduring value, promoting infrastructure and nation building in India and beyond. To enable us to achieve our mission, we are creating a unifying, company-wide culture and governance system based on the pillars of knowledge expertise, teamwork and stewardship. This initiative, called ‘One Firm’, cuts across functional domains and is a cornerstone philosophy in executing our key strategies. The initiative is intended to minimize internal segregation and divisions across practice and product areas and emphasizes on collaboration across platforms and leveraging different capabilities across departments and businesses. Guided by our ‘One Firm’ framework, we are focused on enhancing shareholder value by pursuing strategies that enhance our profitability, return on assets and return on equity. The key elements of our business strategy are as follows:

Deliver profitability growth by:

- operating as a one stop provider of infrastructure financing by offering clients a diverse range of infrastructure financing options and other related services, which include project finance, principal investment, asset management, financial markets and investment banking services, and advisory services;

- continuing to diversify our revenue streams to increase fee-based income through our non-lending businesses such as asset management, investment banking, private equity and project equity and capturing a greater share of client revenues by cross-selling products and services that address clients’ requirements;

- increasing our market share in the investment banking business by expanding our geographical reach and product base and the institutional brokerage business by capitalizing on existing corporate and institutional relationships;

- seeking transaction leadership roles in select projects in which we participate and working closely with clients, from the pre-bidding stage to project commissioning; and

- maintaining high levels of operational efficiency to lower our expense to assets ratio.

Achieve robust balance sheet growth by:

- utilizing our IFC status to optimize our capital structure and long-term funding resources and thereby expand our financing operations while maintaining our competitive cost of funds;

- building on the strong relationships we have with sponsors of infrastructure projects to continue expanding our business activities and financing opportunities;

- focusing and capitalizing on our key sectors, including energy, transportation and the telecommunications sectors; and

- offering a broader array of financing solutions tailored to different risk appetites in order to expand funding options for infrastructure projects.

Pursue leadership in the Indian infrastructure sector by:

- using our structuring skills and knowledge of domestic and international capital markets to continuously develop and launch new products suitable to a wider array of domestic and international investors and lenders;

- advocating policy and regulatory frameworks in our areas of focus and tailoring global best practices to the Indian context;

- delivering high quality advisory services to clients and working with government entities in India, as well as with multilateral and bilateral development agencies, to seek removal of bottlenecks and encourage private investment into infrastructure; and

- attracting and retaining the best talent in the industry and offering them the opportunity to grow and excel within our organization.

Business Platforms

While we continue to focus on the business of infrastructure financing, our business structure and organisation has grown and developed over the years. In keeping with our goal of becoming a one stop provider of infrastructure financing and related services, in the recent past we have increasingly focused on diversifying the products and services that we offer to our clients. We believe that as competition increases, we may be able to distinguish ourselves by offering clients a broader suite of financing options, including risk capital and access to equity markets, which we expect will constitute higher margin businesses for us. At present we derive most of our income from net interest income from our infrastructure sector lending operations, which accounted for 59.0 per cent. and 61.0 per cent of our net operating income in fiscal 2011 and in the period ended January 31, 2012 respectively. While we expect our interest income to grow in response to the lending opportunities in the infrastructure sector, we have in the last few years also diversified our business to areas such as investment banking, institutional brokerage and asset management where the revenue streams are non-interest income based. We expect these businesses to be growth drivers for us in the future and to contribute to a greater extent to our net operating income.

We classify our business into four broad platforms based on the fundamental nature of the underlying activities. These are:

- Corporate Finance and Investment Banking

- Public Markets Asset Management

- Alternative Asset Management

- Advocacy and Nation Building

The four business platforms are supported by a shared services platform that includes information technology, human resource, legal and compliance, secretarial services, risk management, finance and facilities.

Corporate Finance and Investment Banking

Project Finance

Through our project finance business we provide funded and non-funded products across the capital structure to infrastructure projects. Our project financing products include senior debt financing, which is provided through loans or in the form of subscriptions to debentures, securitized debt that is collateralized by the cash flow receivables of the project and mezzanine products, comprising preference capital and subordinated debt. We also make equity or equity-linked investments as part of our project financing portfolio and issue financial and performance guarantees on behalf of projects.

The following table sets forth, as of January 31, 2012, the allocation of our net approvals and outstanding disbursements by type of financing and by sector:

(***Rs. in million***)

	Energy	**Transportation**	**Telecom and IT**[(3)]	**Commercial and Industrial Infrastructure /Others**[(4)]	**Total**
Net approvals	**398,371.1**	**268,301.4**	**327,864.8**	**156,948.5**	**1,144,492.8**
Funded debt[(1)]	358,148.7	258,208.2	300,919.3	127,302.8	**1,044,579.0**
Non-funded debt[(2)]	26,003.2	5,559.9	15,548.6	1,254.6	**48,366.3**
Equity and preference capital	7,226.2	4,533.3	11,396.9	28,391.1	**51,547.5**
Outstanding disbursements	**205,415.4**	**115,607.9**	**118,541.8**	**58,717.5**	**492,282.6**
Funded debt[(1)]	182,452.	112,511.4	116,031.2	44,220.4	**455,215.0**
Non-funded debt[(2)]	19,950.8	2,487.5	0.1	7.5	**22,445.9**
Equity and preference capital	3,012.6	609	2,510.5	14,489.6	20,627.1
Exposure	273,110.5	167,010.2	146,984.0	73,219.5	660,324.2
Percentage of Total Exposure	41.4%	25.3%	22.3%	11.0%	100%

Note:

(1) Includes senior debt and subordinated debt financing.

(2) Includes letters of credit, guarantees, take-out financing and risk participation products.

(3) Includes Telecommunications and Information Technology.

(4) Includes Special Economic Zones (“SEZs”), IT parks, commercial infrastructure projects, tourism, urban services, healthcare and education.

On a cumulative basis, as of January 31, 2012, our gross approvals, including equity and non-funded assistance, were Rs. 1,742,611.7 million and gross disbursements, including equity were Rs. 976,215.1 million. As January 31, 2012, our net approvals, i.e., gross approvals net of cancellations, were Rs. 1,144,492.8 million and our outstanding disbursements, i.e., gross disbursements net of repayments, were Rs. 498,282.6 million. As of January 31, 2012 our total exposure to infrastructure projects, including non-funded exposure and equity exposure, and excluding cancellations and repayments, was Rs. 660,324.2 million, of which energy accounted for the highest proportion at 41.4 per cent., followed by transportation at 25.3 per cent, telecommunications and information technology at 22.3 per cent., industrial and commercial infrastructure and others at 11.0 per cent.

In fiscal 2011, we recorded gross approvals and disbursements of Rs. 427,155.1 million and Rs. 267,020.0 million, respectively. This represented an increase of 40.3 per cent. and 106.0 per cent., respectively, over gross approvals and disbursements in fiscal 2010. In fiscal 2011, our exposure in the energy, transportation, the telecommunications and information technology, and commercial and industrial infrastructure and others grew by 59.0 per cent., 92.7 per cent., and decreased by 13.8 per cent. and 26.6 per cent., respectively, over fiscal 2010.

The following is a sector-wise overview of our project finance activities:

Energy

We finance projects for electricity generation, transmission and distribution, as well as projects in the oil and gas industry, particularly pipelines for oil and gas transportation and city gas distribution businesses. During fiscal 2011, our total exposure in the energy sector was Rs. 267,073.7 million and we approved financing aggregating Rs. 180,807.4 million, compared to Rs. 91,309.5 million in fiscal 2010. Gross disbursements during fiscal 2011 aggregated Rs. 97,496.5 million compared to Rs. 41,122.7 million in fiscal 2010. Set out below is a brief overview of the regulatory position and description of our projects in electricity, renewable energy and oil and gas. As of January 31, 2012 our exposure to the energy sector was Rs. 273,110.5 million.

Electricity: The power sector continued to be characterized by shortages. The capacity addition in fiscal 2010 was 9,585 MW, the highest ever in a single year in India. The private sector played a major role as it contributed 45 per cent. of the capacity addition. Going forward, we expect the private sector to exceed the targeted capacity addition. *(Source: Planning Commission of India.)* The mid-term appraisal of the Eleventh Five Year Plan indicates that the private sector will be adding approximately 20,000 MW (as against the target of 15,000 MW). The Government has also modified the mega power policy, which makes available various fiscal benefits to large power projects. We provide financing support to the capital expenditure and efficiency improvement programme of private sector distribution utilities with strong financials. As regards transmission, there has been increased activity in the inter-state transmission sector with the award of three Ultra Mega Transmission Projects (“UMTP”) to the private sector. The state transmission utilities are also awarding intra-state transmission projects based on competitive bidding. In view of these developments, we believe that there are significant opportunities in electricity generation, transmission and distribution businesses. *(Source: Ministry of Power, http://www.powermin.nic.in/.)*

We are the lead financial institution for a 1,005 MW coal fired power plant in Orissa, two 135 MW multi-fuel fired power plants in Gujarat, wind power projects in Andhra Pradesh, Gujarat, Tamil Nadu and Rajasthan aggregating to 202.4 MW. We are also in the process of negotiating terms of financing for UMTPs aggregating line length of 2,100 km and one intra-state transmission project of 100 km in Haryana. We were one of the main lenders for a 1,150 km transmission project connecting northern and eastern India. We have also financed major private distribution licensees in Delhi, Ahmedabad, Surat and Mumbai.

Renewable Energy: The Government is taking various steps to encourage the development of the renewable energy sector. Key initiatives on the policy side include: (a) Prime Minister’s National Action Plan on Climate Change (NAPCC), which advocates a national level renewable portfolio standards (RPS) target of 15 per cent. by 2020; (b) higher return on equity proposed for renewable energy projects to attract investment in the sector; the normative return on equity has been fixed at 19 per cent. pre-tax for the first 10 years and 24 per cent. from the eleventh year; and (c) generation based incentive scheme at Rs. 0.50/kwh for energy generated by wind projects. Given the primary electricity generation feedstock shortage and prices, we believe that the development of renewable energy is set to be a focus area for the Government. We also believe that funding opportunities in the renewable energy sector will increase and that we are well positioned to play a significant role in respect of such opportunities. We will continue to support the funding requirements of large and medium sized renewable energy developers.

Oil and Gas: We believe that the increased focus on natural gas and LNG as alternatives to oil-based fuels and the development of various gas distribution projects offer significant opportunities for growth in the oil and gas sector in India. Natural gas availability has increased significantly since the commencement of gas production from the KG basin field. This development, coupled with the expected commencement of gas production from other fields over the next few years, is expected to result in an increased focus on the construction of trunk transportation and city gas distribution networks. We believe that if certain regulatory matters are addressed, the city gas distribution and trunk transportation sectors will witness significant investment activity. We continue to focus on these sectors for lending opportunities. We were the joint lead financiers for the east-west pipeline of a leading private Indian corporate. We are also lenders to a trunk pipeline network in Gujarat and are the lead financiers of a private sector city gas distribution business in Ahmedabad. Further, we have in the past financed a gas distribution within Ahmedabad.

Transportation

Project finance in the transportation segment comprises mainly of financing construction, operation and maintenance of roads, ports and airports. As of January 31, 2012 our total exposure in the transportation sector was Rs. 167,010.2 million. During fiscal 2011, we approved financing aggregating Rs. 141,540.0 million in the transportation sector compared to Rs. 49,118.9 million in fiscal 2010. Gross disbursements during fiscal 2011 aggregated Rs. 74,746.3 million compared to Rs. 17,934.8 million in fiscal 2010.

Roads: The Government has an ambitious target of building 35,000 km of national highways over a five year period (20 km per day). *(Source: Indian Economic Survey 2009-10.)* The Government has recently introduced a number of initiatives to facilitate road development including the implementation of the recommendations of the B K Chaturvedi Committee Report. The recommendations include changes to the bid document and model concession agreement to incentivize private sector participation. Going forward, more than three-fourths of the construction under the National Highways Development Programme ("NHDP") is envisaged to be undertaken through PPP (Toll or Annuity). Further, the National Highways Authority of India ("NHAI") proposes to award several mega road projects (400-700 km) in the next few years. NHAI is now awarding contracts for longer road sections and the concession periods have also increased. A number of road projects have been awarded recently and we believe that a large number of road projects are likely to be awarded over the next 2-3 years. In view of the above, we believe there are significant opportunities in financing roads. We also believe that our experience in financing road projects and our existing relationship with developers in the road sector enables us to selectively target projects.

Our activities in road financing have focused on projects involving the construction, operation and maintenance of new and existing stretches of national and state highways and expressways, as well as providing related advisory services. We believe we have played a key role in opening up the road sector to private investment. We have financed a number of "build, operate and transfer" ("BOT") highway projects. We represented and advised the NHAI in structuring a unique method for undertaking BOT projects known as the "annuity approach". We have financed national and state highways, bridges and bypasses and participated in the securitization of toll receivables in existing road projects in a number of states across India. We are lead lenders in several prominent road projects, including national highways in Rajasthan, Andhra Pradesh, Punjab and Maharashtra. Further, pursuant to a circular dated April 23, 2010 the RBI has directed that banks may treat annuities under the BOT model in respect of road/highway projects and toll collection rights as tangible securities, provided that there are provisions to compensate the project sponsor if a certain level of traffic is not achieved and banks' rights to receive annuities and toll collection rights are legally enforceable and irrevocable.

Ports: The port sector, in particular the container segment, has exhibited a consistent growth story and we expect the momentum to continue due to the expected increase in shipping and trade arising from India's growing economy. Leading international port operators and domestic entities have invested significantly in developing major and non-major ports and terminals in India.

We believe we played a key role in opening up the major port sector for private participation. We were engaged by the Government to evolve the PPP framework including entry criteria, bid process and the model concession framework for major ports. We facilitated the processes of corporatizing the new major port of Ennore in South India. This was the first major port to be corporatized in India. We were engaged by the World Bank to advise on evolving an institutional and regulatory framework in consultation with the stakeholders for the Indian port sector. Further, we were nominated by the Government (to advise the Planning Commission) to chair the working group on ports which was mandated to evolve the medium term development strategy for enhancing PPP in ports.

We have advised several private international port operators and domestic players on entry and investment strategies in the ports business. We are one of the leading financiers in the port sector in India. We have a diversified portfolio covering (as financier and/or lead arranger and financier of debt) a wide range of geographical locations, a mix of major and non-major ports on the East and West coasts of India operated by international and domestic operators and several cargo categories including dry and liquid bulk and containers. We have further diversified our portfolio by financing several bulk terminals developed by prominent industrial groups. We were the lead arrangers for the first private port of India at Pipavav, and also the bulk terminals at Jaigarh.

Aviation: Investment opportunities in the Indian aviation sector include the expansion and development of urban airports. We provide financing in the aviation sector to airport projects as well as sub-concessions within an airport such as cargo handling, ground handling, etc. Growth in this sector has been driven by the Government's adoption of a legal framework for private investment in airports. As a result of this liberalization, various consortia have developed greenfield airports at Hyderabad and Bangalore and are modernizing the airports at Delhi and Mumbai. We are the lead lender in the Hyderabad greenfield airport and a lender to the modernization of Delhi airport as well as three sub-concessions at the Delhi airport.

Telecommunications and Information Technology

We provide project financing to new projects and acquisition finance to enable strategic activity in the telecommunications sector. As of January 31, 2012, our total exposure in the telecommunications and information technology sector was Rs. 146,984.0 million. During fiscal 2011, we approved financing aggregating Rs. 95,100.0 million in the telecommunications and information technology sector compared to Rs. 124,010.0 million in fiscal 2010. Gross disbursements during fiscal 2011 aggregated Rs. 87,605.5 million compared to Rs. 36,704.5 million in fiscal 2010. In fiscal 2011 we arranged term financing for established telecom operators and also provided financing to several passive infrastructure providers for their capital expenditure and acquisition related requirements.

Until recently the telecommunications sector in India was dominated by a few large service providers. We believe that the entry of new service providers over the last one year has led to the market becoming extremely competitive. Further, we believe that the addition of approximately 18.0 million new wireless subscribers per month *(Source: TRAI Press releases 78/2009, 79/2009, 8/2010, 10/2010, 15/2010, 20/2010 and 24/2010.)* and roll out of 3G and broadband wireless access services will require significant investments in this sector and will provide funding opportunities for us. Our strategy in this sector is to finance the existing established players which require incremental financing for their capital expenditure for 2G expansion purposes and project financing for the roll out of 3G and broadband wireless access services. We also plan to selectively explore opportunities to support new operators that have strong sponsors with experience of providing telecommunications services in a competitive market and a sustainable business model. We will continue to support the funding requirements of large independent passive infrastructure service providers. Further, we expect enhanced funding opportunities arising from any consolidation in the sector. We believe that we are well positioned to play a significant role in any such activity.

We have recently acquired a stake of 40.25 per cent. in Galaxy Mercantiles Limited ("**GML**") in terms of the share purchase, securities subscription cum shareholders' agreement ("**SSA**") dated November 2, 2011. GML is a company carrying on the business of developing and maintaining industrial parks. New Okhla Industrial Development Authority ("**NOIDA**") and GML have entered into a lease deed, under which NOIDA has given a plot to GML on a leasehold basis for the purpose of construction and setting up an information technology industrial park ("**IT Industrial Park**"), for a period of 90 years. GML has constructed the IT Industrial Park on the plot with all other facilities. In terms of the SSA, we shall make further investments on the achievement of certain milestones.

Commercial and Industrial Infrastructure and Others

Our commercial and industrial infrastructure sector financing includes project-based lending to private initiatives in commercial infrastructure projects and Special Economic Zones. As of January 31, 2012 our total exposure in the commercial and industrial infrastructure and other sectors was Rs. 73,219.5 million. During fiscal 2011, we approved financing aggregating to Rs. 9,707.7 million in this sector, compared to Rs. 39,980.8 million in fiscal 2010. Gross disbursements during fiscal 2011 aggregated Rs. 7,171.7 million compared to Rs. 33,853.5 million in fiscal 2010.

In addition to the sectors discussed above, we continue to monitor growth opportunities in other sectors.

Principal Investments

We continuously explore opportunities that result in accepting a higher level of risk and provide financing to infrastructure companies through principal equity investments. Our focus is also to explore and develop innovative financing structures for our investments. This activity is carried out through our principal investment business. Our principal investments could be strategic in nature, which are made by us to strengthen or develop any of our business platforms; this includes investments for the acquisitions of SSKI (now renamed IDFC Capital Limited and IDFC Securities Limited) and the mutual fund business of Standard Chartered (now renamed IDFC Mutual Fund).

The Company had acquired 33.33 per cent. of equity share capital of S.S. Kantilal Ishwarlal Securities Private Limited ("SSKI") in terms of a share purchase agreement dated September 25, 2006. The Company further acquired 33.34 per cent. of equity share capital of IDFC-SSKI Securities Limited in terms of an option and advance agreement dated March 13, 2007. Thereafter, the Company further acquired 13.13 per cent. of equity share capital of the IDFC-SSKI Securities Limited in terms of various purchase cum advance agreements during December 2007 with eligible employees. In terms of an agreement dated June 8, 2009, the Company purchased the remaining 20 per cent. equity share capital of IDFC-SSKI Securities Limited, thereby making IDFC-SSKI Securities Limited a wholly-owned subsidiary of the Company. IDFC-SSKI Securities Limited has been renamed as IDFC Securities Limited.

Further, in terms of an agreement between the Company and Standard Chartered PLC dated March 7, 2008, the Company acquired the entire equity share capital of Standard Chartered Asset Management Company Private Limited ("SCAMC") and Standard Chartered Trustee Company Private Limited ("SCTCPL"), for a total cash consideration of approximately Rs. 8,339.9 million, before deductions for local taxes and deal expenses. SCAMC and SCTCPL represented the mutual fund business of Standard Chartered PLC in India. SCAMC and SCTCPL have been subsequently renamed as IDFC Asset Management Company Limited ("IDFC AMC") and IDFC AMC Trustee Company Limited, respectively.

We may also make financial investments which include investments in National Stock Exchange of India Limited, Securities Trading Corporation of India Limited and Asset Reconstruction Company of India Limited. These investments are long term in nature and are not meant for direct returns. We could also invest in venture capital units, for funds which are sponsored and managed by us and also infrastructure investments, which are generally made as co-investments along with the funds managed by us or in deals that do not meet the funds' minimum size threshold.

The focus of our principal investments is on companies that have high quality sponsorship, good growth prospects and defined exit opportunities. We have made principal investments in infrastructure related companies that subsequently listed on stock exchanges, such as NHPC, Oil India Limited and JSW Energy Limited.

As of January 31, 2012, our total equity book (on a standalone basis) including strategic investments was at Rs. 33,230.5 million. Of this, Rs. 3,782.9 million was invested in companies that are publicly traded. Unrealized capital loss on these investments was Rs. 1,248.8 million as of January 31, 2012. Outstanding disbursements excluding strategic investments, on the equity book, increased from Rs. 20,573.6 million on March 31, 2010 to Rs. 20,421.8 million on March 31, 2011. As of January 31, 2012, the outstanding disbursement was Rs. 21,672.6 million.

Borrowings

We generally fund our assets, largely comprising infrastructure loans, with market borrowings of various maturities and subordinated debt. We borrow in the domestic market from insurance companies, banks and financial institutions and mutual funds through various instruments such as bonds, debentures, term loans, commercial paper, term money borrowings and certificates of deposit. Our subordinated debt has been provided by the Government. This subordinated debt has a term of 50 years, maturing in 2047. We also have foreign currency borrowings mainly from certain multilateral agencies.

Details of our primary categories of outstanding obligations on a consolidated basis as of March 31, 2009, 2010 and 2011 are set forth below:

	March 31,					
	2009		**2010**		**2011**	
	(Rs. million)	*(% of total)*	*(Rs. million)*	*(% of total)*	*(Rs. million)*	*(% of total)*
Long-term funds						
Subordinated debt	6,500.0	2.8%	6,500.0	2.4%	6,500.0	1.8%
Loan from Government of Karnataka	146.1	0.1%	146.1	0.1%	-	-
Bonds (Non Convertible)	113,810.6	48.3%	158,773.5	59.8%	245,013.0	67.5%
Bonds (Convertible)	-	-	63.8	0.0%	66.7	0.0%
Term loans from banks	61,991.3	26.3%	50,455.5	19.0%	80,472.0	22.2%
Term loans from others	16,977.8	7.2%	11,656.3	4.3%	14,117.8	3.9%

	March 31,					
	2009		2010		2011	
	(Rs. million)	*(% of total)*	*(Rs. million)*	*(% of total)*	*(Rs. million)*	*(% of total)*
Short-term funds						
Commercial paper	14,126.1	6.0%	17,231.4	6.5%	2,063.5	0.6%
Term loans from banks	17,529.3	7.4%	11,300.0	4.3%	12,250.0	3.3%
Term loans from others	-	-	2,000.0	0.8%	2,497.3	0.7%
Debentures (non Convertible)	4,400.0	1.9%	7,312.1	2.8%	-	-
Bank Overdraft	-	-	-	-	59.1	0.0%
Total	235,481.2	100.0%	265,438.7	100.0%	363,039.4	100.0%

As of January 31, 2012, our asset duration was 1.71 years while the liability duration was 2.50 years. Our treasury assets increased from Rs. 51,541.1 million on March 31, 2010 to Rs. 65,417.9 million on March 31, 2011 and our net interest income from treasury operations on a consolidated basis increased from Rs. 961.7 million in fiscal 2010 to Rs. 1,436.8 million in fiscal 2011. The uncertainties surrounding the length of liquidity and falling interest rates meant that the proprietary treasury book remained constrained.

Our long-term bonds are rated (ICRA)AAA by ICRA and Fitch AAA (ind) by Fitch, the highest possible domestic ratings by such agencies. Our short-term borrowings are rated A1+ by ICRA, which is the highest possible domestic rating.

Treasury and Fixed Income Operations

The Treasury and Fixed Income Operations unit focuses on the fixed income market. It comprises the treasury business which relates to active management of liquidity and investment in debt instruments and debt capital markets business (it was previously grouped within the investment banking unit) which focuses on advising clients on their debt fund raising and helps them mobilise debt capital from the market. The unit also manages a small proprietary equity trading book focused on harvesting equity trading opportunities that the listed market might offer. The debt capital markets business generated an operating income of around Rs. 0.3 billion in 2010-2011.

In accordance with our treasury policy, we aim to use our treasury to manage liquidity, provide a steady source of income with minimal risks and increase the overall return on assets. Our treasury policy lays down guidelines for the permissible types of investments we can make and their monitoring. Through our treasury operations, we maintain liquidity to repay borrowings as they mature and make new loans and investments as opportunities arise. Our investments are predominantly in fixed income securities, i.e., Government bonds and A+ to AAA (domestic) rated corporate debt as well as investments in units of mutual funds, bank deposits and inter-corporate deposits on a consolidated basis, as summarized in the table below.

	March 31,					
	2009		2010		2011	
	(Rs. million)	*(% of total)*	*(Rs. million)*	*(% of total)*	*(Rs. million)*	*(% of total)*
Long-term investments						
Mutual funds	-	-	-	-	-	-
Bonds and Pass Through Certificates	3,412.0	5.9%	11,869.9	23.0%	7,357.4	11.2%
Government securities	-	-	256.3	0.5%	499.9	0.8%
Current investments						
Bonds and Pass Through Certificates	5,145.9	8.9%	6,329.4	12.3%	11,693.4	17.9%
Certificate of deposits	39,117.5	67.7%	3,710.5	7.2%	18,898.8	28.9%
Commercial papers	-	-	1,441.3	2.8%	8,214.7	12.6%
Government Securities	-	-	-	-	2,617.4	4.0%
Mutual funds	1,279.0	2.2%	3,301.0	6.4%	1,505.1	2.3%
Deposits with banks	7,837.7	13.6%	2,132.7	4.1%	8,554.7	13.1%
Loan to financial institution	300.0	0.5%	300.0	0.6%	300.0	0.4%

	March 31,					
	2009		2010		2011	
	(Rs. million)	*(% of total)*	*(Rs. million)*	*(% of total)*	*(Rs. million)*	*(% of total)*
Inter corporate deposit	690.0	1.2%	22,200.0	43.1%	5,776.5	8.8%
Total	57,782.1	100.0%	51,541.1	100.0%	65,417.9	100.0%

Investment Banking and Institutional Brokerage

The acquisition of the investment banking and institutional brokerage business was a part of our strategy to originate new forms of business and to diversify our revenue base and increase fee-based revenue streams. Our investment banking business has been restructured under IDFC Capital, while the institutional brokerage and research business is now undertaken by IDFC Securities. IDFC Securities is registered with SEBI as a Stock Broker and IDFC Capital is registered with SEBI as a Category I Merchant Banker. We utilize our in-house expertise and brand positioning to provide a wide range of advisory services across different areas, such as debt syndication, structured finance, corporate debt and equity market advisory. Our investment banking business and our institutional brokerage business generate advisory fees and transaction based brokerage fees, respectively, and therefore the returns are generally volatile and depend on prevailing conditions in the capital markets. Our total income from this business increased by 8.6 per cent. from Rs.1,832.5 million in fiscal 2010 to Rs. 1,990.7 million in fiscal 2011.

IDFC Capital plays a leading role in debt and equity placements. Our institutional brokerage and research business has an experienced and independent research team which covers approximately 200 companies across 22 sectors primarily focused on infrastructure and banking. There was an increase in general activity levels in fiscal 2011 as compared to fiscal 2010 resulting in an increase in our brokerage income in fiscal 2011.

Public Markets Asset Management

Since its acquisition from Standard Chartered in 2008, our mutual fund business has grown based on various parameters including products, assets under management, market share, employees and geographic reach. IDFC Mutual Fund has in the last few years diversified its product portfolio to cover the entire spectrum of the public markets asset management business. Our public markets asset management business is administered through our asset management companies - IDFC AMC and IDFC Investment Advisors. The number of employees in this business has increased from 62 as of May 31, 2008 to 171 as of February 29, 2012. IDFC Mutual Fund now has a presence in over 39 cities as of January 31, 2012 compared to 17 cities as of May 31, 2008. Market share of our mutual funds business increased from 2.4 per cent. as on May 31, 2008 to 3.89 per cent. as on December 31, 2011 and the average assets under management increased from Rs. 142,729.0 million as on May 31, 2008 to Rs.263,512.0 million as on February 29, 2012 resulting in IDFC Mutual Fund having the tenth largest assets under management amongst mutual funds in India as on February 29, 2012. *(Source: Association of Mutual Funds of India, www.amfiindia.com*.)

IDFC AMC generates income through asset management fees and focuses on growing the assets under management by offering suitable products and channelling private and corporate savings into the debt and equity markets and structured products. We are also one of the six license holders of the recently introduced government led individual new pension scheme, which is administered by us through IDFC Pension Fund Management Company Limited.

We are actively engaged in mobilizing and managing third party funds for long-term equity investments (i.e. investments for periods exceeding five years) in the Indian infrastructure sector. IDFC Investment Advisors acts as the investment advisor to the India Infrastructure Opportunities Fund and provides advice on investments in listed equity. IDFC Investment Advisors also provides strategic advice on investing in structured products, listed and traded equities on public markets and unlisted equities. IDFC Investment Advisors is the investment manager for six funds and manages a corpus (included the committed capital amount) of Rs. 11,458.0 million as of February 29, 2012.

IDFC AMC has received the following awards and recognitions:

- IDFC Premier Equity Fund was ranked as a Seven Star Fund by ICRA for its 3 year performance for the year ending December 31, 2010. The fund has received this award for the last 3 consecutive years.

- IDFC Imperial Equity Plan A won a Runner up position for Equity: Large-Cap category in the NDTV Profit Mutual fund Awards 2010.

- IDFC Super Saver Income Fund – Medium Term Plan A won a Runner up position for Debt: Income category in the NDTV Profit Mutual fund Awards 2010.

- Mr. Kenneth Andrade was awarded as Best Equity Fund Manager – 2010 – Front Runner Fund Manger in Wealth Forum AMC Awards 2010.

- IDFC Premier Equity Fund was awarded as Best Equity Fund – 2010 – Front Runner Scheme in the Wealth Forum AMC Awards 2010.

- IDFC Super Saver Income Fund - Medium Term won CNBC-TV18-CRISIL Mutual Fund Awards Winners 2011 under the Income Funds - Short Term category.

- IDFC Dynamic Bond Fund has been ranked as a Seven Star Fund by ICRA for its 1 year performance till December 31, 2011.

- IDFC Premier Equity Fund has been ranked as a Seven Star Fund by ICRA for 1 year performance till December 31, 2011.

- IDFC Premier Equity Fund has been ranked as a Seven Star Fund by ICRA for its 3 year performance till December 31, 2011.

Going forward, IDFC Mutual Fund intends to grow the alternate and managed accounts of high net worth individuals, increase the range of equity products, tie-up to provide a range of international fund products for domestic investors and build a dominant position in infrastructure products in the domestic markets. IDFC Mutual Fund also aims to focus on brand building initiatives and build a consumer centric brand.

IDFC AMC and Natixis Global Asset Management ("NGAM") entered into strategic partnership for public markets asset management business on December 16, 2010. NGAM is one of the largest multi-boutique investment management holding companies in the world. It comprises of a highly diverse group of independent affiliates, each operating within its own well-developed brand and has a reputation for superior investment performance, investment discipline, style and geographical focus. NGAM has developed through its affiliates a wide range of expertise in equity strategies. It covers all the major geographical zones and is active in large, small and mid caps. The products offered by NGAM include all types of management styles including without limitation growth, value, balanced and quantitative and rely on strong research capabilities. NGAM has the distinct reputation of having a proprietary global distribution network which offers its affiliates access to new markets, management resources to build scale for their products, tailors unique innovative client solutions from a broad array of affiliate company offerings. This partnership will help IDFC AMC business acquire an international footprint and enhance its product portfolio with a view to achieving the client base and assets under management (AUMs). As part of the deal the Company has sold a minority 25 per cent. stake plus one share stake in IDFC AMC to NGAM.

Alternative Asset Management

Private Equity

We mobilize and manage third party private equity funds through our wholly owned subsidiary, IDFC Private Equity. IDFC Private Equity focuses on long-term private equity investment opportunities in companies in the infrastructure sector. The objective is to achieve risk-adjusted returns by providing growth or expansion capital to companies. IDFC Private Equity has a team of professionals with diverse investment experience including members with operating experience. IDFC Private Equity has also has a panel of highly regarded advisors, a network of corporate relationships and an experienced team.

IDFC Private Equity is the investment manager for three funds and manages a corpus of Rs. 5,735.0 million as at January 31, 2012 – (i) the IDFC Infrastructure Fund, of which India Development Fund is a unit scheme (the "IDF") which was formed in fiscal 2003, (ii) the IDFC Infrastructure Fund 2, of which IDFC Private Equity Fund II is a unit scheme (the "IDFC PE Fund II") which was formed in fiscal 2006 and (iii) the IDFC Infrastructure Fund 3, of which IDFC Private Equity Fund III is a unit scheme (the "IDFC PE Fund III") which was formed in fiscal 2008. Since inception, these funds have made 32 investments in 28 companies and have had ten full exits, four partial exits and five liquidity events. These funds have invested in various infrastructure sectors including power, oil and gas, transportation (including airports, ports, roads and logistics), hotels, telecommunications, education, health care and renewable energy. IDF and IDFC PE Fund II have fully committed their corpus, while 66.41 per cent. of the funds raised under the IDFC PE Fund III have been committed as of January 31, 2012.

IDF, which closed in March 2004 with capital commitments of Rs. 8,437.6 million, has paid back the original corpus to the investors. IDF has made 11 investments in various companies including GMR Infrastructure Limited, Gujarat State Petronet Limited, Gujarat Pipavav Port Limited, Chalet Hotels Limited, Hotel Leela Ventures Limited, L&T Infrastructure Development Projects Limited and Delhi International Airport Private Limited. IDFC Private Equity was involved in the successful IPOs of GMR Infrastructure Limited, Gujarat State Petronet Limited and Gujarat Pipavav Port Limited. IDF has completed seven full exits, two partial exits and two liquidity events out of its investments.

IDFC PE Fund II closed in June 2006 with capital commitments of Rs. 19,879.2 million and has paid back 18.46 per cent. of the capital commitment back to its investors. IDFC PE Fund II has made 15 investments in various companies including Ashoka Buildcon Limited, Manipal Universal Learning Private Limited, Quippo Telecom Infrastructure Limited, DARCL Logistics Limited, Moser Baer Solar Limited, Doshion Limited, Goodearth Maritime Limited, Manipal Health Systems Private Limited, Emergent Ventures India Private Limited, Green Infra Limited, Viom Networks Limited. IDFC PE Fund II has completed three full exits, two partial exits and two liquidity events out of its investments.

IDFC PE Fund III closed in September 2008 with capital commitments of Rs. 31,601.2 million which is now reduced to Rs. 29,032.0 million. IDFC PE Fund III has invested in Green Infra Limited, Suzlon Energy Limited, Deepak Cables (India) Limited, Viom Networks Limited, GMR Energy Limited and GVR Infra Projects Limited. IDFC PE Fund III has had one liquidity event out of its investments.

Our Company is a sponsor investor in these funds and each fund has a separate investment committee. IDFC Private Equity receives management fees from the funds, which aggregated Rs. 812.6 million in fiscal 2011. For fiscal 2012 up to January 31, 2012, IDFC Private Equity's total income was Rs. 519.7 million and profit before and after tax were Rs. 374.7 million and Rs. 256.1 million, respectively, as per the unaudited financial statements.

In fiscal 2011, IDFC Private Equity won four awards: (i) the Indian PE Firm of the year award by Global M&A Network, (ii) the Asian Infrastructure Fund Manager of the Year award by Infrastructure Investor, (iii) the Asian Infrastructure Deal of the Year award by Infrastructure Investor and (iv) the Indian Private Equity Fund of the Year Award by Private Equity International.

Project Equity

IDFC Project Equity Company Limited ("IDFC Project Equity") is our wholly owned subsidiary, and is the investment manager of the India Infrastructure Fund (the "Fund"). The Fund is focused on long-term equity investments in a diversified portfolio of infrastructure projects in India in sectors such as power, roads, ports, airports, electricity and gas transmission and distribution networks. It was set up as a part of the India Infrastructure Financing Initiative, a collaborative effort between the Government of India (through India Infrastructure Finance Company Limited), Citigroup and our Company to provide equity capital for infrastructure projects in India (the "Initiative"). The Fund seeks to achieve attractive risk-adjusted returns over the long term by investing in infrastructure projects in India that exhibit strong, predictable and stable cash flows in the form of dividend distributions with low volatility of returns and have potential for capital growth. We believe that such investments have a lower risk-return profile compared to the pure private equity investments.

The Fund closed in June 2009 with total commitments of Rs. 38,367.2 million. Our Company has committed Rs. 4,000.0 million to the Fund. IDFC Project Equity is entitled to an annual management fee. The Fund has called 63.6 per cent. of its capital commitments as of January 31, 2012 and has committed Rs. 22,944.0 million (equivalent to 59.8 per cent. of its total commitments) to portfolio companies including GMR Kamalanga Energy Limited, Essar Power Limited, Hanjer Biotech Energies Private Limited, Ashoka Highways (Bhandara) Limited, Ashoka Highways (Durg) Limited, SMS Shivnath Infrastructure Limited, Jas Toll Road Company Limited, Karaikal Port Private Limited, Adhunik Power and Natural Resources Limited, Mytrah Energy India Limited and Sahyadri Hospitals Limited.

IDFC Projects

We established IDFC Projects Limited in 2007 as the development arm of our Company. The mandate of IDFC Projects is to develop, finance, execute and manage infrastructure projects in India. Over the last few years, IDFC Projects has forged successful relationships with reputed organisations with complementary technical expertise. IDFC Projects currently focuses on project opportunities in the power and roads sectors.

In February 2010, IDFC Projects acquired a majority stake of 51 per cent. in Dheeru Powergen Private Limited ("DPPL"). DPPL was converted into a public limited company by way of a special resolution passed by the shareholders of DPPL in the extra-ordinary general meeting of DPPL held on July 21, 2010. Consequently the name of DPPL was changed from "Dheeru Powergen Private Limited" to "Dheeru Powergen Limited" ("DPL") by deletion of the word "Private" with effect from November 24, 2010. A new set of regulations was adopted as the articles of association of DPL. DPL is setting up a 1,050 MW coal-fired power plant in Korba, Chhattisgarh in central India. DPPL has received coal linkage from South Eastern Coalfields Limited and has obtained the environmental clearance from the Ministry of Environment and Forests, Government of India. The project is currently at the pre-construction stage. Further, since its establishment IDFC Projects has been shortlisted for 13 road projects.

In September 2010, a consortium of IDFC Projects and Plus Expressways Bhd (the "IPL Plus Consortium") was issued a letter of award by NHAI to undertake an upgrading of Jetpur Somnath Section of NH 8D from Km 000.00 to Km 127.60. This will widen the highway from two lanes to four lanes in the state of Gujarat on a design, build, finance, operate and transfer basis (the "Jetpur Somnath Project"). IPL Plus Consortium has incorporated a special purpose vehicle for this project called Jetpur Somnath Tollways Limited ("JSTL") with a shareholding ratio of 74:26 held by IDFC Projects and Plus Expressways Bhd respectively. JSTL has since executed a concession agreement with NHAI in February 2011 for implementation of the Jetpur Somnath Project and JSTL is currently in the process of completing various conditions precedent as set out in the concession agreement. In the meantime, IDFC Projects has divested its 48 per cent. stake in JSTL in favour of Uniquest Infra Ventures Private Limited ("UIPL"). For this purpose, JSTL has already received necessary consents from NHAI as required under the concession agreement. UIPL is a joint venture between Ghir Investments (Mauritius) Limited a subsidiary of Khazanah Nasional Bhd ("GIML") and IDFC and it is held by GIML and IDFC in the ratio of 80.1:19.9 respectively.

IDFC Capital (Singapore)

IDFC Capital (Singapore) Pte Ltd was established in 2008 and is a global emerging markets private equity fund-of-funds business, focussed mainly on Asia. IDFC Capital (Singapore) Pte Ltd through the Emerging Markets Private Equity Fund (EMPEF), a fund domiciled in Guernsey, has through the anchor capital commitment of US$50.0 million has committed around US$31.0 million in four funds whose investment strategies include investing in mid-market transactions in China, India and South East Asia. Recently, IDFC Capital (Singapore) Pte. Ltd. has assigned its rights as a manager of its fund of fund business (i.e. ceased to be manager of EMPEF) effective from January 26, 2012. Consequently, IDFC General Partners has assigned its rights and has discontinued managing the EMPEF in its capacity as general partner of the EMPEF.

Advocacy and Nation Building

We pursue our development agenda through a dedicated subsidiary of the Company, namely, IDFC Foundation (the "Foundation"), which was set up as a not-for-profit entity under Section 25 of the Companies Act. The Foundation's activities are overseen by a board of directors and comprise four core activities – policy advocacy, capacity building, government transaction advisory services and identified Foundation initiatives.

Policy Advocacy

We have, since our inception, played a pivotal role in advising governments at various levels in developing policy, legal and regulatory frameworks that enable the sustainable growth and development of various infrastructure sectors, provide affordable and high quality services to users and encourage private investment in infrastructure. We believe that the telecommunications, roads, ports and airports sectors have witnessed significant progress in the last decade. The Foundation now focuses on energy, urban development, rail services, health care and education. The Foundation has constituted dedicated advisory boards – the Energy Advisory Board and Urban Advisory Board which comprise prominent and knowledgeable persons that advise on private financing issues as well as advocate policies to remove impediments to the growth of these sectors.

In the energy sector, the Foundation continues to focus on promoting initiatives to market development and competition as well as in enlarging the scope of power generation from cleaner and renewable sources of energy. In the urban sector, the focus is on advocating creative ways of using land to support sustainable urban growth, promoting guaranteed land title systems, and developing innovative financing models in areas such as water and waste water management. Specific initiatives are also underway to promote research in low carbon infrastructure, rural infrastructure and economy and urban development.

We publish an annual report, the 'India Infrastructure Report' (IIR). This report has emerged as a standard reference document for the infrastructure sector in the India.

Capacity Building

One of the constraints to the development of infrastructure through public private partnerships ("PPPs") is the lack of capacity in government departments, especially in states and urban local bodies in preparing projects under PPP frameworks. To help address this issue, we had set up the India PPP Capacity Building Trust as a dedicated entity that would provide capacity building and training to government officials in the area of PPPs. Our investment in the Trust has since been transferred to the Foundation. The Trust earlier and now the Foundation is the executing agency on behalf of the Department of Economic Affairs, Ministry of Finance, Government for implementing a national capacity building programme for training officials of state governments, urban local bodies and select Central government departments, through existing institutes of public administration across fifteen states and two central training institutes. The first phase of this programme has been funded primarily by KfW Development Bank. We have helped to develop and finalize the syllabus, training material, course outlines and programmes for the training of trainers from these institutes. The roll out of the programme has commenced in the current fiscal year. We expect that this initiative will result in improving capacities in preparing and managing PPP projects across various infrastructure sectors. The Foundation is also actively implementing a capacity building programme for urban local bodies covered under the Jawaharlal Nehru National Urban Renewal Mission in three regions of the country on behalf of the Ministry of Urban Development.

We have also conducted and organised several capacity building programmes across various states in India and neighbouring countries. Some of these programmes, which focus on the urban sector, have been conducted in partnership with the Administrative Staff College of India, Hyderabad.

Government Transaction Advisory Services

The Foundation provides transaction advisory services to governmental departments and agencies engaged in infrastructure, with a particular focus on state highways, urban services, transport systems, railways, healthcare and education. The objective is to promote private sector engagement in areas that would substantially benefit from the flow of private capital and management expertise. For this purpose, we consciously focus on states which are considered to be "difficult", but which have demonstrated a propensity to change. This activity clearly reflects our position as a pioneer, careful risk taker and thought leader in infrastructure.

A substantial part of this work is accomplished through the Foundation's joint ventures with various state governments, namely Infrastructure Development Corporation (Karnataka) Limited ("iDeCK"), Uttarakhand Infrastructure Development Company Limited ("U-DeC") and Delhi Integrated Multi-Modal Transit Systems Limited (DIMTS). While iDeCK and U-DeC focus on all areas of infrastructure across the respective states, DIMTS assists in the development and improvement of public transport systems in Delhi. We believe that these agencies have made a substantial difference to the way PPPs have been used to develop infrastructure in these states.

Foundation Initiatives

The Foundation also focuses on making the Company's business practices environmentally and socially responsible. In this regard, our objective is to (i) assess and mitigate the environmental and social impact of our investments in infrastructure projects, and (ii) minimize the environmental impact and carbon footprint of our operations through resource efficiency and conservation.

In fiscal 2010, we became India's first signatory to the Principles for Responsible Investment ("PRI"), a global, collaborative, investor network initiated by the United Nations in 2006, which aims to help investors integrate consideration of environmental, social, and governance (ESG) issues into their investment decision-making and ownership practices, and thereby improve long-term returns to beneficiaries. We have joined the PRI under the category "Investment Manager" for our private equity, project equity and fund-of-funds businesses. We continue to be a member of the United Nations Global Compact and a signatory investor and respondent to the Carbon Disclosure Project.

We launched our internal environment policy aimed at minimizing our environmental impact and carbon footprint under the "Go Green" initiative as well as adopted a policy for management of e-waste. We have obtained US Green Business Council's LEED Gold Certification (Commercial Interiors) for our office at Chennai. We have also obtained the certification for an Energy-Efficient Data Centre from TUV Rhineland, Germany for our centralized data centre located at Chennai.

The Foundation has also funded projects implemented by social enterprises promoting inclusion. It has invested in the equity capital of a company that provides emergency response ambulance services in Mumbai as well as a company that imparts civil construction skills to unemployed rural youth and places them directly with construction companies after training. The Foundation's initiatives also include an active employee volunteering program aimed at enhancing the capacities and delivery of services by social enterprises whose activities cover themes of youth, inclusion and the environment. The Foundation's initiatives would also cover the management of government programmes in these areas and which would have a large scale impact.

Shared Services Platform

Our four business platforms are supported by the shared services platform that includes information technology, human resource, legal and compliance, secretarial services, risk management, finance and facilities.

Information Technology

We recognise the power of technology and continue to augment technology resources to seamlessly integrate our offices across locations via a wide area network, automate, streamline and standardise processes, provide faster responses to our external as well as internal (end users) clients. In fiscal 2010, we realigned our technology operations to provide IT services in a shared manner across the group by centralising the IT operations, creating helpdesk operations, outsourcing routine activities and upgrading and integrating all the networks. As a process, we regularly look at upgrades to the hardware, storage and network environment with a view to remaining current on technology and to support the growth in operations. All our key offices (including our international operations) are connected via an MPLS VPN (Multiprotocol Label Switching-Virtual Private Network) network which ensures secure communication across networks. There is a layered security mechanism in place which ensure that from end point to perimeter appropriate security controls are put in place, monitored and in addition appropriate redundancies have been built in the IT environment to ensure high availability while ensuring confidentiality and integrity to this upgrade, steps such as network segregation, critical equipment failure and redundancy and end point security were initiated to enhance network security, availability and robustness.

Our Company has been certified as an ISO 27001 compliant company since February 2006. Our Data Centres were certified as energy efficient and Tier III Design compliant certified by Uptime Institute, USA in 2010. We also have a practice of undertaking a year on year comprehensive third party IT Audit by a reputable external firm.

Human Resources

As of January 31, 2012, we had a total of 574 employees. The members of our professional staff have a wide range of prior experience, including working with leading commercial banks and lending institutions, finance companies, regulators, academia, rating agencies, investment banks and private equity firms.

In 2005, the Company adopted an employee share purchase scheme. In 2007, we adopted the Employee Stock Option Schemes ("ESOSs") framed in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOS 2007 was modified pursuant to a shareholders resolution in 2008. The schemes provide for grant of options to employees (including employees of the subsidiaries) to acquire Equity Shares of our Company that vest in a graded manner and that are to be exercised within a specified period.

Risk Management

We are exposed to three categories of risk: market risk, credit risk and operational risk. IDFC has implemented an Enterprise Risk Management (ERM) framework that uses an integrated approach to managing the various types of risk across the organization. The focus is on assessing the risks in the various categories, and managing them in an optimal manner

As a part of the credit risk management process, every proposal for lending, or investment, is analysed in detail by the credit group, to estimate the level of credit risk, and is assigned an internal credit rating, which determines the credit spread. The loans are also monitored on a continuous basis by a portfolio monitoring group, to assess the credit risks in the loans. A comprehensive portfolio review of all project assets is done on at least an annual basis to monitor and manage credit risk for the aggregate portfolio.

The market risk is assessed and managed for interest rate, equity as well as foreign exchange positions. The positions and risk levels are monitored on a continuous basis. As a part of the asset liability management (ALM) process, we analyse the maturity and cash flow profiles of all assets and liabilities, using sophisticated tools and applications, which capture data from across the platform. The ALM process is supervised by an Asset Liability Management Committee (ALCO) comprising of members from the Senior Management of the company.

An operations risk management framework has been established, with monitoring and management of operational risks at business unit level as well as enterprise level.

The aggregate risk report for the company is periodically presented by the Chief Risk Officer to the Risk Committee of the Board, comprising entirely of independent directors. The risk levels are regularly assessed against the business strategy, risk appetite and prevailing environment.

The One Firm Initiative in Practice

As set out in the 'Strategy' section, we undertook a company-wide initiative called 'One Firm' to create a common culture based on the pillars of knowledge expertise, teamwork and stewardship. We believe that this initiative will enable us to emerge as a better aligned and integrated firm that presents a unified value proposition to our clients. The following are recent examples of the 'One Firm' initiative in practice:

- ***Energy*** - Green Infra, a renewable energy-focused independent power producer, was set up in 2008 by funds managed by IDFC Private Equity with an equity commitment of Rs. 3,600.0 million. In May 2009, Green Infra successfully bid for a 99.4 MW portfolio of wind farms owned by BP Energy (India) Private Limited, (BPEIPL). Key challenges included financing the transaction in a deteriorating external environment. IDFC Project Finance and IDFC Private Equity worked in partnership to structure and underwrite the entire non-recourse long term loan. IDFC Capital also played a vital role in syndicating the loan to the Indian Renewable Energy Development Agency and Axis Bank. We believe that the acquisition of the wind farms was possible in an accelerated timeframe primarily because of the partnership between IDFC Private Equity, IDFC Project Finance and IDFC Capital.

- ***Roads*** - IDFC Projects and IDFC Capital partnered together to enable PLUS Expressways Berhad (PLUS) to acquire a stake in a highway project in Tamil Nadu. Following an initial introduction by IDFC Projects, IDFC Capital provided a detailed evaluation of the project by accessing the target's business plan and financial model and negotiated the price, transaction structure and key covenants in the transaction documents on behalf of PLUS with the existing shareholders of the project company.

- ***Telecommunications*** - Our Company, along with IDFC Private Equity and IDFC Project Finance, assisted Quippo Telecom Infrastructure Limited ("QTIL") to become a leading tower operator in India. IDFC Private Equity was an initial investor in QTIL. IDFC Project Finance provided funding for the initial capital expenditure of QTIL and to support QTIL's acquisition of an equity stake and subsequent de-merger of tower assets into Wireless Tata Tele Info Services Limited ("WTTIL"). IDFC Project Finance also lent to support WTTIL's growth plans and to meet its high capital expenditure requirement and invested in the preference equity of WTTIL to meet its long term funding plans.

Competition

Our primary competitors are public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. In relation to advisory services, our competitors are investment banks, credit rating agencies and consulting organizations. In asset management we face competition from other private equity firms and venture capital enterprises and managers of other types of third party funds.

We also face significant competition in the public markets asset management, investment banking and institutional brokerage and infrastructure development businesses which we have acquired or established over the last few years. Our competitors in these businesses are substantially larger and have considerably greater financing resources than those available to us. Also, some of our competitors may have greater technical, marketing and other resources and greater experience in these businesses. Such competitors also compete with us for management and other human resources and operational resources and capital.

Regulation

We are incorporated as a public limited company under the Companies Act and notified as a public finance institution under Section 4A of the Companies Act. Additionally, we are classified and regulated by the RBI as a systemically important non-deposit accepting NBFC. We are governed by the RBI Act and other directions issued by the RBI including the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (the "NBFC Directions"). The NBFC Directions relate to prudential norms applicable to non-deposit accepting or holding NBFCs. The prudential norms are in relation to, amongst others, income recognition, accounting of investments, asset classification, provisioning requirements, capital adequacy and concentration of credit/investment.

In 2010, the RBI introduced a separate category for NBFCs engaged in infrastructure financing, known as Infrastructure Finance Companies, or IFCs and we have been classified as an IFC on June 23, 2010. The eligibility criteria for IFCs include minimum net owned funds, credit rating, capital to risk (weighted) asset ratio and deployment of assets in infrastructure loans.

Our financial intermediary activities, such as debenture trusteeship, underwriting and merchant banking and asset management, are regulated by SEBI. SEBI has issued specific guidelines to regulate the aforesaid activities. The SEBI regulations, amongst others, provide for eligibility criteria, scope of work and continuous obligations. SEBI has also framed the SEBI (Intermediaries) Regulations, 2008, to regulate the various intermediaries registered with SEBI.

Foreign investment in India is governed primarily by the foreign direct investment ("**FDI**") policy of the Government and the provisions of the FEMA and the rules and regulations thereunder. The policy relating to FDI has been consolidated with effect from October 1, 2011 pursuant to Circular 2 of 2011 (the "**FDI Policy**"). The Company is subject to the foreign investment regulations as an Indian company and an NBFC and financial institution, including in respect of the issue and transfer of securities of the Company, foreign ownership and control over the Company and investments by the Company. The Company is a foreign owned and controlled company in terms of the FDI Policy.

As per the FDI Policy, investment in Indian companies can be made by both resident as well as non-resident entities. All investment directly by a non-resident entity into an Indian company would be counted towards foreign investment.

Further, the Indian company would be classified as having indirect foreign investment if the Indian investing company has foreign investment in it. The foreign investment through the investing Indian company would not be considered for calculation of the indirect foreign investment in case such an investing Indian company is 'owned and controlled' by resident Indian citizens and /or Indian companies, which are owned and controlled by resident Indian citizens. If the investing Indian company is not 'owned and controlled' by resident Indian citizens and /or Indian companies, which are owned and controlled by resident Indian citizens or if the investing Indian company is owned or controlled by non-resident entities, the entire investment by the investing company into the Indian company would be considered as indirect foreign investment. An exception while calculating indirect foreign investment is that the indirect foreign investment in only the 100 per cent. owned subsidiaries of operating-cum-investing/investing companies, will be limited to the foreign investment in the operating-cum-investing/ investing company.

An Indian company would be considered to be ‘owned’ by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens if more than 50 per cent. of the equity interest in it is beneficially owned by resident Indian citizens and Indian companies, which are owned and controlled ultimately by resident Indian citizens. Further, an Indian company would be considered to be “controlled” by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens if the power to appoint a majority of its directors vests with the resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens.

The total foreign investment in an Indian company would be the sum total of direct and indirect foreign investment. Further, the methodology to calculate would apply at every stage of investment in Indian companies and thus to each and every Indian company.

Further, as regards downstream investments, companies have now been classified into only two categories – ‘companies owned *or* controlled by foreign investors’ and ‘companies owned *and* controlled by Indian residents’. The earlier categorization of *‘investing companies’*, *‘operating companies’* and *‘investing-cum-operating companies’* has been removed. Investment by any intermediate company which is owned and/or controlled by non-resident entities would be considered as foreign investment for the purpose of sectoral caps and other conditionalities.

HISTORY AND MAIN OBJECTS

Our Company was incorporated as a public limited company on January 30, 1997 with its registered office at Chennai and commenced business activities on February 13, 1997. IDFC was conceptualised to lead private capital to commercially viable infrastructure projects. Towards this objective, IDFC would nurture and develop bankable projects and create innovative instruments that unbundle and mitigate the risks for investors in the infrastructure sector. IDFC's role is to complement existing institutions undertaking infrastructure financing with focus on strengthening market mechanisms where these were evolving or had failed to develop. IDFC also works closely with the GOI and the state governments on conceptualizing and formulating policies that would be conducive for private sector participation in the infrastructure sector.

Main objects of the Company:

Our main objects as contained in our Memorandum of Association are:

1. To carry on the business of acting as a specialised financial institution for the purpose of developing and provision of wide range of financial products and services for the purpose of and in relation to the development and establishment of infrastructure projects and facilities in India, including without limitation provision of various kinds of guarantees and various kinds of credit enhancement and refinancing assurance including market making or provision of liquidity support of various kinds, development, encouragement and participation in securities market for infrastructure financing, development and implementation of various opportunities and schemes for domestic savers to participate in infrastructure development, mobilising capital from domestic and foreign investors including insurance and pension funds and from other financial investors and the management thereof.

2. To carry on the business of arranging or providing financial assistance independently or in association with any person, Government or any other agencies, whether incorporated or not, in the form of lending or advancing money by way of a loan (including long-term loan), working capital finance, overdraft, cash credit, refinance or in any other form, whether with or without security to institutions, banks, bodies corporate (whether or not incorporated), firms, associations authorities, bodies, trusts, agencies, societies or any other person or persons engaged in or in connection with either directly or indirectly and whether wholly or in part, for the purposes of infrastructure development work or providing infrastructure facility or engaged in infrastructure activities, which shall include work or facility or providing of services in relation to or in connection with setting up, development, construction, operation, maintenance, modernisation, expansion and improvement of any infrastructure project or facility including roads, highways, railways, airways, waterways, ports, transport systems, bridges, tele-communication and other communication systems, systems for generation or storage or transmission or distribution of power, irrigation and irrigation systems, sewerage, water supply, sanitation, health, tourism, education, oil & gas (excluding exploration), food and agriculture infrastructure and setting up of industrial areas.

3. To carry on the business of providing, whether in India or abroad, guarantees and counter guarantees, letters of credit, indemnities and other form of credit enhancements to companies engaged in development or financing of infrastructure work or activity, whether by way of personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the company, both present and future, wherever situated or in any other manner and in particular to guarantee the payment of any principal moneys, interests or other moneys secured by or payable under contracts, obligations, debentures, bonds, debenture stocks, mortgages, charges, repayment of capital moneys and the payments of dividends in respect of stocks and shares or the performance of any other obligations by such companies.

4. To mobilise capital from financial investors and to manage the investment of such funds in infrastructure projects.

5. To carry on the business of negotiating loans and advances of all nature, to formulate schemes for the purpose of mobilisation of resources and extension of credit for infrastructure development projects and to act as underwriters to the issue of stocks, shares, bonds, debentures and security of every description of companies engaged wholly or in part in the development or financing of infrastructure development work or activity.

6. To promote the development of primary and secondary market for shares and securities of various kinds including equity, debt, quasi equity, subordinated debt, derivatives and such other securities as may be permissible, issued by companies engaged in infrastructure development work or projects and to provide assistance in placement of shares and securities by such companies with foreign and local investors, to subscribe to the shares and securities being issued by them and to generally do all activities and enter into all kinds of financial arrangements so as to enable mobilising of funds by such companies and ensuring liquidity for the investors investing in shares and securities issued by such companies.

7. To carry on all or any of the business of producers, manufacturers, generators, suppliers, distributors, transformers, converters, transmitters, processors, developers, storers, procurers, carriers and dealers in electricity, all forms of energy and any such products and by-products derived from such business including without limitation, steam, fuels, ash, conversion of ash into bricks and any product derived from or connected with any other form of energy, including, without limitation to conventional sources such as heat, thermal, hydel and/or from non-conventional sources such as tidal wave, wind, solar, geothermal, biological, biogas and CBM or any of the business of purchasers, creators, generators, manufacturers, producers, procurers, suppliers, distributors, converters, processors, developers, storers, carriers and dealers in, design or otherwise acquire to use, sell or transfer or otherwise dispose of electricity, steam, oil, gas, hydro or tidal, water, wind, solar, hydrocarbon fuels, fuel handling equipments and machinery and fuel handling facilities thereto and any products or by-products derived from any such business (including without limitation distillate fuel oil and natural gas whether in liquified or vaporized form), or other energy of every kind and description and stoves, cookers, heaters, geysers, biogas, plants, gas and steam turbines, boilers, generators, alternators, diesel generating sets and other energy devices and appliances of every kind and description.

8. To provide, develop, own, maintain, operate, instruct, execute, carry out, improve, construct, repair, work, administer, manage, control, transfer on a Build, Operate and Transfer (BOT), or Build, Own, Operate and Transfer (BOOT) or Build, Operate, Lease and Transfer (BOLT) basis or otherwise, make tenders, apply or bid for, acquire, transfer to operating companies in the infrastructure sector, any infrastructure facilities in India or abroad, including but not limited to power, roads, bridges, airports, ports, waterways, rail system, highway projects, water supply projects, pipelines, sanitation and sewerage systems, telecommunication facilities, IT parks, urban infrastructure, housing projects, industrial parks, commercial real estate projects, tourism, healthcare, education, oil and gas, retail logistics, Special Economic Zone (SEZ), mining, warehouses, factories, godowns, water treatment systems, solid waste management systems, steel, cement, other works or convenience of public or private utility involving public or private financial participation, either directly or through any subsidiary or group company, and to carry out the business on contractual basis, assign, convey, transfer, lease, auction, sell, the right to collect any rent, toll, compensation, charges or either income from infrastructure projects undertaken by the Company either individually or as joint venture, with any other company/ firm/ individual/ consultant, whether in India or abroad.

9. To carry on the business of arranging or providing financial assistance independently or in association with any person in India or abroad, Government or any other agencies, whether incorporated or not, in the form of lending or advancing money by way of a loan (including long term loan), working capital finance, overdraft, cash credit, refinancing, equity or quasi-equity financing or in any other form, whether with or without security to institution, banks, bodies corporate (whether or not incorporated), firms, associations authorities, bodies, trusts, agencies, societies or any other person or persons, engaged in the business of infrastructure of any nature or kind whatsoever, including those referred to in the main Object Clause, retail business, media and entertainment business, equipment manufacturer of any kind, exploration of oil and gas, steel, cement, mining activities and in search, production, refining, processing etc. of coal, tin, ore, oil or other minerals ferrous and non ferrous or their products, co-products, by-products, alloy and derivatives thereof.

10. To carry on the business of arranging or providing financial assistance independently or in association with any person, Government or any other agencies in India or abroad, whether incorporated or not, in the form of lending or advancing money by way of a loan (including long term loan), working capital finance, overdraft, case credit, refinancing, equity or quasi-equity financing or in any other form, whether with or without security to institution, banks, bodies

corporate (whether or not incorporated), firms, associations authorities, bodies, trusts, agencies, societies or any other person or persons, engaged in the business of retail logistics, SEZ, media, broadcasting, telecasting, relaying, transmitting or distributing in any manner, any audio, video or other programmers or software, communication and dubbing, recording, selling the same in any form.

11. To act, whether in India or abroad, as Asset Management Company and/or Trustees for any type of investment funds, mutual funds and for that purpose to set up, promote, sponsor, settle and execute trusts, devise and manage various schemes for raising funds in any manner from persons, bodies corporate, Trusts, Societies, Association of persons and to deploy, whether in India or abroad, funds raised and earn reasonable returns on their investments and to deal with, engage in and carry out all other functions, incidental thereto and such other activities as may be approved by the Securities and Exchange Board of India and/or other regulatory authorities and to undertake and carry on the functions, duties, activities and business of Asset Management Company and/or Trustees and to undertake and execute trusts of all kinds, whether public or private, including declaring the company itself as an Asset Management Company and/or Trustees in India or abroad and to carry out business of formulating, marketing, raising funds, plans and schemes, including mutual funds schemes, and to arrange for the sale, redemption, cancellation, revocation of the units and to distribute the proceeds thereof among the other unit holders or investors, beneficiaries or all persons entitled to the same periodically or otherwise in furtherance of any trust directions, discretion or other obligation or permission and generally to carry on what is usually known as trustee business and in particular and without limiting the generality of above, to act as Trustees.

12. To carry on business of finance and investment broking, underwriting, sub-underwriting and as consultants for and to purchase, acquire, hold, sell, buy, invest, trade, exchange, deal, barter, borrow, lend, guarantee, give comfort for pledge, hypothecate, charge and deal in investment instruments of all kinds and types whether securities or not including shares, stocks, debentures, bonds, cumulative convertible preference shares, certificates of deposits, commercial papers, participation certificates, other securities by original subscription, coupons, warrants, options and such other derivatives, and other mutual funds or any other securities issued by the Companies, Governments, Corporations, Co-operatives, Firms, Trusts, Societies, Authorities, whether situated in India or abroad, and to carry on financial operations of all kinds including credit rating, bought-out deals placement of shares, hedging. Also, to carry on the business of portfolio management services, Merchant Bankers and Advisors on all aspects of Corporate Financial and Commercial matters, whether in India or abroad.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Material Agreements

Other than the agreements in relation to this Issue, the Company has not entered into material agreements which are not in the ordinary course of business.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, unless otherwise determined at a general meeting, we cannot have more than 15 Directors and our Board shall include one non-executive Chairman, four whole-time/executive Directors (including the Managing Director), five independent Directors, two Directors nominated by the GOI, three Directors nominated by the nomination committee of our Board from the panel of names proposed by the Domestic Institutions and the Foreign Investors.

The following table sets forth details regarding the Board as on the date of this Prospectus - Tranche 3:

Name	Designation	Other Directorships
Deepak S. Parekh ***DIN:*** 00009078 ***Address:*** Ramon House, 169 Backbay Reclamation, Mumbai 400 020 ***Occupation:*** Professional	Non-Executive Chairman	• Exide Industries Limited(1) • GlaxoSmithKline Pharmaceuticals Limited • HDFC Asset Management Company Limited • HDFC ERGO General Insurance Company Limited • HDFC Standard Life Insurance Company Limited • Housing Development Finance Corporation Limited • Indian Institute for Human Settlements(2) • Mahindra & Mahindra Limited • Siemens Limited • The Indian Hotels Company Limited • WNS Global Services Private Limited • Zodiac Clothing Company Limited(1) • GIC Special Investments Pte Ltd – Singapore • DP World Limited
Bimal Julka ***DIN:*** 03172733 ***Address:*** D-I/89, Rabindra Nagar, New Delhi – 110 003 ***Occupation:*** Service	Non-Executive Director, nominee of Government of India	• Security Printing and Minting Corporation of India Limited • National Skill Development Corporation(2) • New India Assurance Company Limited
S. S. Kohli ***DIN:*** 00169907 ***Address:*** S-376, 1st Floor, Pancheel Park, New Delhi 110 017 ***Occupation:*** Professional	Non-Executive Director, nominee of Government of India	• Ahluwalia Contracts (India) Limited • MBL Infrastructure Company Limited • SME Rating Agency of India Limited • PTC India Financial Services Limited • Aria Hotels and Consultancy Services Private Limited • SV Creditline Private Limited

Name	Designation	Other Directorships
		• ACB (India) Limited • Trimax IT Infrastructure & Services Limited • Reliance Industries Limited
Abdul Rahim Abu Bakar(3) ***DIN:*** 02436358 ***Address:*** 45, Jalan Phase 5, Taman Melawati, Kuala Lumpur, Malaysia 53100. ***Occupation:*** Professional	Non-Executive Director, nominee of Domestic Institutions and Foreign Investors	• Urban Transit Pte Limited
Marianne Økland ***DIN:*** 03581266 ***Address:*** Unit B 10, Lloyds Wharf, Mill Street, London,SE1 2BD ***Occupation:*** Professional	Independent Director	• Islandsbanki Hf- Iceland
S. H. Khan ***DIN:*** 00006170 ***Address:*** Flat No. 181, 19th Floor, Antariksha Co-op. Housing Society, 95/96, Kakasaheb Gadgil Marg, Prabhadevi, Mumbai 400 025 ***Occupation:*** Professional	Independent Director	• Apollo Health Street Limited • Bajaj Allianz General Insurance Company Limited • Bajaj Allianz Life Insurance Company Limited • Bajaj Auto Limited • Bajaj Finserv Limited • Bajaj Holdings & Investment Limited • ITC Limited • J M Financial Asset Reconstruction Company Private Limited
Gautam Kaji ***DIN:*** 02333127 ***Address:*** 7222 Farm Meadow Court, Mc Lean VA 22101, USA ***Occupation:*** Professional	Independent Director	• Cabot Corporation Inc. • Centennial Group Inc. • Emerging Markets Forum • IDFC Private Equity Company Limited

Name	Designation	Other Directorships
Donald Peck ***DIN:*** 00140734 ***Address:*** Flat No.314, 8 Dean Ryle St, London SW1P 4DA, United Kingdom ***Occupation:*** Professional	Independent Director	• Bhartiya Samruddhi Finance Limited • Dalmia Bharat Enterprises Limited • Rural Shores Business Services Private Limited
Shardul Shroff ***DIN:*** 00009379 ***Address:*** S-270, Greater Kailash – Part 2, New Delhi 110 048 ***Occupation:*** Professional	Independent Director	• Amarchand Mangaldas Properties Private Limited • Amarchand Towers Property Holdings Private Limited • Ashok Leyland Limited • Baghbaan Properties (P) Limited • DE Shaw India Advisory Services Private Limited • Hindustan Media Ventures Limited • Jindal Power Limited • Jubilant Life Sciences Limited (formerly known as Jubilant Organosys Limited) • PSNSS Properties (P) Limited • Visa Power Limited • Apollo Tyres Ltd.
Omkar Goswami ***DIN:*** 00004258 ***Address:*** E-121, Masjid Moth, First Floor, Greater Kailash – III, New Delhi 110 048 ***Occupation:*** Professional	Independent Director	• Ambuja Cements Limited • Avantha Power & Infrastructure Limited • Cairn India Limited • CERG Advisory Private Limited • Crompton Greaves Limited • Dr. Reddy's Laboratories Limited • DSP BlackRock Investment Managers Private Limited • Godrej Consumer Products Limited • Infosys Technologies Limited • Max India Limited • Max New York Life Insurance Company Limited
Rajiv B. Lall ***DIN:*** 00131782 ***Address:*** IDFC Limited, Naman Chambers, 6th Floor, C-32, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 ***Occupation:*** Company Executive	Managing Director and Chief Executive Officer	• Delhi Integrated Multi-Modal Transit System Limited • The Great Eastern Shipping Company Limited • IDFC Asset Management Company Limited • IDFC Private Equity Company Limited • IDFC Project Equity Company Limited • IDFC Securities Limited

Name	Designation	Other Directorships
		• IDFC Trustee Company Limited • National Securities Depository Limited • National Stock Exchange of India Limited • IDFC Foundation(2) • Uniquest Infra Ventures Private Limited • IDFC Capital Singapore Pte Limited
Vikram Limaye ***DIN:*** 00488534 ***Address:*** IDFC Limited, Naman Chambers, C-32, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 ***Occupation:*** Company Executive	Whole-time Director	• Asset Reconstruction Company (India) Limited • E-Clerx Services Limited • Human Value Developers Private Limited • IDFC Capital Limited • IDFC Investment Advisors Limited • IDFC Pension Fund Management Company Limited • IDFC Private Equity Company Limited • IDFC Project Equity Company Limited • IDFC Projects Limited • IDFC Securities Limited • IDFC Trustee Company Limited • Orbis Capital Limited • STCI Finance Limited (Formerly known as Securities Trading Corporation of India Limited) • Sharekhan Limited • IDFC Asset Management Company Limited

(1) *Other directorships are in his capacity as an alternate director.*
(2) *Incorporated under Section 25 of the Companies Act.*
(3) *Michael Fernandes is the alternate Director to Abdul Rahim Abu Bakar.*

Other than Gautam Kaji, Marianne Økland, Abdul Rahim Abu Bakar and Donald Peck, all Directors of the Company are Indian residents.

Brief Profiles

Deepak S. Parekh, aged 67 years, an Indian national, has been a Director since inception and is the non-executive chairman of our Company. He is a Chartered Accountant by qualification and is a member of the Institute of Chartered Accountants, England and Wales. He began his career with Ernst & Ernst Management Consultancy Services and later worked with Grindlays Bank and Chase Manhattan Bank. Subsequently, he joined HDFC and has served as its chairman since 1993. He has been associated with various committees set up by the Government of India. He was conferred the Padma Bhushan by the President of India in 2006. He has also received a lifetime achievement award by the Confederation of Real Estate Developers Associations of India, a special award from NDTV and CNN IBN for being part of the team that revived Mahindra Satyam Limited, the IMC Juran Quality Medal 2008, Outstanding Business Leader Award of the Year 2008 by CNBC, NDTV Business Leader of the Year Award – 2008 and the Priyadarshni Academy Award for his outstanding contribution to banking and financial services in 2008. Deepak S. Parekh is the Non-Executive Chairman.

Bimal Julka, aged 56 years, an Indian national, has been a Director since November 8, 2010. He is an Indian Administrative Services officer and is currently serving as Director General, Currency, Department of Economic Affairs, Ministry of Finance and Additional Secretary to Government of India, Ministry of Finance. He has held several important positions like Resident Commissioner, Government of Madhya Pradesh from April 2009 to July 2010, as a Joint Secretary, Ministry of Defence from December 2004 to March 2009, Commissioner, Gwalior Division, Gwalior (Madhya Pradesh) for the period 2000-2003, Director, Ministry of Civil Aviation for the period 1996-1998), Private Secretary to Union Minister for Human Resource Development for the period 1995-1996), Director, Ministry of Industrial Development. He was awarded fellowship at the Queen Elizabeth House, Oxford University, UK. He has been nominated as Director by the Government of India.

S. S. Kohli, aged 66 years, an Indian national, has been a Director since April 27, 2005. He holds a degree in mechanical engineering and a diploma in industrial finance. He is also a certified associate of the Indian Institute of Banking. S.S. Kohli has 40 years of experience in the banking sector. He has been the chairman and managing director of the Punjab and Sind Bank and the Punjab National Bank. He has also served as the chairman and managing director of India Infrastructure Company Limited and has also held the chairmanship of the Indian Banks' Association and has chaired several committees associated with financial sector policy. S.S. Kohli has been nominated as a Director by the Government of India.

Abdul Rahim Abu Bakar, aged 66 years, a Malaysian national, has been a Director since July 25, 2007. He graduated from Brighton College of Technology, United Kingdom, with a B.Sc. (Hons.) in electrical engineering. He began his career in 1969 with the National Electricity Board. Thereafter, he served with Pernas Charter Management Sdn Bhd and the Malaysia Mining Corporation Berhad. Subsequently, he worked with MMC Engineering Services Sdn Bhd. Mr. Bakar served as managing director of MMC Engineering Group Berhad and Petronas Gas Berhad. He became vice president of the Petronas petrochemicals business in 1999. At present, he is the chairman of UEM Builders Berhad and is also on the board of directors of TIME dotcom Berhad, Bank Pembangunan Malaysia Berhad, Scomi Engineering Berhad, Global Maritime Ventures Berhad and BI Credit & Leasing Berhad. He has been nominated as a Director by the Domestic Institutions and the Foreign Investors of the Company.

Marianne Økland, aged 49 years, a Norwegian national, currently holds the position of Non Executive Director of Islandsbanki. She chairs the Board's Risk Committee and is a member of the Board's Audit Committee. She is also a Managing Director of Avista Partners, a London-based consulting firm specialising in advisory and capital raising. She has spent most of her career in banking, dealing with debt financing in various positions at JP Morgan and Union Bank of Switzerland (UBS) focusing on Nordic debt origination and structuring. She is also familiar with the consulting business from her work at Marsoft Limited, a consulting firm specialising in shipping investments and based in Boston, Oslo and London. Ms. Økland holds a Master of Science degree in finance and economics from the Norwegian School of Economics and Business Administration where she worked as a researcher and taught mathematics.

S.H. Khan, aged 73 years, an Indian national, has been a Director since February 11, 1998. He holds a master's degree in commerce from the University of Bihar. He is also an alumnus of the International Management Development Institute, Lausanne. For over 20 years, he held senior positions at IDBI, having the responsibility for promotion, development and financing of Indian industry. He was also associated with the promotion of several capital market institutions and has served as chairman of NSE, NSDL and Credit Analysis and Research Limited in the past. He has served as a director on the boards of several national financial institutions including LIC, GIC, UTI, IFCI, EXIM Bank and SIDBI. Currently, he is an independent director on the boards of several companies, including ITC Limited, Bajaj Auto Limited and Bajaj Allianz Life Insurance Company Limited. S.H. Khan is an independent Director.

Gautam Kaji, aged 70 years, a US national, has been a Director since July 22, 1998. He has been the managing director of operations of the World Bank, with responsibility for Africa, East Asia and the Pacific, and South Asia. He also led the World Bank's finance and private sector development programmes and served as chairman of the World Bank's Operations Committee, which reviews all projects put forward for World Bank support. He is currently chairman of the Centennial Group, a Washington D.C. based advisory firm, chairman of the Advisory Board of the Emerging Markets Forum and is a member of the boards of several US companies. Gautam Kaji is an independent Director.

Donald Peck, aged 59 years, a national of the United Kingdom, has been a Director/alternate Director since 1999. He has a doctorate in economic history from Oxford University. Mr. Peck was the head of the South Asian private equity business of CDC and then Actis, based in India for over 12 years. He worked for 10 years in the emerging markets investment banking division at Lloyds Bank and Morgan Grenfell and for three years in the capital markets/private equity division at IFC. Donald Peck is an independent Director and was earlier nominated as a Director by the Domestic Institutions and the Foreign Investors of the Company.

Shardul Shroff, aged 56 years, an Indian national, has been a Director since December 1, 1997. He holds a bachelor's degree in law from the Government Law College, Mumbai. He is the managing partner of Amarchand & Mangaldas & Suresh A. Shroff & Co., an Indian law firm. As a corporate attorney for about three decades, he has extensive experience in areas of infrastructure, projects and project finance, privatisation and disinvestment, mergers and acquisitions, joint ventures, banking and finance, capital markets and commercial contracts. He is also an authority on legal matters related to media law, technology law, policy and regulatory practices and corporate governance. He is a member of several committees of the Government of India and has been felicitated with the National Law Day Award in November 2009. The 2010 edition of Chambers Asia listed Mr. Shroff as a leading lawyer for banking and mergers and acquisitions. Shardul Shroff is an independent Director.

Dr. Omkar Goswami, aged 55 years, an Indian national, has been a Director since January 24, 2003. A professional economist, he obtained a master's degree in economics from the Delhi School of Economics in 1978 and a doctorate from the Oxford University in 1982. Dr. Goswami is the founder and chairperson of CERG Advisory Private Limited. He taught and researched economics for 18 years at various universities including Oxford University, the Delhi School of Economics and Harvard University. He has been the editor of Business India. He has also served as the chief economist of the Confederation of Indian Industry and has been a consultant to the World Bank, the International Monetary Fund, ADB and the OECD. He has authored three books and several research papers on various areas such as economics, policy, bankruptcy laws and corporate finance. Dr. Omkar Goswami is an independent Director.

Dr. Rajiv B. Lall, aged 54 years, an Indian national, has been our managing Director and chief executive officer since January 10, 2005. He is a graduate of Oxford University and has a doctorate in economics from Columbia University, New York. He has earlier worked with the Asian Development Bank and the World Bank. Dr. Lall was executive director and the head of Asian economics research at Morgan Stanley, Hong Kong and has also worked with Warburg Pincus in Hong Kong, Singapore and New York. As a managing director and partner of Warburg Pincus, Dr. Lall was in charge of private equity investments in the area of financial services across Asia.

Vikram Limaye, aged 45 years, an Indian national, is serving as the Company's whole time Director with effect from September 15, 2008. He is a Chartered Accountant and holds a MBA in finance and multinational management from the Wharton School, University of Pennsylvania. He started his career with Arthur Andersen LLP. He has over 20 years of experience of working with global investment banks, international commercial banks and global accounting firms such as Ernst and Young and Citibank N.A. He has also worked with Credit Suisse First Boston, U.S. in a variety of roles including investment banking, capital markets, structured finance and credit portfolio management.

Michael Fernandes, aged 42 years, an Indian national, has been an alternate Director to Mr. Abdul Rahim Abu Bakar since July 18, 2008. He has obtained his post graduate diploma in management from the Indian Institute of Management, Kolkata and B.Sc. (Hons) in economics from St Xavier's College, Kolkata. He has served as an executive director of Nicholas Piramal India Limited. He has 13 years of experience as a consultant and has also served as a partner at McKinsey and Company.

Relationship with other Directors

None of our Directors are related to one another.

Borrowing Powers of our Directors

Pursuant to a resolution passed by the shareholders of our Company on June 28, 2010, and in accordance with the provisions of the Companies Act, the Board is authorised to borrow sums of money upon such terms and conditions and for such purposes as the Board may think fit, provided the aggregate indebtedness of our Company (i.e., monies to be borrowed, together with the monies already borrowed, apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any given time, a sum of Rs. 800,000.0 million.

Interests of our Directors

All our Directors, including our independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. All our non-executive Directors are entitled to sitting fees of Rs. 20,000 per meeting of the Board or a committee thereof. The non-executive Directors may also be paid remuneration by way of commission or otherwise of up to 1 per cent. of the net profits. The executive Directors may also be regarded as interested to the extent that they hold Equity Shares and any stock options, and to the extent of any dividend payable on such Equity Shares. Our Directors, including independent Directors, may also be regarded as interested in the Equity Shares held by the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Our Directors, including independent Directors, may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Tranche 3 Bonds.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as otherwise stated in the section entitled "Financial Statements – Related Party Transactions", our Company has not entered into any contract, agreements or arrangements during the two years preceding the date of the Prospectus - Tranche 3, in which the Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts, agreements or arrangements.

Shardul Shroff, one of our independent Directors is also a partner in Amarchand & Mangaldas & Suresh A. Shroff & Co., which provides legal services to us from time to time.

Omkar Goswami, one of our independent Directors is the founder and chairperson of CERG Advisory Private Limited, which provides advisory services to us from time to time.

Shareholding of Directors

None of the non-executive Directors holds any Equity Shares or Employee Stock Options in our Company.

The following table sets forth the shareholding of the executive Directors in our Company as at March 2, 2012:

Name	Number of Equity Shares	Percentage (%)
Rajiv B. Lall	2,348,984	0.16
Vikram Limaye	1,367,728	0.09

Remuneration of the Directors

A. Executive Directors

Name of the Director	Remuneration
Rajiv B. Lall Managing Director and Chief Executive Officer	**Basic Salary:** Rs. 0.30 million to Rs. 0.60 million per month **Perquisites and allowances:** In addition to the basic salary, he shall also be entitled to perquisites and allowances including: • house rent allowance or rent free accommodation in lieu thereof; • house maintenance allowance; • variable pay/performance linked incentives; • conveyance allowance; • medical reimbursement; • leave travel allowance; • special allowance;

Name of the Director	Remuneration
	• use of company car for official purposes; • telephone at residence; and • contribution to provident fund, superannuation fund and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors, which term shall deemed to include any committee including the compensation committee or any sub-committee thereof constituted/ to be constituted by the Board to exercise its powers, with Dr. Rajiv B. Lall from time to time. The Board of Directors has been authorised by the shareholders through resolution dated July 20, 2009 to decide the remuneration (salary, perquisites and bonus) payable to Dr. Rajiv B. Lall within the terms mentioned above. In any financial year if the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary, perquisites and allowances as specified above as minimum remuneration subject to the requisite approval of the Central Government.
Vikram Limaye Whole-time Director	**Basic Salary:** Rs. 0.30 million to Rs. 0.60 million per month. **Perquisites and allowances:** In addition to the salary, he shall also be entitled to perquisites and allowances like: • house rent allowance or rent free furnished accommodation in lieu thereof; • house maintenance allowance; • variable pay/ performance linked incentives; • conveyance allowance; • medical reimbursement; • leave travel allowance; • special allowance; • use of company car for official purposes; • telephone at residence; and • contribution to provident fund, superannuation fund and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors, which term shall deemed to include any committee including “Compensation Committee” or any “Sub-Committee” thereof constituted/ to be constituted by the Board to exercise its powers, with Vikram Limaye from time to time. The Board of Directors has been authorised by the shareholders through resolution dated July 20, 2009 to decide the remuneration (salary, perquisites and bonus) payable to Vikram Limaye within the terms mentioned above. In any financial year if the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary, perquisites and allowances as specified above as minimum remuneration subject to the requisite approval.

The following table sets forth the details of remuneration paid to the executive Directors during the year ended March 31, 2011:

(Rs. in million)

Name	Salary and Perquisites	Contribution to provident fund and other funds	Total
Rajiv B. Lall	43.5	1.3	44.8
Vikram Limaye	30.2	1.2	31.4

B. Non-Executive Directors

The following table sets forth the details of sitting fees and commission paid to the non executive Directors during the year ended March 31, 2011:

(Rs.)

Name	Sitting Fees	Commission and others	Total
Deepak S. Parekh	800,000	2,000,000	2,800,000
Abdul Rahim Abu Bakar	-	1,000,000	1,000,000
Dimitris Tsitsiragos***	-	-	-
S.H. Khan	640,000	1,400,000	2,040,000
Gautam Kaji	240,000	1,250,000	1,490,000
Donald Peck	-	1,150,000	1,150,000
Shardul Shroff	240,000	1,075,000	1,315,000
Omkar Goswami	460,000	1,275,000	1,735,000
S. S. Kohli	360,000	-	360,000
G. C. Chaturvedi*	-	-	-
Bimal Julka**	-	-	-
Marianne Økland****	-	-	-

* Ceased to be director as of November 7, 2010.
** Appointed with effect from November 8, 2010
*** Ceased to be director from October 14, 2011
**** Appointed with effect from October 1, 2011

Changes in Board during the last three years

Sr. No.	Name	Date of Appointment	Date of Cessation
1.	Arun Ramanathan	February 19, 2008	July 20, 2009
2.	Michael Fernandes*	July 18, 2008	-
3.	Vikram Limaye	September 15, 2008	-
4.	G. C. Chaturvedi	July 21, 2009	November 7, 2010
5.	Bimal Julka	November 8, 2010	-
6.	Marianne Økland	October 1, 2011	-
7.	Dimitris Tsitsiragos	April 30, 2003	October 14, 2011

**Appointed as alternate director to Abdul Rahim Abu Bakar.*

Corporate Governance

Our Company is in compliance with the applicable corporate governance requirements, including under the Equity Listing Agreements and the Companies Act. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of the Board, as required under law.

Committees of the Board of Directors

The Board has constituted committees of Directors, each of which functions in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreements. These include, (i)

Audit Committee, (ii) Nomination Committee; (iii) Investors' Grievance Committeee (iv) Compensation Committee, and (v) Committee for the issue of infrastructure bonds. The details of these committees are as follows:

A. Audit committee

The members of the Audit Committee are:

1. S.H. Khan, Chairman
2. Shardul Shroff
3. Omkar Goswami
4. Gautam Kaji
5. Marianne Økland

The terms of reference of the Audit Committee are as provided in Clause 49 of the Equity Listing Agreements, as well as Section 292A of the Companies Act, including overview of the accounting systems, correctness of the financial reporting and internal controls of our Company.

B. Nomination Committee

The members of the Nomination Committee are:

1. Deepak Parekh, Chairman
2. Gautam Kaji
3. Donald Peck
4. Omkar Goswami

The Nomination Committee assists the Board in the appointment of new Board members, and other related matters like succession planning.

C. Investors' Grievance Committee

The members of the Investors' Grievance Committee are:

1. S.H. Khan, Chairman
2. Deepak Parekh
3. Omkar Goswami
4. Rajiv Lall

The terms of reference of the Investors' Grievance Committee include investigation into any matter relating to redressing shareholders' and/or investors' complaints pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, duplicate share certificates and dematerialisation or rematerialisation of shares.

D. Compensation Committee

The members of the Compensation Committee are:

1. Omkar Goswami, Chairman
2. S.S. Kohli
3. S.H. Khan
4. Shardul Shroff
5. Donald Peck

The Compensation Committee recommends to the Board the compensation terms of whole-time Directors and senior management personnel.

The Company has set up a risk management committee in accordance with the applicable RBI regulations.

E. **Committee for issue of Infrastructure Bonds**

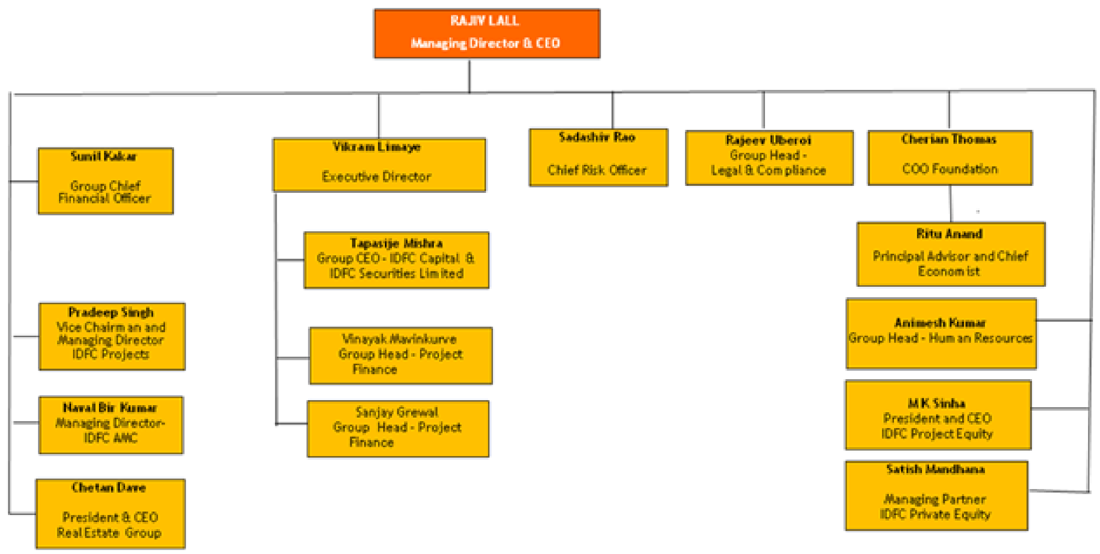
The members of the Committee for issue of Infrastructure Bonds are:

1. Deepak Parekh, Chairman
2. Omkar Goswami
3. Shardul Shroff
4. Rajiv B. Lall
5. Vikram Limaye
6. Mahendra N. Shah

The Committee for issue of infrastructure bonds has been constituted to do all such acts, matters, deeds and things as may be necessary for the purpose of the Issue.

Organization chart

Our Company's management organization structure is set forth below:



Key Managerial Personnel

Sunil Kakar, group chief financial officer, joined the Company on February 15, 2011. Mr. Kakar has over 25 years of experience encompassing various financial roles and a career that started with Bank of America. Prior to joining the Company, Mr. Kakar worked for 10 years with Max New York Life Insurance Company as the chief financial officer, India where he was responsible for strategic planning, investments, treasury, finance and accounting, budgeting and MIS, regulatory reporting and taxation.

M.K. Sinha, president and chief executive officer of IDFC Project Equity**,** aged 45 years, is a mechanical engineer from Indian Institute of Technology, Kharagpur and has a management degree from Indian Institute of Management, Ahmedabad. Prior to joining us on June 8, 2005, Mr. Sinha was a senior vice president with GE Energy Financial Services based in Stanford, USA. He has work experience of over 18 years and is an expert in the field of project finance, corporate finance, investment banking and private equity investments.

Cherian Thomas, group head and chief operating officer of IDFC Foundation**,** aged 49 years, is a mechanical engineer from Veermata Jeejabai Technological Institute, Mumbai. He also holds a degree in MMS Finance from S P Jain Institute of Management. Prior to joining us in 1998, Mr. Thomas was the senior manager - finance at Tata Industries Limited. He has over 23 years of experience in banking and finance with ICICI, SCICI and Citibank and his areas of expertise include project finance, corporate advisory, project structuring and resources.

Sadashiv Rao, group chief risk officer, aged 51 years, has a chemical engineering degree from the Indian Institute of Technology, Kanpur and has a management degree in finance/marketing from the Indian

Institute of Management, Bangalore. His work profile includes managing enterprise, credit, portfolio, market and environment risk. Prior to joining us in 1997, Mr. Rao was the head of investment banking at Reliance Capital Limited. He has cumulative work experience of 23 years and is an expert in the field of project finance, investment banking and advisory services.

Satish Mandhana, managing partner of IDFC Private Equity, aged 51 years holds a degree in management from Delhi University and also holds degree in Industrial Engineering from the Indian Institute of Technology (IIT), Roorkee. He has been with IDFC Private Equity since 2006. Before joining IDFC, he was associated with CDC Advisors (now Actis) as director. He was also CFO and Head of Business Strategy at JK Paper for nearly three years. Mr. Mandhana is a member of working group on Power for Eleventh Plan for the period 2007-2012 of GoI, and is a founding member of Cleantech Forum in India.

Pradeep Singh, vice chairman and managing director of IDFC Projects, aged 59 years, holds a masters degree in public administration from Harvard University and was a Rotary International Graduate Fellow at Stanford University, U.S.A. He also holds masters degrees in business administration and science (Physics). Mr. Singh has served as chief executive officer of IL&FS Infrastructure Development Corporation Limited, where he supervised the development of infrastructure projects in public private partnership formats. Mr. Singh has over 30 years of experience in the areas of project development, infrastructure and policy frameworks.

Naval Bir Kumar, president and chief executive officer of IDFC AMC, aged 46 years, holds a degree in management from the Indian Institute of Management, Kolkata, and is a graduate in Mathematics from Bombay University. Mr. Kumar has 20 years of experience in banking, investment banking and asset management services and has earlier worked at ANZ Grindlays Bank and Standard Chartered Bank.

Tapasije Mishra, group chief executive officer, investment banking, broking and research, aged 43 years, holds a degree of management from Narsee Monjee Institute of Management Studies, Mumbai. Mr. Mishra has earlier worked as deputy manager with DSP Merrill Lynch Limited. He has about 20 years of experience in research, corporate finance and investment banking, with DSP Merrill Lynch Limited and IDFC Securities Limited.

Ritu Anand, principal advisor, chief economist, aged 58 years, holds a masters degree in economics from the London School of Economics and a bachelor degree in arts from Wellesley College, Massachusetts and St. Xavier's College, Mumbai. Ms. Anand has served as deputy managing director and chief economic adviser at the State Bank of India. She has also worked as the lead economist at the World Bank, Washington DC, U.S.A. She has over 33 years of extensive experience in working with banks, multilaterals and regulators in the areas of economics and policy.

Animesh Kumar, group head, human resources, corporate communication, aged 43 years, is an economics graduate and holds a post graduate diploma in human resources from XLRI, Jamshedpur. Mr. Kumar has earlier worked with ABN AMRO/ Royal Bank of Scotland group, Marico Industries Limited, Thomas Cook (India), Yes Bank and Standard Chartered Bank. He has over 16 years of extensive experience in managing human resources in the FMCG, services and banking sectors.

Rajeev Uberoi, general counsel and group head legal and compliance, aged 55 years, has a master's degree in business administration from Management Development Institute, Gurgaon, an LL.B. degree and a PhD in economics. Mr. Uberoi has earlier worked with Standard Chartered Bank, Citibank, ANZ Grindlays Bank and the Reserve Bank of India. He has over 30 years experience in financial services and compliance sector.

Vinayak Mavinkurve, group head project finance, aged 41 years, is an electrical engineer from Veermata Jijabai Technological Institute and holds a management degree from Narsee Monjee Institute of Management Studies, Mumbai. Mr. Mavinkurve manages our energy, steel, cement, commercial and industrial infrastructure segments which include hotels, hospitals, healthcare, real estate across infrastructure equity, debt and advisory services.

Sanjay Grewal, group head project finance, aged 44 years, holds a masters degree of business administration in international business from the University of Hartford and a bachelor degree of commerce in accounting. Mr. Grewal has served as principal investment officer with the International Finance Corporation, director in Citi's project and structured trade finance group in Hong Kong and New York, and an associate with the investment banking division of Lehman Brothers in Hong Kong. He has 18 years of experience in international finance and the infrastructure sector.

Chetan Dave, president and chief executive officer of real estate investments, aged 49 years, holds a diploma in architecture from Centre for Environment Planning and Technology, Ahmedabad, masters degree in architecture and urban design from Washington University, St. Louis, USA. He completed his master's degree in business administration from Columbia Business School, New York. Mr. Dave was the founding managing director and chief executive officer of Sun Apollo Real Estate Advisors Private Limited. He has more than 19 years of experience in the real estate sector including private equity, investments, development and design.

Shareholding of key managerial personnel

The key managerial personnel hold Equity Shares of the Company and have been granted stock options as per the Employee Stock Options Schemes of the Company.

Interest of Key Managerial Personnel

Except as stated in the section entitled **"**Financial Statements – Related Party Transactions**"** beginning on page F-1, and to the extent of their shareholding (and holding of stock options, as may be applicable) in our Company, and remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business, our Company's key managerial personnel do not have any other interest in our Company. The key managerial personnel may also be deemed to be interested in the Company to the extent they or their relatives are allotted Bonds in the Issue.

Payment or Benefit to Officers of our Company

No officer or other employee of our Company is entitled to any benefit upon termination of his employment in our Company, other than statutory benefits such as provident fund and gratuity.

The Company adopted its employee stock purchase scheme in 2005. Pursuant to the resolution passed by shareholders of the Company dated August 2, 2006, the Company has adopted the ESOS 2007, for the benefit of the Company's and its subsidiaries' employees. As of February 29, 2012, 38,483,955 options remained outstanding (net of allotments made upto February 29, 2012). The ESOS 2007 was modified pursuant to the approval of the shareholders at the annual general meeting held on July 18, 2008.

OUR SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The following is the list of Subsidiaries of the Company:

1. Domestic Subsidiaries:

(i) Dheeru Powergen Limited
(ii) IDFC AMC Trustee Company Limited
(iii) IDFC Asset Management Company Limited
(iv) IDFC Capital Limited
(v) IDFC Finance Limited
(vi) IDFC Investment Advisors Limited
(vii) IDFC Pension Fund Management Company Limited
(viii) IDFC PPP Trusteeship Company Limited
(ix) IDFC Private Equity Company Limited
(x) IDFC Project Equity Company Limited
(xi) IDFC Projects Limited
(xii) IDFC Securities Limited
(xiii) IDFC Distribution Company Limited (formerly IDFC-SSKI Stock Broking Limited)
(xiv) IDFC Trustee Company Limited
(xv) India Infrastructure Initiative Trust
(xvi) India PPP Capacity Building Trust
(xvii) IDFC Foundation (Section 25 Company)

2. Foreign Subsidiaries:

(i) IDFC Capital (Singapore) Pte. Ltd.
(ii) IDFC General Partners Limited
(iii) IDFC Fund of Funds Limited
(iv) IDFC Capital (USA) Inc.
(v) IDFC Investment Managers (Mauritius) Limited

The following is the list of Associates of the Company:

(i) Feedback Ventures Private Limited
(ii) Jetpur Somnath Tollways Limited
(iii) Galaxy Mercantiles Limited

Emerging Markets Private Equity Fund, L.P. is a limited partnership registered in Guernsey.

The following is the list of joint venture companies of the Company:

1. Delhi Integrated Multi-Modal Transit System Limited
2. Infrastructure Development Corporation (Karnataka) Limited
3. Uttarakhand Infrastructure Development Company Limited

STOCK MARKET DATA FOR EQUITY SHARES AND DEBENTURES OF THE COMPANY

I. Equity Shares

The Company's Equity Shares are listed on the BSE and NSE. As the Company's shares are actively traded on the BSE and NSE, stock market data has been given separately for each of these Stock Exchanges.

a. The high and low closing prices recorded on the BSE and NSE during the last three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

NSE

Year ended March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2011	218.25	November 8, 2010	5,843,845	115.45	February 9, 2011	19,644,495	173.72
2010	178.00	November 18, 2009	11,574,838	57.60	April 1, 2010	9,071,380	139.81
2009	180.70	May 2, 2008	7,602,559	44.80	March 12, 2009	10,650,948	90.52

Source: www.nse-india.com

The average price has been computed based on the daily closing price of Equity Shares.

BSE

Year ended March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2011	218.20	November 8, 2010	964,694	115.90	February 9, 2011	2,395,025	173.63
2010	177.40	November 18, 2009	2,079,930	57.55	April 1, 2010	2,375,552	139.76
2009	179.90	May 2, 2008	2,185,415	44.70	March 12, 2009	16,117,046	90.53

Source: www.bseindia.com

The average price has been computed based on the daily closing price of Equity Shares.

b. The high and low prices and volume of Equity Shares traded on the respective dates during the last six months are as follows:

NSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (No. of Equity Shares)	Low (Rs.)	Date of low	Volume on date of low (No. of Equity Shares)	Average Price for the month (Rs.)
February, 2012	161.00	February 17, 2012	25,675,113	90.40	February 3, 2012	11,525,120	125.17
January, 2012	134.50	January 31, 2012	7,409,744	90.40	January 2, 2012	6,004,519	111.80
December, 2011	119.35	December 7, 2011	6,671,857	90.90	December 30, 2011	6,397,124	104.27
November, 2011	135.95	November 2, 2011	5,477,059	101.25	November 23, 2011	10,230,399	115.75
October 2011	135.00	October 31, 2011	5,716,522	107.00	October 4, 2011	4,630,543	121.99
September 2011	118.45	September 9, 2011	9,260,467	106.55	September 23, 2011	59,69,012	111.82

Source: www.nse-india.com

The average price has been computed based on the daily closing price of Equity Shares.

BSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (No. of Equity Shares)	Low (Rs.)	Date of low	Volume on date of low (No. of Equity Shares)	Average Price for the month (Rs.)
February, 2012	160.80	February 17, 2012	2,771,406	128.50	February 3, 2012	1,631,561	139.80
January, 2012	134.50	January 31, 2012	1,014,969	90.25	January 2, 2012	927,670	111.78
December, 2011	119.40	December 7, 2011	842,177	91.20	December 30, 2011	1,144,746	104.26
November, 2011	135.60	November 2, 2011	767,366	101.35	November 23, 2011	1,885,204	115.79
October 2011	134.70	October 31, 2011	431,026	106.55	October 4, 2011	747,259	121.91
September 2011	118.40	September 9, 2011	1,381,814	106.55	September 23, 2011	947,233	111.73

Source: www.bseindia.com

The average price has been computed based on the daily closing price of Equity Shares.

II. Debentures

Debt securities issued by the Company, which are listed on NSE, are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities. The long term infrastructure bonds having benefits under Section 80CCF of the Income Tax Act, 1961 issued by the Company during the financial year 2010-11 have been listed on the NSE and the BSE. There has been no trading in such bonds since their listing since there is a lock-in requirement of minimum 5 years.

DESCRIPTION OF CERTAIN INDEBTEDNESS

1. The statement of standalone borrowings of the Company as on February 29, 2012 is provided below:

Particulars	Amount (Rs. in million)
Secured Borrowings	
Long Term Loans	
Debentures (Non Convertible)	1.1.1.1 304,720.8
Less: Unexpired discount on zero percent debentures	1.1.1.2 (2,173.6)
Term Loans	
From Banks	55,129.7
From Others	17,402.8
Collateralized borrowing and lending obligations	4,998.8
Unsecured Borrowings	-
Long Term Loans	
Subordinated Debt from the Government of India	6,500.0
Short Term Loans	
Commercial Paper	53,970.0
Less: Unexpired discount on commercial papers	(1,678.9)
Term Loans	
From Banks	5,990.6
Total	**444,860.2**

Note: The exchange rate of Rs. 48.94 per dollar has been considered for USD Loans based on the RBI reference rate on February 29, 2012.

2. Set forth below is a brief summary of our standalone borrowings aggregating Rs. 444,860.2 million as of February 29, 2012:

Sr. No.	Category of Borrowing	Outstanding Amount (Rs. in million)
1.	Term loans	61,120.2
2.	Non-convertible debentures *(at face value)**	302,547.2
3.	Commercial Paper *(at face value)* *	52,291.1
4.	Inter-corporate Deposits	-
5.	External commercial borrowings	17,402.9
6.	Subordinated debt	6,500.0
7.	Collateralized borrowing and lending obligations	4,998.8

** This includes unamortized discount on commercial paper and non-convertible debentures aggregating to Rs. 3,852.5 million.*

3. Trustee Arrangements entered into by the Company

Debenture Trustee Agreements

For the purpose of its various listed bond issuances on a private placement basis, the Company has executed debenture trustee agreements with IDBI Trusteeship Services Limited wherein the Company has appointed IDBI Trusteeship Services Limited as the debenture trustee.

Security Trustee Agreement

The Company has availed of credit facilities from various lenders under their respective loan agreements. The Company has executed a security trustee agreement appointing IDBI Trusteeship Services Limited as security trustee for the benefit of the lenders.

4. Security Agreements entered into by the Company

Security for bonds issued up to December 31, 2011

The Company for the purpose of securing its existing bonds and debentures and for the benefit of its bond holders and debenture holders, has created security by way of a floating charge on a pari passu basis over receivables of the Company for all its outstanding bonds and debentures as on December 31, 2011. For the purpose of creating such security, the Company has executed security documents from time to time in favour of IDBI Trusteeship Services Limited which is acting as a debenture trustee for the Company's bond holders and debenture holders pursuant to its debenture trustee agreements.

The existing debentures of the Company are also secured by certain immovable properties of the Company being one residential premise in Mumbai.

The Tranche 3 Bonds shall be secured by the same security as is available to all the existing bond holders and debenture holders of the Company and which is more particularly described in the section entitled "Terms of the Issue - Security" on page 117. The Company shall enter into the necessary documents, *inter alia*, to create security for the Tranche 3 Bonds. For further details, please see the section entitled "Terms of the Issue - Security" on page 117.

Deed of Hypothecation for borrowings up to December 31, 2011

The Company for the purpose of securing its existing borrowings from various lenders under their respective loan agreements has created security by way of a floating charge on a pari passu basis over receivables of the Company for all its outstanding borrowings as on December 31, 2011. For the purpose of creating such security, the Company has executed deeds of hypothecation from time to time in favour of IDBI Trusteeship Services Limited which is acting as a security trustee for the Company's lenders pursuant the security trustee agreement.

5. Services behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities

As on the date of this Prospectus - Tranche 3, there has been no default in payment of principal or interest on any term loan and debt security issued by the Company in the past.

OUTSTANDING LITIGATION AND DEFAULTS

Except as described below, we are not involved in any legal proceedings, and no proceedings are threatened, which may have, or have had, a material adverse effect on our business, properties, financial condition or operations. We believe that the number of proceedings in which we are involved in is not unusual for a company of its size in the context of doing business in India.

1. We are involved in a number of disputes pending with the Income Tax Department with respect to income tax assessments for the assessment years 1997-1998, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009. The aggregate income tax liability in dispute is Rs. 1,070.7 million as on January 31, 2012.

2. In fiscal 2004, we sanctioned and disbursed a loan of Rs. 300.0 million to Data Access (India) Limited ("DAIL") for use in connection with its Internet service provider business. As a result of a promoter dispute and a winding up petition filed by one of DAIL's promoters. The High Court of Delhi on November 18, 2005 awarded a winding up order against DAIL and appointed an official liquidator (the "Official Liquidator") to take charge of DAIL's assets. As security against the loan, we hold a number of shares in DAIL. However, a group of new investors filed a suit against us seeking to prevent us from selling DAIL's shares held by the Company, and the Madras High Court subsequently passed a temporary order preventing us from disposing of our shareholding in DAIL. The matter is still pending before the Madras High Court.

   On August 26, 2005, the Company filed a recovery application in the Debt Recovery Tribunal, New Delhi against the guarantors under the loan to DAIL, namely Siddharth Ray and SPA Enterprises Limited for recovery of an amount aggregating to Rs. 314.1 million. The Company has filed its evidence in the matter. The recovery application will be taken up for arguments before the Debt Recovery Tribunal.

   In February 2008, the Company filed a recovery application against DAIL for recovery of Rs. 465.40 million in the Debt Recovery Tribunal, New Delhi, where Canara Bank is also impleaded as a defendant. The Company prayed for issuing of a certificate of recovery in its favour by the Debt Recovery Tribunal. The final order is awaited.

3. Following Vodafone International Holdings BV's ("Vodafone") agreement with Hutchison Telecommunications International Limited ("HTIL") for the acquisition of a controlling stake in Hutchison Essar Limited ("HEL"), an organization called the Telecom Watchdog filed a civil writ petition before the High Court of Delhi alleging breach of the 74 per cent. sectoral cap for foreign direct investment by Vodafone in HEL. The Government, along with 21 other entities, including our Company were made respondents under this writ petition. The petitioner has alleged that SMMS Investments Private Limited (which was held 49 per cent. by the Company, 49 per cent. by IDF and 2 per cent. by SSKI Corporate Finance Limited (now IDFC Capital Limited)) holds its 54.21 per cent. investment in Omega Telecom Holdings Private Limited (which in turn held 5.11 per cent. equity interest in HEL) as a nominee of HTIL. On May 7, 2007, the Ministry of Finance, Government approved the acquisition of a controlling stake in HEL by Vodafone. However on May 10, 2007 Telecom Watchdog filed an application before the High Court of Delhi for the revival of the civil writ petition. The High Court of Delhi issued revival notice and granted liberty to Telecom Watchdog to amend the writ petition. Telecom Watchdog filed writ petition involving Vodafone also as a party. The matter is pending.

4. Delhi Gurgaon Super Connectivity Limited ("DGSCL") and NHAI are involved in a dispute arising out of Concession Agreement signed between them for a road project. NHAI has issued a termination notice. We have an exposure of approximately Rs. 5,550.0 million on DGSCL. As an affected party, a consortium of lenders including the Company filed for an injunction and also to direct NHAI to execute escrow agreement and substitution agreement. The matter had come up for hearing on March 1, 2012 and a stay has been granted. Consequently the interim orders are to continue; *i.e.* the termination of the concession agreement has not been given effect to. The matter is posted on March 27, 2012 for further hearing.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The present Issue of Tranche 3 Bonds aggregating up to Rs. 37,000.0 million, within the Shelf Limit, is within the general borrowing limits in terms of the resolution passed under Section 293(1)(d) of the Companies Act at the 13th annual general meeting of the shareholders of the Company held on June 28, 2010 giving their consent to the borrowing by the Directors of the Company from time to time up to Rs. 800,000.0 million.

The Board of Directors, at its meeting held on April 29, 2011 has 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 Rs. 5,000 each (the "**Bonds**"), for an amount not exceeding Rs. 50,000.0 million for the financial year 2011-2012 (the "**Shelf Limit**"). The first tranche of the Bonds (the "**Tranche 1 Bonds**") was issued by the Company in December, 2011 on the terms set out in the Shelf Prospectus and the Prospectus – Tranche 1 for an aggregate amount of Rs. 5,326.2 million out of the overall limit of Rs. 50,000.0 million. On January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

The third tranche of the Bonds (the "**Tranche 3 Bonds**") is being issued by the Company on the terms set out in the Shelf Prospectus and this Prospectus – Tranche 3 for an amount not exceeding Rs. 37,000.0 million.

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 the Company during the fiscal year 2012 shall not exceed 25 per cent. of the incremental infrastructure investment made by the Company during the fiscal year 2011. For the purpose of calculating the incremental infrastructure investment, the aggregate gross infrastructure investments made by the Company during the financial year 2010-2011 was considered which were Rs. 251,125.9 million and hence the limit for the issue of the Bonds is Rs. 50,000.0 million.

Thus, the Company has been duly authorized to issue the Tranche 3 Bonds. The borrowings under the Tranche 3 Bonds will be within the prescribed limits as aforesaid.

Eligibility to come out with the Issue

The Company has 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.

Consents

Consents in writing of: (a) the Directors, the Compliance Officer, the Statutory Auditor, Bankers to the Issue and Bankers to the Company; and (b) Lead Managers, Co-Lead Managers, Lead Brokers, Registrar to the Issue, Legal Advisors to the Issue, Credit Rating Agencies and the Debenture Trustee to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus - Tranche 3 with the Registrar of Companies, Tamil Nadu.

IDBI Trusteeship Services Limited has given its consent for appointment as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations.

Expert Opinion

Except the letters dated August 16, 2011 issued by Fitch and the letters dated August 17, 2011 and November 8, 2011 issued ICRA in respect of the credit rating for the Tranche 3 Bonds, and the report on our financial statements and statement of tax benefits issued by the Statutory Auditor, the Company has not obtained any expert opinions.

Common form of Transfer

The Company undertakes that there shall be a common form of transfer for the Tranche 3 Bonds held in physical form and the provisions of the Companies Act and all applicable laws shall be duly complied with in respect of all transfer of the Tranche 3 Bonds and registration thereof.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities is required to 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, all application moneys received in the public issue are required to be refunded forthwith.

SEBI has, by way of letter no. IMD/DF1/OW/29786/2011 dated September 19, 2011 has exempted the Company from specifying the minimum level of subscription for the issue of Bonds. Consequently, there is no minimum subscription amount for the Tranche 3 Bonds.

Previous Public or Rights Issues by the Company during last five years

Other than following, the Company has not undertaken any public or rights issue during the last five years:

(a) the public issue of long term infrastructure bonds having benefit under Section 80CCF of the Income Tax Act in November, 2010 under the first tranche on the terms set out in prospectus – Tranche 1 dated September 23, 2010 for an amount aggregating to Rs. 4,710.4 million;

(b) the public issue of long term infrastructure bonds having benefit under Section 80CCF of the Income Tax Act in February, 2011 under the second tranche on the terms set out in prospectus – tranche 2 dated January 4, 2011 for an amount aggregating to Rs. 7,572.9 million;

(c) the public issue of long term infrastructure bonds having benefit under Section 80CCF of the Income Tax Act in March, 2011 under the third tranche on the terms set out in prospectus – tranche 3 dated February 21, 2011 for an amount aggregating to Rs. 2,234.3 million;

(d) the public issue of the Tranche 1 Bonds in December, 2011, on the terms set out in the Shelf Prospectus and the Prospectus – Tranche 1 for an amount aggregating to Rs. 5,326.2 million; and

(e) on January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

Commission or Brokerage on Previous Public Issues

The Company paid an aggregate amount of Rs. 340.6 million on account of fees for management, underwriting and selling commission, and out of pocket expenses in relation to its public offer of Equity Shares undertaken in August 2005.

The Company paid an aggregate amount of approximately Rs. 316.0 million, Rs. 287.1 million and Rs. 137.7 million on account of fees for management, underwriting and selling commission, marketing and advertising expenses and out of pocket expenses in relation to its public offer of long term infrastructure bonds having benefit under Section 80CCF of the Income Tax Act undertaken in three tranches during the financial year 2010-11 in terms of prospectus – tranche 1 dated September 23, 2010, prospectus – tranche 2 dated January 4, 2011 and prospectus – tranche 3 dated February 21, 2011. Further, the Company has paid an aggregate amount of approximately Rs. 146.4 million as on February 29, 2012 on account of fees for management, underwriting and selling commission, marketing and advertising expenses and out of pocket expenses in relation to its public offer of the Tranche 1 Bonds. On January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange. The Company shall make payments on account of the fees for management, underwriting and selling commission, marketing and advertising expenses and out of pocket expenses in relation to the issue of Tranche 2 Bonds once the allotment process of the Tranche 2 Bonds is completed and the listing and trading approval is obtained for the Tranche 2 Bonds**.**

Details regarding the capital issue during the last three years by listed companies, which may be considered under the same management with the Company, within the meaning of section 370(1B) of the Act

None of the companies under the same management with the Company, within the meaning of section 370(1B) of the Companies Act, are listed.

Change in auditors of the Company during the last three years

The Company has not changed its Statutory Auditors during the last three years.

Revaluation of assets

The Company has not revalued its assets in the last five years.

Utilisation of Proceeds

Statement by the Board of Directors:

(i) All monies received out of the Issue of the Tranche 3 Bonds to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;

(ii) Details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised; and

(iii) Details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/145647-S DATED SEPTEMBER 28, 2011 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THE OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO

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Disclaimer clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED JUNE 23, 2010 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45I-A OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RESERVE BANK OF INDIA DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO FINANCIAL SOUNDNESS OF THE COMPANY OR CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY THE COMPANY.

Listing

The Tranche 3 Bonds will be listed on NSE and BSE. NSE will be 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 3 Bonds are not granted by the Stock Exchanges, the Company shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the Prospectus - Tranche 3. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within seven days from the Issue Closing Date, whichever is earlier), then the Company and every Director of the 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 15 per cent. p.a. on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and trading permission of Tranche 3 Bonds on the Stock Exchange(s) mentioned above are taken within seven (7) Working Days from the date of Allotment.

Dividend

The following table sets forth certain details regarding the dividend paid by the Company on the Equity Shares for Fiscal 2009, 2010 and 2011:

(*In Rs. million, except per share data*)

Particulars	Fiscal 2009	Fiscal 2010	Fiscal 2011
Face value of Equity Shares (Rs. per share)	10	10	10
Interim dividend on Equity Shares (Rs. per share)	-	-	-
Final dividend of Equity Shares (Rs. per share)	1.2	1.5	2.0
Total dividend on Equity Shares	1,555.5	1,951.3	2,925.1
Dividend tax (gross)	196.4	222.1	450.7

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. The MoU between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue 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 to the Issue for redressal of their grievances. All grievances relating to the Issue should be addressed to the Registrar to the Issue giving full details of the Applicant, number of Tranche 3 Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

Disclosure of track record of the Issue

In accordance with the circular no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, all SEBI registered merchant bankers are required to disclose the track record of the performance of the public issues managed by them. The track record shall be disclosed for a period of three financial years from the date of listing for each public issue managed by the merchant banker in the format for disclosure of track record prescribed by SEBI. Pursuant to this, the Lead Managers (except for IDFC Capital) and the Co-Lead Managers shall disclose the track record of the Issue on their respective websites for a period of three financial years from the date on which the Company obtains the listing and trading approval for the Tranche 3 Bonds.

ISSUE STRUCTURE

The Board of Directors, at its meeting held on April 29, 2011 approved the issue of the Bonds, in one or more tranches, for an amount not exceeding Rs. 50,000.0 million for the financial year 2011-2012. The 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 financial year 2011-2012. The amount for 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 first tranche of the Bonds (the "**Tranche 1 Bonds**") was issued by the Company in December, 2011 on the terms set out in the Shelf Prospectus and the Prospectus – Tranche 1 for an aggregate amount of Rs. 5,326.2 million out of the overall limit of Rs. 50,000.0 million. On January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange.

The following is a summary of the issue structure for the issue of Tranche 3 Bonds, for an amount not exceeding Rs. 37,000.0 million. Please note that subsequent tranches may have a different structure which shall be specified by the Company in the respective tranche offer documents for such subsequent tranches of issue of Bonds.

Issue Structure

Particulars	Resident Individuals	HUFs
Minimum number of Tranche 3 Bonds per application*	Two Tranche 3 Bonds and in multiples of one Tranche 3 Bonds thereafter. For the purpose of fulfilling the requirement of minimum subscription of two Tranche 3 Bonds, an Applicant may choose to apply for two Tranche 3 Bonds of the same series or two Tranche 3 Bonds across different series.	Two Tranche 3 Bonds and in multiples of one Tranche 3 Bonds thereafter For the purpose of fulfilling the requirement of minimum subscription of two Tranche 3 Bonds, an Applicant may choose to apply for two Tranche 3 Bonds of the same series or two Tranche 3 Bonds across different series.
Terms of Payment	Full amount with the Application Form	Full amount with the Application Form
Mode of Allotment**	Physical or dematerialized form	Physical or dematerialized form
Market Lot	One Tranche 3 Bond	One Tranche 3 Bond

**The Tranche 3 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 Rs. 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 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 Tranche 3 Bonds in excess of Rs. 20,000 in the year of investment, the aforestated tax benefit shall be available to such Applicant only to the extent of Rs. 20,000 for the financial year 2011-2012.*

***In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the Tranche 3 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the Tranche 3 Bonds in physical form will fulfill such request.*

Particulars of the Tranche 3 Bonds being issued

The Company is offering the Tranche 3 Bonds which shall have a fixed rate of interest. The Tranche 3 Bonds will be issued with a face value of Rs. 5,000 each. Interest on the Tranche 3 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 2 BONDS

Issuer	Infrastructure Development Finance Company Limited
Issue of Tranche 3 Bonds	Public issue of second tranche of long term infrastructure bonds of face value of Rs. 5,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80CCF of the Income Tax act, 1961 (the "Tranche 3 **Bonds**"), not exceeding Rs. 37,000.0 million, to be issued at par on the terms contained in the Shelf Prospectus and this Prospectus – Tranche 3.
Face Value (Rs.) per Tranche 3 Bond	5,000
Issue Price (Rs.) per Tranche 3 Bond	5,000
Minimum Application	Two Tranche 3 Bonds and in multiples of one Tranche 3 Bond thereafter. For the purpose fulfilling the requirement of minimum subscription of two Tranche 3 Bonds, an Applicant may choose to apply for two Tranche 3 Bonds of the same series or two Tranche 3 Bonds across different series.
Rating	"(ICRA)AAA" from ICRA "Fitch AAA(ind)" from Fitch
Security	First *pari passu* floating charge over the Secured Assets and first fixed *pari passu* charge over specified immovable properties of the Company more particularly as detailed in the section entitled "Terms of Issue -Security" on page 117.
Security Cover	1.0 time the outstanding Tranche 3 Bonds at any point of time.
Listing	NSE and BSE
Debenture Trustee	IDBI Trusteeship Services Limited
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Registrar	Karvy Computershare Private Limited
Mode of Payment	1. Electronic Clearing Services 2. At par cheques 3. Demand drafts
Issuance	Dematerialized form or Physical form* as specified by an Applicant in the Application Form.
Lock-in Period	5 years from the Deemed Date of Allotment
Trading	Dematerialized form only following expiry of the Lock-in Period
Issue Opening Date	March 19, 2012
Issue Closing Date	March 30, 2012 The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board subject to necessary approvals. In the event of an early closure or extension of the Issue, the 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 Issue closure
Deemed Date of Allotment	The Deemed Date of Allotment shall be the date as may be determined by the Board of the Company and notified to the Stock Exchanges. The actual allotment may occur on a date other than the Deemed Date of Allotment.
Lead Managers	ICICI Securities, JM Financial, Karvy, HDFC Bank and IDFC Capital
Co-Lead Managers	RR Investors, SMC Capitals and Bajaj Capital
Maturity Date	10 years from the Deemed Date of Allotment
Buyback Date	Date falling 5 years and one day from the Deemed Date of Allotment
Put/Call Option	None

Day Count Convention	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 Bonds

**In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, the Company will make public issue of the Tranche 3 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the Tranche 3 Bonds in physical form, will fulfill such request.*

SPECIFIC TERMS FOR EACH SERIES OF TRANCHE 2 BONDS

Series	Series 1 Tranche 3 Bonds	Series 2 Tranche 3 Bonds
Frequency of Interest payment	Annual	Cumulative
Face Value per Tranche 3 Bond	Rs. 5,000	Rs. 5,000
Buyback Facility	Yes	Yes
Buyback Amount	Rs. 5,000 per Tranche 3 Bond	Rs. 7,495 per Tranche 3 Bond
Buyback Intimation Period	The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date
Tenor	120 months from the Deemed Date of Allotment	120 months from the Deemed Date of Allotment
Interest Rate	8.43% p.a.	N.A.
Maturity Amount	Rs. 5,000 per Tranche 3 Bond	Rs. 11,230 per Tranche 3 Bond
Yield on Maturity	8.43%	8.43% compounded annually
Yield on Buyback	8.43%	8.43% compounded annually

Terms of Payment

The entire Face Value per Tranche 3 Bond is payable on application. In the event of allotment of a lesser number of Tranche 3 Bonds than applied for, the Company shall refund the amount paid on application to the Applicant to the extent of the Tranche 3 Bonds not allotted in accordance with the terms appearing hereafter.

TERMS OF THE ISSUE

The 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 Rs. 50,000.0 million for the financial year 2011-2012 (the "Shelf Limit"). 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 3 Bonds being offered for an aggregate amount not exceeding Rs. 37,000.0 million, which will be incorporated into the Debenture Trust Deed and are subject to the provisions of the SEBI Debt Regulations, 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 Consolidated Tranche 3 Bond certificate(s). In addition, the issue of the Tranche 3 Bonds under the Shelf Prospectus and this Prospectus – Tranche 3 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 the Company, issued from time to time by SEBI, RBI, GOI, NSE and/or other authorities (collectively, the "**Applicable Laws**") and other documents that may be executed in respect of the Tranche 3 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 3 Bonds and any subsequent tranches may have different terms and conditions which shall be specified by the Company in separate tranche offer documents for such tranches.

The 8.43 per cent., non-cumulative Tranche 3 Bonds with a buyback facility (the "**Series 1 Tranche 3 Bonds**") and the 8.43 per cent., cumulative Tranche 3 Bonds with a buyback facility (the "**Series 2 Tranche 3 Bonds**") (the Series 1 Tranche 3 Bonds and the Series 2 Tranche 3 Bonds are together referred to as the "**Tranche 3 Bonds**") for an aggregate amount not exceeding Rs. 37,000.0 million for the financial year 2011-2012. The Tranche 3 Bonds are in each case constituted by a debenture trust deed (the "**Debenture Trust Deed**") to be entered into between the Company and IDBI Trusteeship Services Limited (in its capacity as the "**Debenture Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Tranche 3 Bonds (the "Bondholders"). Karvy Computershare Private Limited has been appointed as the registrar to the issue (the "**Registrar**" or "**Registrar to the Issue**") pursuant to the registrar to the issue agreement/letter with Karvy Computershare Private Limited (as amended and/or supplemented and/or restated from time to time, the "**Registrar Agreement**").

The Tranche 3 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 Rs. 20,000, 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 Tranche 3 Bonds in excess of Rs. 20,000 in the year of investment, the aforestated tax benefit shall be available to such Applicant only to the extent of Rs. 20,000 in the year of investment.

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 3 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 3 Bond in physical form, such holder of the Tranche 3 Bond whose interest shall be as set out in a Consolidated Tranche 3 Bond 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 its meeting held on April 29, 2011, has 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 Rs. 5,000 each, for an amount not exceeding Rs. 50,000.0 million for the financial year 2011-2012 (the "**Shelf Limit**"). The first tranche of the Bonds (the "**Tranche 1 Bonds**") was issued by the Company in December, 2011 on the terms set out in the Shelf Prospectus and the Prospectus – Tranche 1 for an aggregate amount of Rs. 5,326.2 million out of the overall limit of Rs. 50,000.0 million. On January 3, 2012, the Company had filed the Prospectus – Tranche 2 with the ROC, the Stock Exchanges and SEBI in accordance with the SEBI Debt Regulations for the issue of the Tranche 2 Bonds for an aggregate amount not exceeding Rs. 44,000.0 million. The issue of Tranche 2 Bonds had opened for subscription on January 11, 2012 and was scheduled to close on February 25, 2012. However, pursuant to the terms of the Prospectus – Tranche 2 and the resolution passed by the Committee of Directors of the Company on February 23, 2012, the closing date of the issue of Tranche 2 Bonds was extended by nine (9) days and consequently, the issue of Tranche 2 Bonds closed for subscription on March 5, 2012. The Company has received approximately Rs. 6,760.5 million from the investors who participated in the issue of the Tranche 2 Bonds and is in the process of allotting the Tranche 2 Bonds to the successful investors after finalizing the basis of allotment of the Tranche 2 Bonds in consultation with the Designated Stock Exchange. The Tranche 3 Bonds are being issued on the terms set out in this Prospectus – Tranche 3 for an amount not exceeding Rs. 37,000.0 million.

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 the Company during the financial year 2011-2012 shall not exceed 25 per cent. of the incremental infrastructure investment made by the Company during the financial year 2010-2011. For the purpose of calculating the incremental infrastructure investment, the aggregate gross infrastructure investments made by the Company during the financial year 2010-2011 was considered which were Rs. 251,125.9 million and hence the limit for the Issue is Rs. 50,000.0 million.

2. Issue, Status of Tranche 3 Bonds

2.1 The public Issue of Tranche 3 Bonds of the Company not exceeding Rs. 37,000.0 million. These terms and conditions are for the Tranche 3 Bonds issued under the Shelf Prospectus and the Prospectus – Tranche 3.

2.2 The Tranche 3 Bonds are constituted, issued and secured 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. The Company is issuing the Tranche 3 Bonds in accordance with and pursuant to the Notification. The Tranche 3 Bonds issued by the Company may be classified as 'long term infrastructure bonds' for the purposes of Section 80CCF of the Income Tax Act.

2.3 The Tranche 3 Bonds are issued in the form of secured, redeemable, non convertible debentures. The Tranche 3 Bonds constitute direct and secured obligations of the 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 3 Bonds shall also, as regards the principal amount of the Tranche 3 Bonds, interest and all other monies secured in respect of the Tranche 3 Bonds, rank *pari passu* with all other present and future debenture holders of the Company. The security described in section 14 of the section entitled "Terms of the Issue - Security" on page 117 shall be *pari passu* with all the present and future borrowings of the Company from various lenders (although such lenders do not have the benefit of any security over immovable property). The claims of the Bondholders shall be superior to the claims of the unsecured creditors of the Company (subject to any obligations preferred by 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 The allotment of the Tranche 3 Bonds shall be in a dematerialized form (fungible and represented by the statement issued through the electronic mode) or in physical form as indicated in the Application Form by an Applicant. The Company has made depository arrangements with National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**", and together with NSDL, the "**Depositories**") for issue of the Tranche 3 Bonds in a dematerialized form pursuant to the tripartite agreement between:

(i) the Company, NSDL and the Registrar dated December 13, 2004; and

(ii) the Company, CDSL and the Registrar dated December 21, 2004.

(together the "**Tripartite Agreements**")

The Company shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Tranche 3 Bonds allotted. The Bondholders holding the Tranche 3 Bonds in dematerialised form shall deal with the Tranche 3 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 3 Bonds issued in dematerialized form 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 of Tranche 3 Bonds that are allotted or held in physical form or upon rematerialization, the Company will issue one certificate to the Bondholder for the aggregate amount of the Tranche 3 Bonds that are held by such Bondholder (each such certificate a "**Consolidated Tranche 3 Bond Certificate**"). The Company shall dispatch the Consolidated Tranche 3 Bond Certificate to the address of the Applicant mentioned in the Application Form within two (2) Working Days from the date of actual Allotment of the Tranche 3 Bonds.

3.1.4 In respect of the Consolidated Tranche 3 Bond Certificate(s), the Company will, upon receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Tranche 3 Bond Certificate(s) into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one Tranche 3 Bond. No fees will be charged for splitting any Consolidated Tranche 3 Bond Certificate(s) but, stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Tranche 3 Bond Certificate shall be accompanied by the original Consolidated Tranche 3 Bond Certificate which will, upon issuance of the split Consolidated Tranche 3 Bond Certificates, be cancelled by the Company.

3.2 Face Value

The face value of each Tranche 3 Bond is Rs. 5,000.

3.3 Title

3.3.1 In case of:

(i) Tranche 3 Bonds held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and

(ii) the Tranche 3 Bond held in physical form, the person for the time being appearing in the Register of Bondholders (as defined below) as Bondholder,

shall be treated for all purposes by the 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 3 Bond Certificate issued in respect of the Tranche 3 Bonds and no person will be liable for so treating the Bondholder.

3.3.2 No transfer of title of a Tranche 3 Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners maintained by the Depository 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 maintained by the Depositories and/or the Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the Tranche 3 Bonds will need to be settled with the seller of the Tranche 3 Bonds and not with the Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of the Company's shares contained in the Articles of Association of the Company and the Companies Act shall apply, *mutatis mutandis* (to the extent applicable) to the Tranche 3 Bond(s) as well.

3.4 Listing

The Tranche 3 Bonds will be listed on NSE and BSE.

3.5 Market Lot

3.5.1 The Tranche 3 Bonds shall be allotted in dematerialised form and in physical form. The trading of the Tranche 3 Bonds on the Stock Exchanges shall be in dematerialised form only in multiples of one Tranche 3 Bond ("**Market Lot**").

3.5.2 For details of allotment refer to chapter entitled "Procedure for Application" beginning on page 123.

3.6 Procedure for Rematerialisation of Tranche 3 Bonds

Bondholders who have been allotted Tranche 3 Bonds in dematerialized form and wish to hold the Tranche 3 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 Dematerialisation of Tranche 3 Bonds

Bondholders who have been allotted Tranche 3 Bonds in physical form and wish to hold the Tranche 3 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 3 Bonds, Issue of Consolidated Tranche 3 Bond Certificates etc.

4.1 Register of Bondholders

The 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 Bondholders maintained by a Depository for any Tranche 3 Bond in dematerialized 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 3 Bonds in any manner for a minimum 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 sell or transfer the Tranche 3 Bonds after the expiry of the Lock-in Period on the stock exchange where the Tranche 3 Bonds are listed.

(b) If a request for transfer of the Tranche 3 Bond is not received by the Registrar before the Record Date for maturity, the Maturity Amount for the Tranche 3 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 be brought against the Company or the Registrar.

4.3 Transfers

4.3.1 ***Transfer of Tranche 3 Bonds held in dematerialized form:***

In respect of Tranche 3 Bonds held in the dematerialized form, transfers of the Tranche 3 Bonds may be effected only through the Depository(ies) where such Tranche 3 Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. 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 rematerialize his or her Tranche 3 Bonds and transfer them in a manner as specified in section 4.3.2 below.

4.3.2 ***Transfer of Tranche 3 Bonds in physical form:***

The Tranche 3 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 the Company for the registration of transfer of Tranche 3 Bonds. Purchasers of Tranche 3 Bonds are advised to send the Consolidated Tranche 3 Bond Certificate to the Company or to such persons as may be notified by the Company from time to time. If a purchaser of the Tranche 3 Bonds in physical form intends to hold the Tranche 3 Bonds in dematerialized form, the Tranche 3 Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

4.4 Formalities Free of Charge

Registration of a transfer of Tranche 3 Bonds and issuance of new Consolidated Tranche 3 Bond Certificates will be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Company being satisfied that the regulations concerning transfers of Tranche 3 Bonds have been complied with.

5. Debenture Redemption Reserve ("DRR")

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 the 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 per cent. of the value of the debentures issued through public issue. Accordingly, the Company shall create DRR of 50 per cent of the value of Tranche 3 Bonds issued and allotted in terms of this Shelf Prospectus, for the redemption of the Tranche 3 Bonds. The Company shall credit adequate amounts to DRR from its profits every year until the Tranche 3 Bonds are redeemed. The amounts credited to the DRR shall not be utilized by the Company for any purpose other than for the redemption of the Tranche 3 Bonds.

6. Deemed Date of Allotment

The Deemed Date of Allotment for the Tranche 3 Bonds shall be the date as may be determined by the Board of the Company and notified to the Stock Exchanges. All benefits under the Tranche 3 Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. The actual Allotment of the Tranche 3 Bonds may occur on a date other than the Deemed Date of Allotment.

7. Subscription

7.1 Period of Subscription

The Issue shall remain open for:

Issue Opens on	March 19, 2012
Issue Closes on	March 30, 2012

The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board subject to necessary approvals. In the event of an early closure or extension of the Issue, the 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 Issue closure.

7.2 Underwriting

The issue of Tranche 3 Bonds is not being underwritten**.**

7.3 Minimum Subscription

Under the SEBI Debt Regulations, the Company is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the public issue of debt securities shall not proceed and the application moneys received are refunded to the Applicants.

However, SEBI has, by way of letter no. IMD/DF1/OW/29786/2011 dated September 19, 2011 has exempted the Company from specifying the minimum level of subscription for the issue of the Bonds. Consequently, there is no minimum subscription amount for the Tranche 3 Bonds.

8. Utilization of the proceeds

The proceeds of the 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 the Company to the regulatory authority concerned, and specifically certified by the statutory auditor of the Company. The Company shall also file such reports along with the term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance within 3 (three) months from the end of financial year.

9. Interest

9.1 Annual Payment of Interest

Subject to buyback of the Tranche 3 Bonds as specified in the section 10.3 below, for Series 1 Tranche 3 Bonds, interest at the rate of 8.43 per cent. per annum will be paid annually commencing from the Deemed Date of Allotment.

9.2 Cumulative Payment of Interest

Subject to buyback of the Tranche 3 Bonds as specified in the section 10.3 below, interest on the Series 2 Tranche 3 Bonds shall be compounded annually at the rate of 8.43 per cent. per annum commencing from the Deemed Date of Allotment and shall be payable on the Maturity Date or the Buyback Date, as the case may be.

9.3 Day Count Convention

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Tranche 3 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 3 Bonds.

9.4 Interest on Application and Refund Money

9.4.1 ***Application Interest***

The Company shall not pay any interest on the Application Amount.

9.4.2 ***Refund Interest***

The Company shall not pay any interest on refund of Application Amount, in whole or part.

10. Redemption

10.1 Unless previously redeemed as provided under the Debenture Trust Deed, the Company shall redeem the Tranche 3 Bonds on the Maturity Date.

10.2 Procedure for Redemption by Bondholders

The procedure for redemption is set out below:

10.2.1 ***Tranche 3 Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Tranche 3 Bonds.

10.2.2 ***Tranche 3 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 the Company on the Record Date fixed for the purpose of redemption. However, the Company may require that the Consolidated Tranche 3 Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Tranche 3 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 Company or to such persons at such addresses as may be notified by the Company from time to time. Bondholders may be requested to surrender the Consolidated Tranche 3 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 entitled "Payment on Redemption or Buyback" on page 114.

10.3 Buyback of Tranche 3 Bonds

10.3.1 An Applicant subscribing to the Series 1 Tranche 3 Bonds and/or the Series 2 Tranche 3 Bonds, shall at the time of submitting the Application Form indicate his or her preference for utilizing the buyback facility offered by the Company for the Series 1 Tranche 3 Bonds and/or the Series 2 Tranche 3 Bonds by opting for it in the Application Form and completing all formalities as may be prescribed therein.

10.3.2 The Company shall dispatch the Buyback Intimation Request at least 15 days prior to the commencement of the Buyback Intimation Period, requesting buyback confirmation from the Bondholders as specified below. A Bondholder may respond to the Buyback Intimation Request at any time during the currency of the Buyback Intimation Period by informing the Company in writing of the following:

(a) A Bondholder of Series 1 Tranche 3 Bonds and/or Series 2 Tranche 3 Bonds who has opted for buyback in a manner as specified in section 10.3.1 above may inform the Company of their intention not to utilize the buyback facility offered by the Company; or

(b) A Bondholder of Series 1 Tranche 3 Bonds and/or Series 2 Tranche 3 Bonds who has not opted for buyback in a manner as specified in section 10.3.1 above may inform the Company of their intention to utilize the buyback facility offered by the Company;

10.3.3 For the avoidance of doubt, the Bondholders may note that no action will be required on their part for the following:

(a) In case of Bondholders who have opted in the Application Form for the buyback facility and intend to continue with the same; and

(b) In case of Bondholders who have not opted, in the Application Form, for the buyback and intend to continue with the same.

10.3.4 The buyback of the Series 1 Tranche 3 Bonds and/or the Series 2 Tranche 3 Bonds from their respective Bondholders shall be effected by the Company by payment of the Buyback Amount on the Buyback Date, subject to the terms set forth herein:

(a) Tranche 3 Bonds held in dematerialized form

No action will be required on part of the Bondholder. Upon receiving instructions from the Company, the Registrar would undertake appropriate corporate action to effect the buyback.

(b) *Tranche 3 Bonds held in physical form*

No action would ordinarily be required on part of the Bondholder on the Buyback Date and the Buyback Amount would be paid to those Bondholders whose names appear first in the Register of Bondholders. However, the Company may require the Bondholder to duly surrender the Consolidated Tranche 3 Bond Certificate to the Company/Registrar for the buyback 30 Working Days prior to the Buyback Date.

10.3.5 No notice or letter or any other written instrument sent to the Company pursuant to section 10.3.2 above shall be accepted by the Company if it has been received after the lapse of the Buyback Intimation Period.

10.3.6 Upon payment of the Buyback Amounts on the Buyback Date, the principal amounts of the Tranche 3 Bonds shall be deemed to have been repaid to the Bondholders of the Series 1 Tranche 3 Bonds and/or Series 2 Tranche 3 Bonds and all other rights of the Bondholders shall terminate and no interest shall accrue on such Tranche 3 Bonds.

10.3.7 Subject to the provisions of the Companies Act, where the Company has bought back any Tranche 3 Bond(s), the Company shall have and shall be deemed always to have had the right to keep such Tranche 3 Bonds alive without extinguishment for the purpose of resale and in exercising such right, the Company shall have and be deemed always to have had the power to resell such Tranche 3 Bonds.

11. Payments

11.1 Payment of Interest

Payment of interest on the Tranche 3 Bonds will be made to those Bondholders, whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Company and/or the Registrar, as the case may be as, on the Record Date.

11.2 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**").

11.3 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 succeeding Working Day will be considered as the effective date for such payment of interest or principal, as the case may be (the "**Effective Date**"). Interest and principal or other amounts, if any, will be paid on the Effective Date. For avoidance of doubt, in case of interest payment on Effective Date, interest for period between actual interest payment date and the Effective Date will be paid in normal course in next interest payment date cycle. 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 falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue.

11.4 Payment on Redemption or Buyback

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

11.4.1 ***Tranche 3 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 the section entitled "-Modes of Payment" below. These payments will be as per the Depositories' records on the Record Date fixed for this purpose. No action is required on the part of Bondholders.

11.4.2 ***Tranche 3 Bonds held in physical form:***

Payments with respect to maturity or buyback of Tranche 3 Bonds will be made by way of cheques or pay orders or electronically. However, if the Company so requires, payments on maturity may be made on surrender of the Consolidated Tranche 3 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 (if so requested by the Company in this regard) within a period of 30 days from the date of receipt of the duly discharged Consolidated Tranche 3 Bond Certificate.

11.5 The Company's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or the Buyback Date or upon dispatch of the Maturity Amounts or the Buyback Amounts, as the case may be, to the Bondholders. Further, the Company will not be liable to pay any interest, income or compensation of any kind from the Maturity Date.

12. Manner and Mode of Payment

12.1 Manner of Payment:

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

12.1.1 ***For Tranche 3 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 3 Bond in electronic form, are advised to immediately update their bank account details as appearing on the records 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 nor the Co-Lead Managers nor the Company shall have any responsibility and undertake any liability for such delays on part of the investors.

12.1.2 ***For Tranche 3 Bonds held in physical form:***

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

12.2 Mode of Payment:

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

12.2.1 ***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 the Company and/or as provided by the Depositories. Cheques or demand drafts, as the case may be, shall be sent by registered post at the Bondholder's sole risk.

12.2.2 ***National Electronic Clearing System ("NECS")***

Through NECS for Applicants having an account at any of the centers 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 the 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 the Company has initiated the process in time.

12.3 Printing of Bank Particulars

As a matter of precaution against possible fraudulent encashment of Consolidated Tranche 3 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 3 Bond Certificate. Applications without these details are liable to be rejected at the sole discretion of the Company. However, in relation to Applications for dematerialised Tranche 3 Bonds, these particulars will be taken directly from the Depositories. In case of Tranche 3 Bonds held in physical form, 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 3 Bond Certificates which can then be deposited only in the account specified.

13. Taxation

13.1 The Applicants are advised to consider the tax implications of their respective investment in the Tranche 3 Bonds.

13.2 The interest on Tranche 3 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.

13.3 As per the current provisions of the Income Tax Act, on payment to all categories of resident Bondholders, tax will not be deducted at source from interest on Tranche 3 Bonds, if such interest does not exceed Rs. 2,500 in a financial year.

13.4 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 Securities Contracts Regulation Act, 1956, as amended, and the rules notified thereunder. Accordingly, no income tax will be deducted at source from the interest on Tranche 3 Bonds held in dematerialised form. In case of Tranche 3 Bonds held in a physical form no tax may be withheld in case the interest does not exceed Rs. 2,500. However, such interest is taxable income in the hands of resident Bondholders.

13.5 If interest on Tranche 3 Bonds exceeds the prescribed limit of Rs. 2,500 in case of resident individual Bondholders, to ensure non-deduction or lower deduction of tax at source, as the case may be, the Bondholders are required to furnish either (a) a declaration (in duplicate) in the prescribed form i.e. Form 15G which may be given by all Bondholders other than companies, firms and non-residents subject to provisions of section 197A of the Income Tax Act; or (b) a certificate, from the assessing officer of the Bondholder, in the prescribed form under section 197 of the Income Tax Act which may be obtained by the Bondholders.

13.6 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 Tranche 3 Bonds, a resident Bondholder 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/ original certificate issued under section 197 of the Income Tax Act or other evidence, as may be applicable, may be submitted to the 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 Tranche 3 Bond(s) held, at least one month prior to the interest payment date.

13.7 Bondholders 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 Tranche 3 Bonds.

13.8 If the Bondholder is eligible to submit Form 15G or 15H, blank declaration form will be furnished to other Bondholders on request made at least two months prior to the interest payment date. This facility is being provided for the convenience of Bondholders and we will not be liable in any manner, whatsoever, in case the Bondholder does not receive the form.

13.9 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.

13.10 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 the 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.

14. Security

14.1 The principal amount of the Tranche 3 Bonds to be issued upon the terms contained herein together with all interest, costs, charges, fees, remuneration of Debenture Trustee and expenses payable in respect thereof (the "**Secured Obligations**") shall be secured in favour of the Debenture Trustee in the following manner:

14.1.1 By way of a first floating *pari passu* charge over the certain receivables of the Company arising out of its:

a) investments; and/or

b) infrastructure loans; and/or

c) current assets, loans and advances,

as appearing in the Company's balance sheet from time to time to the extent of 1.0 times of the outstanding Secured Obligations (the "Secured Assets"),

provided however that the Secured Assets shall not include the following

(a) any receivables of the Company arising from:

(i) any loan or debt granted by the Company to its subsidiaries and affiliates present or in the future; or

(ii) any investments in equity and / or preference share capital or investment through any other instrument made by the Company in, its subsidiaries and affiliates whether presently or in the future); and

(b) Permitted Liens.

"**Permitted Liens**" for the purpose of the above means security on government securities or corporate bonds of the Company to secure short term debt of less than 365 day duration incurred by the Company under the Collaterized Borrowing and Lending Operations of Clearing Corporation of India Limited or under any repo or repurchase facility.

14.1.2 The Secured Obligations are also secured by first fixed *pari passu* charge over immovable property of the Company being flat number 311/312 at 2A, Raheja Classique, New Link Road, Andheri (West), Mumbai – 400053.

14.2 The Company agrees to maintain an asset cover of at least 1.0 times of the outstanding amount of Tranche 3 Bonds, at all times, till the Tranche 3 Bonds are completely redeemed. In case of reduction of security cover below 1.0 times for any reason whatsoever, the Company agrees to make-up the deficiency with equivalent amount of receivables, free from any charge of whatsoever nature, so as to maintain the minimum asset cover of 1.0 times.

14.3 The Company has created a floating charge on some receivables as appearing in the balance sheet of the Company, as security for its existing borrowings (including the existing debentures), the aggregate value of which is at least equivalent to 1.00 times of the total outstanding borrowings (including the debentures) of the Company. The Company has secured its existing debentures by way of a charge on immovable property of the Company being flat number 311/312 at 2A, Raheja

Classique, New Link Road, Andheri (West), Mumbai – 400053. The benefit of such security will be provided to the Bondholders. Since the terms of existing borrowings whether by way of loans or by way of debentures expressly allow further borrowings by the Company, no pari passu letters have been exchanged.

14.4 The Company shall ensure that the creation of security as contemplated in this section and all necessary formalities including execution of relevant security documents in relation thereto are completed within a period of 90 days from the Deemed Date of Allotment of the Tranche 3 Bonds.

14.5 No prior consent for creation of Security is required from IDBI Trusteeship Services Limited in its capacity as debenture trustee for the existing debentures of the Company and IDBI Trusteeship Services Limited in its capacity as security trustee for the existing loans of the Company.

15. Events of Defaults

15.1 The Debenture Trustee at its discretion may, or if so requested in writing by the holders of not less than 75 per cent. in principal amount of the Tranche 3 Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Company specifying that the Tranche 3 Bonds and/or any particular Series of Tranche 3 Bonds, in whole but not in part are and have become due and repayable at the Early Redemption Amount on such date as may be specified in such notice *inter alia* if any of the events listed in 15.2 (each an "Event of Default") below occurs.

15.2 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 Series 1 Tranche 3 Bonds and/or Series 2 Tranche 3 Bonds and such failure continues for a period of 3 Working Days;

(ii) Default is made in any payment of any installment of interest in respect of Series 1 Tranche 3 Bonds or in the payment of cumulative interest on the Series 2 Tranche 3 Bonds or any of them and such failure continues for a for a period of 30 days;

(iii) Default is made in any payment of any other sum due in respect of Series 1 Tranche 3 Bonds and/or Series 2 Tranche 3 Bonds or any of them and such failure continues for a for a period of 15 (fifteen) days;

(iv) The Company does not perform or comply with one or more of its other material obligations in relation to the Tranche 3 Bonds or the Debenture Trust Deed which default is incapable of remedy or, if in the opinion of the Debenture Trustee capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Company by the Debenture Trustee and which has a material adverse effect on the Company;

(v) The 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

(vi) 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 the Company (as the case may be) and is not discharged within 45 days.

15.3 The Early Redemption Amount payable upon the occurrence of an Event of Default shall be as detailed in the Debenture Trust Deed.

15.4 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 the Company, enforce the Security in terms of the Debenture Trust

Deed.

15.5 In case of default in the redemption of Tranche 3 Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, the Company shall also pay interest on the defaulted amounts. Arrears of liquidated damages shall carry interest at 2 per cent. per annum on the defaulted amount and shall be payable on the footing of compound interest with quarterly rests.

16. Bondholder's Rights, Nomination Etc.

16.1 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 the Company.

16.2 Rights of Bondholders

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

(a) The Tranche 3 Bonds shall not, except as provided in the Companies Act, confer upon the holders thereof any rights or privileges available to members of the Company including the right to receive notices or annual reports of, or to attend and / or vote, at the 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 3 Bonds shall be entitled to a copy of the balance sheet on a specific request made to the Company.

(b) The rights, privileges and conditions attached to the Tranche 3 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 3 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 the Company, where such consent or resolution modifies or varies the terms and conditions governing the Tranche 3 Bonds, if modification, variation or abrogation is not acceptable to the 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 3 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 3 Bonds held by him or her on every resolution placed before such meeting of the Bondholders.

(d) Tranche 3 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 3 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 SEBI Debt Regulations. The Company shall redeem the Tranche 3 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 Deed to be executed by the 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 Tranche 3 Bonds, present and voting.

16.3 Succession

Where Tranche 3 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 the Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death. Provided, a third person may call on the 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 Tranche 3 Bonds. In the event of demise of the sole or first holder of the Tranche 3 Bonds, the 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 Tranche 3 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 the 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 3 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 Tranche 3 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 India will be on a non-repatriation basis.

16.4 Nomination Facility to Bondholder

16.4.1 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 3 Bond. A person, being a nominee, becoming entitled to the Tranche 3 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 3 Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Tranche 3 Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a Tranche 3 Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Tranche 3 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 the Company's registered or administrative office or at such other addresses as may be notified by the Company.

16.4.2 The Bondholders are advised to provide the specimen signature of the nominee to the Company to expedite the transmission of the Tranche 3 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.

16.4.3 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 the 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 3 Bonds; or

(b) to make such transfer of the Tranche 3 Bonds, as the deceased holder could have made.

16.4.4 Further, the 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 3 Bonds, and if the notice is not complied with, within a period of 90 days, the 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 3 Bonds, until the requirements of the notice have been complied with.

16.4.5 In case of allotment of Tranche 3 Bonds in dematerialised mode, there is no need to make a separate nomination with the 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.

17. Debenture Trustees

17.1 The Company has appointed IDBI Trusteeship Services Limited to act as the Debenture Trustee for the Bondholders. The 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, the Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Tranche 3 Bonds on the relevant Maturity Date and also that it will pay the interest due on Tranche 3 Bonds on the rate specified under the Debenture Trust Deed.

17.2 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 3 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 the Company to the Debenture Trustee on behalf of the Bondholders shall discharge the 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 the Company unless the Debenture Trustee, having become so bound to proceed, failed to do so.

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

18. Miscellaneous

18.1 Loan against Tranche 3 Bonds

The Tranche 3 Bonds cannot be pledged or hypothecated during the Lock-in Period. The Tranche 3 Bonds may be pledged or hypothecated or subject to lien for obtaining loans from scheduled commercial banks, after the Lock-in Period.

18.2 Lien

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

18.3 Lien on Pledge of Tranche 3 Bonds

The Company, at its discretion, may note a lien on pledge of Tranche 3 Bonds if such pledge of Tranche 3 Bond is accepted by any bank or institution for any loan provided to the Bondholder against pledge of such Tranche 3 Bonds as part of the funding.

18.4 Right to Reissue Tranche 3 Bond(s)

Subject to the provisions of the Act, where the Company has redeemed or repurchased any Tranche 3 Bond(s), the Company shall have and shall be deemed always to have had the right to keep such Tranche 3 Bonds alive without extinguishment for the purpose of resale or reissue and in exercising such right, the Company shall have and be deemed always to have had the power to resell or reissue such Tranche 3 Bonds either by reselling or reissuing the same Tranche 3 Bonds or by issuing other Tranche 3 Bonds in their place. This includes the right to reissue original Tranche 3 Bonds.

18.5 Joint-holders

Where two or more persons are holders of any Tranche 3 Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to Articles and applicable law.

18.6 Sharing of Information

The 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 the Company, its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Company nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

18.7 Notices

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

18.8 Issue of Duplicate Consolidated Tranche 3 Bond Certificate(s)

If any Consolidated Tranche 3 Bond Certificate is mutilated or defaced it may be replaced by the Company against the surrender of such Consolidated Tranche 3 Bond Certificates, provided that where the Consolidated Tranche 3 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 3 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 3 Bond Certificate(s) shall be issued.

18.9 Future Borrowings

The 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 the Company may deem appropriate, without the consent of, or intimation to the Bondholders or the Debenture Trustee in this connection.

18.10 Jurisdiction

The Tranche 3 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. The Company has in the Debenture Trust Deed agreed, for the exclusive benefit of the Debenture Trustee and the Bondholders, that the courts of Mumbai are to have jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust Deed or the Tranche 3 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 Tranche 3 Bonds may be brought in the courts of Mumbai.

PROCEDURE FOR APPLICATION

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

The Shelf Prospectus, the Prospectus – Tranche 3 and the Application Forms together with the abridged prospectus may be obtained from our Corporate Office, from the Lead Managers, the Co-Lead Managers or from the Lead Brokers. In addition, Application Forms would also be made available to NSE and BSE where listing of the Tranche 3 Bonds is sought, and to brokers, being members of NSE and BSE, upon their request.

Application Form

Applicants are required to submit their Applications through the Bankers to Issue.

WHO CAN APPLY?

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

- Indian nationals resident in India, 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 PQR, where PQR 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 OCBs are not eligible to participate in the Issue.

Application Size for Tranche 3 Bonds

Applications are required to be for a minimum of two Tranche 3 Bonds and in multiples of one Tranche 3 Bond thereafter.

For the purpose fulfilling the requirement of minimum subscription of two Tranche 3 Bonds, an Applicant may choose to apply for two Tranche 3 Bonds of the same series or two Tranche 3 Bonds across different series.

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 a minimum of two Tranche 3 Bonds and in multiples of one Tranche 3 Bond thereafter. For the purpose fulfilling the requirement of minimum subscription of two Tranche 3 Bonds, an Applicant may choose to apply for two Tranche 3 Bonds of the same series or two Tranche 3 Bonds across different series. The Application without the minimum specified lot shall be rejected by the Company.

(e) Thumb impressions and signatures other than in English/ Hindi/ Marathi 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) All Application Forms duly completed together with cheque/demand draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue or collection centre(s)/ agent(s) as may be specified before the closure of the Issue.

(g) No receipt would be issued by the 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.

(h) Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.

IN CASE OF THE APPLICATION FORMS FOR SUBSCRIPTION OF TRANCHE 2 BONDS IN DEMATERIALISED FORM, IF 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.

The demat accounts for Applicants for which PAN details have not been verified shall be "suspended for credit" and no credit of Tranche 3 Bonds pursuant to the Issue shall be made into accounts of such Applicants.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply.

2. In case of applications in physical form, the Applicant should provide all the documents as specified in the section titled "Tranche 3 Bonds in Physical Form" at page 128 below.

3. Read all the instructions carefully and complete the Application Form in all respects by providing all the information including PAN and demographic details.

4. Applications are required to be in single or joint names (not more than three).

5. Ensure that the details about the Depository Participant and beneficiary account are correct and the demat account is active for Allotment of the Tranche 3 Bonds in dematerialised form. The requirement for providing Depository Participant details shall be mandatory only for Applicants who wish to subscribe to the Tranche 3 Bonds in dematerialized form. Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Tranche 3 Bonds in the dematerialized form only. Such Applicant shall not be Allotted the Tranche 3 Bonds in physical form.

6. 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.

7. Applicant's Bank Account Details:

   The Tranche 3 Bonds shall be allotted in dematerialised form or in physical form. The Registrar 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.

   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. The Applicants are advised to ensure that bank account details are updated in their respective DP A/cs 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 3 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 Applicants 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.

8. Applications under Power of Attorney: Unless the Company specifically agree in writing, and subject to such terms and conditions as the Company 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.

9. Permanent Account Number (PAN): 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.

10. In case of Application Forms for subscription of Tranche 3 Bonds in physical form, ensure that along with the Application Form you have provided all the requisite documents, as more particularly detailed in section entitled “Tranche 3 Bonds in Physical Form” on page 128.

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. Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.

13. Category: All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form.

14. Ensure that you have specified the series of the Tranche 3 Bonds that you wish to subscribe to. The Application Forms which do not indicate the series for which the Applicant has applied shall be allotted Series 1 of Tranche 3 Bonds.

15. Ensure that the appropriate box with respect to the buyback facility is duly ticked.

16. Ensure that the Applications are submitted to the Bankers to the Issue or collection centre(s)/ agents as may be specified before Issue Closing Date;

17. In case of Application Forms for subscription of Tranche 3 Bonds in dematerialised form, 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.

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.

6. Do not provide the Depository Participant details in the Application Forms for subscription of Tranche 3 Bonds in physical form.

For further instructions, please read the Application Form carefully.

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 3 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 3 Bonds held to us on confirmation of Allotment. Applicants are required to submit Form 15G/ 15H/ certificate under section 197 of the Income Tax Act/ valid proof of exemption each financial year.

Please note that in case of Tranche 3 Bonds held in physical form, the withholding tax at the applicable rate would be deducted on the interest payment if such payment is in excess of Rs. 2,500 in a financial year.

Multiple and Partial Applications:

(a) An Applicant is required to submit only one Application (and not more than one) for the total number of Tranche 3 Bonds required. Two or more Applications in same names will be deemed to be multiple Applications if the sole/first Applicant is one and the same. Multiple applications shall be aggregated based on the PAN of the Applicant and shall be considered for allotment as per the procedure detailed in the section entitled "- Basis of Allotment" on page 130.

(b) The Company reserves the right to reject, in its sole and absolute discretion, all or any multiple Applications in any/ all categories.

(c) In an Application Form, an Applicant has the option to seek Allotment of Tranche 3 Bonds in either electronic or physical mode. In case of partial application(s) in the Application Form, the Company shall allot all such Tranche 3 Bonds in demat mode.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The 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 3 and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Tranche 3 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. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Tranche 3 Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus – Tranche 3.

The Applicants should note that the escrow mechanism is not prescribed by SEBI or the Stock Exchanges and has been established as an arrangement between the Company, the Lead Managers, the Co-Lead

Managers, the Escrow Collection Banks and the Registrar to facilitate collection from the Applicants.

Payment into Escrow Account

Each Applicant shall draw a cheque or demand draft for the Application Amount as per the following terms:

(a) All Applicants would be required to pay the full Application Amount 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 Amount 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 "**IDFC Infra Bonds – Tranche 3**".

(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 the Company to the Refund Account 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), 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 *i.e.* at designated collection centres. 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 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.

Online Applications

The Company may decide to offer an online Application facility for the Tranche 3 Bonds, as and when permitted by Applicable Laws, subject to the terms and conditions prescribed.

Tranche 3 Bonds in dematerialised form with NSDL or CDSL

The Allotment of Tranche 3 Bonds in this Issue shall also be in de-materialised form, (i.e., be fungible and be represented by the statement issued through the electronic mode).

As per the provisions of the Depositories Act, the Tranche 3 Bonds can be held in a dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context:

(i) The following two tripartite agreements have been signed amongst the Company, the respective Depositories and the Registrar:

- Tripartite Agreement dated December 13, 2004 between us, the Registrar and NSDL for offering depository option to the Bondholders.

- Tripartite Agreement dated December 21, 2004 between us, the Registrar and CDSL for offering depository option to the Bondholders.

(ii) All Applicants can seek Allotment in dematerialised mode. Applications seeking allotment in dematerialized form and without relevant details of his or her depository account are liable to be rejected.

(iii) An Applicant applying for the Tranche 3 Bonds in dematerialized form must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

(iv) The Applicant applying for the Tranche 3 Bonds in dematerialized form must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form.

(v) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.

(vi) 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.

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

(viii) 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.

(ix) Tranche 3 Bonds in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. NSE and BSE, where the Tranche 3 Bonds are proposed to be listed, have electronic connectivity with NSDL and CDSL.

(x) The trading of the Tranche 3 Bonds shall be in dematerialised form only.

Allottees will have the option to re-materialise the Tranche 3 Bonds so Allotted in dematerialized form as per the provisions of the Companies Act and the Depositories Act.

Tranche 3 Bonds in Physical Form

SEBI through its clarification dated October 8, 2010 (the "**SEBI Letter**") has stated that the Applicant(s) who wish to subscribe to, or hold, the Bonds in physical form can do so in terms of Section 8(1) of the Depositories Act, 1996 and the Company is obligated to fulfill such request of the Applicant(s). Accordingly, any Applicant who wishes to subscribe to the Tranche 3 Bonds in physical form shall undertake the steps as specified in this Prospectus – Tranche 3. Any Applicant who wishes to subscribe to the Tranche 3 Bonds in physical form shall provide the following documents:

(a) Self-attested copy of the PAN card;

(b) Self-attested copy of the proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:

- ration card issued by the Government of India; or

- valid driving license issued by any transport authority of the Republic of India; or

- electricity bill (not older than 3 months); or

- landline telephone bill (not older than 3 months); or

- valid passport issued by the Government of India; or
- Voter's Identity Card issued by the Government of India; or
- passbook or latest bank statement issued by a bank operating in India; or
- leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
- a letter from a recognized public authority or public servant verifying the identity and residence of the Applicant.

(c) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Co-Lead Managers nor the Company shall have any responsibility and undertake any liability for the same.

The Applications, of the Applicants who wish to subscribe for the Tranche 3 Bonds in physical form, which are not accompanied with the aforestated documents may be rejected at the sole discretion of the Company.

In case of Tranche 3 Bonds that are issued in physical form, the Company will issue one certificate to the Bondholder for the aggregate amount of the Tranche 3 Bonds that are allotted (each such certificate a "Consolidated Tranche 3 Bond Certificate"). The Company shall dispatch the Consolidated Tranche 3 Bond Certificate to the address of the Applicant provided in the Application Form within two (2) Working Days from the date of actual Allotment of the Tranche 3 Bonds.

PLEASE NOTE THAT, SUBJECT TO THE LOCK-IN PERIOD, TRADING OF TRANCHE 2 BONDS ON THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE TRANCHE 2 BOND.

Communications

All future communications in connection with Applications made in the 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, the Co-Lead Managers and the Registrar to the Issue in case of any pre-Issue related problems such as non-receipt of letters of Allotment/credit of Tranche 3 Bonds in the Depositary's beneficiary account/refund orders, etc.

Rejection of Applications

The 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. In case of Applications where the Application Form has not been duly completed, the Company reserves the sole right at its absolute discretion to reject the Application Form.

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

- Number of Tranche 3 Bonds applied for is less than the minimum Application size;
- Applications not duly signed by the sole/joint Applicants;
- Application amount paid not tallying with the number of Tranche 3 Bonds applied for;
- Applications for a number of Tranche 3 Bonds which is not in a multiple of one;
- Investor category not ticked;
- Bank account details not given;

- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, including a minor without a guardian name;
- In case of Applications under Power of Attorney where relevant documents not submitted;
- Application by stockinvest;
- Application by money order;
- Application by postal order;
- Applications accompanied by cash;
- Applications without PAN;
- GIR number furnished instead of PAN;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons resident outside India; 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.

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 Issue shall be rejected.

In the event, if any Tranche 3 Bond(s) applied for is/are not allotted, the Application monies of such Tranche 3 Bonds will be refunded, as may be permitted under the provisions of applicable laws.

Basis of Allotment

The Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official) of the Designated Stock Exchange along with the Lead Managers, the Co-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 the Prospectus – Tranche 3, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Tranche 3 Bonds under the Prospectus – Tranche 3 in the following order of priority:

(a) Full Allotment of Tranche 3 Bonds to the Applicants on a first come first basis up to the Issue Closing Date for the Prospectus – Tranche 3 or the date falling one day prior to the Oversubscription Date, whichever is earlier. If there are multiple Applications made by an Applicant, all the valid Applications received will be aggregated to determine the category in which such Applicant falls. All such Applications will individually be considered for allotment on a first come first serve basis within the category.

(b) For Applications received on the Oversubscription Date, the Tranche 3 Bonds shall be Allotted in the following order of priority:

    (i) Allotment to the Applicants for Series 1 Tranche 3 Bonds

    (ii) Allotment to the Applicants for Series 2 Tranche 3 Bonds

    Provided, however, that in the event of oversubscription in any series of Tranche 3 Bonds mentioned in (i) or (ii) above, the Tranche 3 Bonds shall be Allotted proportionately in that respective series (subject the Minimum Application size), subject to the overall limit of Rs. 37,000.0 million and the Applications for the Tranche 3 Bonds in subsequent series shall be rejected.

(c) All Applications received after the Oversubscription Date shall be rejected by the Company.

Letters of Allotment/ Refund Orders

The 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.

The Company shall credit the allotted Tranche 3 Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/ Refund Orders, as the case may be, by registered post at the Applicant's sole risk, within 10 weeks from the date of closure of the Issue.

Further,

(a) Allotment of the Tranche 3 Bonds shall be made within 30 days of the Issue Closing Date;

(b) credit to dematerialised accounts or dispatch of the Consolidated Tranche 3 Bond Certificate, as applicable, will be made within two (2) Working Days from the date of actual Allotment;

(c) the Company shall pay interest at 15 per cent. per annum if the Allotment has not been made and/ or the Refund Orders have not been dispatched to the Applicants within 30 days from the date of the closure of the Issue, for any delay beyond 30 days.

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

Filing of the Prospectus – Tranche 3 with the RoC

A copy of the Prospectus – Tranche 3 shall be filed with the Registrar of Companies, Tamil Nadu in terms of Sections 56 and 60 of the Companies Act.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, on or before the Issue Opening Date, publish a pre-Issue advertisement, in the form prescribed by the SEBI 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 Letter of Allotment

Letter(s) of Allotment will be dispatched at the sole risk of the Applicant, through registered post, within 10 weeks from the date of closure of the Issue, or such extended time as may be permitted under Applicable Laws.

Listing

The Tranche 3 Bonds will be listed on NSE and BSE. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the Tranche 3 Bonds are for any reason denied permissions to deal in and for an official quotation of the Tranche 3 Bonds are not granted by the Stock Exchanges, we shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the Prospectus – Tranche 3. If such money is not repaid within eight days after we becomes liable to repay it (i.e. from the date of refusal or within seven days from the Issue Closing Date, whichever is earlier), then the Company and every Director of the 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 15 per cent. p.a. on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within seven (7) Working Days from the date of Allotment.

Utilisation of Application Money

The sums received in respect of the Issue will be kept in the Escrow Account and we will have access to such funds after creation of security for the Tranche 3 Bonds as disclosed in the Prospectus – Tranche 3.

Undertaking by the Issuer

The Company undertakes that:

(a) the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;

(b) the Company shall take necessary steps for the purpose of getting the Tranche 3 Bonds listed in the concerned stock exchange(s) within the specified time;

(c) 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 the Company;

(d) 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 3 Bonds are outstanding;

(e) the Company shall forward the details of utilisation of the funds raised through the Tranche 3 Bonds duly certified by its statutory auditors, to the Debenture Trustee at the end of each half year;

(f) the Company shall disclose the complete name and address of the Debenture Trustee in its annual report;

(g) the Company shall provide a compliance certificate to the Debenture Trustee (on yearly basis) in respect of compliance with the terms and conditions of issue of Tranche 3 Bonds as contained in the Prospectus – Tranche 3.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. *Modification of Shareholders Rights*

As per Article 13 of the Articles of Association, if at any time the share capital of the Company by any reason is divided into different classes of shares, all or any of the rights and privileges attached to each class will be effective and binding after approvals, if any, required from the Government of India and may, subject to the provisions of Sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, abrogated or dealt with, with the consent in writing of the holders of not less than three fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions contained in the Articles as to General Meetings (including the provisions relating to quorum at such meetings) shall *mutatis mutandis* apply to every such meeting. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2. *Share Consolidation and Splitting*

As per Article 24 of the Articles of the Company, every member or allottee of shares shall be entitled, without payment, to receive one certificate for all the shares of each class or denomination registered in his name or, if the directors may from time to time determine, to several such Certificates, each for one or more such shares. Further as per Article 25 of the Articles, share certificates shall be generally issued in marketable lots and where share certificates are issued in lots other than marketable lots, subdivision/consolidation of share certificates into marketable lots shall be done by the Company free of charge. As per Article 26, the Company may issue such fractional certificates as the Board Directors may approve in respect of any of the shares of the Company on such terms as the Board of Directors may think fit including the term relating to the period within which the fractional certificates are to be converted into share certificates. Further as per Article 28, unless the conditions of issue of the shares provide otherwise, such certificates shall be delivered to the shareholders, within three months after the allotment of any shares, and within one month after the application for the registration of the transfer, transmission, sub-division, consolidation or renewal of any such shares has been lodged with the Company.

3. *Forfeiture and Lien*

Forfeiture

(a) As per Article 40, if any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter while the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

(b) As per Article 41, the notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places, on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

(c) As per Article 42, if the requirements of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time thereafter and before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

(d) As per Article 43, when any share shall have been so forfeited notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register.

(e) As per Article 44, any share so forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors may think fit.

(f) As per Article 45, the Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

(g) As per Article 46, any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, installments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with further interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.

(h) As per Article 47, On the trial or hearing of any action or suit brought by the Company against any members or their representatives for the recovery of any money claimed to be due to the Company in respect of whose shares the money is sought to be recovered, appears entered on the register of members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered in the minutes books; and that notice of such call was duly given to the member or his representatives in pursuance of these Articles; and that it shall not be necessary to prove the appointment of directors who made such call, nor that a quorum of directors was present at the board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt

(i) As per Article 48, the forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

(j) As per Article 53, neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.

(k) As per Article 54, a certificate in writing under the hand of any Director or the Company Secretary or such other person as may be authorised, from time to time that, the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the Directors to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.

(l) As per Article 55, the provisions of the Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of the issue of a share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

Lien

(a) As per Article 49, the Company shall have no lien on its fully paid up shares. In the case of partly paid up shares, the Company shall have a first and paramount lien only to the extent of all moneys called or payable at a fixed time in respect of such shares. Otherwise such partly paid up shares shall be free from any lien of the Company. Any lien on shares shall extend to all dividends and bonuses from time to time declared in respect of such shares. Provided always that if the Company shall register a transfer of any shares upon which it has such a lien as aforesaid without giving to the transferee notice of its claim the said shares shall be freed and discharged from the lien of the Company. The Board may at any time declare any shares, wholly or in part, to be exempt from the provisions of this Article.

(b) As per Article 50, for the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell, shall have been served on such member, or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment of the sum payable as aforesaid for fourteen days after such notice.

(c) As per Article 51, the net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of all moneys called and payable in respect of such shares and the residue (if any) paid to such member or the person (if any) entitled by transmission to the shares so sold. Provided that the amount so paid to such member or person shall not exceed the amount received by the Company from such member or person towards such shares.

(d) As per Article 52, upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy (if any) of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

4. Transfer and Transmission of Shares

(a) As per Article 57, in the case of transfer of Shares or other marketable securities where the Company has not issued provisions of the Depositories Act, 1996 shall apply in so far as the same is not contrary or inconsistent with the provisions of the Companies Act, 1956 or the Securities Contracts (Regulations) Act, 1956 relating to transfer of physical share certificates.

(b) As per Article 58, in the case of transfer of Shares where the Company has issued share certificates, no transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every such instrument of transfer shall be duly stamped and executed both by the transferor and transferee and duly attested. The transferor shall be deemed to remain as the holder of such share until the name of the transferee shall have been entered in the Register in respect thereof.

(c) As per Article 59, the instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of Section 108 of the Act. Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

(d) As per Article 60, subject to the provisions of the Act and the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a Member but in such cases, the Board shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor a notice of the refusal to accept such transfer. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons is indebted to the Company on any account whatsoever, except when the Company has a lien on the shares, transfer of shares in whatsoever lot shall not be refused.

(e) As per Article 61, in the case of transfer of shares where the Company has issued certificates, every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the shares to be transferred and such other evidence as the Board of Directors may require to prove the title of the transferor, his right(s) to transfer the shares and generally under and subject to such condition and regulation as the Board of Directors shall from time to time prescribe; and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors. But any instrument of transfer which the Board of Directors may decline to register shall be returned to the person lodging the same.

(f) As per Article 62, no fee shall be charged for registration of transfer or for effecting transmission or for registering any probates, succession certificates, letters of administration, certificate of death and marriage, power of attorney and other similar documents.

(g) As per Article 63, the Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Company's Registered Office is situated, to close the transfer books, the register of members and/or the Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year, as the Board may deem expedient.

(h) As per Article 64, the executors or administrators of a deceased member shall be the only persons recognised by the Company as having any title to his share except in cases of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be so recognised; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognise such executor or administrator, unless he shall have obtained probate or letters of administration or other legal representation, as the case may be, from a competent court in India.

(i) Provided nevertheless that in cases, which the Board in its discretion considers to be special cases and in such cases only, it shall be lawful for the Board to dispense with the production of probates or letters of administration or such other legal representations upon such terms as to indemnity, publication of notice or otherwise as the Board may deem fit.

(j) As per Article 65, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board (which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board of Directors think sufficient, be registered as a member in respect of such shares, or may, subject to the regulations as to transfer hereinabove contained, transfer such shares. This clause is hereinafter referred to as "the transmission clause".

(k) As per Article 66, every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

(l) As per Article 67, the Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving any effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of a person having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice referred hereto in any book or record of the Company, and the Company shall not be bound or required to regard or to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book or record of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

(m) As per Article 68, the Board may in its absolute discretion refuse applications for the subdivision of share certificates, debenture or bond certificates into denominations of less than the marketable lot except when such subdivision is required to be made to comply with a statutory provision or an order of a competent court of law.

(n) As per Article 69, the provisions of these Articles shall mutatis mutandis apply to the transfer of debentures and other securities of the Company or transmission thereof by operation of law.

5. Votes of Members

(a) As per Article 110, subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or, in the case of a body corporate, by a representative duly authorised under Section 187 of the Act.

(b) As per Article 111, Subject to any rights or restrictions for the time being attached to any class or classes of shares:

  (i) on a show of hands, every member present in person shall have one vote; and

  (ii) on a poll, the voting rights of members shall be as laid down in Section 87 of the Act

(c) As per Article 112, No member not personally present shall be entitled to vote on a show of hands unless such member is represented by an attorney or unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such attorney or representative may vote on a show of hands as if he were a member of the Company.

(d) As per Article 113, A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

(e) As per Article 114, a body corporate (whether a company within the meaning of the Act or not) may if it is a Member duly authorised by a resolution of its Directors or other governing body, appoint a person to act as its representative at any meeting in accordance with the provisions of Section 187 of the Act. The production at the meeting of a copy of such resolution duly signed by one Director of such body corporate or by a member of its governing body and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment.

(f) As per Article 115, any person entitled under the transmission clause (in the relevant Article herein) to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of Directors or any persons authorised by the Board of Directors in that behalf of his right to transfer such shares, or the Directors shall have previously admitted his right to transfer such shares or his right to vote at such meeting in respect thereof.

(g) As per Article 116, where there are any joint registered holders of any share, any one of the joint holders may vote at any meeting either personally or by an Attorney duly authorised under a power of attorney or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be personally present at any meeting, then one of the said persons so present whose name stands first or higher in the Register in respect of such share shall be entitled to vote in respect thereof.

(h) As per Article 117,

(i) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.

(ii) The instrument appointing the proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a company, under its common seal or be signed by an officer or an attorney duly authorised by it. A person may be appointed a proxy though he is not a member of the Company, but such proxy shall not have any right to speak at any meeting

(i) As per Article 118, every notice convening a General Meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and that a proxy need not be a member of the Company

(j) As per Article 119, the instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed or a materially certified copy of that power of authority shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid

(k) As per Article 120, a vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company or by the Chairman of the meeting at which the vote is given.

(l) As per Article 121, every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances shall admit, be in any of the forms set out in Schedule IX of the Act.

(m) As per Article 122, every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.

(n) As per Article 123, no member shall be entitled to vote at any General Meeting either personally or by proxy or as proxy for another member or be reckoned in a quorum while any call or other sum shall be due and payable to the Company in respect of any of the shares of such member or in respect of any shares on which the Company has or had exercised any right of lien.

6. Dividends

(a) As per Article 177, the profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum or the Articles and subject to the provisions of any law for the time being in force and subject to these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively. Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall, unless the Directors otherwise determine, only entitle and shall be deemed always to have only entitled, the holder of such share to an apportioned amount of such dividend as from the date of payment.

(b) As per Article 178, the Company in General Meeting may subject to Sections 205, 205A and other applicable provisions of the Act declare dividends, to be paid to members according to their respective rights and interests in the profits but subject to any law for the time being in force and may fix the time for payment but no dividend shall exceed the amount recommended by the Board of Directors. However, the Company in General Meeting may declare a smaller dividend than recommended by the Board of Directors.

(c) As per Article 179, no dividend shall be paid otherwise than out of profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Sections 205, 205A, 206 and 207 of the Act or any other law for the time being in force and no dividend shall carry interest as against the Company unless required by law. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

(d) As per Article 180, Subject to the provisions of the Act and any other law for the time being in force the Board of Directors may, from time to time, pay to the Members interim dividends as, in their judgment, the position of the Company justifies.

(e) As per Article 181, where Capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

(f) As per Article 182, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such shares shall rank for dividend accordingly.

(g) As per Article 183, the Board of Directors may, if they so think fit, retain the dividends payable upon shares in respect of which any person is (under the relevant Article herein) entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

(h) As per Article 184, no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise, howsoever, either alone or jointly with any other person or persons; and the Directors may without prejudice to any other right or remedy of the Company deduct from the interest or dividend payable to any member all sums or money so due from him to the Company.

(i) As per Article 185, a transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

(j) As per Article 186, any one of several persons who are registered as the joint holders of any share may give effectual receipt for all dividends and payments on account of dividends in respect of such share

(k) As per Article 187, unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holders to the registered address of that one of the joint holders who is first named in the Register. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any executors or administrators of a deceased member in whose sole name any share stands, shall for the purposes of this clause be deemed to be joint holders thereof

(l) As per Article 188, no unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law

(m) As per Article 189, where a dividend has been declared by the Company but has not been paid, or the warrant in respect thereof has not been posted within forty two days from the date of the declaration, to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of forty-two days, transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of forty-two days, to a special account to be opened by the Company in that behalf in any Scheduled Bank to be called "Unpaid Dividend Account of INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED." and all the other provisions of Section 205A of the Act in respect of any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with. Any money transferred to the unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company shall be transferred by the Company in accordance with the provisions of section of the Act

(n) As per Article 190, no dividend shall be payable except in cash; Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profits of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company

(o) As per Article 191, any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the members be set off against the calls.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus – Tranche 3) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of the Company situated at Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, from 10.00 a.m. to 1.00 p.m., from the date of this Prospectus – Tranche 3 until the date of closure of the issue of Tranche 3 Bonds.

MATERIAL CONTRACTS

1. Engagement Letter dated March 9, 2012 received from the Company appointing the Lead Managers and the Co-Lead Managers.

2. The Memorandum of Understanding between the Company and the Lead Managers dated March 9, 2012 and the Addendum to the Memorandum of Understanding between the Company, the Lead Managers and the Co-Lead Managers dated March 9, 2012.

3. The Agreement between the Company and Registrar to the Issue dated September 19, 2011.

4. Debenture Trust Deed to be entered into between the Company and the Debenture Trustee within 3 months from the Issue Closing Date.

5. Tripartite Agreement between the National Securities Depository Limited, the Company and Registrar dated December 28, 2004.

6. Tripartite Agreement between the Central Depository Services (India) Limited, the Company and the Registrar dated December 21, 2004.

MATERIAL DOCUMENTS

1. The Memorandum and Articles of Association of the Infrastructure Development Finance Company Limited.

2. Copy of the Board resolution dated April 29, 2011 approving the issue of Bonds, in one or more tranches.

3. Copy of the resolution dated March 12, 2012 passed by the Committee of Directors approving the terms of the issue and the Prospectus – Tranche 3.

4. Consents of the Directors, Compliance Officer of the Company, Lead Managers to the Issue, Co-Lead Managers to the Issue, Lead Brokers to the Issue, Legal Advisor, Registrars to the Issue, Banker to the Issue, Credit Rating Agencies, Bankers to the Company and the Debenture Trustee to include their names in the Prospectus – Tranche 3 to act in their respective capacities.

5. Consent from the Auditors of the Company, for inclusion of their report on the Accounts in the form and context in which they appear in the Prospectus – Tranche 3 and also on the Tax Benefits mentioned therein.

6. Auditor's report dated September 19, 2011 on Consolidated Summary Statements of Assets and Liabilities, Profit and Loss and Cash Flows, as regrouped under Indian GAAP (including subsidiaries) for the period of 5 (five) financial years ended March 31, 2011.

7. Annual Report of the Company for last five Financial Years.

8. Credit rating letter dated August 17, 2011 issued by ICRA Limited and letter dated November 8, 2011 revalidating the credit rating, issued by ICRA Limited.

9. Credit rating letter dated August 16, 2011, issued by Fitch.

10. Application for the in-principle listing approval made to NSE and BSE dated September 19, 2011 and September 19, 2011, respectively.

11. In-principle listing approval obtained from NSE letter no. NSE/LIST/145647-S dated September 28, 2011.

12. In-principle listing approval obtained from BSE letter no. DCS/SP/PI-BOND/002/11-12 dated September 28, 2011.

13. Due Diligence Certificate dated March 12, 2012 filed by the Lead Managers and the Co-Lead Managers.

14. Due Diligence Certificate dated March 12, 2012 from the Debenture Trustee.

15. SEBI letter no. IMD/DF1/OW/29786/2011 dated September 19, 2011.

16. Letter dated December 28, 2010 issued by SEBI dispensing with the requirement of filing the tranche prospectuses for public comments with the Stock Exchanges.

17. Clarification dated October 8, 2010 issued by SEBI for the issuance of the Bonds in physical form**.**

18. Letter dated November 4, 2011 written by the Company to SEBI intimating SEBI about the Company's reliance on the SEBI clarifications dated December 28, 2010 and October 8, 2010 mentioned hereinabove.

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

FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
Infrastructure Development Finance Company Limited
KRM Tower, 8th Floor
No.1 Harrington Road
Chetpet
Chennai 600 031

Dear Sirs:

1. We have examined the financial information of **INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED** (the "Company") annexed to this report and initialled by us for identification. The said financial information has been prepared by the Company in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities), Regulations, 2008, as amended ("the SEBI Regulations") issued by the Securities and Exchange Board of India, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in terms of our engagement agreed with you in accordance with our engagement letter REF:NMS/8650 dated 9th August, 2011, in connection with the Company's Proposed Issue of Secured, Redeemable, Non-Convertible Debentures, having Benefits Under Section 80CCF of the Income Tax Act, 1961. The financial information has been prepared by the Company.

2. **Financial Information as per Audited Financial Statements**

   We have examined the attached 'Statement of Profits, as Restated (Unconsolidated)' of the Company for each of the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure I), 'Statement of Assets and Liabilities, as Restated (Unconsolidated)' of the Company as at 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure II), and 'Statement of Cash Flows, as Restated (Unconsolidated)' of the Company for each of the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure III), collectively referred to as 'Restated Summary Statements (Unconsolidated)'. The Restated Summary Statements (Unconsolidated) have been extracted from the audited unconsolidated financial statements of the Company. The unconsolidated financial statements of the Company as at and for the year ended 31st March, 2007 were audited by M/s. S.B. Billimoria & Co., Chartered Accountants, and adopted by the members. The unconsolidated financial statements of the Company as at and for the financial years ended 31st March, 2008, 2009, 2010 and 2011 have been audited by us and adopted by the members. Based on our examination of these Restated Summary Statements (Unconsolidated), we state that:

   i. These have to be read in conjunction with the Significant Accounting Policies and Notes to Accounts given in Annexures IV and V respectively to this report.

   ii. The restated profits have been arrived at after charging all expenses, including depreciation and after making such adjustments and regroupings, as in our opinion are appropriate, in the year to which they relate.

   iii. There are no extraordinary items that need to be disclosed separately in the Restated Summary Statements (Unconsolidated).

iv. There are no qualifications in the Auditors' Reports on the unconsolidated financial statements, that require adjustments to the Restated Summary Statements (Unconsolidated).

We further state that the Restated Summary Statements (Unconsolidated) are subject to the following:

v. As mentioned in Note '3(iv)' of Annexure V, the Company has not been able to determine the effect on profits, reserves and net assets, of the changes in accounting policies, as stated therein, had they been given effect to in each of the accounting years preceding the year of change; accordingly, adjustments to profits, reserves and net assets have been made in the year of the change.

vi. As mentioned in Note '2' of Annexure V, the Company has not adjusted the discount on zero percent bonds issued prior to 1st October, 2009 against the Securities Premium Account.

3. **Other Financial Information:**

We have examined the following information relating to the Company as at and for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 annexed to this report:

i. Significant Accounting Policies on the Restated Summary Statements (Unconsolidated) (Annexure IV)

ii. Significant Notes to Accounts on the Restated Summary Statements (Unconsolidated) (Annexure V)

iii. Related Party Information as at and for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure VI)

iv. Statement of Accounting Ratios for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Unconsolidated) (Annexure VII)

v. Statement of Dividends Paid for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure VIII)

vi. Statement of Tax Shelter for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure IX)

vii. Capitalisation Statement as at 31st March, 2011 and 31st August, 2011 (Unconsolidated) (Annexure X)

viii. Statement of Consolidated Profits, as Restated, for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XI)

ix. Statement of Consolidated Assets and Liabilities, as Restated, as at 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XII)

x. Statement of Consolidated Cash Flows, as Restated, for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XIII)

xi. Significant Accounting Policies on the Restated Consolidated Summary Statements as at and for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 given in Annexure XIV.

xii. Significant Notes to Accounts on the Restated Consolidated Summary Statements as at and for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 given in Annexure XV.

xiii. Statement of Accounting Ratios (Consolidated) for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XVI)

4. The Consolidated Statements as referred to in paragraphs 3(viii) to 3(xii) above, have been extracted from the Consolidated Financial Statements of the Company. The Consolidated Financial Statements as at and for the financial year ended 31st March, 2007 were audited by M/s. S.B. Billimoria & Co., Chartered Accountants, and for the four financial years ended 31st March, 2008, 2009, 2010 and 2011 have been audited by us. The 'Statement of Consolidated Profits, as Restated' for each of the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XI), 'Statement of Consolidated Assets and Liabilities, as Restated' as at 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XII) and 'Statement of Consolidated Cash Flows, as Restated', for each of the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 (Annexure XIII) are collectively referred to as 'Restated Consolidated Summary Statements'. Based on our examination of these Restated Consolidated Summary Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies and Notes to Accounts given in Annexures XIV and XV respectively to this report.

ii. The restated consolidated profits have been arrived at after charging all expenses, including depreciation and after making such adjustments and regroupings as, in our opinion, are appropriate in the year to which they relate.

iii. There are no extraordinary items that need to be disclosed separately in the Restated Consolidated Summary Statements.

We further state that the Restated Consolidated Summary Statements are subject to the following:

iv. The Statutory Auditors of the Company for the respective years did not audit the financial statements of certain subsidiaries and jointly controlled entities and associates whose financial statements reflect the following information:

(Rs. millions)

	As at and for the financial years ended March 31				
	2007	**2008**	**2009**	**2010**	**2011**
Number of Subsidiaries	4	4	6	13	11
Number of Jointly Controlled entities	1	1	2	1	0
Total Assets (net)	506.1	765.3	713.6	1,868.0	2,965.0
Revenues	587.4	620.2	1,322.8	2,107.8	1,738.4
Cash Flows (net)	631.5	(246.0)	(79.4)	1,396.4	(232.0)

	As at and for the financial years ended March 31				
	2007	2008	2009	2010	2011
Number of Associates	3	1	1	1	1
Group's share of Profit in Associates	118.3	71.1	15.2	5.8	22.3

These financial statements have been audited by other auditors whose reports have been furnished to the Statutory Auditors and, their opinion, in so far as it relates to the amounts included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

v. The Restated Consolidated Summary Statements include the unaudited financial statements of one joint venture whose financial statements reflect total assets (net) of Rs. 78.0 million and Rs. 126.3 million, as at 31st March, 2008 and 2010 respectively; total revenues (net) of Rs. 63.6 million and Rs. 179.5 million for the years ended 31st March, 2008 and 2010 respectively and net cash flows of Rs. 242.4 million and Rs. 28.9 million for the years ended 31st March, 2008 and 2010 respectively. The Restated Consolidated Financial Statements also includes the Company's share of net profit / (loss) amounting to Rs. (9.1) million, Rs. (1.9) million and Rs. 1.2 million for the years ended 31st March, 2008, 2009 and 2010 respectively based on unaudited financial statements of one associate.

vi. As mentioned in Note '4(iv)' of Annexure XV, the Group has not been able to determine the effect on profits, reserves and net assets, of the changes in accounting policies as stated therein, had they been given effect to in each of the accounting years preceding the year of change; accordingly, adjustments to profits, reserves and net assets have been made in the year of the change.

vii. As mentioned in Note '3' of Annexure XV, the Holding Company has not adjusted the discount on zero percent bonds issued prior to 1st October, 2009 against the Securities Premium Account.

5. Based on our examination of these Summary Statements and subject to our comments in paragraphs 2(v), 2(vi), 4(v), 4(vi) and 4(vii) above and read with our comments in paragraph 4(iv) above, we state that in our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above, as at and for the five financial years ended 31st March, 2007, 2008, 2009, 2010 and 2011 have been prepared in accordance with Part II B of Schedule II of the Act and the SEBI Regulations.

6. This report should not, in any way, be construed as a reissuance or redating of any of the previous Audit Reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

7. This report is intended solely for your information and for inclusion in the Letter of Offer, in connection with the Proposed Issue of Secured, Redeemable, Non-Convertible Debentures, having Benefits Under Section 80CCF of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Nalin M. Shah
Partner
(Membership No. 15860)

MUMBAI, 19th September, 2011

DECLARATION

No statements made in this Prospectus – Tranche 3 shall contravene relevant provisions of the Act and the SEBI Debt Regulations. All the legal requirements connected with the said Issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

We confirm that this Prospectus – Tranche 3 does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading. We further certify that all statements in this Prospectus – Tranche 3 are true and correct.

Yours faithfully,

Deepak S. Parekh

Bimal Julka

S.S. Kohli

Abdul Rahim Abu Bakar

Marianne Okland

S.H. Khan

Gautam Kaji

Donald Peck

Shardul Shroff

Omkar Goswami

Rajiv B. Lall

Vikram Limaye

Place: Mumbai
Date: March 12, 2012