Long Term Infrastructure Bonds 2011B Series (Tranche I) - u/s 80 CCF

Issuer: L&T Infrastructure Finance Company Limited
Offerings: Public issue of long term infrastructure bonds with a face value of Rs 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80 CCF of the income tax act, 1961 (the “debentures” or the “bonds”), aggregating up to Rs 11,000 million (the “issue”) for the FY 2012 (the “shelf limit”)

Face Value: Rs 1,000 per Bond
Issue Price: Rs 1,000 per Bond
Min Investment: Rs 5,000/- (5 Bonds in multiples of 1 Bond thereafter)
Redemption: 10 years from the date of allotment
Lock in: 5 years from the Deemed Date of Allotment
Interest on Application: Nil
Interest on Refund: Nil
Ratings: “[ICRA] AA+” by ICRA & “CARE AA+” by CARE
Proposed Listing: The BSE (Designated Stock Exchange)
Who Can Apply: Resident Individuals
Trading: Physical or dematerialized form

Trustee: Bank of Maharashtra
Depository: National Securities Depository Ltd (NSDL)
Collecting Banker: Central Depository Services (India) Ltd (CDSL)
Cheque Infavour of: “L&T Infra Bonds 2011B”
Lead Managers: ICICI Securities Ltd, JM Financial Consultants Pvt Ltd, Kary Investor Services Limited
Co Managers: Bajaj Capital Ltd, Integrated Enterprise (India) Ltd, RR Investors Capital Services Pvt Ltd, SMC Capitals Ltd

Deemed date of Allotment
Determined by the Board of the Company

Objective

The proceeds shall be utilized towards infrastructure lending’ as defined by the Reserve Bank of India

Common Terms

Yield on Maturity
9.00% p.a.
9.00% p.a. compounded annually

Basis of Allotment:
First Come First Serve

Minimum Buyback per bond: Rs 1,000/-
In Multiples of: 1000/-

Buyback Facility:
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.

Interest Rate (p.a.):
9.00% p.a.
9.00% p.a. compounded annually

Maturity Date:
10 years from the Deemed Date of Allotment
10 years from the Deemed Date of Allotment

Maturity Amount per bond:
Rs 1,000/-
Rs 2,367.36/-

Buyback Amount:
Rs 1,000 at the end of 5 years / Rs 1,000 at the end of 7 years
Rs 1,538.62 at the end of 5 years / Rs 1,828.04 at the end of 7 years

Buyback Intimation Period:
The period commencing from 6 months preceding the relevant Buyback Date and ending 3 months prior to such Buyback Date

Yield on Maturity:
9.00% p.a.
9.00% compounded annually

Yield on buyback:
9.00% p.a.
9.00% compounded annually

Conclusion

The L&T Infrastructure Bond fund has only two option i.e. 1 & 2. Under option (1) the coupon rate is 9.00% and also under (2) the interest rate is 9.00% will get compounded annually till the time of buyback or maturity.

The bond has rating of “[ICRA] AA+” by ICRA & “CARE AA+” by CARE with high credit quality & safety in terms of timely servicing of principal and interest obligations.

A client can avail deduction u/s 80CFC by investing upto Rs 20,000 in Infrastructure Bond over an above of Rs 1,00,000 u/s 80C.

After lock-in period investor may exit either through the secondary market or through a buyback facility.

Note:
1) Source : Information Memorandum

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