IDFC to issue first tranche of tax-saving long term infrastructure bonds

- Issue of long-term infrastructure bonds by the Company under Section 80CCF of the Income Tax Act, 1961
- Resident Indian individuals and HUFs eligible for deduction of up to Rs 20,000 in computation of taxable income for the current financial year under Section 80CCF of the Income Tax Act, 1961
- (ICRA)AAA Credit Rating by ICRA indicating stable outlook and is the highest credit quality rating assigned by ICRA: Also Fitch AAA(Ind) rating by Fitch indicating long term stable outlook
- The Tranche 1 Bonds Issue opens on November 21, 2011 and closes on December 16, 2011
- Issue proposed to be listed on NSE and BSE. The Tranche 1 Bonds are tradable, post lock-in period of 5 years from the Deemed Date of Allotment.

Mumbai, November, 2011 - Infrastructure Development Finance Company Limited ("the Company or Issuer") has announced a public issue of “Long Term Infrastructure Bonds” with a face value of Rs 5000 each in the form of secured, redeemable, non-convertible debentures, having benefits under Section 80CCF of the Income Tax Act, 1961 (the “Bonds”) for an aggregate amount not exceeding Rs 5,000 crores for Fiscal 2011-12 (the “Shelf Limit”). The Bonds will be issued in one or more tranches subject to the Shelf Limit for Fiscal 2011-2012 under the Shelf Prospectus dated September 29, 2011 filed with the Registrar of Companies, Tamil Nadu (the “ROC”) Stock Exchanges and the Securities and Exchange Board of India (“SEBI”) on September 29, 2011 and the respective tranche prospectus. The first tranche of Bonds (the “Tranche 1 Bonds”) for an amount not exceeding the Shelf Limit shall be issued on the terms set out in the Shelf Prospectus and the Prospectus – Tranche 1 (the “Issue”).

In 2010, IDFC got the Infrastructure Finance Company (IFC) status within the NBFC category from the Reserve Bank of India. The Company had successfully raised Rs 1,451 crores from over 7.3 lakh retail investors through the issue of the long-term infrastructure bonds in Fiscal 2010-11.

**Issue Date and Listing:** The Issue of Tranche 1 Bonds will open for subscription on November 21, 2011 and will close on December 16, 2011 or on such earlier date or extended date as may be decided by the Board of the Company subject to necessary approvals. The Issue is proposed to be listed on the National Stock Exchange of India Limited ("the NSE") and BSE Limited ("BSE").
**Ratings:** The Tranche 1 Bonds have been rated as (ICRA)AAA by ICRA and Fitch AAA(Ind). While the ICRA rating indicates stable outlook and are considered to have the highest degree of safety for timely servicing of financial obligations, the Fitch rating indicates a long term stable outlook.

**Issue Structure:**
The Tranche 1 Bonds will carry a minimum Lock-in period of Five (5) Years from the Date of Allotment and can be redeemed after Ten (10) Years from the Date of Allotment. The Tranche 1 Bonds will be issued in two series – Series 1 Tranche I Bonds and will carry an interest rate of 9% per annum, as more specifically laid down in the table below. The minimum subscription will be two (2) Tranche 1 Bonds and in multiples of One (1) Tranche 1 Bond thereafter.

Specific Terms for Each Series of Tranche 1 Bonds:

<table>
<thead>
<tr>
<th>Series</th>
<th>1</th>
<th>2</th>
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<tbody>
<tr>
<td>Frequency of Interest payment</td>
<td>Annual</td>
<td>Cumulative</td>
</tr>
<tr>
<td>Face Value per Tranche 1 Bond</td>
<td>Rs. 5,000</td>
<td>Rs. 5,000</td>
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<tr>
<td>Buyback Facility</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Buyback Amount</td>
<td>Rs. 5,000 per Tranche 1 Bond</td>
<td>Rs. 7,695 per Tranche 1 Bond.</td>
</tr>
<tr>
<td>Buyback Date</td>
<td>Date falling five years and one day from the Deemed Date of Allotment</td>
<td>Date falling five years and one day from the Deemed Date of Allotment</td>
</tr>
<tr>
<td>Buyback Intimation Period</td>
<td>The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date</td>
<td>The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date</td>
</tr>
<tr>
<td>Tenor</td>
<td>120 months from the Deemed Date of Allotment</td>
<td>120 months from the Deemed Date of Allotment</td>
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<tr>
<td>Interest Rate</td>
<td>9% p.a.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Maturity Amount</td>
<td>Rs. 5,000 per Tranche 1 Bond</td>
<td>Rs. 11,840 per Tranche 1 Bond</td>
</tr>
<tr>
<td>Yield on Maturity</td>
<td>9%</td>
<td>9% compounded annually</td>
</tr>
<tr>
<td>Yield on Buyback</td>
<td>9%</td>
<td>9% compounded annually</td>
</tr>
</tbody>
</table>

**80CCF Benefit:** The Tranche 1 Bonds are classified as “Long Term Infrastructure Bonds” and are being issued in terms of Section 80CCF of the Income Tax Act, 1961. In accordance with Section 80CCF, an amount, not exceeding Rs 20,000 in the year of the investment, paid or deposited as subscription to Long Term Infrastructure Bonds during the previous year.
relevant to the assessment year beginning April 01, 2012, shall be deducted in computing the
taxable income of a resident individual or Hindu Undivided Family ("the HUF"). In the event
that any applicant applies for Tranche 1 Bonds exceeding Rs 20,000 in the year of the
investment, the aforesaid tax benefit shall be available to such applicant only to the extent of
Rs 20,000 in the year of the investment.
The funds raised through the Issue of the Tranche 1 Bonds will be utilized towards
"infrastructure lending" as defined by Reserve Bank of India ("the RBI") in the regulations
issued by it from time to time, after meeting the expenditures of, and related to the Issue. The
Tranche 1 Bonds will be in the nature of debt and accordingly will be utilized in accordance
with statutory and regulatory requirements of SEBI, RBI and the Ministry of Finance.

The Lead Managers to the Issue are ICICI Securities Limited, JM Financial Consultants Private
Limited, Karvy Investor Services Limited, Kotak Mahindra Capital Company Limited and
IDFC Capital Limited. The Co-lead Managers to the Issue are Bajaj Capital Limited, RR
Investors Capital Services Private Limited and SMC Capitals Limited. The Registrar to the
Issue is Karvy Computershare Private Limited.

Disclaimer: All prospective investors proposing to participate in the public issue of the
Tranche 1 Bonds by IDFC ("the Company or Issuer") should invest only on the basis of
information contained in Shelf Prospectus read with the Prospectus – Tranche 1 filed with
the ROC containing the terms and conditions of the Tranche 1 Bonds. The Prospectus –
Tranche 1 is available on the website of SEBI at www.sebi.gov.in , the websites of the stock
exchanges at www.bseindia.com and www.nseindia.com , the websites of Lead Managers at
www.investmentbank.kotak.com and www.idfccapital.com , the websites of the Co-Lead

Any potential investor should note that investment in debt securities involves risks and they
should carefully read the Prospectus – Tranche 1 before making an investment decision. For
details relating of risks relating to the Company, please see the Section titled “Risk Factors”
on Page ix of the Prospectus – Tranche 1. Investors should also note that this is only an
advertisement and not an offer or an invitation to subscribe to any securities of the
Company.