



L&T Long Term Infrastructure Bond

Note

BOND DETAILS:

→ **Utilisation of Issue proceeds:**

Bonds are issued for raising funds to be utilized towards “infrastructure lending” as defined by the RBI in the regulations issued by it from time to time.

→ **Face Value & Tenure:**

The bonds have a face value of Rs1,000 each with a tenure of 10 years with a lock-in period of 5 years.

→ **Minimum Investment:**

The minimum investment is five bond units of Rs.1000 and in multiples of one unit thereon. There will be no TDS for the bonds issued via the demat route but there will be TDS if the same brought via the physical form.

→ **Tax Benefit:**

Investments in these bonds up to Rs 20,000 will be eligible for deduction from the total income of the assessee, under section-80 CCF of the Income Tax, 1961 for long term Infrastructure Bonds. The deduction will be in addition to the deduction of Rs1 lakh allowed under sections 80C, 80CCC and 80CCD of the Act.

→ **Issue Period:**

The issue would open on October 15, 2010 and would close on November 15, 2010.

→ **Type of bond:**

The bonds are secured, Redeemable and Non-Convertible.

→ **Form of Bond holding:**

Bonds can be held either in demat or physical form as per the applicant's wish.

→ **Credit Ratings:**

The issue has been accorded CARE AA+ by CARE and LAAA by ICRA, instruments with this rating are considered to offer a high safety for timely servicing of debt obligations. The ratings provided by CARE and ICRA may be suspended, withdrawn or revised at any time by the assigning rating agencies on the basis of new information etc., and should be evaluated independently of any other rating.

→ **Listing**

The Bonds are proposed to be listed on the National Stock Exchange of India Limited (NSE).

→ **Lead Managers:**

The lead managers to the issue are JM Financial Consultants, ICICI Securities, and SBI Capital Markets. The co-managers are Bajaj Capital, Karvy, and Integrated Enterprises. Registrar for this fund is Sharepro Services.

→ **Buyback Intimation Period:**

The buy back intimation period for the bonds are 6 months preceding the respective buy back date and ending three months prior to the buy back date.

→ **Options Available:**

There are 4 series of options available. Series 1, Series 2, Series 3 and Series 4. The frequency of interest, buyback, interest rate, and maturity date varies for each of the above series. Following table will provide details on each options.

Special Report

The specific terms of the instrument are set out below:

Series	1	2	3	4
Frequency of Interest	Annual	Cumulative	Annual	Cumulative
Buyback Facility	Yes	Yes	Yes	Yes
Buyback Date	First Working Day after 7 years from the Date of Allotment	First Working Day after 7 years from the Date of Allotment	First Working Day after 5 years from the Date of Allotment	First Working Day after 5 years from the Date of Allotment
Interest Rate	7.75% p.a.	7.75% p.a. compounded annually	7.50% p.a.	7.50% p.a. compounded annually
Maturity Date	10 years from the Date of Allotment.	10 years from the Date of Allotment.	10 years from the Date of Allotment.	10 years from the date of allotment.
Maturity Amount (Rs.)	1,000	2,110	1,000	2,061
Buyback Amount (Rs.)	1,000	1,687	1,000	1,436
Buyback Intimation Period	The period commencing from 6 months preceding the corresponding Buyback Date and ending 3 months prior to the corresponding Buyback Date			
Yield of the Bond on Maturity*	7.75% p.a.	7.75% p.a. compounded annually	7.50% p.a.	7.50% p.a. compounded annually
Yield of the Bond on Buyback*	7.75% p.a.	7.75% p.a. compounded annually	7.50% p.a.	7.50% p.a. compounded annually

Source: Red herring prospect, SEBI

INSTRUMENTS AT A GLANCE				
Series	1	2	3	4
Face Value per Bond	Rs 1,000	Rs 1,000	Rs 1,000	Rs 1,000
Interest / Coupon Rate Offered	7.75% p.a.	7.75% p.a. compounded annually	7.50% p.a.	7.50% p.a. compounded annually
Frequency of Interest Payment	Annual	Cumulative	Annual	Cumulative
Time to Maturity	10 years	10 years	10 years	10 years
Time to Buyback	7 years	7 years	5 years	5 years
Tax Rate	YIELD TO THE INVESTORS ON MATURITY (with Tax Benefits u/s 80CCF)			
10.30%	9.38%	8.93%	9.11%	8.67%
20.60%	11.29%	10.26%	11.00%	10.01%
30.90%	13.58%	11.81%	13.25%	11.55%
Tax Rate	YIELD TO THE INVESTORS ON BUYBACK (with Tax Benefits u/s 80CCF)			
10.30%	9.86%	9.44%	10.23%	9.86%
20.60%	12.31%	11.36%	13.42%	12.58%
30.90%	15.23%	13.59%	17.20%	15.75%

Source: Red herring prospect, SEBI

OVERVIEW OF L&T INFRASTRUCTURE FINANCE COMPANY LIMITED:

L&T Infrastructure Finance Company Limited, a 100% subsidiary of L&T Finance Holdings Ltd, which is subsidiary of Larsen & Toubro Limited (L&T), was incorporated in 2006. L&T Infra's objective is to provide tailor made solutions to its clients in terms of debt, sub-debt, quasi-equity funding, etc. and also strive to offer a 'One Stop solution' for meeting the financial requirements of its clients. The Company is registered with the RBI as a non-banking financial institution. It is also classified under the category Infrastructure Finance Company by the RBI. Its business comprises the provision of financial products and services for customers engaged in infrastructure development, construction and operations & maintenance with a focus on the power, roads, telecommunications, oil and gas and ports sectors in India.

Operating Parameters:

The total income of the Company for Fiscal Year 2010 was Rs. 4,504.23 million. The total loans and advances outstanding of as at March 31, 2010 were Rs. 42,884.99 million and total disbursements for Fiscal Year 2010 were Rs. 37,955.14 million.

Major Operations of the company:

The operations of the Company are divided into the following major business segments:

- ➔ Project Finance Segment
- ➔ Equity Investment Segment
- ➔ Financial Advisory Services Segment

Disclaimer:

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