

06 January, 2012

Public Issue of IDFC Ltd Long Term Infrastructure Bonds - Tranche 2

Brief Introduction of the company:

Out of the need for a specialized financial intermediary for infrastructure, IDFC was established in January 1997 in Chennai. Since then, IDFC has been a leading catalyst for providing private sector infrastructure development in India. IDFC is a leading knowledge-driven financial services company in India and plays a central role in advancing infrastructure development in the country. IDFC is a one-stop-shop for all products and services across the infrastructure value chain. Company listed its Equity Shares in India pursuant to an initial public offering in August 2005.

Issue details:

| | |
|---------------------------------|---|
| Issuer | Infrastructure Development Finance Company Limited |
| Nature of Instrument | Secured, Redeemable, Non-Convertible Debentures, having benefits under section 80CCF of the Income Tax act, 1961 |
| Issue Size | ₹ 44,000 Million |
| Issue Opening Date | January 11, 2012 |
| Issue Closing Date | February 25, 2012 (Issue extended till March 5, 2012) |
| Face Value (₹) | ₹5,000 |
| Issue Price (₹) | ₹5,000 |
| Minimum Application | Two Tranche 2 Bonds and in multiples of one Tranche 2 Bond thereafter. |
| Rating | "(ICRA)AAA" from ICRA "Fitch AAA(ind)" from Fitch |
| Security | First part passu floating charge over the Secured Assets and first fixed part passu charge over specified immovable properties of the Company |
| Security Cover | 1.0 time the outstanding Tranche 2 Bonds at any point of time. |
| Listing | NSE and BSE |
| Debenture Trustee | IDBI Trusteeship Services Limited |
| Depositories | National Securities Depository Limited and Central Depository Services (India) Limited |
| Lead Managers | ICICI Securities, JM Financial, Karvy Investor Services Ltd , HDFC Bank and IDFC Capital |
| Co-Lead Managers | RR Investors, SMC Capitals and Bajaj Capital |
| Registrar | Karvy Computershare Private Limited |
| Mode of Payment | 1.Electronic Clearing Services, 2.At par cheques, 3.Demand drafts |
| Issuance | Dematerialized form or Physical form as specified by an Applicant in the Application Form. |
| Lock-in Period | 5 years from the Deemed Date of Allotment |
| Trading | Dematerialized form only following expiry of the Lock-in Period |
| Deemed Date of Allotment | The Deemed Date of Allotment shall be the date as may be determined by the Board of the Company and notified to the Stock Exchanges. |
| Maturity Date | 10 years from the Deemed Date of Allotment |
| Buyback Date | Date falling 5 years and one day from the Deemed Date of Allotment |
| Day Count Convention | Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. However, where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the principal outstanding on the Bonds |

Cheque/DD's to be drawn in favour of "IDFC Infra Bonds – Tranche 2" and crossed A/C Payee.

06 January, 2012

Issue terms & available Options under the issue of Long Term Infrastructure Bonds Tranche 2 Issue:

| Series | 1 | 2 |
|-------------------------------|--|--|
| Frequency of Interest payment | Annual | Cumulative |
| Face Value per Tranche 2 Bond | ₹ 5,000 | ₹ 5,000 |
| Buyback Facility | Yes | Yes |
| Buyback Amount | Rs. 5,000 per Tranche 2 Bond | Rs. 7,590 per Tranche 2 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 | The period beginning not before nine months prior to the Buyback Date and ending not later than six months prior to the Buyback Date |
| Tenor | 120 months from the Deemed Date of Allotment | 120 months from the Deemed Date of Allotment |
| Interest Rate | 8.70% p.a. | N.A. |
| Maturity Amount | ₹ 5,000 per Tranche 2 Bond | ₹ 11,515 per Tranche 2 Bond |
| Yield on Maturity | 8.70% | 8.70% compounded annually |
| Yield on Buyback | 8.70% | 8.70% compounded annually |
| Time to Maturity | 10 years from the Deemed Date of Allotment | 10 years from the Deemed Date of Allotment |
| Time to Buyback | Date falling five years and one day from the Deemed Date of Allotment | Date falling five years and one day from the Deemed Date of Allotment |
| Tax Rate (%) | Tax Benefit adjusted rate of return on Maturity (with Tax Benefits up to Rs. 20,000 u/s 80CCF of the Income Tax Act, 1961) | |
| 10.30 | 10.40% | 9.88% |
| 20.60 | 12.40% | 11.23% |
| 30.90 | 14.80% | 12.78% |
| Tax Rate (%) | Tax Benefit adjusted rate of return on Buyback (with Tax Benefits up to Rs. 20,000 u/s 80CCF of the Income Tax Act, 1961) | |
| 10.30 | 11.51% | 11.08% |
| 20.60 | 14.80% | 13.82% |
| 30.90 | 18.73% | 17.03% |

Who Can Apply:

- Indian nationals resident in India, who are not minors, in single or joint names (not more than three)
- Hindu Undivided Families or HUFs, in the individual name of the Karta.

Note: Non-resident investors including NRIs, FIIs and OCBs are not eligible to participate in the Issue.

Cheque/DD's to be drawn in favour of "IDFC Infra Bonds – Tranche 2" and crossed A/C Payee.

IMPORTANT: Please read the Prospectus of this issue carefully before investing in the same.
Disclaimer

The information and views presented in this report are prepared by Karvy Stock Broking Limited. The information contained herein is based on our analysis and upon sources that we consider reliable. We, however, do not vouch for the accuracy or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advice, as they believe necessary. While acting upon any information or analysis mentioned in this report, investors may please note that neither Karvy nor Karvy Stock Broking nor any person connected with any associate companies of Karvy accepts any liability arising from the use of this information and views mentioned in this document.

:: Research Team:

Shivram Yedithi
 E-mail: shivram.y@karvy.com
Neelima Bajaj
 E-mail: Neelima.bajaj@karvy.com
 Direct Ph: 040 4467 7542
 Ph: 040 2331 2454 Ext: 7542
 Production: **Raju A**

