

L&T Infrastructure Finance Company

Public Issue of Long Term Infrastructure Bonds – Tranche 2

Issue Opens On: January 10, 2012

Issue Closes On: February 11, 2012

Salient Features:

- Wholly owned subsidiary of L&T Finance Holdings Limited, which is a subsidiary of Larsen & Toubro Limited (**L&T - Rated 'AAA'**)
- Registered with the RBI as an **NBFC** and Infrastructure Finance Company (**IFC**)
- Recently classified as a Public Financial Institution (**PFI**) by the Ministry of Corporate Affairs
- Provides financial products i.e project finance, equity investments and services for customers engaged in infrastructure sector
- Specific focus on the high growing sectors of Indian economy i.e. power, roads, telecom, oil and gas and ports

Key Financials:

- Total income for six months ended September 2011 stood at Rs. 541 Crore; total Income for FY11 was Rs. 704 Crore compared to Rs.450 Crore in FY10 (**y-o-y growth of 56%**)
- PAT for six months ended September 2011 stood at Rs. 134 Crore; PAT for FY11 was Rs. 201 Crore compared to Rs.111 Crore in FY10 (**y-o-y growth of 81%**)
- Total infrastructure loans and advances outstanding of the Company as on September 2011 were Rs. 8,768 Crore compared to Rs. 7,165 Crore as on March 2011 (**growth of 22% over the past 6 months**)
- Total disbursements (net of repayment) for the six months ended September 2011 and FY11 were Rs. 1,604 Crore and Rs. 2,898 Crore respectively
- **Low Gross and Net NPA** levels of 0.88% and 0.73% of total outstanding loans respectively

Past Issues:

The Company raised Rs. 256 crore in November 2010 through their first Public Issue of Long Term Infrastructure Bonds followed by the second tranche of Rs. 400 Crore in March 2011.

This year, the company raised approx. Rs. 530 Crore through Tranche 1 of public issue of Long Term Infrastructure Bonds launched during November 2011 to December 2011 and is now following it up with Tranche 2 to raise balance money to complete its fund raising of Rs.1,100 Crore for FY2012.

Key Highlights:

1. Base Issue size of Rs. 300 Crore with an option to retain oversubscription to raise a total of Rs. 1,100 Crore for FY 2012.
2. Only Resident Individuals and HUFs are eligible to apply in this Issue.
3. Face value of the Bonds is Rs. 1,000 each issued at par.
4. Minimum Investment should be Five Bonds and in multiples of one Bond thereafter.
5. Total investment up to Rs. 20,000 in long term infrastructure bonds will be eligible for deduction for calculation of taxable income for the financial year 2012 under section 80CCF of the Income Tax Act, 1961, over and above the Rs. 1,00,000 exemption available under section 80C, 80CCC & 80CCD read with section 80CCE of the Income Tax Act, 1961.
6. The Company has provided two series of Bonds – Series 1 (Annual payment of interest) and Series 2 (Cumulative payment of interest at the end of maturity or buyback, as applicable).
 - a. Coupon rate under Series 1 is 8.70% p.a. payable on Annual basis
 - b. Coupon rate under Series 2 is 8.70% p.a. compounded annually payable on Cumulative basis.
7. The Bonds have buyback options at the end of 5 years and 7 years from the Allotment Date.
8. The Bonds have a maturity period of 10 years from the Allotment Date and shall be locked-in for a period of 5 years.
9. Investors will be having an option to hold the Bonds in physical or demat form.
10. The Bonds will be listed on the BSE and can be traded only in the demat form after the 5-year lock-in period.
11. The Tranche 2 Bonds cannot be pledged or hypothecated for obtaining loans from scheduled commercial banks during the Lock-in Period
12. As per the current provisions of the Income Tax Act, 1961, for Bonds held in demat form; no TDS will be deducted on interest payments. If Bonds are held in physical form, no tax may be withheld if such interest does not exceed Rs. 2,500 in a financial year. However, such interest is taxable income in the hands of Bondholders.
13. ICRA has assigned '[ICRA] AA+' and CARE has assigned 'CARE AA+' rating to the Bonds.
14. The Bonds are fully secured with exclusive first charge over receivables of the Company and an immovable property. The security cover will be 1.0 times of the outstanding Bonds at any point in time.

Issue Structure:

Series	1	2
Frequency of Interest Payment	Annual	Cumulative (at the end of maturity or buyback, as applicable)
Face Value per Bond (Rs.)	1,000	1,000
Minimum Application	5 (Five) Bonds and multiple of 1 (One) thereafter For the purpose of fulfilling the requirement of minimum subscription of 5 (Five) Bonds, an Applicant may choose to apply for 5 (Five) Bonds of the same series or 5 (Five) Bonds across different series	
Interest / Coupon Rate Offered	8.70% p.a.	8.70% p.a. compounded annually
Maturity Date	10 years from the Deemed Date of Allotment.	10 years from the Deemed Date of Allotment.
Maturity Amount (Rs.)	1,000	2,303.01
Buyback Facility	Yes	Yes
Buyback Date	The first Working Day after the expiry of 5 years from the Deemed Date of Allotment and the first Working Day after the expiry of 7 years from the Deemed Date of Allotment.	
Buyback intimation period	The period commencing from 6 months preceding the corresponding Buyback Date and ending 3 months prior to the corresponding Buyback Date	
Buyback Amount (Rs.)	1,000 at the end of 5 years / 1,000 at the end of 7 years	1,517.57 at the end of 5 years / 1,793.11 at the end of 7 years