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This document is neither a prospectus nor a statement in lieu of prospectus but a Disclosure Document prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008

IFCI LTD.

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Tel No.: (011) 41792800, 26487444
Fax No. 91-11-26488471, 26230029
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Website: www.ifcilttd.com

DISCLOSURE DOCUMENT FOR PRIVATE PLACEMENT OF UNSECURED REDEEMABLE NON-CONVERTIBLE TAXABLE BONDS (SERIES-54) IN THE NATURE OF PROMISSORY NOTES OF RS. 10 LAKH EACH FOR CASH AT PAR AGGREGATING TO RS. 500 crore

REGISTRAR TO THE ISSUE



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TRUSTEE FOR THE BONDHOLDERS



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Religare Capital Markets Ltd.

Registered Office:
D3, P3B, District Center, Saket
New –Delhi – 110017
011-39125000



TRUST INVESTMENT ADVISORS PVT. LTD.

109/110, Balrama, 1st
Bandra Kurla Complex,
Bandra (East), Mumbai – 400051.
Tel No. – 022-40845000

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I. DEFINITIONS/ ABBREVIATIONS

AY	Assessment Year
Articles	Articles of Association of IFCI Ltd.
Board/ Board of Directors	The Board of Directors of IFCI Ltd. or Committee thereof
Bonds	Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory Notes of Rs. 10,00,000/- each offered through private placement route under the terms of this Disclosure Document
Book Closure/ Record Date	The date of closure of register of Bonds for payment of interest and repayment of principal
CAR	Capital Adequacy Ratio
CAG	Comptroller and Auditor General of India
CDSL	Central Depository Services (India) Ltd.
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of the Issuer, whether constituting a charge on the assets of the Issuer or not, but excludes security receipts and securitized debt instruments
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
Designated Stock Exchange	Bombay Stock Exchange Ltd.
DER	Debt Equity Ratio
Director(s)	Director(s) of IFCI Ltd. unless otherwise mentioned
DP	Depository Participant
EPS	Earning Per Share
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors
Financial Year/ FY	Period of twelve months period ending March 31, of that particular year
Gol	Government of India/ Central Government
HUF	Hindu Undivided Family
Issuer/ IFCI/ Company	IFCI Ltd.
Disclosure Document	Disclosure Document dated July 13, 2010 for Private Placement of Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory Notes of Rs. 10,00,000/- each for cash at par aggregating Rs. 500 crore to be issued by IFCI Ltd.
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Lead Arrangers	Almondz Global Securities Ltd, Axis Bank Ltd., BNK Securities Pvt. Ltd, Religare Capital Markets Ltd and Trust Investment advisors pvt. Ltd. collectively referred to as "Lead Arrangers"
Listing Agreement	Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010
MoF	Ministry of Finance
NPAs	Non Performing Assets
NRIs	Non Resident Indians
NSDL	National Securities Depository Ltd.
OCBs	Overseas Corporate Bodies
PAN	Permanent Account Number
PLR	Prime Lending Rate
Rs.	Indian National Rupee
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue, in this case being Link Intime India Pvt. Ltd. ("Link Intime")
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008
TDS	Tax Deducted at Source
The Companies Act/ The Act	The Companies Act, 1956 as amended from time to time
The Issue/ The Offer/ Private Placement	Private Placement of Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory Notes of Rs. 10,00,000/- each for cash at par aggregating Rs. 500 crore to be issued by IFCI Ltd.

II. DISCLAIMER

GENERAL DISCLAIMER

This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008. This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by IFCI Ltd. (the "Issuer"/ the "IFCI"/ "the Company") The document is for the exclusive use of the Institutions to whom it is delivered and it should not be circulated or distributed to third party(ies). IFCI certifies that the disclosures made in this document are generally adequate and are in conformity with the captioned SEBI Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Disclosure Document has not been filed with Securities & Exchange Board of India (SEBI). The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Bonds being made on private placement basis, filing of this document is not required with SEBI, however SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this document.

DISCLAIMER OF THE ISSUER

The Issuer confirms that the information contained in this Disclosure Document is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Issuer has been made available in this Disclosure Document for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner, whatsoever. IFCI accepts no responsibility for statements made otherwise than in this Disclosure Document or any other material issued by or at the instance of the Issue and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

DISCLAIMER OF THE LEAD ARRANGERS TO THE ISSUE

It is advised that the issuer has exercised self due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Lead Arrangers in the assignment is confined to marketing and placement of the bonds on the basis of this Disclosure Document as prepared by the Company. The Lead Arrangers have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Lead Arrangers shall use this document for the purpose of soliciting subscription from qualified institutional investors in the bonds to be issued by the Company on private placement basis. It is to be distinctly understood that the aforesaid use of this document by the Lead Arrangers should not in any way be deemed or construed that the document has been prepared, cleared, approved or vetted by the Lead Arrangers; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Company. The Lead Arrangers or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document.

DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Disclosure Document has been submitted to the Bombay Stock Exchange Ltd. (hereinafter referred to as "BSE") for hosting the same on its website. It is to be distinctly understood that such submission of the document with BSE or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

III. NAME AND ADDRESS OF REGISTERED & CORPORATE OFFICE OF THE ISSUER

Name of the Issuer	:	IFCI Ltd.
Registered & Corporate Office	:	IFCI Tower, 61, Nehru Place, New Delhi – 110019
Tel. No.	:	(011) 26487444
Fax No.	:	(011) 26230029
Website	:	www.ifcilttd.com
E-mail	:	helpdesk@ifcilttd.com

IV. BOARD OF DIRECTORS OF THE ISSUER

The composition of the Board of Directors of the Company (as on March 31, 2010) stood as under:

Name	Designation	Address
Shri Prakash P Mallya	Non-Executive Chairman	No.46, Pratosh, 2nd Cross, Bannerghatta Road Panduranganagar, Bangalore-560076
Shri Atul Kumar Rai	Chief Executive Officer and Managing Director	IFCI Limited, IFCI Tower 61, Nehru Place New Delhi – 110 019
Shri P. G. Murlidharan	Independent Director	Lavanya, VH-52, Vikramapuram Hill Kuravankonam, Trivandrum – 695003
Shri K. V. Eapen	Director (Nominated by Govt. of India)	Department of Financial Services Ministry of Finance, Jeevan Deep Parliament Street New Delhi – 110 001
Shri Sanjeev Kumar Jindal	Director (Nominated by Govt. of India)	Department of Financial Services Ministry of Finance, Jeevan Deep Parliament Street New Delhi – 110 001
Smt. Usha Sangwan	Director (Executive Director, Life Insurance Corporation of India)	Central Office, Yogakshema Jeevan Bima Marg P.O. Box No 19953 Mumbai – 400021
Prof. Shobhit Mahajan	Independent Director	780, Sector-4, Urban Estate Gurgaon - 122001
Shri Tejinder Singh Laschar	Independent Director	C-287, 1st Floor, Defence Colony New Delhi – 110024
Shri K. Raghuraman	Independent Director	B-1, 1st Floor, Green Park Extension New Delhi-110016
Shri S. Shabbeer Pasha	Independent Director	Chartered Accountant, 96/8, Al-Ameen Apartments First Cross, South End Road Bangalore-560004
Shri Sujit K. Mandal	Whole Time Director	IFCI Ltd., IFCI Tower 61, Nehru Place New Delhi – 110 019

V. A BRIEF SUMMARY OF BUSINESS/ACTIVITIES OF THE ISSUER

Background

IFCI was established in the year 1948 by an Act of Parliament to provide institutional finance for industrial development in the country. It was subsequently corporatized in July 1993. Its lending policies over the last 60 years of operations sought to achieve the primary objective of providing medium and long term assistance to the industrial sector and to fulfill the overall goal of industrial development in the country, while remaining initially within the limits of provisions of the Industrial Finance Corporation Act 1948 and after incorporation as a company, doing business as set out in the Memorandum and Articles of Association of the IFCI Limited. Since its inception, IFCI has been meeting the changing requirements of the clients through various schemes and financial products.

As the first development financial institution of India, IFCI has been instrumental in development of industry in the country in the immediate post-independence period when the Indian capital market was not developed and banks were not in a position to provide long term assistance. Initially, the funding of its resources was from Reserve Bank of India, Government of India, Bonds guaranteed by Government of India and from international multilateral agencies. Post-corporatization, the resources are being mobilized from the market through equity, bonds and loans. IFCI, at present, is a non-banking financial company as per the Reserve Bank of India Act, 1949. IFCI is also a notified public financial institution under Section 4A of the Companies Act, 1956. The management of its affairs is vested with the Board of Directors, the day to day operations being carried out by a pool of experienced professionals under the immediate supervision of the Chief Executive Officer and Managing Director.

Main Objects

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

- To take over the Assets/Liabilities, rights, powers, authorities and privileges, business and functions of Industrial Finance Corporation of India, established under Industrial Finance Corporation Act, 1948.
- To carry on the business of assisting enterprises in industrial and services sectors.
- To provide financial assistance in the form of Short, Medium or Long Term Loans or Working Capital facilities or Equity Participation, individually or in syndicates and in any form/scheme as may be deemed expedient.
- To subscribe to or purchase, underwrite, invest in and acquire and hold and sell, dispose of shares, stocks, debentures or any other instruments.
- To carry on the business of leasing and hire purchase finance company.
- To borrow or raise moneys by way of loans or otherwise both in rupees and foreign currencies or secure the payment of money by the issue, sale of debentures, stock, bonds, obligations, mortgages and securities of all kinds.
- To receive/invest moneys on deposit on such terms and conditions as may be deemed expedient in the interest of the Company.
- To draw, make, accept, endorse, discount, rediscount, negotiate, execute and issue of bills of exchange, promissory notes and other negotiable or transferable instruments.
- To provide consultancy and merchant banking services in or outside India.
- To perform and undertake activities pertaining to warehousing, bill marketing, factoring, custodial services and related fields.
- To carry on the business of Depository Participants and provide related services.
- To set up Trusts, under the Indian Trust Act for establishment of mutual funds, venture capital funds and funds of any kind and to carry on and to provide related services.
- To deal, transact, undertake, buy, sell foreign currencies as an authorized (Foreign Exchange) Dealer.

Present Business Activities:

Though started as a term lending institution, IFCI has diversified to many other activities over the period and provides a wide range of services to industry in the areas of both fund based and fee based services. Its products and services include:

- **Project Finance**, which includes financial assistance to industrial and service concerns for their new projects as also for expansion, diversification and modernization schemes, underwriting, direct subscription to equity, senior debt financing in the form of loans, debentures, securitized debts, mezzanine products, including subordinated debt and preference capital and equity financing through unlisted equity;
- **Corporate Loans**, including short term loans for working capital, capital expenditure and general corporate expenditure purposes;
- **Project Development**, which includes project conceptualization and participation in the development of a project as a co-promoter or financial investor, in consortium with other financiers with an objective to exit the project in a definite time frame after implementation, with the desired return:

- **Principal Investments**, which includes equity investments made by the company with a view to earning non-interest income;
- **Resolution of Non-Performing Assets**, including acquisition of non-performing assets from other banks and institutions with a view to leveraging the expertise developed in course of its business in resolution of such assets;
- **Financial Services**, comprising debt and equity syndication, structured finance;
- **Project and Corporate Advisory Services**, which include investment appraisal, business asset valuation, privatization and PSU disinvestment, advice on mergers & joint ventures, buy/sell advisory, legal advisory, capital structuring, study of techno-economic feasibility, IPO monitoring, financial analysis and modeling as well as advisory services to state and central governments. IFCI has provided these services to reputed corporates like SAIL, BHEL, BEML, ONGC, GAIL, Neelachal Ispat, Inland Waterways Authority, ITPO, Air India, Uttaranchal Jal Vidyut Nigam, Tata Steel, Indian Hotels Ltd., Omaxe Ltd and various governments like Government of India, Government of Uttar Pradesh and Government of Rajasthan; and
- **Other Fee Based Services**, which include managing the disbursement of funds from the Sugar Development Fund of Government of India to the eligible sugar manufacturing companies and recovery from such companies and financial appraisal of such companies' sugar projects on management fee basis.

Subsidiaries and Associates

During the course of its existence, IFCI has established various subsidiaries as an extension of its business and many other organizations of national and social importance. Recently, tangible steps have been taken for reorientation and growth of these subsidiaries viz., IFCI Venture Capital Fund (IVCF), IFCI Financial Services Ltd. (IFIN), IFCI Infrastructure Development Ltd. (IIDL) and IFCI Factors Ltd. (previously Foremost Factors Ltd.). These entities, managed by professional Boards, have tremendous potential for growth and have shown remarkable progress in the immediate past year. IFCI has also promoted some of the specialized institutions like Management Development Institute (MDI), Information & Credit Rating Agency of India Ltd. (ICRA), Asset Care Enterprise Ltd. (ACE), Institute of Leadership Development (previously known as Institute of Labour Development), Tourism Finance Corporation of India Ltd. (TFCI). IFCI has also taken part in establishment of national institutions like Securities Trading Corporation of India Ltd. (STCI), LIC Housing Finance Ltd., GIC Housing Finance Ltd., Entrepreneurship Development Institute of India (EDII) and various Technical Consultancy Organizations (TCOs), Stock Holding Corporation of India Ltd., National Stock Exchange of India Ltd., OTC Exchange of India, Biotech Consortium India Ltd., A B Home Finance Ltd. and continues to hold stakes in these organizations.

VI. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

Brief History

IFCI was established in the year 1948 as the Industrial Finance Corporation of India, as a statutory corporation, under the Industrial Finance Corporation Act, 1948. It became a company under the Companies Act, 1956 in the year 1993 after passing of the Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993 by the parliament of India. By virtue of this Repeal Act, the tax benefits, available to it under the Income Tax Act and Rules, as a statutory corporation, have been made available to it even after becoming a company. Subsequently, during the year 2001, its name was changed to IFCI Limited and an amended certificate of incorporation was obtained from the Registrar of Companies, Delhi & Haryana. It was registered as a non-banking financial company with RBI during the year 1998, but was exempted from most of the regulatory guidelines for non-banking financial companies, being regulated as a financial institution. From August 2007 onwards, it is being regulated as a non-banking financial company.

Major events including Capital Restructuring

Share Capital: IFCI started its operations with an initial equity share capital of Rs.5 crore in 1948-49. The share capital was gradually increased to Rs.10 crore by 1973 and Rs.202.50 crore by June 1993. After incorporation as a company, IFCI came out with its public issue in December 1993 and its equity capital stood at Rs.339.07 crore as at the end of March 1994. Subsequently, through a rights issue in the year 2000-01, its equity share capital was increased to Rs.638.67 crore. During the year 2007-08, a major portion of the Zero Coupon Convertible Debentures was converted into equity shares of IFCI through exercise of the option by the holders and the equity share capital increased to Rs.737.84 crore as on December 31, 2009. The preference share capital, issued during the years from 1997-98 to 2000-01, stood at Rs.263.84 crore as on December 31, 2009.

With the formation of IDBI in 1964, the shares of IFCI, originally subscribed by the Government of India and Reserve Bank of India, were transferred to IDBI and the stake of IDBI was increased to 50% subsequently through additional acquisition. However, with initial public issue, the shareholding pattern became diversified with the general public holding a substantial portion. The shareholding pattern, as on March 31, 2010 is as under:

Particulars	Mar 31, 2010 (%)	Dec 31, 2009 (%)
Banks, Financial Institutions, Insurance Companies, Mutual Funds & UTI	32.28	32.68
Bodies Corporate	12.80	14.32
Foreign Institutional Investors	13.02	12.99
Others – Public	41.90	40.01

Restructuring of Liabilities

As a development financial institution, a major portion of the financial assistance of IFCI was being made to Greenfield projects and to the projects in underdeveloped states. With the industrial liberalization and globalization through economic reforms, many Indian industries became uncompetitive. The industrial recession during the 1990s made many of the large projects financed by IFCI un-viable and non-performing assets. This affected its profitability and liquidity, which necessitated restructuring of IFCI's liabilities for the first time in its five decade history. With the cooperation from all classes of investors, the liabilities were successfully restructured. With this and the financial support of Rs.2,932 crore from the Government of India, the company turned around and started earning operational profit from the year 2004-05 and net profit from the year 2006-07 onwards.

Operational Performance

The salient features of operational performance of IFCI during the last four years till 2008-09 and nine months period of the year 2009-10 are stated below:

Performance indicators (for year ended/ as on)	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Operational Income	1,657	1,402	1,963	1,990	1,646
Other Income	22	83	149	57	33
Total Income	1,679	1,485	2,112	2,047	1,679
Profit After Tax	671	657	1,021	898	(74)
Shareholders' Funds*	3,415	3,174	2,675	446	(3490)
Loan Funds	13,562	9,674	10,223	12,924	13,678
Debt Equity Ratio (times)	3.97	2.72	3.19	13.06	Negative
Capital Adequacy Ratio (%)	17.86	20.19	17.40	14.04	Negative
Net NPA to Net Advances (%)	0.50	0.00	0.00	0.00	9.13

*excluding revaluation reserve and including Preference capital.

Details of Borrowings (Rs. Crores)

Particulars	As on March 31,2010	As on Dec 31,2009
Optionally Convertible Debentures	400.00	400.00
Non-Convertible Debentures	818.19	818.19
Bonds	7045.88	6951.54
Term Loans	4614.98	3148.00
Others	148.94	217.81
Foreign Currency Borrowings	534.19	592.20
Total	13562.18	12127.74

VII. SUMMARY TERM SHEET

Issuer	IFCI Ltd.
Issue Size	Rs. 500 crore
Issue Objects	Augmenting the long-term rupee resources for carrying out financing activities
Instrument	Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory Notes ("Bonds")
Placement Mode	On private placement basis to all eligible investors
Issuance/ Trading	In Dematerialized Form
Credit Rating	"BWR AA-" by BRICKWORK
Security	Unsecured
Face Value	Rs. 10,00,000/- per Bond
Issue Price	At par (Rs. 10,00,000/- per Bond)
Redemption Price	At par (Rs. 10,00,000/- per Bond)
Minimum Subscription	1 Bond and in multiples of 1 Bond thereafter
Tenure	20 Years
Put Option	None
Call Option	None
Redemption/ Maturity	At par at the end of 20th Year from the Deemed Date of Allotment
Redemption Date	July 16, 2030
Coupon Rate *	9.75% p.a.
Interest Payment	Annual
Interest Payment Date	On July 16, every year
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of the Bombay Stock Exchange Ltd. (BSE)
Trustee	Axis Trustee Services Ltd.
Depository	National Securities Depository Ltd. and Central Depository Services (India) Ltd.
Registrars	Link Intime India Pvt. Ltd.
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through RTGS/ ECS system
Mode of Subscription	Cheque(s)/ demand draft(s) may be drawn in favour of "IFCI Ltd." and crossed " Account Payee Only " payable at par at designated centers mentioned elsewhere in the Disclosure Document or by way of electronic transfer of funds through RTGS mechanism for credit in the Current A/c No. "00030350002631" of " HDFC Bank Ltd. " IFSC Code: " HDFC0000003 "
Interest on Application Money	At the coupon rate (i.e. @ 9.75% p.a.) from the date of realization of cheque(s)/ demand draft(s)/ RTGS upto one day prior to the Deemed Date of Allotment
Issue Opens on	July 14, 2010
Issue Closes on	July 16, 2010
Deemed Date of Allotment	July 16, 2010
Day Count Basis	"Actual/ 365 (366 in case of a leap year) days" basis
Issue of Bonds	The Issuer will issue the Bonds/ Letters of Allotment in dematerialized form within two business days from the Deemed Date of Allotment

VIII. TERMS OF OFFER (DETAILS OF SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)

PRIVATE PLACEMENT OF UNSECURED REDEEMABLE NON-CONVERTIBLE TAXABLE BONDS IN THE NATURE OF PROMISSORY NOTES (SERIES-54) OF RS. 10 LAKH EACH FOR CASH AT PAR AGGREGATING TO RS. 500 crore

Issue size

IFCI Ltd. (the 'Issuer' or the "Company") proposes to raise Rs. 500 crore through issue of Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory Notes (hereinafter referred to as "Bonds") of face value of Rs. 10,00,000/- each by way of private placement ('the Issue').

Registration and Government Approvals

The Company can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

Authority for the Placement

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors of the Company, passed at its meeting held on April 30, 2010 and the delegation provided there under. The current issue of bonds is within the overall borrowings limits set out in resolution passed under section 293(1)(d) of the Companies Act, 1956. The Company can issue the bonds proposed by it in view of the present approvals and no further approvals in general from any Government Authority are required by it to undertake the proposed activity.

Objects of the Issue

The current issue of bonds is being made for augmenting the long-term rupee resources for carrying out financing activities of the Company. The Main Object Clause of the Company as contained in its Memorandum of Association and Articles of Association enables it to undertake the activities for which the funds are being raised in the present issue. Also, the main objects of the Company as contained therein, adequately cover its existing and proposed activities.

Utilisation of the Issue Proceeds

The Company is managed by professionals under the supervision of its Board of Directors. Further, the Company is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. Therefore, the management shall ensure that the funds raised via this private placement shall be utilized only towards satisfactory fulfilment of the Objects of the Issue.

Nature of Bonds

The Bonds are Unsecured Redeemable Non-Convertible and Taxable Bonds (Series-54) in the nature of Promissory Notes.

Status of Bondholders

These Bonds will constitute direct and unsecured unsubordinated obligation of the Issuer, ranking pari passu, without any preference or priority amongst themselves in any manner, with all other present and future unsecured and unsubordinated indebtedness (other than that preferred by law).

Face Value, Issue Price, Effective Yield for Investor

Each Bond has a face value of Rs. 10,00,000/- and is issued as well as redeemable at par i.e. for Rs. 10,00,000/-. Since there is no premium or discount on issue price or redemption price of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the Bonds.

Terms of Payment

The full face value of the Bonds applied for is to be paid alongwith the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s)/ RTGS for the full face value of the Bonds applied for.

Face Value per Bond	Minimum Application for	Amount Payable on Application per Bond
Rs. 10,00,000/-	1 Bond and in multiples of 1 Bond thereafter	Rs. 10,00,000/-

Deemed Date of Allotment

Interest on Bonds shall accrue to the Bondholder(s) from and including July 16, 2010, which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Company reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case if the issue closing date is changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

Letter(s) of Allotment/ Bond Certificate(s)/ Refund Order(s) Issue of Letter(s) of Allotment

The beneficiary account of the investor(s) with National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL)/ Depository Participant will be given initial credit within 2 working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment.

Issue of Bond Certificate(s)

Subject to the completion of all statutory formalities within 3 months from the Deemed Date of Allotment, or such extended period as may be approved by the appropriate authority(ies), the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof.

Depository Arrangements

The Company has appointed “**Link Intime India Pvt Ltd.**” (hereinafter referred to as the ‘Registrars’/ ‘RTA’) [Address: A-40, 2nd Floor, Naraina Industrial Area, Phase -11, Near Batra Banquet Hall, New Delhi -110028 Tel: (011) 41410592/93/94; Fax: +91-11-41410591; E-mail: swapann@linktime.co.in] as Registrars & Transfer Agent for the present Bond Issue. The Company shall make necessary depository arrangements with National Securities Depository Ltd. (“NSDL”) and Central Depository Services (India) Ltd. (“CDSL”) for issue and holding of Bonds in dematerialised form.

Investors can hold the bonds only in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

Procedure for applying for Demat Facility

- The applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
- The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant’s ID) appearing in the Application Form under the heading ‘Details for Issue of Bonds in Electronic/ Dematerialised Form’.
- Bonds allotted to an applicant will be credited directly to the applicant’s respective Beneficiary Account(s) with the DP.
- For subscribing the bonds, 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.
- The Registrars to the Issue will directly send non-transferable allotment advice/refund orders to the applicant.
- If incomplete/ incorrect details are given under the heading ‘Details for Issue of Bonds in Electronic/ Dematerialised Form’ in the application form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Company.
- For allotment of Bonds, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.
- It may be noted that Bonds being issued in electronic form, the same can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. Bombay Stock Exchange Ltd. where the Bonds of the Company are proposed to be listed has connectivity with NSDL and CDSL.
- Interest or other benefits would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to the Company as on Record Date/ Book Closure Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ Book Closure Date, the Company would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Investors may note that pursuant to current provisions, the Bonds of the Company would be issued and traded only in dematerialised form.

Market Lot

The market lot will be one Bond (“Market Lot”). Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

Trading of Bonds

The marketable lot for the purpose of trading of Bonds shall be Rs.10 lakhs. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs.10 lakhs and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nation wide trading terminal or such other platform as may be specified by SEBI.

Mode of Transfer of Bonds

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

Applications by Provident Funds, Superannuation Funds and Gratuity Funds

As per Notification No. F.No. 5(88)/2006-PR. dated August 14, 2008 issued by Department of Economic Affairs, Ministry of Finance, Provident Funds, Superannuation Funds and Gratuity Funds can invest upto 40% of their corpus/ funds in bonds of not less than three years tenure issued by Public Financial Institutions as specified u/s 4A of the Companies Act, 1956 provided that the Bonds have an investment grade rating from at least one credit rating agency.

IFCI is notified as a 'Public Financial Institution' u/s 4A of the Companies Act, 1956 and the current bonds being issued by IFCI are rated "BWR AA-" by Brickwork and hence these bonds are eligible for investment by Provident Funds, Superannuation Funds and Gratuity Funds under 40% category.

Interest on Application Money

Interest at the coupon rate (i.e. @ 9.75% p.a.) (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961 or any statutory modification or re-enactment thereof) will be paid on application money to the applicants. Such interest shall be calculated from the date of realization of cheque(s) /demand draft(s)/ RTGS upto one day prior to the Deemed Date of Allotment. Warrant for interest on application money shall be dispatched by the Company within 30 days of Deemed Date of Allotment.

Interest on the Bonds

The Bonds shall carry interest at the coupon rate (i.e. @ 9.75% p.a. payable annually) (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by the company) from, and including, July 16, 2010 upto, but excluding the date of maturity (July 16, 2030), payable in arrears on July 16, in each year (each, an "Interest Payment Date"), commencing July 16, 2011, to the holders of Bonds (the "Holders" and each, a "Holder") as of the relevant Record Date. The interest payable on any Interest Payment Date will be paid to the Bondholder(s) whose names appear in the List of Beneficial Owners given by the Depository to the Company as on the Record Date.

The first interest period is defined as the actual number of days falling between July 16, 2010 to July 16, 2011 including the first date but excluding the last date. The first interest payment would be made on July 16, 2011. The second and subsequent interest period is defined as the actual number of days in a year as 365 (366 in case of a leap year) between July 16, and July 16, including the first date but excluding the last date and so on. The last interest period is defined as the actual number of days falling between July 16, 2029 and July 16, 2030 (redemption date) including the first date but excluding the last date. The last interest payment would be made on the redemption date alongwith the redemption of principal amount.

If any interest payment day falls on a day which is not a business day (Business Day being a day on which commercial Banks are open for business in the city of New Delhi) then payment of interest will be made on next business day but without liability for making payment of interest for the delayed period.

Computation of Interest

Interest for each of the interest periods shall be calculated, on 'actual/ 365 (366 in case of a leap year) days' basis, on the face value of principal outstanding on the Bonds at the coupon rate rounded off to the nearest Rupee.

Record Date

The 'Record Date' for the Bonds shall be 30 days prior to each interest payment and/ or principal repayment date.

Deduction of Tax at source

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. The investor(s) desirous of claiming exemption from deduction of income tax at source on the interest on application money are required to submit the necessary certificate(s), in duplicate, along with the Application Form in terms of Income Tax rules. Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, at the Registered & Corporate Office of IFCI, at least 45 days before the payment becoming due. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their tax consultant(s).

Put & Call Option

Neither "Put Option" shall be available to the Bondholder(s), nor "Call Option" shall be available to the Company to redeem the Bonds prior to maturity.

Redemption

The face value of the Bonds will be redeemed at par on July 16, 2030 i.e. at the end of 20 years from the Deemed Date of Allotment. Payment on redemption will be made by way of cheque(s)/ redemption warrants(s)/ demand draft(s)/ credit through RTGS system in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to IFCI as on the Record Date/ Book Closure Date. The Bonds shall be taken as discharged on payment of the redemption amount by IFCI on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL. Such payment will be a legal discharge of the liability of IFCI towards the Bondholders. On such payment being made, IFCI shall inform NSDL/CDSL and accordingly the account of the Bondholders with NSDL/ CDSL shall be adjusted. The liability of IFCI to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further, IFCI shall not be liable to pay any interest or compensation from the date of redemption. On dispatching/ crediting, by IFCI, the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the IFCI shall stand extinguished.

Settlement/ Payment on Redemption

In line with the Simplified Listing Agreement for Debt Securities issued by SEBI vide circular No. SEBI/IMD/ BOND/1/2009/11/05 dated May 11, 2009, the IFCI shall use the services of ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) for payment of interest and redemption or repayment amounts as per applicable norms of the Reserve Bank of India.

However in case of above payment facilities being un-excisable than IFCI will make payment on redemption/ interest payment by way of cheque(s)/ redemption warrants(s)/ demand draft(s) in the name of the Bondholders whose name appear on the List of Beneficial Owners as provided by Depository as on the Record Date.

The Bonds shall be taken as discharged on payment of the redemption amount by IFCI on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant. Such payment will be a legal discharge of the liability of IFCI towards the Bondholders. On such payment being made, IFCI shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted.

IFCI's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further IFCI will not be liable to pay any interest or compensation from the date of redemption. On IFCI dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of IFCI shall stand extinguished.

Effect of holidays

Should any of dates defined above or elsewhere in the Disclosure Document, excepting the Deemed Date of Allotment, fall on a Saturday, Sunday or a Public Holiday, the next working day shall be considered as the effective date(s). In case any Interest Payment Date(s) and/or the Date(s) of Redemption falls on a holiday, interest/redemption will be paid on the next working day (i.e. a day on which scheduled commercial banks are open for business in the city of New Delhi).

List of beneficial owners

IFCI shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

Succession

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Company shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Company shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Company may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond 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 Bond was acquired by the NRI as part of the legacy left by the deceased holder.
 - b. Proof that the NRI is an Indian National or is of Indian origin.
- Such holding by the NRI will be on a non-repatriation basis.

Who can invest

- Companies, Body Corporate and Societies, PSUs, authorised to invest in Bonds.
- Provident, Superannuation, Gratuity and Pension Funds.
- Insurance Companies and Trusts authorised to invest in Bonds.
- Commercial Banks, Financial Institutions, Co-operative Banks, Regional Rural Banks
- Non-Banking Finance Companies and Residuary Non-Banking Finance Companies.
- Mutual Funds.
- Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.

All investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of bonds.

However, out of the aforesaid class of investors, eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by IFCI for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other person(s) other than professional advisors of the prospective investor receiving this Disclosure Document from IFCI.

Documents to be provided by the investors

Investors need to submit the following documents, alongwith the application form, as applicable:

1. Memorandum and Articles of Association / Documents governing constitution
2. Resolution authorising the investment
3. Certified true copy of Power of Attorney, where applicable
4. Certificate (in duplicate) issued by Income Tax Authorities - for investors seeking exemption from tax deduction at source or for deduction of tax at a lower rate on the interest on the application money and/or on interest on bonds.
5. Identification of those who have authority to operate.
6. Specimen signatures of the authorised signatories (ink signed), duly certified by an appropriate authority.

However, Mutual Funds are required to submit the following documents:

- a) The Power of Attorney (POA) / appointment authority by Mutual Fund (MF), as the case may be in favour of Asset Management Company (AMC), delegating the power to invest the funds on behalf of Mutual Fund.
- b) SEBI's registration certificate of Mutual Fund.
- c) Copy of the resolution / authority authorising officers to invest / buy PSU bonds by AMC.
- d) Certificate from AMC stating that the scheme for which investment is made is an approved scheme of the Mutual Fund.
- e) POA / appointment authority in favour of Custodian by Mutual Fund, if any.
- f) Resolution of the managing body of the foundation/association.
- g) PAN (otherwise exemption certificate issued by IT authorities).

Applications under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be alongwith the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged alongwith the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Company or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Company from time to time through a suitable communication.

Mode of payment

The application money has to be paid by way of local demand draft(s)/ cheque(s) drawn in favour of "IFCI Ltd." and crossed "Account Payee Only" payable at designated centres mention elsewhere in the Disclosure Document or by way of electronic transfer of funds through Real Time Gross Settlement (RTGS) mechanism for credit in the Current A/c No. "00030400002631" of "HDFC Bank Ltd." IFSC Code: "HDFC0000003".

Force Majeure

The Company reserves the right to withdraw the issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. The Company reserves the right to change the issue schedule.

Rights of bondholders

The Bondholders will not be entitled to any other rights and privileges of shareholders other than those available to, them under statutory provisions. The Bonds shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meetings of the Company. The principal amount and interest on the Bonds will be paid to the holder only, or in the case of joint holders, to the one whose name appears first.

Modification of rights

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourths of the outstanding amount of the Bonds or with the sanction accorded pursuant to a special resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against IFCI where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Company.

Future Borrowings

The Company shall be entitled, from time to time, to make further issue of Bonds and/or debentures to the Members of the Company and/or to any other person(s) and/or to raise further loans, advances and/or avail of further financial and/or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its assets without any further approval from the Bondholders.

Notices

The notices to the Bondholder(s) required to be given by the Company shall be deemed to have been given if sent by ordinary post to the original sole/first allottee(s)/registered holder(s) of the Bonds or if notification and mandate has been received by the company, pursuant to provisions contained hereinabove, to the sole/first transferee(s) or if an advertisement is given in one English and one Hindi language daily national newspaper at Delhi.

All notices to be given by the Bondholder(s) shall be sent by registered post or by hand delivery to the Company or to such persons at such address as may be notified by the Company from time to time.

Permanent Account Number (PAN)

All applicants should mention their Permanent Account Numbers (PAN) allotted under Income Tax Act, 1961. Otherwise exemption certificate issued by Income Tax authorities for non-deduction of tax at source shall be furnished.

Fictitious Applications

In terms of the Section 68 A of the Companies Act, 1956, any person who makes, in a fictitious name, an application to a body corporate for acquiring, or subscribing to the bonds, or otherwise induced a body corporate to allot, or register any transfer of, bonds therein to them, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to 5 years.

Rejection of applications

An application, which is not completed in all respects, may be rejected. The various reasons for rejection could be, but not limited to the following:

- Incomplete or illegible applications
- Number of Bonds applied for is less than the minimum required number
- No information about PAN / GIR etc.

Interest on application money shall not be payable in respect of those applications which are rejected.

Disputes & Governing Law

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the exclusive jurisdiction of the Courts of Delhi.

COMPLIANCE OFFICER

Mr. Gopal Singh
 Senior AVP
 Resources Department
 15th Floor, IFCI Towers
 IFCI Ltd,
 61, Nehru Place,
 New Delhi -110019.
 Tel: 011-41732435.
 Fax: 91-11-26230029
 E-mail: gopal.singh@ifcilt.com
 Website: www.ifcilt.com

The investors can contact the Compliance Officer in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc.

REGISTRAR TO THE ISSUE

Link Intime India Pvt. Ltd.
 A-40, 2nd Floor
 Naraina Industrial Area, Phase -11
 Near Batra Banquet Hall
 New Delhi -110028
 Tel: (011) 41410592/93/94
 Fax: 91-11-41410591
 E-mail: swapann@linktime.co.in

LEAD ARRANGERS TO THE ISSUE (in alphabetic order)


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 Tel: (011) 41514666
 Fax: 91-11-41514665



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AXIS Bank Limited

13th Floor,
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 Cuffe Parade,
 Colaba, Mumbai – 400005
 Tel: 022 - 67071300
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www.bnkcapital.com
BNK Securities Pvt. Ltd.
 10th Floor,
 1022, Hemkunt Chamber
 Nehru Place,
 New Delhi-110019
 Ph: (011) 46696003-06



Religare Capital Markets Ltd.
 Registered Office:
 D3, P3B, District Center, Saket
 New –Delhi – 110017
 011-39125000


TRUST INVESTMENT ADVISORS PVT. LTD.

109/110, Balrama, 1st
Bandra Kurla Complex,
Bandra (East), Mumbai – 400051.
Tel No. – 022-40845000

IX. CREDIT RATING & RATIONALE THEREOF

Brickwork Ratings India (P) Ltd. (“**BRICKWORK**”) has assigned credit rating of “**BWR AA-**” (Pronounced as BWR Double A Minus) for existing and proposed Bonds of the Company aggregating to Rs. 10,000 crore vide its letter dated July 24, 2009. Instruments with this rating are considered to offer High Credit Quality in terms of timely servicing of debt obligations. A copy of rating letter and press release from BRICKWORK is enclosed elsewhere in this Disclosure Document.

The above rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency. The rating obtained is subject to revision at any point of time in the future. The rating agency has the right to suspend, withdraw the rating at any time on the basis of new information etc.

X. NAME OF DEBENTURE TRUSTEE

In accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, the Company has appointed Axis Trustee Services Ltd. to act as Trustees (“Trustees”) for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

TRUSTEE FOR THE BONDHOLDERS

Axis Trustee Services Ltd.

Makers Towers, F Wing
6th Floor, Cuffe Parade
Colaba
Mumbai - 400005
Tel: (022) 67072041
Fax: 91-22-22182574
E-mail: neesh.baheti@axis.com

A copy of letter from Axis Trustee Services Ltd. conveying their consent to act as Trustee for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

The Company hereby undertakes that it shall sign a Trustee Agreement as per applicable provisions. The Trustee Agreement shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of the holder(s) of the Debentures, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or Debenture holders for loss or damage caused by their act of negligence or commission or omission.

The Debenture holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Debentures. Any payment made by the Company to the Trustees on behalf of the Debenture holder(s) shall discharge the Company pro tanto to the Debenture holder(s). The Trustees shall protect the interest of the Debenture holders in the event of default by the Company in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No Debenture holder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so.

XI. STOCK EXCHANGE WHERE SECURITIES ARE PROPOSED TO BE LISTED

The Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory Notes are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the **Bombay Stock Exchange Ltd. ("BSE")**. The Company shall apply for in-principle approval from the BSE for listing of said Bonds on its Wholesale Debt Market (WDM) Segment. The Company shall make an application to the BSE to list the Bonds to be issued and allotted under this Disclosure Document and complete all the formalities relating to listing of the Bonds within reasonable time. In connection with listing of Bonds with BSE, the Company hereby undertakes that:

- (a) It shall comply with conditions of listing of Bonds as may be specified in the Listing Agreement with BSE.
- (b) Rating obtained by the Company shall be periodically reviewed by the credit rating agency and any revision in the rating shall be promptly disclosed by the Company to BSE.
- (c) Any change in rating shall be promptly disseminated to the holder(s) of the Bonds in such manner as BSE may determine from time to time.
- (d) The Company, the Trustees and BSE shall disseminate all information and reports on Bonds including compliance reports filed by the Company and the Trustees regarding the Bonds to the holder(s) of Bonds and the general public by placing them on their websites.

XII. DETAILS OF OTHER BORROWINGS (DETAILS DEBT SECURITIES ISSUED IN THE PAST, PARTICULARS OF DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH OR AT A PREMIUM OR DISCOUNT OR IN PURSUANCE OF AN OPTION, HIGHEST TEN HOLDERS OF EACH CLASS OR KIND OF SECURITIES, DEBT EQUITY RATIO)

1. DETAILS OF BORROWINGS (as on March 31, 2010)

Particulars	As on March 31,2010*	Amount (Rs. in crore)
Optionally Convertible Debentures	400.00	400.00
Non-Convertible Debentures	818.19	818.19
Bonds	7045.88	6951.54
Term Loans	4614.98	3148.00
Others	148.94	217.81
Foreign Currency Borrowings	534.19	592.20
Total	13562.18	12127.74

* Unaudited

2. HIGHEST TEN HOLDERS OF SECURITIES

A. Equity Shareholders (as on March 31, 2010)

Sr No	Name of the Shareholder	No. of shares	%
1	Life Insurance Corporation of India	61944644	8.39
2	General Insurance Corporation of India	16644581	2.26
3	Punjab National Bank	13694905	1.86
4	Barclays Capital Mauritius Ltd	12560720	1.70
5	Central Bank of India	11149326	1.51
6	BNP Paribas Arbitrage	11032000	1.50
7	Canara Bank	10339988	1.40
8	The Oriental Insurance Company Ltd.	10245438	1.39
9	Societe Generale	10212480	1.38
10	GMO Emerging Markets Fund	9423210	1.28
TOTAL		167247292	22.67

B. Preference Shareholders (as on March 31, 2010)

Sr No	Name of the Shareholder	Amount (Rs)	%
1	State Bank of India	800000000	23.13
2	Punjab National Bank	770000000	22.26
3	Oriental Bank of Commerce	406612000	11.76
4	Canara Bank	282646000	8.17
5	Union Bank of India	141322000	4.09
6	LIC Housing Finance Ltd	105000000	3.04
7	Bajaj Holdings and Investment Limited	103306000	2.99
8	Andhra Bank	90000000	2.60
9	Housing Development Finance Corporation	82644500	2.39
10	IDBI Bank Limited	75000000	2.17
TOTAL		2856530500	82.60

C. Bonds (as on March 31, 2010)

Sr No	Name of the Bondholder	Amount (Rs)(Crores)	%
1	Life Insurance Corporation of India	843.38	11.97
2	State Bank of India	615.15	8.73
3	Central Board of Trustees - EPFO	757.05	10.74
4	Bank of Baroda	434.78	6.17
5	Punjab National Bank	316.97	4.50
6	Central Bank of India	283.23	4.02
7	UCO Bank	258.76	3.67
8	Canara Bank	210.01	2.98
9	Bank of India	166.17	2.36
10	Oriental Bank of Commerce	115.33	1.64
TOTAL		4000.83	56.78

D. Debentures (as on March 31, 2010)

Sr No	Name of the Debenture holder	Amount (Rs)	%
1	Government of India	400.00	32.84
2	Life Insurance Corporation of India	618.19	50.75
3	State Bank of India	200.00	16.42
TOTAL		1218.19	100.00

3. DEBT EQUITY RATIO

As on	Debt Equity Ratio (times)
March 31, 2009	2.72
September 30, 2009	3.19
December 31, 2009	3.21
March 31, 2010	3.97

4. PARTICULARS OF DEBT SECURITIES ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION

The Company confirms that other than and to the extent mentioned elsewhere in this Disclosure Document, it has not issued any debt securities or agreed to issue any debt securities for consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

XIII. SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES AND OTHER BORROWINGS

The payment of interest and repayment of principal is being done in a timely manner on the respective due dates.

XIV. UNDERTAKING REGARDING COMMON FORM OF TRANSFER

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Company.

The Company undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Disclosure Document.

XV. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

The Company hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/ continue to invest in the debt securities of the Company.

XVI. INVESTOR RELATIONS AND GRIEVANCES REDRESSAL

Arrangements have been made to redress investor grievances expeditiously as far as possible. IFCI endeavours to resolve the investors' grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of bonds applied for, amount paid on application and place where the application was submitted, may be addressed to the Resources Department at the Registered & Corporate Office of IFCI.

XVII. PERMISSION/ CONSENT FROM PRIOR CREDITORS

The Company hereby confirms that it is entitled to raise money through current issue of Bonds without the consent/ permission/ approval from the Bondholders/ Trustees/ Lenders/ other creditors of the Company. Further the Bonds proposed to be issued under the terms of this Disclosure Document being unsecured and subordinated in nature, there is no requirement for obtaining permission/ consent from the prior creditors for creating second or pari passu charge in favor of Trustees.

XVIII. MATERIAL CONTRACTS, AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

Copies of the documents, referred to below, shall be available for inspection at the Registered & Corporate Office of IFCI between 10:00 a.m. to 12:00 noon on any working day until the issue closing date:

- a) The Industrial Finance Corporation (Transfer of Undertaking and Repeal) Act, 1993.
- b) Memorandum and Articles of Association of the Company.
- c) Certificate of incorporation dated May 21, 1993.
- d) Fresh Certificate of incorporation dated October 27, 1999, upon change of name.
- e) Certified copy of the resolution of the shareholders passed at the Annual General Meeting held on September 30, 1998, authorizing the Board of Directors of the Company of borrowing powers under section 293(1)(d) of the Companies Act, 1956.
- f) Annual reports of the Company for the financial years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and certified copy of the audited financial statements for the period of 9 months ended December 31, 2009.

A. MATERIAL CONTRACTS

- a. Copy of letter appointing Link Intime India Pvt. Ltd. as Registrar and Transfer Agents.
- b. Copy of letter appointing Axis Trustee Services Ltd. as Trustees to the Bondholders.

B. DOCUMENTS

- a. Board Resolution dated April 30, 2010 authorizing the issue of Bonds offered under terms of this Disclosure Document.
- b. Consent from the Trustees to the Bondholders and Registrars to the Issue referred to in this Disclosure Document to act in their respective capacities.
- c. Copy of application made to BSE for grant of in-principle approval for listing of Bonds.
- d. Letter from Brickwork Ratings India (P) Ltd conveying the credit rating for the Bonds of the Company.
- e. Tripartite Agreement between the Company, NSDL and Link Intime India Pvt. Ltd. for issue of Bonds in dematerialised form.
- f. Tripartite Agreement between the Company, CDSL and Link Intime India Pvt. Ltd. for issue of Bonds in dematerialised form

XIX. DECLARATION

It is hereby declared that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008.

The Company also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Disclosure Document also does not contain any false or misleading statement.

The Company accepts no responsibility for the statement made otherwise than in the Disclosure Document or in any other material issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed in pursuance of internal authority granted.

for IFCI Ltd.

 (Authorized Signatory)



Place: New Delhi
 Date: July 13, 2010



July 24th, 2009

Mr. Atul Kumar Rai
Chief Executive Officer & Managing Director
IFCI Ltd
New Delhi – 110 019

Dear Sir,

Sub: Rating Long term Borrowings including existing & proposed Upto Rs 10,000 Crs (Rs Ten Thousand Crores Only).

Thank you for giving us an opportunity to undertake Rating Long term Borrowings Upto Rs 10,000 Crs of IFCI Ltd. Based on the information provided by you, as well as available in public sources, the matter had been placed before our External rating committee.

We are pleased to inform you that IFCI Ltd Long term Borrowings Issue has been assigned **BWR AA - (Pronounced Double A Minus) (Outlook:Stable)** rating. Instruments with this rating are considered to offer High credit quality in terms of timely servicing of debt obligations.

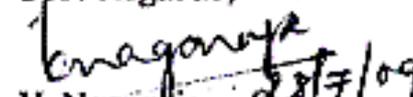
Brickwork rating model, has, interalia, factored ownership, capital adequacy, asset quality, earnings quality & management quality in rating the instruments.

The rating is valid for a year from date of assignment. Brickwork would conduct surveillance every year and would need any significant information that may affect bank's finances without any delay. The above rating is subject to terms and conditions that were agreed in your correspondence / mandate including that of July 25th 2009.

Kindly let us have your acceptance for the above rating. Should you need any clarification please call us.

Please furnish the details of your borrowing programme under the above issue.

Best Regards,


V. Nagaraja 28/7/09
Head - Rating Administration

Brickwork Ratings India Pvt. Ltd.

Corporate Office: #55, 1st Main Road, J P Nagar III Phase, Bangalore – 560 078

Phone: +91 80 4040 9940, 1-860-425-BRIC Fax: +91 80 26593673

www.brickworkratings.com

Press Release

Brickwork Ratings assigns "BWR AA-" for IFCI Limited's existing and proposed Bonds Issue of INR 10,000 crores or INR 100 billion

Basic Rating: BWR AA-

Outlook: Stable

Brickwork Ratings has assigned BWR AA- (Pronounced BWR Double A Minus) for IFCI Limited's existing and proposed Bonds Issue of INR 10,000 crores or INR 100 billion. Brickwork Ratings' 'BWR AA-' stands for an instrument that is considered to offer **HIGH** credit quality in terms of timely servicing of principal and interest obligations. The rating factored growth in sanctions and disbursement of loans, reduction in NPAs through effective recovery measures, comfortable capital adequacy, and initiatives being taken by the management to improve performance and leverage on its core competency.

Industrial Finance Corporation of India (IFCI) was established in 1948, by the Central Government as the first Development Financial Institution in the country to provide medium and long-term financial assistance to the industrial sector. IFCI was incorporated as a limited company in the year 1993 and was renamed as IFCI Ltd through repeal of the Industrial Finance Corporation Act. The company is essentially involved in project financing but also provides other financial, leasing, and merchant banking services. IFCI provides medium term and long-term financial support to all segments of the Indian industry.

Performance

IFCI earned a net profit in the year 2006-07 after a gap of about seven years. It has maintained the profitability trend since then. Total income in the year FY09 was Rs 1484 Crores. However, it has declined from Rs 2111 Crores in FY08. IFCI had registered net profit of Rs 898 Crores in the year 2006-07 as substantial income and consequent profits were generated through sale of shares and recoveries from NPAs. During the financial year 2007-08, IFCI had entered secondary equity market and generated large amounts of profits from short term transactions as well as by exiting from other stocks at appropriate times. Profit before tax for the year FY08 was Rs 1668 Crores while it stood at Rs 1010 Crores for the year FY09. Other income declined by Rs 66 Crores from Rs 148 Crores in FY 08 to Rs 82 Crores in FY 09.

Asset Quality: The gross NPAs are mainly on account of legacy accounts and have been on declining trend over past three years. IFCI has made full provisions for bad loans because of which its net NPAs were nil for FY07 and FY08. The net NPA however increased to 5.6% in FY09. IFCI's major exposure in FY08 was in Iron & Steel industry at 27.6% which has come down to 19.6% in FY09. IFCI continued to aggressively pursue recoveries from NPAs that resulted in recoveries of Rs 1200 Crores in FY08 and Rs 600 Crores during FY09.

IFCI had capital adequacy ratio of 19% as on 31st March 2009. During FY 09, IFCI's Net Worth had improved to reach Rs 3741 Crores over the previous year's Rs 3325 Crores. The Return on Assets stood at 4.87% during FY 09 while ROE was 17.57% in FY 09 as compared to 30.7% at end of FY 08.

IFCI has put in place Enterprise-wide risk management systems (ERMS) and controls to identify, measure, monitor and mitigate the overall level of risks undertaken.

Outlook

IFCI is trying to reestablish itself as a major player in corporate finance by leveraging its knowledge pool, quality human capital, and institution building capabilities with focus on manufacturing, infrastructure, and service enterprises. It has targeted a growth of about 20% per annum. In addition to the core business of industrial and infrastructure project financing with an exit route within a definite timeframe, IFCI is looking to diversify to other areas such as short term loans with tenure of 1 to 3 years, structured financing while taking security coverage through pledge of shares, leveraging its expertise as the nodal agency for Sugar Development Fund to take up appraisal of sugar manufacturing units, expanding the advisory services business, and leveraging its unique capabilities in the asset resolution business. Risk management systems and practices are being strengthened and services of reputed consultants have been engaged for implementing enterprise-wide risk management system. IFCI's investment portfolio consists of some very attractive and valuable investments. While these are all positive features, IFCI's ability to source low cost long term funds, induct a suitable strategic investor and cautiously increase its lending activities is crucial to its future growth.

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Brickwork Ratings has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. Brickwork has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. Brickwork does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by Brickwork should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. Brickwork has the right to change, suspend or withdraw the ratings at any time for any reasons.

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ATSL/CO/10-11/787
July 15, 2010

The Vice President (Treasury)
IFCI Ltd,
IFCI Tower, 61, Nehru place,
New Delhi, 110019

Kind Attn: Shri Biswajit Banerjee

Sir,

**Sub.: Offer to act as Bond Trustee for 20 years Unsecured Redeemable Non Convertible
Bonds upto Rs. 500 Crores**

With reference to our offer letter dated July 15, 2010, we hereby offer to act as Trustees to the aforesaid issue on the terms and conditions mentioned in our letter.

On acceptance of our offer by you, this may be treated as our consent in the referred capacity. We also authorise you to include our name in the Information Memorandum in respect of the captioned issue in the referred capacity.

Yours truly,
For Axis Trustee Services Limited

 Sachin More
Manager

AXIS TRUSTEE SERVICES LTD.
(A wholly owned subsidiary of Axis Bank)

REGISTERED OFFICE : Maker Towers F Wing, 13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005.
CORPORATE OFFICE : Maker Towers F Wing, 6th Floor, Cuffe Parade, Colaba, Mumbai - 400 005. Tel : 022-6707 2041 Fax : 022-2218 2574

DCS/COMP/SP/IP-PPDI/60/10-11

July 15, 2010

The Company Secretary
IFCI Limited
IFCI Towers, 61,
Nehru Place,
New Delhi-110019

Dear Sir,

Re: Private Placement of Unsecured Redeemable Non-Convertible Taxable Bonds (Series-54) in the nature of Promissory notes of Rs.10,00,000/- each for cash at par aggregating to Rs.500 crores.

We acknowledge receipt of your e-mail dated July 15, 2010 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing subject to fulfilling the following conditions:

1. Filing of listing application.
2. Payment of fees as may be prescribed from time to time.
3. Compliance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, and submission of Disclosures and Documents as per Regulations 21, in the format specified in Schedule I of the said Regulations.
4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.
5. Compliance with change in the guidelines, regulations directions of the Exchange or any statutory authorities, documentary requirements from time to time.

The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by the statutory authorities etc.

Yours faithfully,



Wilbur Fernandes
Manager



Shilpa Pachori
Deputy Manager

Encl.: As above