

### IDFC ISSUES TAX-SAVING INFRA BONDS

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MUMBAI, NOV. 21

Infrastructure Development Finance Company (IDFC)'s Long Term Infrastructure Bonds with a face value of ₹5,000, each issued under 80CCF of the Income-tax Act opened for subscription on Monday.

It has a coupon rate of 9 per cent and individuals and HUFs will be eligible for deduction of up to ₹20,000 in computation of taxable income for the current financial year. The IDFC has infrastructure finance company status within the NBFC category and has been able so far to raise debt capital of ₹1,451 crore from over 7.3 lakh retail investors. The issue is in two tranches with Tranche 1 bonds carrying an interest rate of 9 per cent per annum with a lock-in period of five years.

The minimum subscription will be two Tranche 1 bonds. It has a buyback arrangement at the end of five years and the bonds are expected to be listed on the NSE and the BSE after five years. The funds raised will be used towards infrastructure lending. The Tranche II bonds will be compounded at 9 per cent cumulative.

Mr Vikram Limaye, the executive director, IDFC said that this is the way to better intermediation of household savings.

They raised ₹450 crore last year and raised capital between 2007-2010 through QIPs. He said that they helped government in developing a framework for infrastructure and getting private sector as a significant participant.