



Infrastructure Development Finance Company Limited (IDFC Ltd.)

Public Issue of Long Term Infrastructure Bonds 2011-2012 – Tranche 2

IDFC Ltd. was incorporated in 1997 and got listed in August 2005. It is one of the leading knowledge driven financial services company in India and plays a central role in advancing infrastructure development in the country. Company has been classified by RBI as an Infrastructure Finance Company.

The Company is coming out with the second tranche of the Public Issue of Long Term Infrastructure Bonds (**the “Tranche 2 Bonds”**) for an amount not exceeding Rs. 4,400 crores (**the “Issue”**). These funds will be utilised towards infrastructure lending.

The Issue will open for subscription on January 11, 2012 and shall close on February 25, 2012. ICRA has assigned (ICRA)AAA rating and Fitch has assigned Fitch AAA (ind) rating to the bonds proposed to be issued.

The Company will be providing two series of Tranche 2 Bonds, with a coupon rate of 8.7% p.a. which is payable either on Annual basis or on Cumulative basis. These bonds will also have a buy back option at the end of 5 years. The Tranche 2 Bonds have a maturity period of 10 years and shall be locked - in for a period of 5 years and can be traded (only in dematerialized forms) thereafter on NSE or BSE, where they shall be listed. Face Value per Tranche 2 Bond is Rs. 5000.

Company will maintain an asset cover of at least 100% of the outstanding amount of the Tranche 2 Bonds, at all times, till the Tranche 2 Bonds are completely redeemed. Resident Individuals, who are not minors and HUFs shall be eligible to apply for this Issue. **Investors will be having an option to hold the Tranche 2 Bonds in physical form or demat form.**

These Long Term Infrastructure Bonds are eligible for exemption from income tax to the extent of Rs. 20,000 for the financial year 2011-2012 under section 80CCF of the Income Tax Act, 1961

IDFC Tranche 2 Issue Structure

Series	1	2
Minimum number of Tranche 2 Bonds per application*	Two Tranche 2 Bonds and in multiples of one Tranche 2 Bond thereafter. For the purpose of fulfilling the requirement of minimum subscription of two Tranche 2 Bonds, an Applicant may choose to apply for two Tranche 2 Bonds of the same series or two Tranche 2 Bonds across different series.	
Lock-in Period	5 years from the Deemed Date of Allotment	
Face Value per Tranche 2 Bond	Rs. 5,000	Rs. 5,000
Frequency of Interest payment	Annual	Cumulative
Buyback Facility	Yes	Yes
Buyback Date	Date falling five years and one day from the Deemed Date of Allotment	
Buyback Amount	Rs. 5,000 per Bond	Rs. 7,590 per Bond
Buyback Intimation Period	The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date	
Interest Rate	8.70% p.a.	N.A.
Maturity Date	10 years from the Deemed Date of Allotment	
Maturity Amount	Rs. 5,000 per Tranche 2 Bond	Rs. 11,515 per Tranche 2 Bond
Tax Benefit adjusted rate of returns (pre-tax) to Investors on Maturity		
Tax Slab – 10.30%	10.40%	9.88%
Tax Slab – 20.60%	12.40%	11.23%
Tax Slab – 30.90%	14.80%	12.78%
Tax Benefit adjusted rate of returns (pre-tax) to Investors on Buyback		
Tax Slab – 10.30%	11.51%	11.08%
Tax Slab – 20.60%	14.80%	13.82%
Tax Slab – 30.90%	18.73%	17.03%

Key Highlights:

1. Investment upto Rs. 20,000 in IDFC Infrastructure Bonds – Tranche 2 will be eligible for exemption under section 80CCF of the Income Tax Act, 1961
2. Interest rate under both the options is 8.7% per annum. Interest under series 1 will be payable annually and interest under series 2 will be payable cumulatively (compounded annually)
3. Buyback facility is offered under both series at the end of 5 years and one day from the Deemed Date of Allotment
4. Maturity will be at the end of 10 years from the Deemed Date of Allotment
5. Minimum Investment required in IDFC Tranche 2 Issue is Rs. 10,000.
6. Investors will be having an option to hold the Bonds in physical form or demat form.
7. ICRA has assigned (ICRA)AAA rating and Fitch has assigned Fitch AAA(ind) rating to the bonds proposed to be issued. These are the highest credit ratings awarded by these rating agencies

IDFC Tranche 2 Issue
Issue Opens On: January 11, 2012
Issue Closes On: February 25, 2012