

The Environment for Borrowing Abroad by Indian Companies

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Investor Sales & Structuring

Citibank, N.A.

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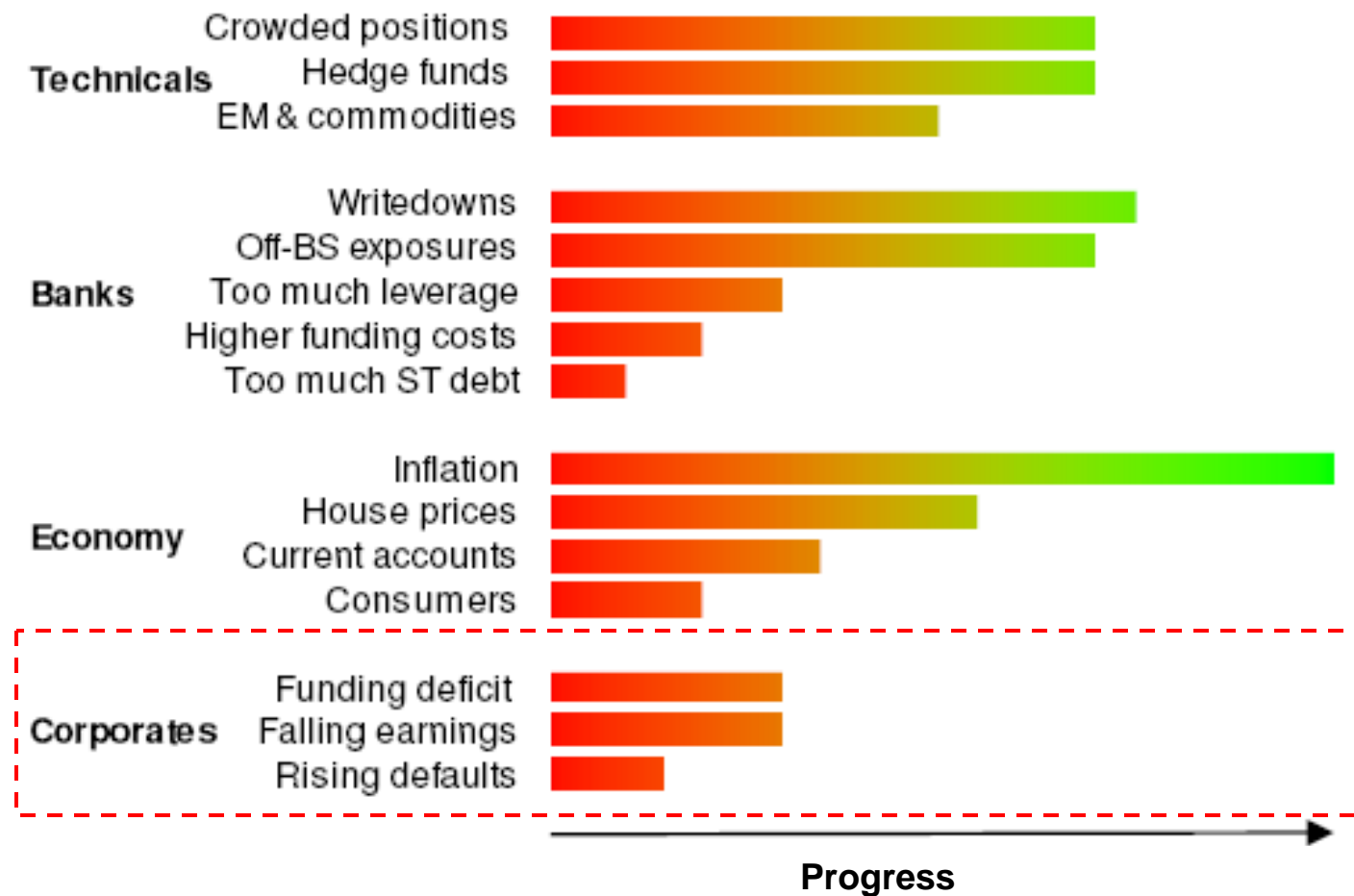
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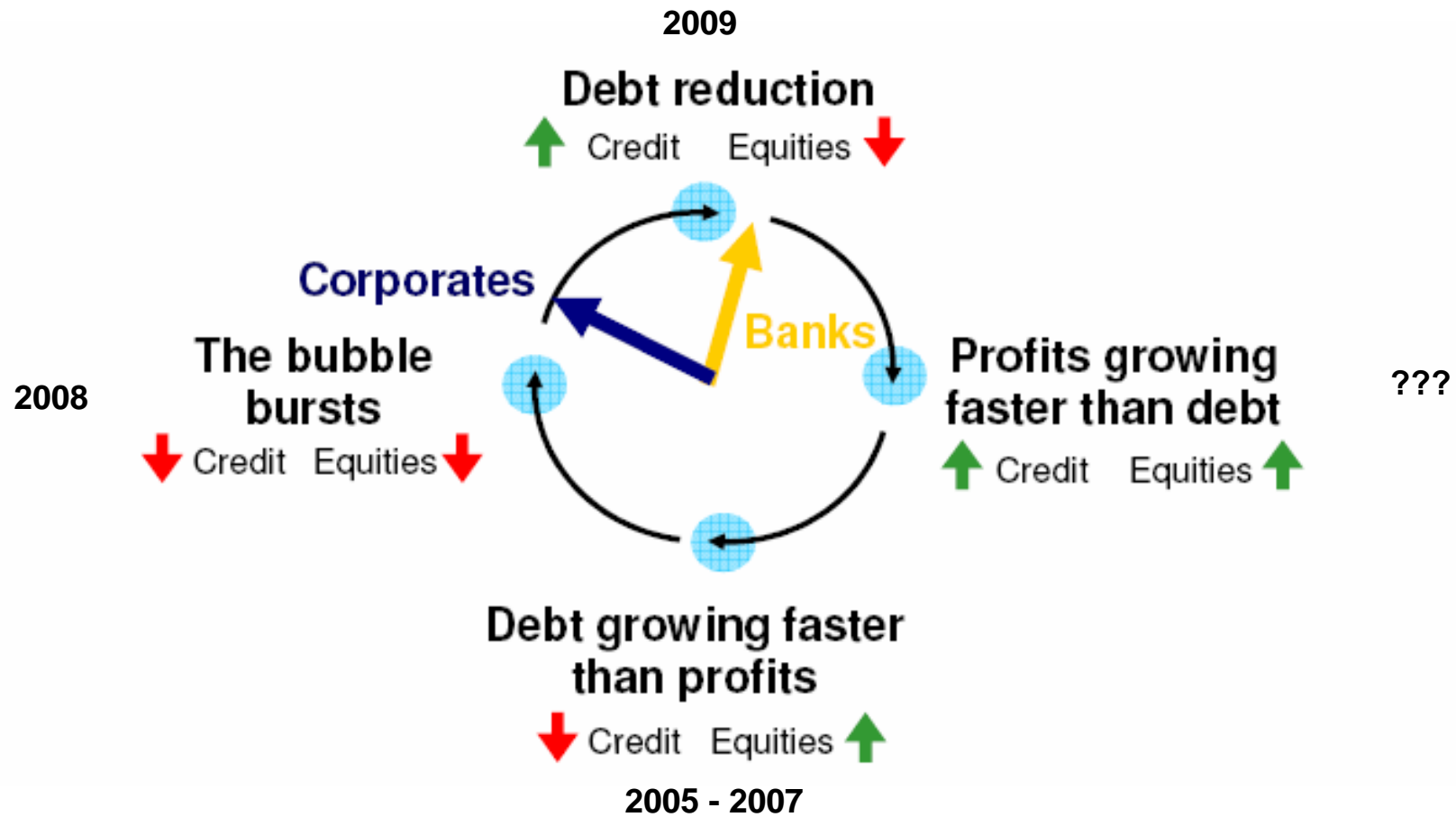
1. Market Backdrop

Global Economy Facing A Long List of Problems...



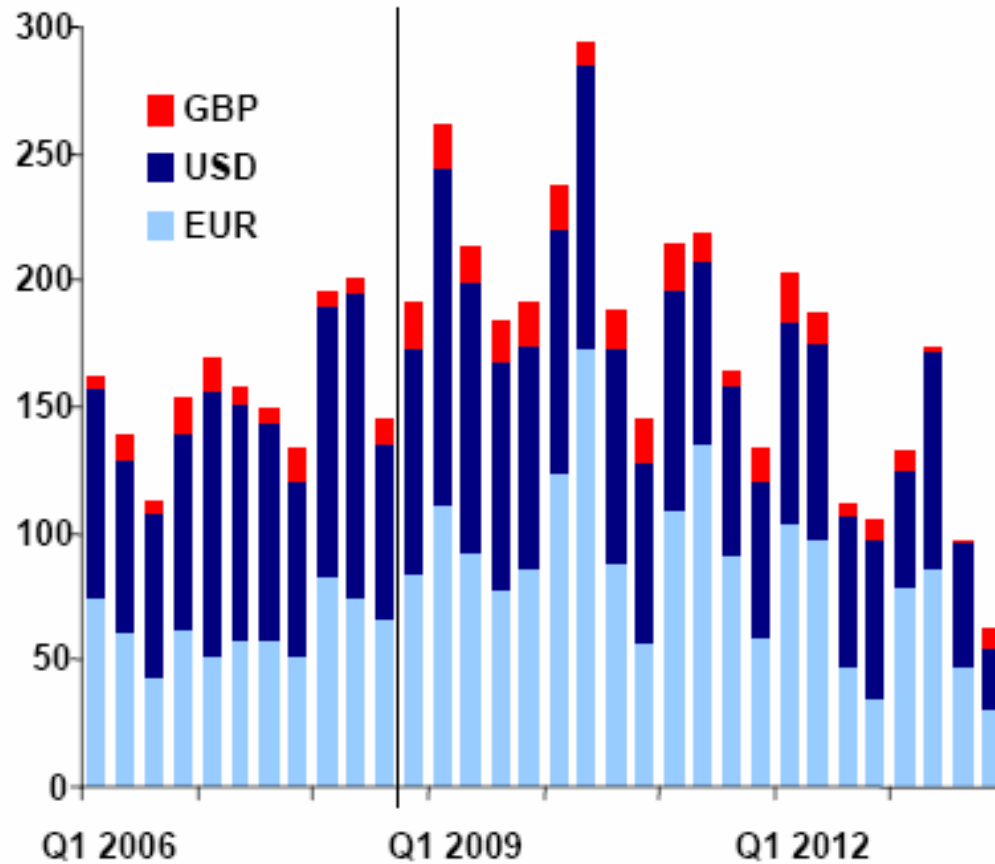
2009: More Fundamental than Technical

Banks Will Have to De-leverage More...



\$200 Bln/Qtr of Financial Redemptions Globally...

Global Financial Redemptions (Amount, \$ bn)

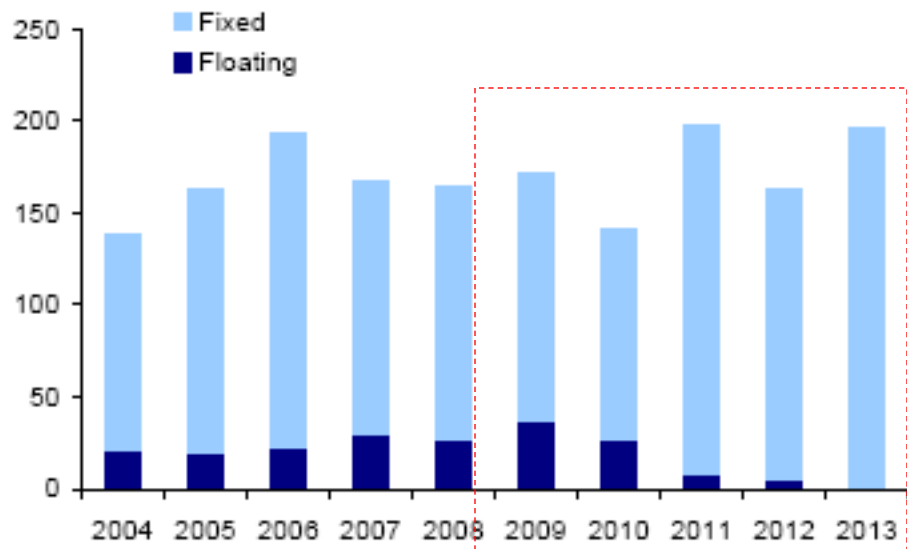


Source: Dealogic

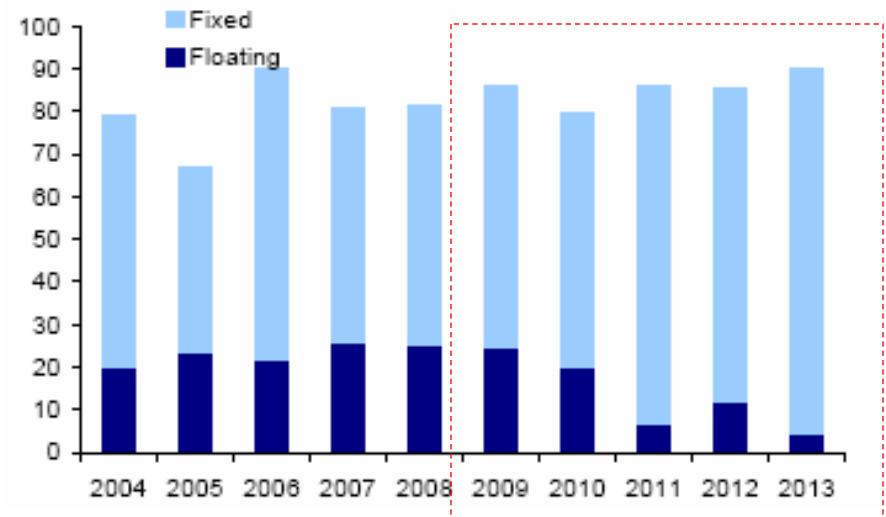
...Coupled with Significant Corporate Redemptions

Annual Corporate Redemptions Across USD & Euro

Volume, US\$ in billion



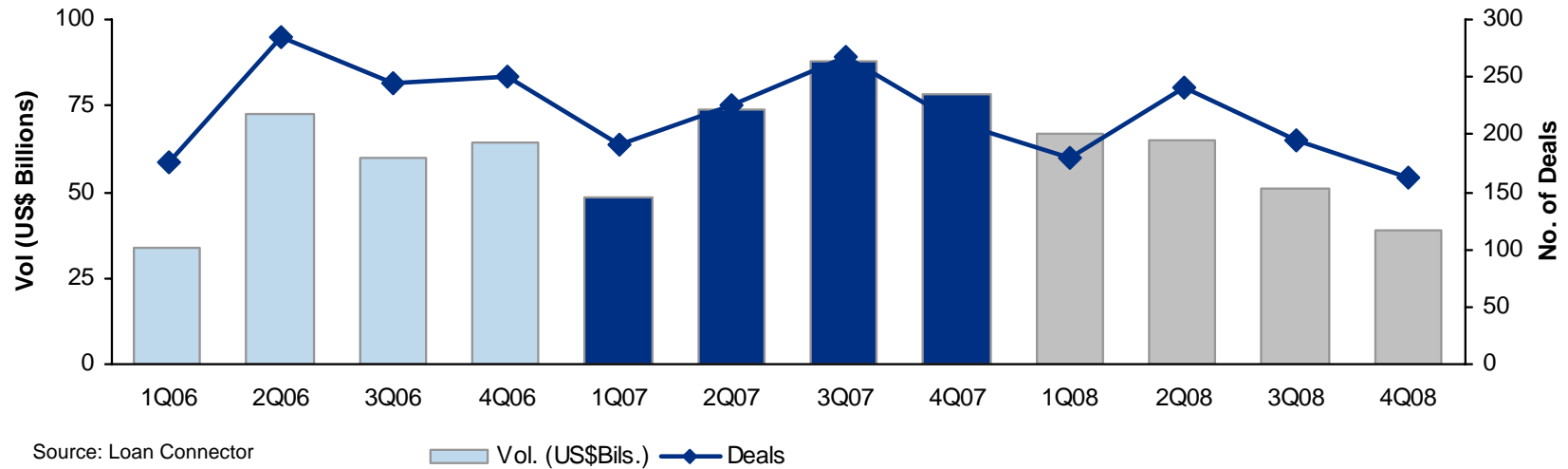
Volume, € in billion



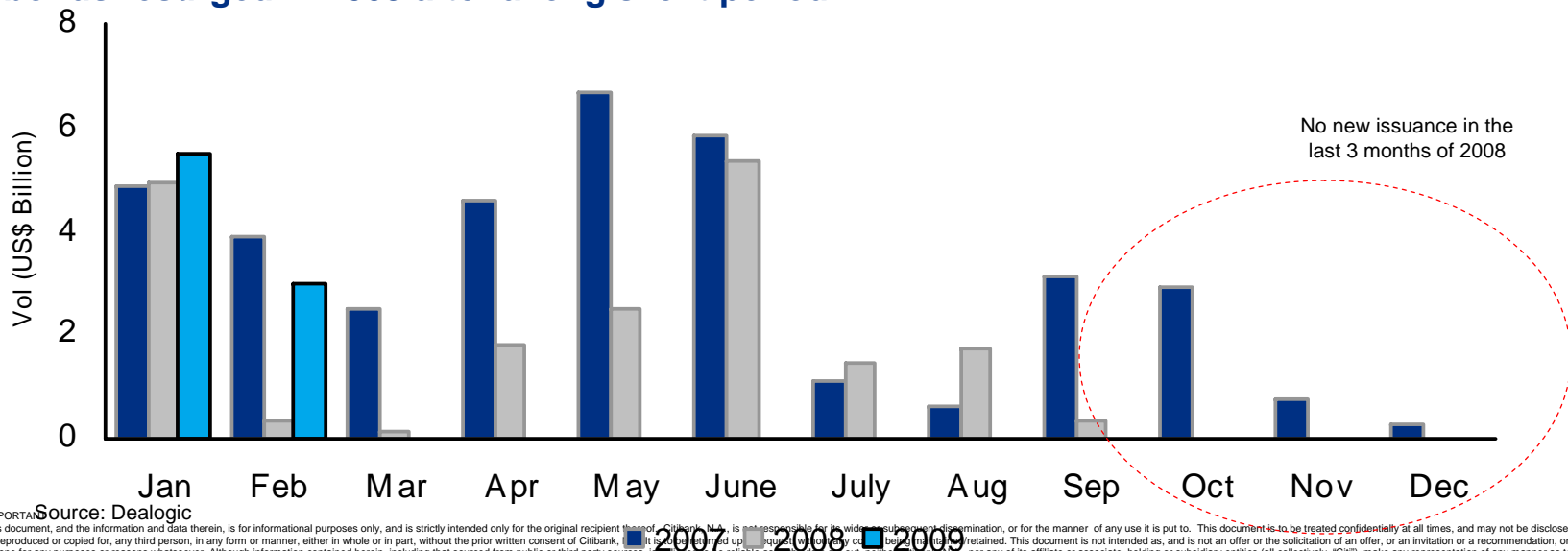
Source: DCM Analytics, Citi

Credit Dislocation Caught up With Asia...

Asia Pacific Loan Volumes Witnessed Significant Slowdown

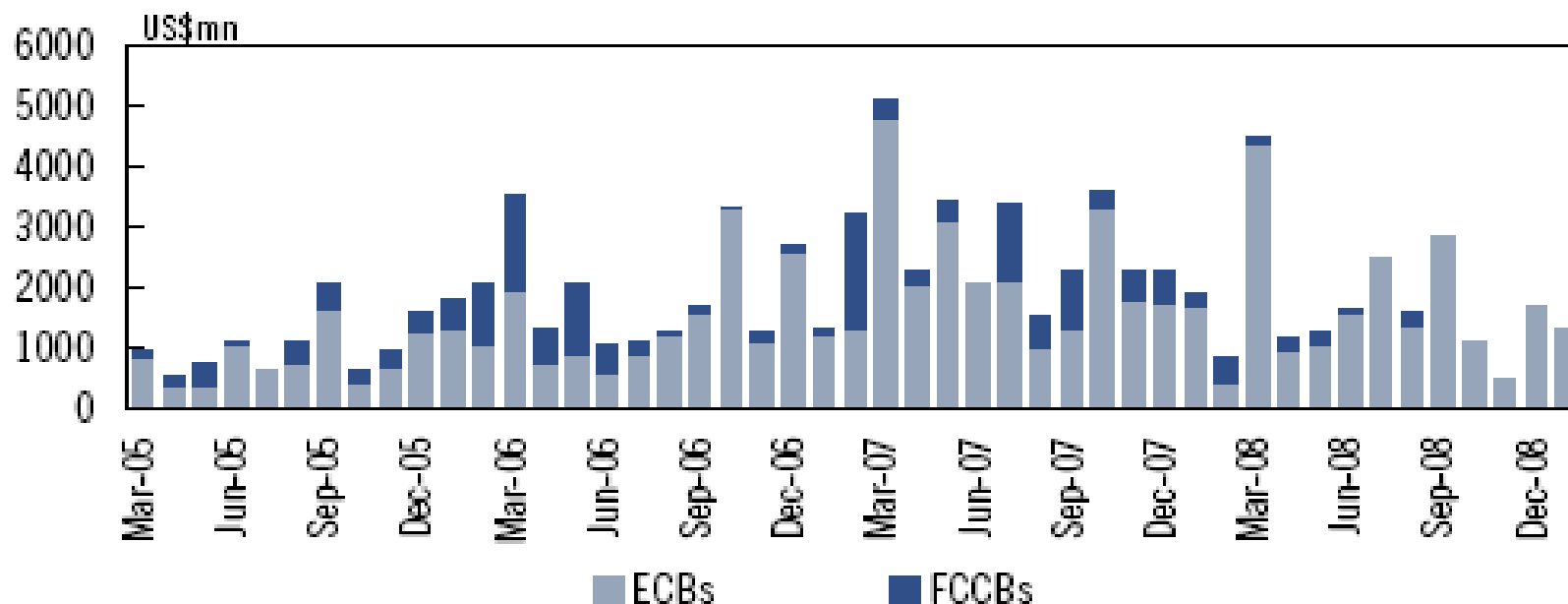


G3 bonds resurged in 2009 after a long silent period



...Hitting India Inc. Offshore Fund Raisings...

Trends in ECBs and FCCBs Flows

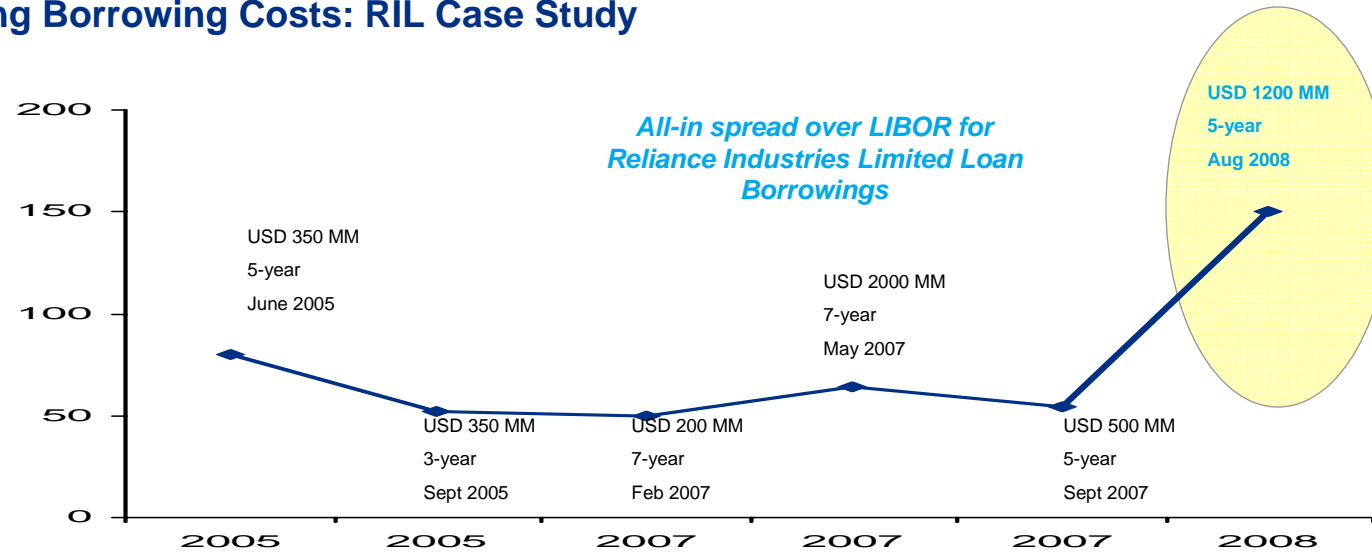


Source: RBI

- Flows slowed down
 - **US\$15.6bn in Apr - Jan FY09** from US\$20.1bn in the same period last year
- FCCB market is virtually shut
- Restrictions such as tenor and pricing caps increase lead times

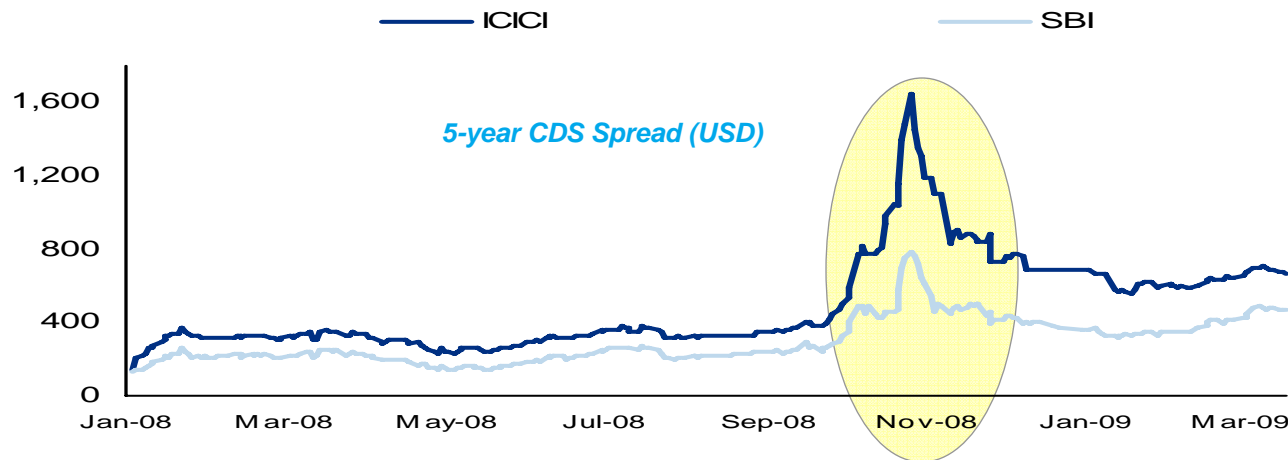
...Not Only Increasing The Borrowing Costs...

Rising Borrowing Costs: RIL Case Study



Source: Reuters Loan Connector





Widening of CDS Levels: Indian Banks



Source: Bloomberg

...But Also Changing the Deal Dynamics

Indian Corporates “De-risked” Financing Through Relationship Banks

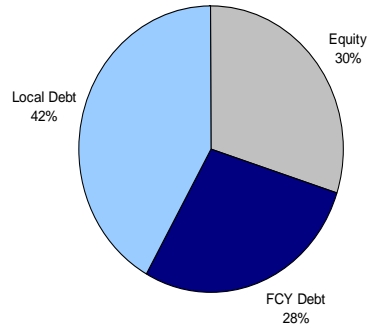
Borrower	Size (US\$MM)	Launch	No. of MLAs	% Allocation to MLAs
	982	Sept 2008	11	100%
	1,200	July 2008	19	80.4%
	1,000	June 2008	11	73.5%
	3,000	Feb 2008	11	87.0%

Source: Reuters Loan Connector

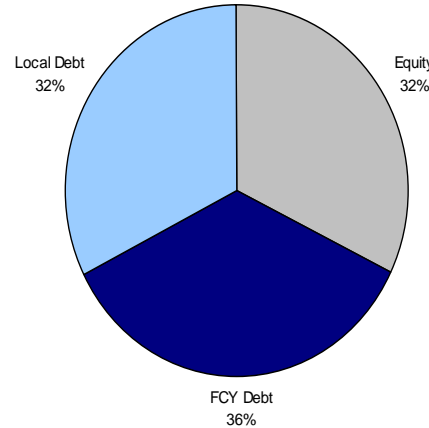
Thankfully...Local Debt Markets Continue to Support India Inc.

As global credit/markets froze, Issuers looked towards local markets.....

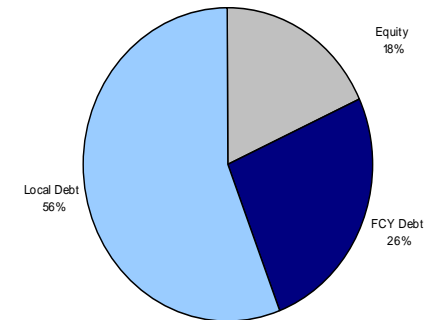
Year 2006 – US\$ 63 Bn



Year 2007 – US\$ 106 Bn



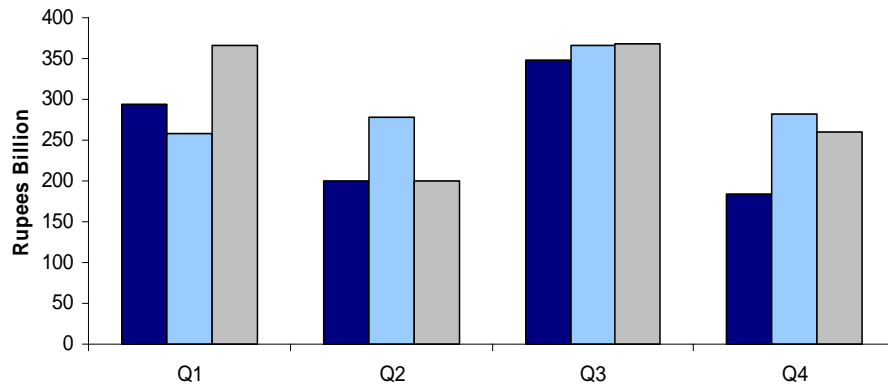
Year 2008 – US\$ 75 Bn



INR Bond Volumes Held on...

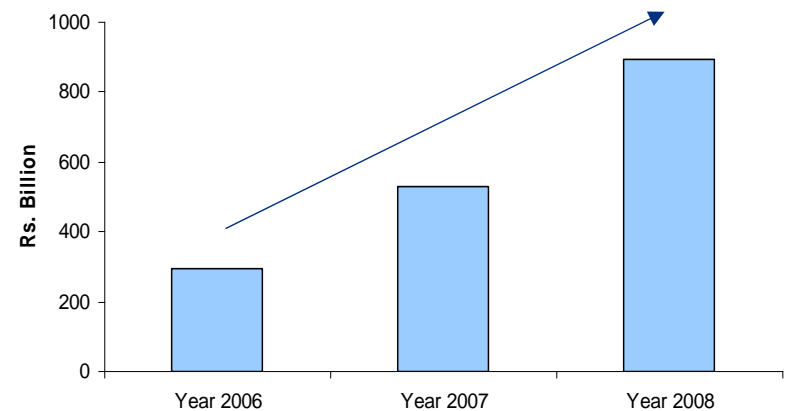
Total Volumes Raised

Year	Amount (INR Bn)
2008	1,200
2007	1,190
2006	1,029



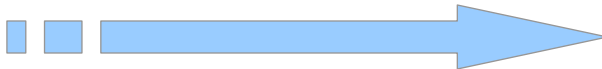
Source: Bloomberg ■ 2006 ■ 2007 ■ 2008YTD

While the Loan market continued to grow *



* Reported Syndicated Loan

Local Bond Market Underwent a Paradigm Shift

Primarily from an NBFC market  To one dominated by Corporates

Year 2006*

Borrower	Date	Size (Rs. MM)
CCFIL	May 2006	3,750
CCFIL	Aug 2006	2,500
CCFIL	Sep 2006	2,500
CCFIL	Apr 2006	2,000
DSP ML	Oct 2006	2,000

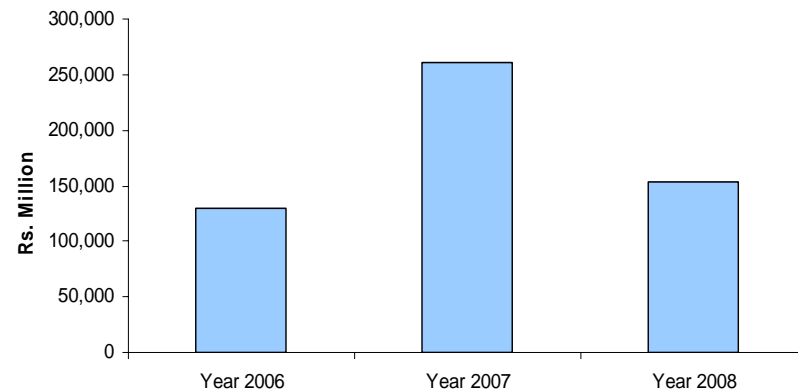
Year 2007*

Borrower	Date	Size (Rs. MM)
Tata Sons	July 2007	11,950
Tata Sons	Sep 2007	5,000
IDFC	Mar 2007	4,480
Tata Tea	Nov 2007	3,250
Tata Sons	Jul 2007	3,050

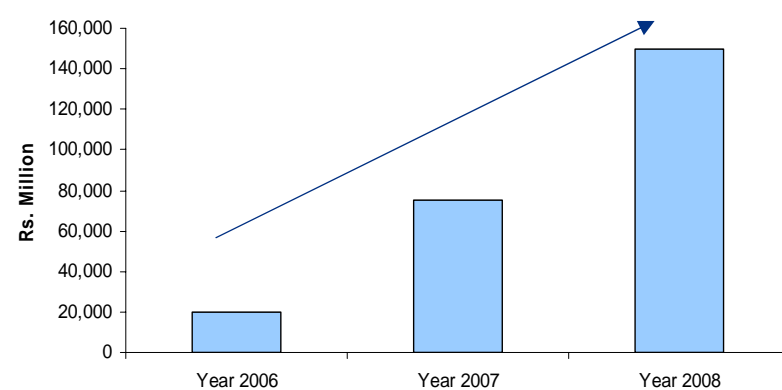
Year 2008*

Borrower	Date	Size (Rs. MM)
Reliance	Nov 2008	50,000
Tata Steel	May 2008	20,000
Tata Steel	Nov 2008	12,500
Reliance	Nov 2008	10,000
HDFC	Feb 2008	10,000

NBFC issuances reduced by nearly 50%



While private corporate issuance more than doubled



* Top 5 Deals of private corporates

Source: Bloomberg

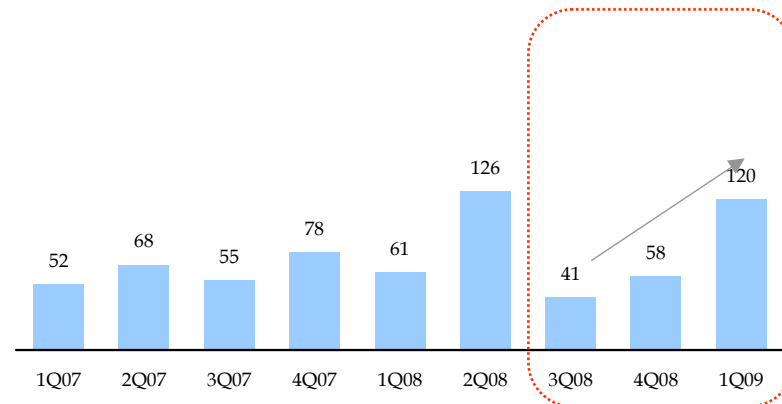
2009 – A Fresh Start?

Primary Bond Market is currently on fire in US & Europe...

- Strong Credits
- Defensive, Non-Cyclical Sectors
- Sovereigns
- Strategic M&A

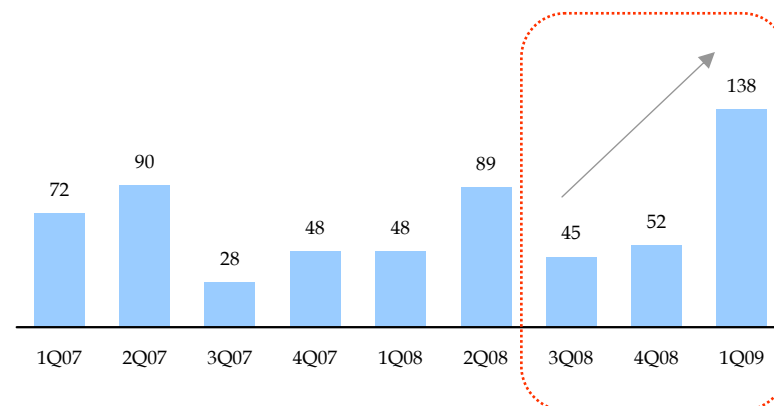
2007 – 2009YTD US\$ Corporate Issuance

US\$ billions



2007 – 2009YTD GBP and €uro Corporate Issuance

US\$ billions



Source: Dealogic

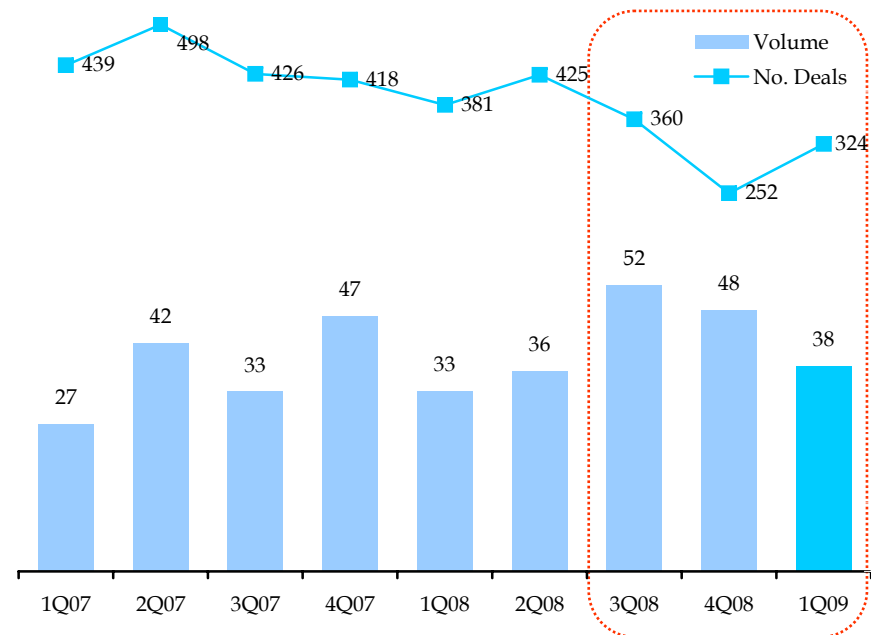
2009 – A Fresh Start? (cont'd)

Local liquidity providing comfort to Asian issuers

- Recent large benchmark issuance include
 - PTT THB7,450mm (~US\$422mm)
 - San Miguel Php38.8bn (~US\$800mm)
 - **ONGC** INR52,500mm CP (~US\$1,082mm)

Asia Local Currency Debt Issuance (excl AU)

US\$ billions



Source: Dealogic

Retail segment expected to be an emerging Investor class

Fixed Deposits

Cos take FD route to raise funds
Offer Around 11% Return For Three-Year Fixed Deposits

	1 yr	2 yrs	3 yrs
HDFC	10	10	10 [^]
HUDCO	10.75	10.5	10.25
Tata Motors	10	10.5	11
TV 18	11	11.5	12
M&M	0	0	8.5
NTPC	8	8.25	8.5
India Cements	7.50	8.00	8.50
Supreme Industries	9.75	10.00	10.25
Elder Pharma	8.50	10.00	11.50
Mukand	11.50	11.75	11.75 (%)

* Interest Rates for Non-cumulative Deposits ^ Rates for period till 35 months

SOURCE: ETG Database

Tax Free Bonds to HNIs

Disclosure Document

(This is 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-303/GN/2008/13/17878 dated June 06, 2008)

IIFCL
India Infrastructure Finance Company Limited

(A Government of India Enterprise)
[Incorporated on 5th January, 2006 under the Companies Act, 1956 as a Company wholly owned by the Government of India, Notified as a Public Financial Institution under Section 4A of Companies Act, 1956]
Registered Office:
1201-1207, Narsing House,
21, Kasturba Gandhi Marg,
New Delhi - 110 001
TEL: (011) 41531219, 23730269
Fax: 91-11-23736355
Website: www.iifcl.org
E-mail: sames@iifcl.org

DISCLOSURES UNDER SCHEDULE I OF SEBI ISSUE AND LISTING OF DEBT SECURITIES REGULATIONS, 2008

Issue:
Private Placement of Unsecured, Tax Free, Non-Convertible Bonds in the form of promissory notes of the face value of Rs.1,00,000/- each, aggregating to Rs. 2,500 Cr. plus the option to retain over-subscription, if any*.

Company's Absolute Responsibility
IIFCL (the "Company") having made all reasonable inquiries, accepts responsibility for and confirms that the information contained in this Disclosure Document is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Disclosure Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

Rating:
ICRA has assigned a provisional long term rating of 'LAAA (SOF)' (pronounced as L triple A (Structured obligation)) to IIFCL for Rs. 10,000 crore, subject to unconditional, irrevocable and continuing guarantee by the Government of India (GOI) for the timely repayment of the principal and the interest due thereon during the entire tenure of the Bonds. LAAA is the highest-credit-quality rating assigned by ICRA.

*In the event of over-subscription of the Issue, the Company reserves the right to retain up to all of the over-subscription amount subject to the limit of Rs. 10,000 crore.

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Retail Bond Issuance

TATA CAPITAL LIMITED

Registered and Corporate Office: One Park, 26, V B Road, Mang. Park, Mumbai - 400 001
(For details of changes in Terms and Registered Office, see the section titled "Terms, Main Offer and Key Agreements" appearing on page 50)
Tel No: +91-22-6161 5000 Fax: +91-22-6161 5001 Website: www.tatacapital.com
*Company's Office and Contact Person: Mr. Shashik Raghavachari, E-mail: cs@tatacapital.com

Public Issue by Tata Capital Limited ("Company" or "Issuer") of **Secured Non-Convertible Debentures ("NCDs")** aggregating Rs. 10,000 lakhs with an option to retain over-subscriptions of Rs. 1,00,000 lakhs for issuance of additional NCDs, hereinafter referred to as the "Issue".

GENERAL BOND
Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issue and the Issue including the risks identified. Specific attention of the investors is invited to the Risk Factors on pages vi to vii of this Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY
The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that the Prospectus contains all information with regard to the Issue and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING
The NCDs have been rated 'LAA+' by ICRA and 'CARE AA+' by CARE. The rating of 'LAA+' by ICRA indicates high-credit-quality and low credit risk. The rating of 'CARE AA+' by CARE is considered to offer high safety for timely servicing of debt obligations. Both ratings are only for credit risk. The ratings provided by ICRA and CARE may be suspended, withdrawn or revised at any time by the ongoing rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision.

Please refer to page 3 for details for the above ratings.

LISTING
The NCDs offered through this Prospectus are proposed to be listed on the National Stock Exchange of India Limited ("NSE"). The NSE has given its "in-principle" approval vide letter dated January 26, 2009 for the purpose of the Issue. NSE shall be the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE

ICICI Securities Limited ICICI Centre, 101 Park Street, (Chennai), Member since 1992, Tel: +91 22 2284 2400 Fax: +91 22 2284 8300 Head Office: 40, Deshpande Road, Mumbai Investment Services Email: investments@icicidirect.com Website: www.icicidirect.com Contact Person: Mr. Nitin Registered Company Office: Mr. Anil Sahai SEBI Registration No. FDRB0001175	Capgemini Global Markets India Private Limited 2205 Floor, Radisson Hotel, Naraina Point, Member since 2007, Tel: +91 22 6648 9999 Fax: +91 22 2284 8518 Email: icm@capgemini.com Investment Services Email: investments@capgemini.com Website: www.capgemini.com Contact Person: Mr. Anil Sahai Registered Company Office: Mr. Anil Sahai SEBI Registration No. FDRB0001175	JP Morgan Lynch Limited 10th Floor, Mumbai Centre, Naraina Point, Member since 2007, Tel: +91 22 6642 8000 Fax: +91 22 2284 8518 Email: jpmc@jpm.com Investment Services Email: investments@jpm.com Website: www.jpm.com Contact Person: Mr. N. S. Shastri Registered Company Office: Mr. Anil Sahai SEBI Registration No. FDRB0001175	Karvy Computershare Private Limited Karvy House, 40, Anand A, Naraina Point, Member since 2006, Mumbai 400 024 Tel: +91 22 242 1011 / 24 Fax: +91 22 242 1010 E-mail: info@kavya.com Website: www.kavya.com Contact Person: Mr. Manoj Krishna Registered Company Office: Mr. Anil Sahai SEBI Registration No. FDRB0001175
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ISSUE PROGRAMME

ISSUE OPENING: FEBRUARY 2, 2009	ISSUE CLOSURE: FEBRUARY 24, 2009
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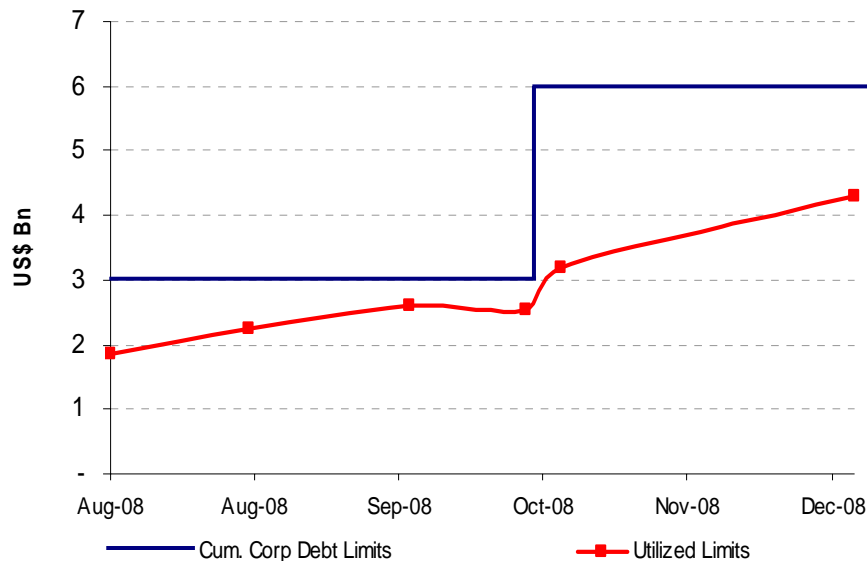
The subscription for the public issue shall remain open for subscription at the commencement of working hours and close at the close of working hours on the dates indicated above or earlier or on such date as may be decided at the discretion of the Committee of Directors of the Company subject to necessary approvals.

- Last 3-4 months saw mobilization of fixed deposits increasing across Banks and Financial Institutions. Bank time deposit has witnessed rapid growth in this period
- LIC Jeevan Aastha collected ~ Rs. 8,000 crores through endowment policy at yield of 10.35% - 11.10% (pre tax)
- Tata Capital issuance received subscription for over Rs. 2500 crores from Retail and HNI investors
- IIFCL issuance collected around Rs. 1000 crores from HNIs despite the minimum application limit of Rs. 10 lacs

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FII also expected to play a dominant role in near future...

Foreign Institutional Investors



Source: SEBI

- GOI increased the cumulative debt investment limit by USD 9 billion (from USD 6 billion to USD 15 billion) for FII investments in Corporate Debt in Jan 09
- Out of the USD 9 bn, limit of USD 8 bn were auctioned on 16th March through NSE. The remaining limit of USD 1bn were allocated on March 20th on first come first served basis subject to a ceiling of Rs.249 cr. per registered entity
- With the substantial increase in limits, FIIs currently at the periphery, are expected to play a more dominant role as the risk appetite returns
- FIIs are expected to overlay currency view to enhance returns

2. Roadmap for Indian Borrowers

Indian Borrowers – Impact of...

Global Conditions - Synchronisation not De-coupling

- Global credit contraction and de-leveraging to continue – though we are not in ‘sudden stop’
- Bank balance sheets (at an aggregate level) will continue to be stressed
- Competition for capital – sovereigns will be bigger issuers as well
- Default rates still to peak – recovery rate on bank loans have dropped
- CLO funds which were major buyers of secondary bank paper are effectively closed

Local Conditions – No longer immune

- Number of banks focused on Asia/India reducing because of mergers, sale of businesses etc.
- Wide secondary spreads impacting new deals
- Banks are getting more involved in restructurings – HO focus is on managing existing deals
- At an aggregate level, country risk for EM is higher

Indian Borrowers – Some Observations and Percepts

Manage for cash, survival and being fit

- Companies don't just fail because of a downturn; they fail because they don't have cash or liquidity
- Cash is king – focus on better asset utilization, managing working capital and deferring capex where possible
- Preparation is the key – 'what if' scenarios are assisting CFOs to recognize liquidity gaps ahead of time
- Renegotiation of covenants and restructuring ahead of time are going to ensure that the borrower survives further downturns

Diversify and be flexible

- Accept that capital-raising windows will continue to be volatile
- Diversify offshore investor base – India Inc. crowded themselves out with over-reliance on bank borrowings during 2005-2008
- Be prepared to access offshore capital markets – they will come back selectively in 2009 – longer-term source of capital
- ECAs are still lending – big opportunity
- Be flexible in raising liquidity - local vs offshore ; bonds vs loans
- Manage your lenders as you would your shareholders – perhaps more!

India Inc. Will Need to Move Away from Offshore Bank Reliance

Borrowing Options Available for Indian Corporates

		INR			FCY		
		Loan	Bond	CP	Loan	Bond	FCCB
Market		Very liquid Banks adding assets given Govt. push	Select investments by MFs, Banks & Insurance Companies	Short-tenor paper for select issuers/credit enhanced structures	Limited bank appetite Restricted to top-tier corporates	Only one corporate issuance from Asia this year Open for strong credits	Market conditions are not conducive
	Pricing	11 – 12%	10 – 12%	8 – 9%	\$Libor + 500 bps	UST+[700 - 900]	NA

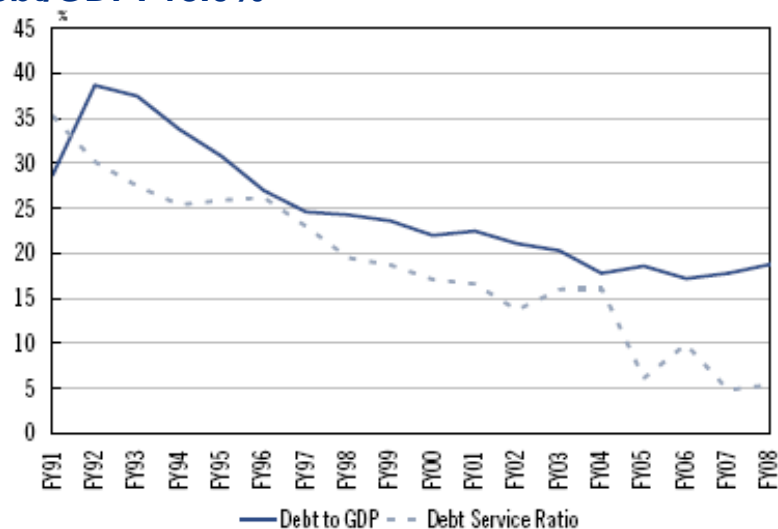
Thank You

- Questions?

Annexure 1. India's External Debt

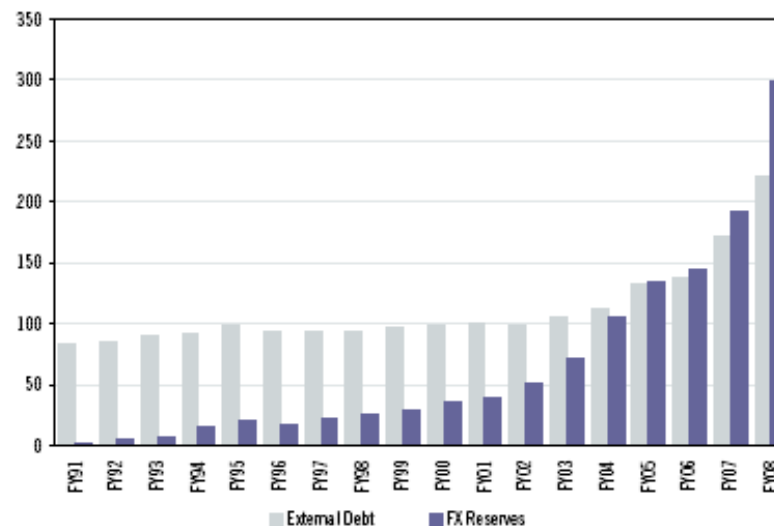
Sovereign India is Well Placed on External Debt

Debt/GDP: 18.0%



Source: Ministry of Finance, RBI

FX Res/Debt: 140%



Source: Ministry of Finance, RBI

Trends in External Debt by Residual Maturity (US\$ bn)

	LONG TERM				Total	TOTAL
	<1 Yr	1-2 Yrs	2-3 Yrs	> 3 Yrs		
I Sovereign Debt	2.90	3.13	3.05	45.13	51.35	54.20
II Commercial Borrowings	6.96	7.50	7.20	56.02	70.72	77.68
III NRI Deposits (i+ii+iii)	31.96	5.60	1.90	1.17	8.67	40.62
i) FCNR (B)	9.99	2.51	0.81	0.19	3.52	13.50
ii) NR(E)RA	19.00	2.95	1.01	0.93	4.88	23.88
iii) NRO	2.97	0.14	0.08	0.05	0.27	3.24
IV Short-term Debt	50.10	-	-	-	-	50.10
i) Trade Credits	46.34	-	-	-	-	46.34
ii) FII Investment	1.69	-	-	-	-	1.69
iii) Investment in G-Secs by RBI	0.12	-	-	-	-	0.12
TOTAL	91.92	16.23	12.15	102.32	130.74	222.61

Source: RBI