



**L&T INFRASTRUCTURE FINANCE COMPANY LIMITED**

(L&T Infrastructure Finance Company Limited (the "Company"), with CIN U67190TN2006PLC059527, incorporated in the Republic of India with limited liability under the Companies Act, 1956, as amended (the "Companies Act"))

**Registered Office:** Mount Poonamallee Road, Manapakkam, Chennai - 600 089; **Tel:** +91 44 6688 1166; **Fax:** +91 44 6688 1010

**Corporate Office:** 3B, Laxmi Towers, C-25, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

**Tel:** +91 22 4060 5444; **Fax:** +91 22 4060 5353; **Website:** www.ltinfra.com

**Compliance Officer and Contact Person:** Mr. Shekhar Prabhudesai, Company Secretary E-mail: [infrabonds2012A@ltinfra.com](mailto:infrabonds2012A@ltinfra.com);

**PUBLIC ISSUE BY L&T INFRASTRUCTURE FINANCE COMPANY LIMITED (THE "COMPANY" OR THE "ISSUER") OF LONG TERM INFRASTRUCTURE BONDS WITH A FACE VALUE OF ₹ 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 ₹ 11,000 MILLION FOR THE FY 2012 (THE "SHELF LIMIT"), THE BONDS WILL BE ISSUED IN ONE OR MORE TRANCHE SUBJECT TO THE SHELF LIMIT FOR THE FY 2012 UNDER THE SHELF PROSPECTUS FILED WITH THE ROC ON NOVEMBER 18, 2011 AND THE RESPECTIVE TRANCHE PROSPECTUS. THE SECOND TRANCHE OF BONDS (THE "TRANCHE 2 BONDS") FOR AN AGGREGATE AMOUNT UP TO ₹ 3,000.00 MILLION WITH AN OPTION TO RETAIN AN OVERSUBSCRIPTION OF UP TO SHELF LIMIT FOR ALLOTMENT OF ADDITIONAL TRANCHE 2 BONDS (INCLUDING THE AMOUNT RECEIVED AGAINST THE ALLOTMENT OF THE TRANCHE 1 BONDS), SHALL BE ISSUED ON THE TERMS SET OUT IN THE SHELF PROSPECTUS AND THIS PROSPECTUS - TRANCHE 2 (THE "ISSUE").**

**FOR ANY QUERIES REGARDING THE ISSUE, PLEASE CONTACT US ON OUR TOLL FREE NO. 1800 102 2131 OR WRITE TO US AT [savetax@ltinfra.com](mailto:savetax@ltinfra.com). FOR FURTHER DETAILS, INVESTORS CAN VISIT THE WEBSITE: [www.ltinfrabond.com](http://www.ltinfrabond.com).**

The Issue is being made pursuant to the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Debt Regulations").

**GENERAL RISK**

Investors are advised to read the section titled "Risk Factors" carefully before taking an investment decision in this Issue. For the purposes of taking an investment decision, investors must rely on their own examination of the Issuer and of the Issue, including the risks involved. Specific attention of the investors is invited to the section titled "Risk Factors" on page 9 to 24 of the Shelf Prospectus before making an investment in this issue.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Shelf Prospectus and this Prospectus - Tranche 2 contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Shelf Prospectus and this Prospectus - Tranche 2 is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein and therein, as the case may be, are honestly held and that there are no other material facts, the omission of which makes the Shelf Prospectus and this Prospectus - Tranche -2 as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**CREDIT RATINGS**

The Bonds have been rated 'CARE AA+' by CARE and '[ICRA] AA+' by ICRA pursuant to letters dated November 4, 2011 and November 8, 2011, respectively. Instruments with a rating of 'CARE AA+' by CARE are considered to offer high safety for timely servicing of financial obligations. Such instruments carry very low credit risk. Instruments with a rating of '[ICRA] AA+' by ICRA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The ratings provided by CARE and ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated independently of any other rating. The ratings are not a recommendation to buy, sell or hold securities and investors should take their own investment decisions. Please refer to Annexure of the Shelf Prospectus for the rationales for the above ratings.

**PUBLIC COMMENTS**

The Draft Shelf Prospectus was filed with the Designated Stock Exchange for public comments pursuant to the provisions of the Debt Regulations. The Draft Shelf Prospectus was open for public comments for 7 Working Days from the date of filing of the Draft Shelf Prospectus with the Designated Stock Exchange.

**LISTING**

The Tranche 2 Bonds offered through the Shelf Prospectus and Prospectus - Tranche 2 are proposed to be listed on BSE Limited (the "BSE"). Our Company has applied to the BSE for 'in-principle' approval for the Issue through a letter dated November 10, 2011. BSE has given its 'in-principle' listing approval through its letter dated November 18, 2011. For the purposes of this Issue, the BSE shall be the Designated Stock Exchange.

**LEAD MANAGERS TO THE ISSUE**

 <p><b>ICICI Securities Limited</b> ICICI Centre H.T. Parekh Marg Churchgate, Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: <a href="mailto:ltinfra.bondissue@icicisecurities.com">ltinfra.bondissue@icicisecurities.com</a> Investor Grievance Email: <a href="mailto:customercare@icicisecurities.com">customercare@icicisecurities.com</a> Website: <a href="http://www.icicisecurities.com">www.icicisecurities.com</a> Contact Person: Ms. Shubhra Pandey SEBI Registration No: INM000011179</p>	 <p><b>JM Financial Consultants Private Limited</b> 141 Maker Chambers III, Nariman Point, Mumbai - 400021 Tel: +91 22 3953 3030 Fax: +91 22 2204 7185 Email: <a href="mailto:ltinfrabondissue@jmfincial.in">ltinfrabondissue@jmfincial.in</a> Investor Grievance Email: <a href="mailto:grievance.ibd@jmfincial.in">grievance.ibd@jmfincial.in</a> Website: <a href="http://www.jmfincial.in">www.jmfincial.in</a> Contact Person: Ms. Lakshmi Lakshmanan SEBI Registration No.: INM000010361</p>	 <p><b>Karvy Investor Services Limited</b> Hallmark Business Plaza, 7<sup>th</sup> Floor, Sant Dyaneshwar Marg, Opp: Gurnank Hospital, Bandra - East Mumbai - 400 051 Tel: +91 22 6149 1500 Fax: +91 22 6149 1515 Email: <a href="mailto:ltinfrabond2011B@karvy.com">ltinfrabond2011B@karvy.com</a> Investor Grievance E mail: <a href="mailto:igmbd@karvy.com">igmbd@karvy.com</a> Website: <a href="http://www.karvy.com">www.karvy.com</a> Contact Person: Mr. Omkar Barve SEBI Registration No.: INM000008365</p>
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**CO-LEAD-MANAGERS TO THE ISSUE**

**DEBENTURE TRUSTEE TO THE ISSUE**

**REGISTRAR TO THE ISSUE**

 <p><b>SMC Capitals Limited</b> 3<sup>d</sup> Floor, 'A' Wing, Laxmi Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Tel +91 22 6138 3838 Fax :: +91 22 6138 3899 E-mail ID: <a href="mailto:l_bond@smccapitals.com">l_bond@smccapitals.com</a> Investor Grievance E-mail ID: investor.grievance@smccapital.s.com Website: <a href="http://www.smccapitals.com">www.smccapitals.com</a> Contact person: Mr. Sanjeev Barnwal SEBI Registration No.: MB/INM000011427</p>	 <p><b>Bajaj Capital Limited</b> 5<sup>th</sup> Floor, Bajaj House 97, Nehru Place New Delhi 110 019 Tel +91 22 4009 9999 Fax :: +91 22 4009 9011 E-mail ID: <a href="mailto:surajitm@bajajcapital.com">surajitm@bajajcapital.com</a> Investor Grievance E-mail ID: <a href="mailto:info@bajajcapital.com">info@bajajcapital.com</a> Website: <a href="http://www.bajajcapital.com">www.bajajcapital.com</a> Contact person: Mr. Surajit Misra SEBI Registration No.: INM000010544</p>	 <p><b>RR Investors Capital Services Private Limited</b> 133A, Mittal Tower Nariman Point Mumbai 400 021 Tel +91 22 2288 6627/28 Fax :: +91 22 2285 1925 E-mail ID: <a href="mailto:ltinfra@rrfcl.com">ltinfra@rrfcl.com</a> Investor Grievance E-mail ID: <a href="mailto:investors@rrfcl.com">investors@rrfcl.com</a> Website: <a href="http://www.rrfcl.com">www.rrfcl.com</a> Contact person: Mr. Brahmudutta Singh SEBI Registration No.: INM000007508</p>	 <p><b>Integrated Enterprises (India) Limited*</b> 5A, 2nd Floor, Kences Towers, 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 Tel: +91 22 2814 0801 Fax: +91 22 2814 2479 E-mail ID: <a href="mailto:mbd@iepindia.com">mbd@iepindia.com</a> Investor Grievance Email ID: <a href="mailto:savithri@iepindia.com">savithri@iepindia.com</a> Website: <a href="http://www.iepindia.com">www.iepindia.com</a> Contact Person: M Savithiri SEBI Registration No: INM00002640</p>	 <p><b>Bank of Maharashtra</b> Legal Services Department, Head Office: "Lokmangal", 1501, Shivajinagar, Pune - 411 005 Tel: +91 20 2553 6256 Fax: +91 20 2551 3123 Website: <a href="http://www.bankofmaharashtra.in">www.bankofmaharashtra.in</a> Email: <a href="mailto:bomcolaw@mahabank.co.in">bomcolaw@mahabank.co.in</a></p>	 <p><b>Sharepro Services (India) Private Limited</b> 13 A B, Samhita Warehousing Complex 2<sup>nd</sup> floor, Sakinaka Telephone Exchange Lane Andheri - Kurla Road Sakinaka, Andheri (E), Mumbai - 400 072 Tel: +91 22 6191 5400/351/352 Fax: +91 22 6191 5444 Email: <a href="mailto:sharepro@shareproservices.com">sharepro@shareproservices.com</a> Investor Grievance Email: <a href="mailto:ltinfra@shareproservices.com">ltinfra@shareproservices.com</a> Website: <a href="http://www.shareproservices.com">www.shareproservices.com</a> Contact Person: Mr. Prakash Khare Compliance Officer: Mr. Kumaresan V SEBI Registration No.: INR000001476</p>
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**ISSUE PROGRAMME**

<b>ISSUE OPENS ON:</b>	<b>January 10, 2012</b>	<b>ISSUE CLOSES ON:</b>	<b>February 11, 2012</b>
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The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case may be, subject to necessary approvals. In the event of an early closure or extension of the Issue, the Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.

\* Integrated Enterprises (India) Limited has made an application on July 25, 2011 with SEBI for renewal of its certificate of registration.

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## SECTION I: GENERAL

### DEFINITIONS & ABBREVIATIONS

#### CONVENTIONAL / GENERAL TERMS AND ABBREVIATIONS

<b>Term</b>	<b>Description</b>
Companies Act / Act	The Companies Act, 1956, as amended
AGM	Annual General Meeting
AS	Accounting Standard
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Competition Act	Competition Act, 2002, as amended
Depositories Act	Depositories Act, 1996, as amended
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended
FII (s)	Foreign Institutional Investor(s)
Financial Year / FY/ Fiscal Year	Year ending March 31
GDP	Gross Domestic Product
GIR	General Index Registration Number
G-Sec	Government Securities
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IRDA	Insurance Regulatory and Development Authority
I.T. Act / Income Tax Act	Income Tax Act, 1961, as amended
MCA	Ministry of Corporate Affairs, Government of India
MNC	Multi-National Corporation / Company
NAV	Net Asset Value
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NII(s)	Non-Institutional Investor(s)
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended

<b>Term</b>	<b>Description</b>
ROC	Registrar of Companies, Tamil Nadu, Chennai
₹ /Rs. / INR / Rupees	The lawful currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
TDS	Tax Deducted at Source

### **ISSUE RELATED TERMS**

<b>Term</b>	<b>Description</b>
Allotment / Allotted/ Allot	Means the allotment of the Tranche 2 Bonds, as the context may require, to the successful Applicants pursuant to this Issue
Allottee(s)	A successful Applicant to whom the Tranche 2 Bonds are being / have been Allotted
Applicant(s)	Resident Individual or an HUF who applies for issuance of the Tranche 2 Bonds in the Issue
Application Amount	The total amount to be paid by an applicant along with the Application Form, which is the total value of the Tranche 2 Bonds being applied for
Application Form	The form (including revisions thereof) in terms of which the Applicant shall make an offer to subscribe to the Tranche 2 Bonds and which will be considered as the application for Allotment of Tranche 2 Bonds in terms of the Shelf Prospectus and this Prospectus – Tranche 2
Basis of Allotment	The basis on which Tranche 2 Bonds will be Allotted to Applicant(s) under the Issue and is described in the section titled “ <i>Issue Procedure – Basis of Allotment</i> ” on page 78 of this Prospectus- Tranche 2
Bankers to the Issue	Escrow Collection Banks, Public Issue Account Banks and the Refund Bank(s), collectively
Bonds / Debentures	Long term infrastructure bonds, in the nature of secured, redeemable, non-convertible debentures of our Company of face value of ₹ 1,000 each, having benefits under section 80 CCF of the Income Tax Act, issued at par, in one or more tranches in terms of the Shelf Prospectus and the respective Tranche Prospectus including the Tranche 2 Bonds
Bondholder(s) / Debenture Holder(s)	Any person holding the Tranche 2 Bonds, and whose name appears on the beneficial owners list provided by the Depositories or whose name appears in the Register of Bondholders maintained by the Company

<b>Term</b>	<b>Description</b>
Buyback Amount	The amount that will be specified as the buyback amount for various series of the Tranche 2 Bonds, as more specifically set out in the section entitled “ <i>The Issue</i> ” on page 23 of this Prospectus – Tranche 2
Buyback Date	The date falling 5 years and one day after the Deemed Date of Allotment or 7 years and one day after the Deemed Date of Allotment on which dates the Company shall complete the buyback of the Tranche 2 Bonds, as more particularly described in the section entitled “Terms of the Issue - Buyback of Tranche 2 Bonds” on page 59 of this Prospectus – Tranche 2
Buyback Intimation Period	The period beginning not before 6 months prior to the Buyback Date and ending not later than 3 months from the Buyback Date
Buyback Intimation Request	The letter sent by the Company to the Bondholders intimating them about the buyback of the Tranche 2 Bonds
BSE	BSE Limited
CARE	Credit Analysis & Research Limited
Co- Lead Managers	SMC Capitals Limited, Bajaj Capital Limited, RR Investors Capital Services Private Limited and Integrated Enterprises (India) Limited
Consolidated Bond Certificate	In case of Tranche 2 Bonds being held in physical form, the certificate issued by the Issuer to the Bondholder for the aggregate amount of the Tranche 2 Bonds that are held by such Bondholder
CRISIL	CRISIL Limited
Deemed Date of Allotment	The Deemed Date of Allotment for the Tranche 2 Bonds shall be the date as may be determined by the Board of the Company and notified to the Stock Exchange
Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008
Debenture Trust Cum Hypothecation Deed – Tranche 2	Trust cum hypothecation deed to be entered into between the Debenture Trustee and the Company
Debenture Trustee/ Trustee	Trustee for the Bondholders, in this case being Bank of Maharashtra
Depository(ies)	National Securities Depository Limited (NSDL) and / or Central Depository Services (India) Limited (CDSL)
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, subsequent to the execution of documents for the creation of security, following which the Board of Directors shall Allot the Tranche 2 Bonds to the successful Applicants
Designated Stock Exchange	The designated stock exchange for the Issue, being BSE Limited
DP / Depository Participant	A depository participant as defined under the Depositories Act

<b>Term</b>	<b>Description</b>
Draft Shelf Prospectus	The draft shelf prospectus dated November 8, 2011 filed by the Company with the Designated Stock Exchange for receiving public comments in accordance with the provisions of the Debt Regulations
Escrow Accounts	Accounts opened with the Escrow Collection Bank(s) and in whose favour the Applicants can issue cheques or bank drafts in respect of the Application Amount while submitting the Application
Escrow Agreement	Agreement dated January 2, 2012 entered into amongst our Company, the Registrar, the Escrow Collection Bank(s), the Refund Bank and the Lead Managers for collection of the Application Amounts towards Allotment of Tranche 2 Bonds and for remitting refunds for non-Allottees, if any, of the amounts collected, to the Applicants on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Escrow Accounts will be opened, comprising Axis Bank Limited, City Union Bank, Dhanlaxmi Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited and Yes Bank Limited
FITCH	Fitch Ratings India Private Limited
ICICI Securities	ICICI Securities Limited
ICRA	ICRA Limited
Issue	Public issue of Tranche 2 Bonds of face value of ₹ 1,000 each, in the nature of secured, non-convertible debentures, having benefit under section 80CCF of the Income Tax Act, 1961, for an aggregate amount up to ₹ 3,000.00 million with an option to retain an oversubscription of up to Shelf Limit for allotment of additional Tranche 2 Bonds (including the amount received against the allotment of the Tranche 1 Bonds)
Issue Closing Date	February 11, 2012
Issue Opening Date	January 10, 2012
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, both dates inclusive, during which prospective Applicants can submit their Application Forms
JM Financial	JM Financial Consultants Private Limited
Karvy	Karvy Investor Services Limited
KYC Documents	Documents required for fulfilling the know your customer requirements prescribed by RBI as set out in " <i>KYC Documents</i> " on page 75 of this Prospectus - Tranche 2

<b>Term</b>	<b>Description</b>
Lead Brokers	Bajaj Capital Investors Services Limited, Edelweiss Broking Limited, ICICI Securities Limited, Standard Chartered Securities (India) Limited, IFCI Financial Services Limited, IDBI Capital Market Services Limited, Integrated Enterprises (India) Limited, Enam Securities Private Limited, HDFC Securities Limited, Karvy Stock Broking Limited, Kotak Securities Limited, RR Equity Brokers Private Limited, SHCIL Services Limited, SBICAPS Securities Limited, SMC Global Securities Limited, Sharekhan Limited, JM Financial Services Private Limited, Eastern Financiers Limited and N J India Invest Private Limited
Lead Managers	ICICI Securities Limited, JM Financial Consultants Private Limited and Karvy Investor Services Limited
Lock-in Period	5 years from the Deemed Date of Allotment
Market/ Trading Lot	One Tranche 2 Bond
Maturity Amount	The principal amount and the accrued interest (if any) or the cumulative interest payments which are due, till the Maturity Date, more particularly specified in the section titled “ <i>The Issue</i> ” at page 23 of this Prospectus – Tranche 2
Maturity Date	10 years from the Deemed Date of Allotment
Notification	Notification No. 50/2011.F.No.178/43/2011-SO (ITA.1) dated September 9, 2011 issued by the Central Board of Direct Taxes
Oversubscription Date	The date on or prior to the Issue Closing Date, on which the aggregate amount of Tranche 2 Bonds subscribed for by the Applicants as determined by the number of applications received by the Company being offered in terms of the Shelf Prospectus and this Prospectus – Tranche 2, exceeds the aggregate amount of the Tranche 2 Bonds being offered including retention of the oversubscription up to the Shelf Limit (including the amount received against the allotment of the Tranche 1 Bonds)
Prospectus – Tranche 1	The Tranche Prospectus dated November 18, 2011 filed by the Company with the RoC pursuant to provisions of the Debt Regulations for issue of the first tranche of the Bonds for an amount up to ₹ 11,000 million
Prospectus – Tranche 2	This Tranche Prospectus dated January 3, 2012 filed by the Company with the RoC pursuant to provisions of the Debt Regulations for issue of the second tranche of the Bonds for an aggregate amount up to ₹ 3,000.00 million with an option to retain an oversubscription of up to Shelf Limit for allotment of additional Tranche 2 Bonds (including the amount received against the allotment of the Tranche 1 Bonds)
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts on the Designated Date

<b>Term</b>	<b>Description</b>
Public Issue Account Bank	The banks which are clearing members and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Public Issue Accounts will be opened, comprising Axis Bank Limited, City Union Bank, Dhanlaxmi Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited and Yes Bank Limited
Registrar / Registrar to the Issue/ Sharepro	Sharepro Services (India) Private Limited, being the Registrar to the Issue and the transfer agent to our Company
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount shall be made
Refund Bank	The banks which are clearing members and registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 with whom the Refund Account in relation to the Tranche 2 Bonds will be opened, in this case being ICICI Bank Limited
Resident Individual	An individual who is a person resident in India as defined in the Income Tax Act, 1961, as amended
Simple Mortgage Deed	The simple mortgage deed to be executed between our Company and the Debenture Trustee in relation to this Issue
Shelf Limit	The limit up to which the Bonds can be issued for the FY 2012 being ₹ 11,000 million
Shelf Prospectus	The shelf prospectus dated November 18, 2011 filed by the Company with the RoC in accordance with the provisions of the Debt Regulations.
Stock Exchange	The BSE
Tranche Prospectus	Every prospectus that has been filed or will be filed with the RoC in connection with the issue of any tranche of Bonds within the Shelf Limit, and each such prospectus will be called a Tranche Prospectus
Tranche 1 Bonds	The Bonds issued and allotted pursuant to the Prospectus – Tranche 1
Tranche 2 Bonds	The Bonds that will be issued and allotted pursuant to the Prospectus – Tranche 2
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories have agreed to act as depositories for the securities issued by the Issuer.
Trustees / Debenture Trustee	Trustees for the Bondholders, in this case being Bank of Maharashtra
WDM	Wholesale Debt Market
YTM	Yield to Maturity
Working Day	All days excluding Saturdays, Sundays and public holidays in Mumbai or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881



## COMPANY / INDUSTRY RELATED TERMS

Term	Description
“L&T Infra”, “Issuer”, “the Company”, “we”, “us” and “our Company”	L&T Infrastructure Finance Company Limited, a public limited company incorporated under the Act having its registered office at Mount Poonamallee Road, Manapakkam, Chennai - 600 089
ALCO	Asset-Liability Management Committee
ALM	Asset-Liability Management
Articles / Articles of Association / AOA	Articles of Association of the Issuer, as amended
Auditors / Statutory Auditors	M/s. Deloitte Haskins and Sells, Chartered Accountants, the statutory auditors of our Company
Board / Board of Directors	The Board of Directors of the Issuer
Committee of Directors	The Committee of Directors of the Issuer
CAR	Capital Adequacy Ratio
Corporate Office	3B, Laxmi Towers, C-25, ‘G’ Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
CP	Commercial Paper
CRAR	Capital-to-Risk-Weighted Assets Ratio
Exposure	Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure. The sanctioned limit or outstanding, whichever is higher, is our exposure as at that date. In the case of fully drawn term loans, where there is no scope for further drawal of any portion of the sanctioned amount, the committed/outstanding amount, as may be applicable, is equivalent to our exposure.
FIMMDA	Fixed Income, Money Markets and Derivatives Association
ICC	Investment and Credit Committee
IFC	‘Infrastructure Finance Company’, as defined under applicable RBI guidelines
L&T	Larsen & Toubro Limited
L&TFH	L&T Finance Holdings Limited
Memorandum / MOA	Memorandum of Association of the Issuer, as amended
Mezzanine Debt	Subordinated debt instruments secured by a charge other than an exclusive charge or a first charge
NBFC	Non-Banking Financial Company as defined under Section 45-I(f) of the RBI Act, 1934
NBFC-ND-SI	Systemically Important Non-Deposit Taking NBFC
NPA	Non Performing Asset
NSE	National Stock Exchange of India Limited
Portfolio	Our aggregate outstanding loans and advances including Senior

<b>Term</b>	<b>Description</b>
	Debt, Mezzanine Debt, debentures, unsecured loans, and investments by way of equity and preference shares
PFI	Public financial institution as defined under the Section 4A of the Companies Act
Promoters / our Promoters	The promoters of our Company are Larsen & Toubro Limited and L&T Finance Holdings Limited
Registered Office	Mount Poonamallee Road, Manapakkam, Chennai - 600 089
Senior Debt/ Senior Loans	Debt secured by exclusive charge or first charge
USD	United States Dollars, the official currency of the United States of America

## FORWARD-LOOKING STATEMENTS

This Prospectus – Tranche 2 contains certain forward-looking statements such as “aim”, “anticipate”, “shall”, “will”, “will continue”, “would pursue”, “will likely result”, “expected to”, “contemplate”, “seek to”, “target”, “propose to”, “future”, “goal”, “project”, “could”, “may”, “in management’s judgment”, “objective”, “plan”, “is likely”, “intends”, “believes”, “expects” and other similar expressions or variations of such expressions. These statements are primarily meant to give the investor an overview of our Company’s future plans, as they currently stand. Our Company operates in a highly competitive, dynamic and regulated business environment, and a change in any of these variables may necessitate an alteration of our Company’s plans. Further, these plans are not static, but are subject to continuous internal review and policies, and may be altered, if the altered plans suit our Company’s needs better.

Further, many of the plans may be based on one or more underlying assumptions (all of which may not be contained in this Prospectus – Tranche 2) which may not come to fruition. Thus, actual results may differ materially from those suggested by the forward-looking statements. Our Company and all intermediaries associated with this Prospectus – Tranche 2 do not undertake to inform the investor of any change in any matter in respect of which any forward-looking statements are made.

All statements contained in this Prospectus – Tranche 2 that are not statements of historical fact constitute “forward-looking statements” and are not forecasts or projections relating to our Company’s financial performance. All forward-looking statements are subject to risks, uncertainties and assumptions that may cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that may cause actual results to differ materially from our Company’s expectations include, amongst others:

- General economic and business environment in India;
- Our Company’s ability to successfully implement its strategy and growth plans;
- Our Company’s ability to compete effectively and access funds at competitive cost;
- Effectiveness and accuracy of internal controls and procedures;
- Changes in domestic or international interest rates and liquidity conditions;
- Defaults by end customers resulting in an increase in the level of non-performing assets in its portfolio;
- Rate of growth of its loan assets and ability to maintain concomitant level of capital;
- Downward revision in credit rating(s);
- Performance of the Indian debt and equity markets;
- Potential mergers, acquisitions or restructurings and increased competition;
- Changes in tax benefits and incentives and other applicable regulations, including various tax laws;
- Our Company’s ability to retain its management team and skilled personnel;
- Changes in laws and regulations that apply to NBFCs and PFIs in India, including laws that impact its lending rates and its ability to enforce the assets financed/secured to it; and
- Changes in political conditions in India.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor any of its Directors have any obligation, or intent to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. For further discussion of the factors that could affect our Company's future financial performance, see the section titled "*Risk Factors*" beginning on page 9 of the Shelf Prospectus.

## **PRESENTATION OF FINANCIALS & USE OF MARKET DATA**

Unless stated otherwise, the financial information used in this Prospectus – Tranche 2 is derived from our Company's audited financial statements as at and for the period from April 18, 2006 to June 30, 2007, period from July 1, 2007 to March 31, 2008, FY 2009, 2010 and 2011 and the 6 month period ending September 30, 2011 prepared in accordance with Indian GAAP and the Act and are in accordance with Paragraph B Part – II of Schedule II to the Act, the Debt Regulations, as stated in the report of our Company's Statutory Auditors, M/s. Deloitte Haskins and Sells, Chartered Accountants, included in the Shelf Prospectus.

In this Prospectus – Tranche 2, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Except as specifically disclosed, all financial / capital ratios and disclosures regarding NPAs in this Prospectus – Tranche 2 are in accordance with the applicable RBI norms.

While we have compiled, extracted and reproduced this data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Lead Managers have independently verified this data and neither we nor the Lead Managers make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Managers can assure potential investors as to their accuracy.

### **Currency and units of Presentation**

In this Prospectus – Tranche 2, all references to 'Rupees' / 'Rs.' / 'INR' / '₹' are to Indian Rupees, the official currency of the Republic of India and to 'U.S. Dollar' / 'USD' are to the United States dollar, the official currency of the United States.

Except where stated otherwise in this Prospectus – Tranche 2, all figures have been expressed in 'Millions'. All references to 'million/Million/Mn' refer to one million, which is equivalent to 'ten lakhs' or 'ten lacs', the word 'Lakhs/Lacs/Lac' means 'one hundred thousand' and 'Crore' means 'ten million' and 'billion/bn./Billions' means 'one hundred crores'.

## **RECENT DEVELOPMENTS**

### **Outstanding Litigation and Statutory Defaults**

#### **Cases filed by our Company**

##### *Criminal Cases*

A case has been filed by our Company under Section 138 of the Negotiable Instruments Act, 1881 against Sujana Towers Limited before the 12th Court, Bandra, Mumbai. The amount involved in the matter is ₹ 141.96 million. The case is pending for consideration and issuance of process.

## SECTION II: INTRODUCTION

### GENERAL INFORMATION

#### **L&T Infrastructure Finance Company Limited**

Date of Incorporation: April 18, 2006

A public limited company incorporated under the Act.

#### **Registered Office**

Mount Poonamallee Road, Manapakkam, Chennai - 600 089

#### **Corporate Office**

3B, Laxmi Towers, C-25, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

#### **Registration**

Certification of incorporation dated April 18, 2006 issued by the Registrar of Companies, Tamil Nadu, Chennai (Corporate Identification Number: U67190TN2006PLC059527).

Original certificate of registration no. N-07-00759 dated January 10, 2007, issued by the RBI under section 45-IA of the RBI Act, classifying our Company as a non-deposit taking, non-banking financial institution. Fresh certificate of registration dated July 7, 2010 issued by the RBI under section 45-IA of the RBI Act, classifying our Company as an Infrastructure Finance Company.

The Ministry of Corporate Affairs, through its notification dated June 10, 2011 published in the Official Gazette of India classified the Company as a Public Financial Institution under Section 4(A) of the Act.

#### **Income-Tax Registration**

PAN: AABCL2283L

#### **Company Secretary and Compliance Officer**

Name : Mr. Shekhar Prabhudesai  
Address : 3B, Laxmi Towers, C-25, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051  
Telephone : +91 22 4060 5444  
Fax : +91 22 4060 5353  
E-Mail : [investorgreivances@ltinfra.com](mailto:investorgreivances@ltinfra.com)

Investors can contact the Registrar or the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, demat credit, refund orders or interest on application money.

#### **Lead Managers**

##### ***ICICI Securities Limited***

ICICI Centre  
H.T. Parekh Marg  
Churchgate, Mumbai 400 020  
Maharashtra, India  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580

##### ***JM Financial Consultants Private Limited***

141 Maker Chambers III,  
Nariman Point, Mumbai –  
400021  
Tel: +91 22 3953 3030  
Fax: +91 22 2204 7185

##### ***Karvy Investor Services Limited***

Hallmark Business Plaza, 7th  
Floor, Sant Dyanareshwar  
Marg, Opp : Gurunank  
Hospital, Bandra – East,  
Mumbai – 400 051

E-mail: [ltinfra.bondissue@icicisecurities.com](mailto:ltinfra.bondissue@icicisecurities.com)  
Investor Grievance Email: [customercare@icicisecurities.com](mailto:customercare@icicisecurities.com)  
Website: [www.icicisecurities.com](http://www.icicisecurities.com)  
Contact Person: Ms. Shubhra Pandey  
Compliance Officer: Mr. Subir Saha  
SEBI Registration No.: INM000011179

Email: [ltinfrabondissue@jmfincianal.in](mailto:ltinfrabondissue@jmfincianal.in)  
Investor Grievance Email: [grievance.ibd@jmfincianal.in](mailto:grievance.ibd@jmfincianal.in)  
Website: [www.jmfincianal.in](http://www.jmfincianal.in)  
Contact Person: Ms Lakshmi Lakshmanan  
Compliance Officer: Mr. Chintal Sakaria  
SEBI Registration No.: INM000010361

Tel: +91 22 6149 1500  
Fax: +91 22 6149 1515  
Email: [ltinfrabond2011B@karvy.com](mailto:ltinfrabond2011B@karvy.com)  
Investor Grievance Email: [igmbd@karvy.com](mailto:igmbd@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Contact Person: Mr. Omkar Barve  
Compliance Officer: V. Madhusudhan Rao  
SEBI Registration No.: INM000008365

### Co-Lead Managers

**Bajaj Capital Limited**  
5th Floor, Bajaj House  
97, Nehru Place  
New Delhi 110 019  
Tel +91 22 4009 9999  
Fax :: +91 22 4009 9011  
E-mail ID: [surajitm@bajajcapital.com](mailto:surajitm@bajajcapital.com)  
Investor Grievance E-mail ID: [info@bajajcapital.com](mailto:info@bajajcapital.com)  
Website: [www.bajajcapital.com](http://www.bajajcapital.com)  
Contact person: Mr. Surajit Misra  
Compliance Officer: Mr. Janardhan P  
SEBI Registration No.: INM000010544

**Integrated Enterprises (India) Limited\***  
5A, 2nd Floor,  
Kences Towers,  
1 Ramakrishna Street,  
North Usman Road,  
T Nagar,  
Chennai – 600 017  
Tel: +91 22 2814 0801  
Fax:+ 91 22 2814 2479  
E-mail ID: [mbd@iepindia.com](mailto:mbd@iepindia.com)  
Investor Grievance Email ID: [savithri@iepindia.com](mailto:savithri@iepindia.com)  
Website: [www.iepindia.com](http://www.iepindia.com)  
Contact Person and Compliance Officer: M Savithiri  
SEBI Registration No.: INM00002640

**RR Investors Capital Services**  
Private Limited  
133A, Mittal Tower  
Nariman Point  
Mumbai 400 021  
Tel +91 22 2288 6627/28  
Fax :: +91 22 2285 1925  
E-mail ID: [ltinfra@rrfcl.com](mailto:ltinfra@rrfcl.com)  
Investor Grievance E-mail ID: [investors@rrfcl.com](mailto:investors@rrfcl.com)  
Website: [www.rrfcl.com](http://www.rrfcl.com)  
Contact person: Mr. Brahmudutta Singh  
Compliance Officer: Mr. Sandeep Mahajan  
SEBI Registration No.: INM000007508

**SMC Capitals Limited**  
3'd Floor, ' A ' Wing,  
Laxmi Tower, Bandra  
Kurla Complex, Bandra  
(E), Mumbai - 40005 I  
Tel +91 22 6138 3838  
Fax :: +91 22 6138 3899  
E-mail ID: [lt\\_bond@smccapitals.com](mailto:lt_bond@smccapitals.com)  
Investor Grievance E-mail ID: [investor.grievance@smccapitals.com](mailto:investor.grievance@smccapitals.com)  
Website: [www.smccapitals.com](http://www.smccapitals.com)  
Contact person: Mr. Sanjeev Barnwal  
Compliance Officer: Mr. Sanjeev Barnwal  
SEBI Registration No.: MB/INM000011427

*\*Integrated Enterprises (India) Limited has made an application on July 25, 2011 with SEBI for renewal of its certificate of registration.*

### Debenture Trustee

Bank of Maharashtra  
Legal Services Department,  
"Lokmangal", 1501,  
Shivajinagar, Pune 411005  
Tel: 020-25536256  
Fax: 020-25513123  
Website: [www.bankofmaharashtra.in](http://www.bankofmaharashtra.in)  
Email: [bomcolaw@mahabank.co.in](mailto:bomcolaw@mahabank.co.in)

Bank of Maharashtra, by its letter dated November 4, 2011, has given its consent to act as Debenture



Trustee to the proposed Issue and for its name to be included in this Prospectus – Tranche 2 and in all subsequent periodical communications sent to the holders of the Tranche 2 Bonds issued pursuant to this Issue.

All the rights and remedies of the Debenture Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Debenture Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the Debenture Holders. For details on the terms of the Debenture Trust cum Hypothecation Deed – Tranche 2, please refer to the section titled “*Issue Related Information*” on page 48 of this Prospectus – Tranche 2.

### **Registrar**

#### ***Sharepro Services (India) Private Limited***

13 A B, Samhita Warehousing Complex  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane

Andheri - Kurla Road

Sakinaka, Andheri (E), Mumbai – 400 072

Tel: +91 22 6191 5400 / 6772 0300/351/352

Fax: +91 22 6191 5444

Contact Person: Mr. Prakash Khare

Website: [www.shareproservices.com](http://www.shareproservices.com)

E-mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

Investor Grievance Email: [ltinfra@shareproservices.com](mailto:ltinfra@shareproservices.com)

Compliance Officer: Mr. Kumaresan V

SEBI Registration Number: INR000001476

The investors can contact the Registrar in case of any pre-issue/post-issue related problems such as non-receipt of letters of Allotment, demat credit, refund orders or interest on application money.

### **Statutory Auditors**

#### ***Deloitte Haskins & Sells***

12, Dr. Annie Besant Road

Opp. ShivSagar Estate

Worli, Mumbai – 400 018

Tel: +91 22 6667 9000

Fax: +91 22 6667 9100

Firm registration no: 117366W

### **Credit Rating Agencies**

#### ***Credit Analysis & Research Limited***

4<sup>th</sup> Floor, Godrej Colisium

Somaiya Hospital Road

Off Eastern Express Highway,

Sion (East), Mumbai – 400 022, India

Tel: +91 22 6754 3456

Fax: +91 6754 3457

E-mail: [care@careratings.com](mailto:care@careratings.com)

#### ***ICRA Limited***

Electric Mansion, 3rd Floor,

Appasaheb Marathe Marg,

Prabhadevi,

Mumbai – 400 025

Tel: +91 22 2433 1046

Fax: +91 22 2433 1390

E-mail: [mumbai@icraindia.com](mailto:mumbai@icraindia.com)

### **Legal Advisor to the Issuer**

***AZB & Partners***

### **Legal Advisor to the Lead Managers**

***Krishnamurthy & Co.***

23<sup>rd</sup> Floor, Express Towers  
Nariman Point  
Mumbai - 400 021  
Tel: +91 22 6639 6880  
Fax: +91 22 6639 6888

96, Free Press House  
215 Nariman Point  
Mumbai - 400 021  
Tel: +91 22 6749 2595  
Fax: +91 22 6749 2593

### **Escrow Collection Banks / Bankers to the Issue**

#### ***Axis Bank Limited***

Universal Insurance Building  
Sir P.M. Road, Fort  
Mumbai - 400 001, India  
Tel: +91 22 6610 7339  
Fax: +91 22 2283 5785  
Contact Person: Mr. Roshan Mathias

#### ***City Union Bank***

24-BD, Raja Bahadur  
Compound, Ambalal Doshi  
Marg, Fort  
Mumbai 400 023, India  
Tel: +91 22 2267 7376  
Fax: +91 22 6633 8005  
Contact Person: Mr. S. Narayanan

#### ***HDFC Bank Limited***

HDFC Bank House  
Senapati Bapat Marg  
Lower Parel (W)  
Mumbai 400 013  
Tel: +91 22 3075 2928  
Fax: +91 22 2579 9801  
Contact Person: Mr. Deepak Rane

#### ***ICICI Bank Limited***

Capital Markets Division,  
30, Mumbai Samachar Marg,  
Fort,  
Mumbai - 400 001, India  
Tel: +91 22 6631 0322  
Fax: +91 22 6631 0350  
Contact Person: Mr. Anil Gadoo

#### ***IDBI Bank Limited***

Unit No. 2, Corporate Park,  
Near Swastik Chambers,  
Sion - Trombay Road,  
Chembur,  
Mumbai 400071, India  
Tel: +91 22 6690 8402  
Fax: +91 22 6690 8424  
Contact Person: Mr. V Jayananthan

#### ***Dhanlaxmi Bank Limited***

Janmabhoomi Bhavan,  
Janmabhoomi Marg, Fort,  
Mumbai-400 001  
Tel: +91 22 6154 1700  
Fax: +91 22 2202 8208  
Contact Person: Mr. Venkataraghavan T A

#### ***Yes Bank Limited***

3rd Floor, Ion House, Dr. E Moses Road  
Mahalaxmi, Mumbai 400 011  
Maharashtra, India  
Tel: + 91 22 6622 9031  
Fax: + 91 22 2497 4875  
Contact Person: Mr. Mahesh Shirali

### **Bankers to our Company**

#### ***Bank of Baroda***

Corporate Financial Services  
Branch: 1st Floor, 3, Walchand  
Hirachand Marg, Ballard Pier,  
Mumbai 400 001  
Tel No. + 91 22 4340 7300  
Fax No. + 91 22 2265 5778

#### ***Canara Bank***

Prime Corporate Branch II, 2nd  
Floor, Varma Chambers, Homji  
Street, Fort, Mumbai - 400 001  
Tel No. + 91 22 2266 6951  
Fax No. + 91 22 2262 6641

#### ***The South Indian Bank Limited***

Nariman Point Branch, G 8  
Embassy Centre, 207 - Nariman  
Point, Mumbai, India - 400 021  
Tel No. + 91 22 2284 4133  
Fax No. + 91 22 2202 6423

#### ***Citibank N.A***

Citi Centre, 7th Floor, Bandra  
Kurla Complex, Bandra (E),  
Mumbai - 400 051  
Tel No. + 91 22 4006 5757  
Fax No. + 91 22 4006 5847

#### ***City Union Bank***

706, Mount Road, Chennai- 600  
006  
Tel No. + 91 44 2829 7300  
Fax No. + 91 44 2829 7359

#### ***HDFC Bank Limited***

2<sup>nd</sup> Floor, Process House,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower  
Parel,  
Mumbai - 400 013  
Tel No. +91 22 2498 8484  
Fax No. +91 22 2498 3994

**ICICI Bank Limited**

ICICI Bank Towers, Bandra  
Kurla Complex, Bandra (E),  
Mumbai - 400 051  
Tel No. + 91 22 2653 1414  
Fax No. + 91 22 2653 1122

**Punjab and Sind Bank**

J. K. Somani Bldg, British Hotel  
Lane, Fort, Mumbai  
Tel No. + 91 22 2265 1737  
Fax No. + 91 22 2265 1737

**Syndicate Bank**

Nariman Point Branch, 227,  
Nariman Bhavan, Ground Floor,  
Mumbai - 400 021  
Tel No. + 91 22 2202 9881  
Fax No. + 91 22 2202 4812

**The Hongkong and Shanghai  
Banking Corporation Limited**

52/60 Mahatma Gandhi Road,  
P.O. Box 128,  
Mumbai – 400 001  
Tel No. +91 22 2268 5555  
Fax No. +91 22 6653 6017

**Central Bank of India**

1<sup>st</sup> Floor, MMO Building,  
Fort, Mumbai – 400 023  
Tel No. +91 22 4078 5858  
Fax No. +91 22 4078 5840

**IDBI Bank Limited**

Mittal Court, Nariman Point,  
Mumbai - 400 021  
Tel No. + 91 22 6658 8100  
Fax No. + 91 22 6658 8130

**State Bank of Bikaner and  
Jaipur**

Sir P.M. Road, United India Life  
Building, Fort, Mumbai - 400  
023  
Tel No. + 91 22 2266 3189  
Fax No. + 91 22 2266 0875

**Indian Overseas Bank**

International Business Branch, 2,  
Wood Street,  
Kolkatta - 700 016  
Tel No. + 91 33 2283 4231  
Fax No. + 91 22 2287 2772

**The Federal Bank Limited**

32, Bombay Samachar Marg,  
Fort, Mumbai – 400 001  
Tel No. +91 22 2268 0135  
Fax No. +91 22 2268 0254

**Kotak Mahindra Bank Limited**

5th Floor, Dani Corporate Bank,  
158, CST Road, Kalina,  
Santacruz (E), Mumbai - 400 098  
Tel No. + 91 22 6759 5559  
Fax No. + 91 22 6759 5374

**Punjab National Bank**

Maker Towers, 'E' Ground  
Floor,  
Cuffe Parade, Mumbai – 400 005  
Tel No. +91 22 2218 0752  
Fax No. +91 22 2218 0403

**Yes Bank Limited**

Nehru Centre, 9<sup>th</sup> floor,  
Discovery of India,  
Dr. A. B. Road, Worli,  
Mumbai – 400 018  
Tel No. + 91 22 6669 9000  
Fax No. + 91 22 2490 0314

**Indusind Bank Limited**

1<sup>st</sup> Floor, Indusind House,  
425, Dadasaheb Bhadkamkar  
Marg,  
Opera House, Mumbai – 400 004  
Tel No. +91 22 4345 7500  
Fax No. +91 22 4345 7530

**Lead Brokers to the Issue****Edelweiss Broking Limited**

Edelweiss House, off. C.S.T Road,  
Kalina,  
Mumbai – 400098  
Tel: + 91 22 6747 1341  
Fax: + 91 22 6747 1347  
E-mail: [amit.dalvi@edelcap.com](mailto:amit.dalvi@edelcap.com)  
Contact Person: Amit Dalvi

**Bajaj Capital Investor Services  
Ltd**

Bajaj House 97, Nehru Place,  
New Delhi – 110019  
Tel : +91 11 6616 1111  
Fax : +91 11 6660 8888  
E-mail :  
[harishs@bajajcapital.com](mailto:harishs@bajajcapital.com)  
Contact Person: Harish  
Sabharwal

**Eastern Financiers Limited**

Allahabad Bank Building,  
14, India Exchange Place,  
Kolkata – 700 001.  
Tel: +91 33 4010 4213  
Fax: +91 33 2230 6993  
E-mail: [dharmesh@easternfin.com](mailto:dharmesh@easternfin.com)  
Contact Person: Dharmesh Yagnik

**Enam Securities Private Limited****HDFC Securities Limited****ICICI Securities Limited**

Khatau Building, 2nd Floor,  
44 Bank Street, Fort,  
Mumbai 400001  
Tel: +91 22 2267 7901  
Fax: + 91 22 2266 5613  
E-mail: [vinay@enam.com](mailto:vinay@enam.com)  
Contact Person: Ajay Sheth /  
Vinay Ketkar

***IDBI Capital Market Services Limited***

3<sup>rd</sup> Floor, Mafatlal Centre,  
Nariman Point,  
Mumbai – 400 021  
Tel: + 91 22 4322 1212  
Fax: + 91 22 2288 5860  
E-mail: [info@idbicapital.com](mailto:info@idbicapital.com)/  
[prasad.chitnis@idbicapital.com](mailto:prasad.chitnis@idbicapital.com)  
Contact Person: Prasad Chitnis

***JM Financial Services Private Limited***

Apeejay House, 3<sup>rd</sup> Floor,  
Dinshaw Vachha Road,  
Churchgate, Mumbai - 400021  
Tel: +91 22 6704 0404 / 3021 3500  
Fax: +91 22 6654 1511/ 2266 5902  
E-mail: [rohit.singh@jmfinancial.in](mailto:rohit.singh@jmfinancial.in)  
Contact Person: Rohit Singh

***NJ India Invest Private Limited***

901, NJ Centre,  
Udna Udyog Nagar, Sangh Sahkari  
Complex, Central Road No.  
10,Udna,  
Surat – 394210  
Tel: +91 261 3985934  
Fax: +91 261 3985880  
E-mail: [husaini@njindiainvest.com](mailto:husaini@njindiainvest.com)  
Contact Person: Husaini  
Kanchwala

***SMC Global Securities Ltd***

11/6b, Shanti Chamber, Pusa  
Road,  
New Delhi - 110 005  
Tel : +91 3011 1000  
Fax : +91 11 2575 4365  
E-mail :  
[lt\\_bond@smcindiaonline.com](mailto:lt_bond@smcindiaonline.com)  
Contact Person: Rakesh Gupta/  
Mahesh Kumar Gupta.

Office Floor 8, “I Think” Bldg,  
Jolly Board Campus, Opp.  
Crompton Greaves Factory,  
Kanjurmarg (East)  
Mumbai – 400042  
Tel: +91 22 3075 3442  
Fax: + 91 22 3075 3435  
E-mail: [sunil.raula@hdfcsec.com](mailto:sunil.raula@hdfcsec.com)  
/ [priya.rushi@hdfcsec.com](mailto:priya.rushi@hdfcsec.com)  
Contact Person: Sunil Raula

***IFCI Financial Services Limited***

2B(1), Ground Floor,  
Film Centre, Tardeo Road,  
Mumbai – 400 034  
Tel: +91 22 4333 5184  
Fax: +91 22 4333 5100  
E-mail: [santanu@ifinltd.in](mailto:santanu@ifinltd.in)  
Contact Person: Santanu Ray

***Karvy Stock Broking Limited***

"Karvy House", 46, Avenue 4,  
Street No.1, Banjara Hills,  
Hyderabad - 500 034  
Tel : +91 40 2331 2454  
Fax : +91 40 6662 1474  
E-mail :  
[ksblredressal@karvy.com](mailto:ksblredressal@karvy.com)  
Contact Person: Ramapriyan PB

***RR Equity Brokers Private Limited***

47,MM Road, Rani Jhansi Marg,  
Jhandewalan, New Delhi - 110  
055  
Tel : +91 11 2363 6363  
Fax : +91 11 2363 6743  
E-mail :  
[manishagrawal@rrfcl.com](mailto:manishagrawal@rrfcl.com)  
Contact Person: Manish Agrawal

***SHCIL Services Limited***

SHCIL House, Plot No. P-51,  
T.T.C. Industrial Area, MIDC,  
MHAPE, Navi Mumbai – 400  
710  
Tel No. + 91 22 6177 8600/ 2262  
2713  
Fax No. + 91 22 6177 8648  
E-mail:  
[raviranjana@stockholding.com](mailto:raviranjana@stockholding.com)  
Contact Person: Ravi Ranjan

ICICI Centre, H.T.Parekh Marg,  
Churchgate,  
Mumbai – 400 020  
Tel: +91 22 2288 2460  
Fax: +91 22 2282 6580  
E-mail:  
[ltinfra.bondissue@icicisecurities.com](mailto:ltinfra.bondissue@icicisecurities.com)  
Contact Person: Mitesh Shah

***Integrated Enterprises (India) Ltd.***

15, 1<sup>st</sup> Floor, Modern House,  
Dr. V. B. Gandhi Marg, Fort,  
Mumbai – 400 023  
Tel: +91 22 4066 1800  
Fax: +91 22 2287 4676  
Email: [krishnan\\_v@iepindia.com](mailto:krishnan_v@iepindia.com)  
Contact Person: Krishnan.  
V.President

***Kotak Securities Limited***

Nirlon House, 3<sup>rd</sup> Floor,  
Dr. Annie Beasant Road,  
Nr. Passport office, Worli,  
Mumbai – 400 025  
Tel No. + 91 22 6652 9191  
Fax No. + 91 22 6661 7041  
E-mail: [sanjeeb.das@kotak.com](mailto:sanjeeb.das@kotak.com)  
Contact Person: Sanjeeb Kumar Das

***SBICAP Securities Limited***

191,Maker Tower F, Cuffe Parade,  
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Fax No. + 91 22 4227 3390  
E-mail:  
[archana.dedhia@sbicapsec.com](mailto:archana.dedhia@sbicapsec.com)  
Contact Person: Archana Dedhia

***Sharekhan Limited***

10<sup>th</sup> Floor, Beta Building,  
Lodha iThink Techno Campus, Off  
JVL R, Opp. Kanjurmarg Railway  
Station,  
Kanjurmarg (East),  
Mumbai – 400 042  
Tel: +91 22 6116 9179  
Fax: +91 22 6748 1891  
E-mail: [pravin@sharekhan.com](mailto:pravin@sharekhan.com)  
Contact Person: Pravin Darji

**Standard Chartered Securities  
(India) Limited**

1st Floor, Standard Chartered  
Tower,  
201B/1, Western Express  
Highway,  
Goregaon (E)  
Mumbai - 400063  
Tel: +91 22 6751 5999  
Fax: + 91 22 6755 9607  
E-mail: [sanjay.rajoria@sc.com](mailto:sanjay.rajoria@sc.com)  
Contact Person: Sanjay Rajoria

**Minimum Subscription**

In terms of the Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, any application monies received in the public issue are to be refunded. The Company has decided to set no minimum subscription for the Issue.

**Impersonation**

Attention of the investors is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, relating to punishment for fictitious applications.

**Credit Ratings and Rationale**

**CARE**

By its letter dated November 04, 2011, CARE has assigned a rating of 'CARE AA+' to this issue of Bonds by the Issuer to the extent of ₹ 11,000 million with a minimum maturity of 10 years. Instruments with this rating are considered to offer a high safety for timely servicing of debt obligations. Such instruments carry very low credit risk. Set out below is an extract of the rating rationale adopted by CARE:

*“The ratings factor in the strength of the ultimate parent - Larsen and Toubro Ltd (L&T) - one of India’s largest engineering and construction company and its continued demonstrated support to L&T Infra by way of capital infusion as well as provision of business opportunities. The brand equity of L&T also benefits L&T Infra and guidance available from eminent professionals serving on the Board of Directors and accumulated experience of its key management personnel. The rating also takes into account equity infusion during FY11 and Q1FY12 as well as the continued growth momentum in the company’s operations. Going forward, L&T Infra’s ability to scale up operations, maintain high capital adequacy in view of capital intensive nature of infrastructure lending business, manage risks associated with infrastructure sector financing - in addition to maintaining its asset quality and profitability - shall be the key rating sensitivities.”*

**ICRA**

By its letter dated November 8, 2011, ICRA has assigned a rating of '[ICRA] AA+' to this issue of Bonds by the Issuer to the extent of ₹ 11,000 million with a minimum maturity of 10 years. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Set out below is an extract of the rating rationale adopted by ICRA:

*“ICRA has assigned the rating of [ICRA] AA+ (pronounced ICRA double A plus) to the Rs. 1100 crore\**

non-convertible debentures (Infra Bonds) programme of L&T Infrastructure Finance Company Limited (L&T Infra or the Company)†. ICRA has also re-affirmed the outstanding rating of '[ICRA] AA+' assigned earlier to the Non-Convertible debenture programmes and infrastructure bond programme aggregating to Rs. 3,000 crore (outstanding Rs. 1,636 crore), the Rs. 2,765 crore term loans and the Rs. 330 crore† cash credit limits of the company†. The outlook on the long term rating is stable. ICRA's earlier rating on the Sub-ordinate debt programme for a rated amount of Rs 400 crore has been converted into a rating for a non-convertible debenture; consequently the rated amount of non-convertible debentures stood at Rs. 2,300 crore (against Rs. 1,900 crore earlier). ICRA has also re-affirmed the ratings of [ICRA]A1+ (pronounced ICRA A once plus) on the Rs. 1500 crore STD programme and Rs. 425 crore<sup>2</sup> Short Term Non fund based limits of the company†.

The rating re-affirmation continues to draw substantial support from the strategic leverage the company derives from its ultimate parent (Larsen & Toubro Limited (L&T) which is rated [ICRA]AAA with stable outlook by ICRA) and the funding and capital support its receives from its immediate parent L&T Finance Holding Limited (LTHFL). LTIF enjoys technical and operational expertise in the infrastructure space from its strong Parent and a vastly experienced core management team. The rating also takes into account the company's comfortable capitalization levels (Tier 1 Capital of 17.42% as on Jun-11) following infusions of capital by the company's parent- LTHFL amounting to Rs. 75 crore and Rs. 100 crore during FY 2011 and Q1 12 respectively. Going forward LTHFL is expected to further infuse equity into the company, out of the Rs. 1575 crore of proceeds it raised through its Initial Public Offering (IPO) in July 2011, which should enable LTIF to maintain an adequate capital structure in relation to its growth plans over the medium term. ICRA takes comfort from the implicit equity support from the Parent to keep the entity adequately capitalized in relation to portfolio risk and to support portfolio growth over the medium term. The rating also factors in the company's strong financial flexibility as a result of it being part of the L&T group; while funding cost of the company have been increasing as a result of the systemic hardening of interest rates, the company is expected to maintain relatively competitive cost of funding by tapping cheaper funds through the External Commercial Borrowings (ECBs) route. While the earnings profile of the company is comfortable (PAT‡/ ATA of 3.2% and PAT/ Average Net worth of 19.2% during Q1 12), backed by adequate interest spreads, low operating expense level and improving fee based income, going forward it would be critical for the company to maintain a strict control over its asset quality as it continues to scale up its operations given the relatively higher portfolio concentration levels associated with the infrastructure financing segment and its exposure to projects under implementation. Gross NPA level of the company as on September 30, 2011 stood at 0.88%, against 0.67% as on March 31, 2011, following the slippage of one account during the period. ICRA has noted that LTIF in the current financial year has been granted the status of a Public Financial Institution (PFI), which amongst other benefits allows it access to the SARFAESI Act, which would support its ability to manage recoveries. ICRA however has taken note of LTIF's relatively high proportion of exposures to the power sector, where the sector is currently facing fuel supply availability (in case of Thermal power projects) and counter party risk concerns. While LTIF's power sector exposures (38% of total portfolio§ as on September 30, 2011) are diversified across the thermal, hydro and solar segment and that the company has some of its exposures to captive power plants mitigates some of aforementioned risks to an extent; nevertheless ability of the company to ensure a strict control over asset quality in the segment in light of the issues facing the sector would be an important rating consideration. LTIF enjoys a good liquidity profile on the back of its healthy financial flexibility and low Asset Liability Maturity (ALM) mismatches. Longer tenured borrowing profile along with LTIF's exposure to corporate loans (which accounted for 52% of total portfolio as on September 30, 2011) with typical contractual tenures of 5 years, support the overall ALM profile of the company.

As on September 30, 2011, LTIF had a total lending portfolio of Rs. 8,790 crore and had registered a y-o-y growth of 67% (YTD growth of 21%). Around 52% of the company's lending portfolio was in the form of loans to corporates engaged in the infrastructure segment, while the balance 48% were loans directly to projects. The company going forward could marginally increase the share of its portfolio proportion to the projects. The portfolio of the company is diversified across various infrastructure segments with the largest exposure to the Power sector at 38% of total portfolio, followed by the exposures to the Road and Telecom sector at 15% and 12% respectively as on September 30, 2011."

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\* 100 lakh = 1 crore = 10 million

† Includes an amount of Rs. 150 crore, which is can be used interchangeably as a long term fund based limit or a short term non fund based limit

† For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

‡ Profit after Tax

§ Out of this, exposure to power project accounted for 27% of total portfolio, while exposure to non project/ corporate loans accounted for 12% of total portfolio

Kindly note that the above ratings are not a recommendation to buy, sell or hold the Bonds and investors should take their own independent decisions. The ratings may be subject to revision or withdrawal at any time by the rating agencies and each rating should be evaluated independently of any other rating. CARE has a right to suspend or withdraw the rating(s) at any time on the basis of new information, etc. For details in relation to the rationale for the credit rating, please refer to the Annexure to the Shelf Prospectus.

### **Inter Se Allocation of Responsibilities between the Lead Managers**

The responsibilities and co-ordination for various activities in this Issue are as follows:

No	Activities	Responsibility	Coordinator
1.	Structuring of various issuance options with relative components and formalities etc.	I-Sec, JM Financial, Karvy	I-Sec
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of the Offering Document and of statutory advertisement including memorandum containing salient features of the Offering Document. (The Merchant Bankers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Offering Document and RoC filing)	I-Sec, JM Financial, Karvy	I-Sec
3.	Co-ordination with Auditors on Comfort Letter and Co-ordination with Lawyers for Legal Opinion	I-Sec, JM Financial, Karvy	I-Sec
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	I-Sec, JM Financial, Karvy	JM Financial
5.	Appointment of other intermediaries viz., Registrar(s), Brokers, Printers, Advertising Agency and Bankers to the Issue	I-Sec, JM Financial, Karvy	JM Financial
6.	Publicity Strategy: <ul style="list-style-type: none"> <li>▪ Finalize media, marketing and public relation strategy and publicity budget,</li> <li>▪ Finalize centers for holding conferences for brokers, etc.</li> <li>▪ Preparation of roadshow presentation, FAQs</li> </ul>	I-Sec, JM Financial, Karvy	JM Financial
7.	Retail marketing strategy which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>▪ Finalize collection centers,</li> <li>▪ Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material</li> </ul>	I-Sec, JM Financial, Karvy	JM Financial
8.	The Post Issue activities for the Issue will involve essential follow up steps, which include the management of escrow accounts, finalization of the basis of allotment, dispatch of refunds, demat and delivery of securities, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers	I-Sec, JM Financial, Karvy	Karvy

No	Activities	Responsibility	Coordinator
	to the Issue and the redressal of investor grievances in relation to post issue activities.		
9.	Coordination with respect to security creation and fund transfer	I-Sec, JM Financial, Karvy	Karvy

### Utilisation of Issue proceeds

Our Board / Committee of Directors, as the case may be, certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act;
- The funds raised through this Issue will be utilized towards “infrastructure lending” as defined by the RBI in the regulations issued by it from time to time, after meeting the expenditures of, and related to, the Issue;
- details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested.

### Issue Programme

The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, the Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.

<b>ISSUE OPENS ON</b>	<b>January 10, 2012</b>
<b>ISSUE CLOSES ON</b>	<b>February 11, 2012</b>



## THE ISSUE

The following is a summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “*Terms of the Issue*” beginning on page 52 of this Prospectus - Tranche 2.

### Salient Terms of the Tranche 2 Bonds

<b>Issuer</b>	L&T Infrastructure Finance Company Limited
<b>Issue</b>	Public issue of long term infrastructure bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80CCF of the Income Tax act, 1961 (the “ <b>Tranche 2 Bonds</b> ”), for an amount aggregating up to ₹ 3,000 million with an option to retain an oversubscription up to the Shelf Limit (including the amount received against the allotment of the Tranche 1 Bonds), to be issued at par on the terms contained in the Shelf Prospectus and this Prospectus - Tranche 2.
<b>Stock Exchanges proposed for listing of the Tranche 2 Bonds</b>	BSE
<b>Face Value</b>	₹1,000
<b>Issue Price</b>	₹1,000
<b>Issuance</b>	In dematerialised form*
<b>Trading</b>	In demat form post the Lock-in period
<b>Lock In period</b>	5 years from the Deemed Date of Allotment
<b>Redemption /Maturity Date</b>	10 years from the Deemed Date of Allotment
<b>Security</b>	Exclusive first charge on specific receivables of the Company with an asset cover of 1 time of the total outstanding amount of Tranche 2 Bonds, as may be agreed between the Company and the Trustees for the Debenture holders and first <i>pari-passu</i> mortgage/charge on the leasehold rights on 300 sq.ft. undivided share of vacant land situated at Commander-in-Chief Road, Egmore, Chennai in the State of Tamil Nadu
<b>Security Cover</b>	1 time
<b>Debenture Trustee</b>	Bank of Maharashtra
<b>Depositories</b>	NSDL and CDSL
<b>Registrar</b>	Sharepro Services (India) Private Limited
<b>Lead Managers</b>	ICICI Securities Limited, JM Financial Consultants Private Limited and Karvy Investor Services Limited
<b>Rating(s)</b>	The Bonds have been rated ‘CARE AA+’ by CARE and ‘[ICRA] AA+’ by ICRA
<b>Issue Schedule**</b>	Issue Opening Date: January 10, 2012 and Issue Closing Date: February 11, 2012
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date as may be determined by the Board / Committee of the Company and notified to BSE in relation to the allotment of the Tranche 2 Bonds.. The actual allotment may occur on the date other than the Deemed Date of Allotment.
<b>Modes of Payment</b>	<ul style="list-style-type: none"> <li>• National Electronic Clearing System</li> <li>• Cheques / Demand Drafts</li> <li>• Direct Credit</li> <li>• NEFT</li> </ul>

	<ul style="list-style-type: none"> <li>• RTGS</li> </ul> <p>For further details please refer to the section titled “<i>Terms of the Issue – Modes of Payment</i>” on page 62 of this Prospectus - Tranche 2</p>
<b>Minimum Application</b>	5 Tranche 2 Bonds and in multiples of 1 Tranche 2 Bond thereafter. For the purpose of fulfilling the requirement of minimum application of 5 Tranche 2 Bonds, an Applicant may choose to apply for the Bonds across the same series or different series.
<b>Buyback Options</b>	Buyback options are available to the Investors on the first Working Day after the expiry of 5 years from the Deemed Date of Allotment or on the first Working Day after the expiry of 7 years from the Deemed Date of Allotment, as the case may be.

\* In terms of Regulation 4(2)(b) of the Debt Regulations, the Company will make public issue of the Tranche 2 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfil such request.

\*\* The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/ Committee of Directors, as the case maybe, subject to necessary approvals. In the event of an early closure or extension of the Issue, the Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.

**The specific terms of the instrument are set out below:**

Series	1	2
<b>Frequency of Interest payment</b>	Annual, i.e. yearly payment of interest	Cumulative, i.e. cumulative interest payment at the end of maturity or buyback, as applicable
<b>Face Value per Tranche 2 Bond</b>	₹ 1,000	₹ 1,000
<b>Buyback Facility</b>	Yes	Yes
<b>Buyback Date</b>	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.	
<b>Buyback Amount</b>	₹ 1,000 at the end of 5 years / ₹ 1,000 at the end of 7 years	₹ 1,517.57 at the end of 5 years / ₹ 1,793.11 at the end of 7 years
<b>Buyback Intimation Period</b>	The period commencing from 6 months preceding the relevant Buyback Date and ending 3 months prior to such Buyback Date.	
<b>Maturity Date</b>	10 years from the Deemed Date of Allotment.	10 years from the Deemed Date of Allotment.
<b>Interest Rate</b>	8.70 % p.a.	8.70 % p.a., compounded annually
<b>Maturity Amount</b>	₹ 1,000	₹ 2,303.01
<b>Yield on Maturity*</b>	8.70 % p.a.	8.70% p.a., compounded annually
<b>Yield on Buyback*</b>	8.70 % p.a.	8.70% p.a., compounded annually

\* The yield on the Tranche 2 Bonds (to be paid by the Issuer) shall not exceed the yield on government securities of corresponding residual maturity, as reported by FIMMDA, as on the last working day of the month immediately preceding the month of the issue of the Tranche 2 Bonds i.e. as on December 30, 2011.

For various modes of interest payment, please refer to the section entitled “Terms of the Issue – Manner and Mode of Payment” on page 61 of this Prospectus - Tranche 2.

## TAX ADJUSTED RATE OF RETURN FOR TRANCHE 2 BONDS

The investment up to ₹ 20,000 made will be eligible for tax benefits in the year of investment under Section 80 CCF of the Income Tax Act, 1961 (“Tax Benefits”). The table below provides Tax Benefit adjusted internal rate of returns (pre-tax) (“TARR”) and the TARR on maturity and the TARR on buy back for the applicable tax rates. The TARR indicates the pre tax rate of return to the investor on the initial investment, after considering the tax benefit on the initial investment.

The purpose of TARR is to provide investors with a calculation of the rate of return on their investment in Bonds up to ₹ 20,000 taking into account the benefits of such investment as a deduction to taxable income at the relevant tax rate applicable to such investor.

Series	1	2
Face Value per Tranche 1 Bond (₹)	₹ 1,000	₹ 1,000
Interest Rate	8.70 % p.a.	8.70 % p.a. compounded annually
Frequency of Interest Payment	Annual, i.e. yearly payment of interest	Cumulative interest payment at the end of maturity or buyback, as applicable
Time to Maturity	10 years from the Deemed Date of Allotment.	10 years from the Deemed Date of Allotment.
Time to Buyback	N.A.	N.A.
Tax Rate (%)	Tax Benefit adjusted rate of return on Maturity (with Tax Benefits up to ₹ 20,000 per annum) u/s 80CCF of the Income Tax Act, 1961	
10.30	10.41%	9.89%
20.60	12.41%	11.24%
30.90	14.81%	12.79%
Tax Rate (%)	Tax Benefit adjusted rate of return on Buyback (with Tax Benefits up to ₹ 20,000 per annum) u/s 80CCF of the Income Tax Act, 1961	
	<b>Buyback on the first Working Day after the expiry of 5 years from the Deemed Date of Allotment</b>	<b>Buyback on the first Working Day after the expiry of 7 years from the Deemed Date of Allotment</b>
10.30	11.52%	10.88%
20.60	14.82%	13.42%
30.90	18.75%	16.45%
	<b>Buyback on the first Working Day after the expiry of 5 years from the Deemed Date of Allotment</b>	<b>Buyback on the first Working Day after the expiry of 7 years from the Deemed Date of Allotment</b>
10.30	11.09%	10.40%
20.60	13.83%	12.34%
30.90	17.04%	14.59%

The TARR is calculated assuming a gross investment of ₹ 20,000 less the relevant tax benefit under Section 80CCF of the Income Tax Act, 1961 available to the investor (varying according to the tax rate applicable to the relevant investor) resulting in a net invested amount. The aggregate of annual or

cumulative interest coupon and the redemption amount receivable by the investor, as applicable, discounted over time divided by such net invested amount leads to the TARR. All interest received as the TARR will be subject to income tax as further set out in the section titled “Statement of Tax Benefits” at page 38 of this Prospectus - Tranche 2.

The Issue proposed to be made hereunder shall be made in India to investors specified under “Who Can Apply” on page 70 of this Prospectus - Tranche 2.

**THE TRANCHE 2 BONDS ARE CLASSIFIED AS “LONG TERM INFRASTRUCTURE BONDS” IN TERMS OF SECTION 80CCF OF THE INCOME TAX ACT AND THE NOTIFICATION. IN ACCORDANCE WITH SECTION 80CCF OF THE INCOME TAX ACT, THE AMOUNT, NOT EXCEEDING ₹ 20,000 PER ANNUM, 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 HUF. IN THE EVENT THAT ANY APPLICANT APPLIES FOR THE TRANCHE 2 BONDS IN EXCESS OF ₹ 20,000 PER ANNUM, (INCLUDING LONG TERM INFRASTRUCTURE BONDS ISSUED BY ANY OTHER ELIGIBLE ENTITY), THE AFORESTATED TAX BENEFIT SHALL BE AVAILABLE TO SUCH APPLICANT ONLY TO THE EXTENT OF ₹ 20,000 PER ANNUM.**

***THE TARR FIGURES PROVIDED IN THE TABLE ABOVE ARE REPRESENTATIVE ONLY AND ARE SUBJECT TO THE ASSUMPTIONS AND QUALIFICATIONS MADE BY THE COMPANY IN ARRIVING AT THE ABOVE MENTIONED FIGURES. THE FIGURES CONTAINED IN THE TABLE ABOVE DO NOT IN ANY MANNER WHATSOEVER CONSTITUTE FINANCIAL OR TAX ADVICE OR ANY RECOMMENDATION TO INVEST IN THE TRANCHE 2 BONDS. THE FIGURES ARE GIVEN AS PER THE PREVAILING RATES OF TAXATION. THE INVESTOR IS ADVISED TO CONSIDER IN HIS OR HER OWN CASE THE TAX IMPLICATIONS IN RESPECT OF SUBSCRIPTION TO THE TRANCHE 2 BONDS. INVESTORS MUST CONSULT THEIR TAX AND FINANCIAL ADVISORS BEFORE MAKING ANY INVESTMENTS IN THE BONDS. THE COMPANY IS NOT LIABLE TO THE INVESTOR IN ANY MANNER FOR PLACING RELIANCE UPON THE CONTENTS OF THE TABLE ABOVE.***

SUMMARY FINANCIAL INFORMATION

**L&T Infrastructure Finance Company Limited**  
**Statement of Profits, As Audited**

(₹ in million)

	Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Period from 01.07.2007 to 31.03.2008	Period from 18.04.2006 to 30.06.2007
<b>Income</b>						
Operating Income	5,376.43	7,021.91	4,487.16	2,945.45	1,059.53	67.63
Other Income	32.83	17.84	17.07	14.44	43.71	63.81
	<b>5,409.26</b>	<b>7,039.75</b>	<b>4,504.23</b>	<b>2,959.89</b>	<b>1,103.24</b>	<b>131.44</b>
<b>Expenditure</b>						
Interest & Other Charges	3,239.31	3,801.67	2,462.91	1,629.72	334.49	-
Employee Cost	84.51	132.78	82.25	62.93	46.26	22.21
Establishment Expenses	26.43	49.82	26.43	18.79	13.76	11.81
Other Expenses	87.00	55.25	23.37	29.98	21.89	17.71
Provisions and Contingencies	52.12	57.85	253.60	77.00	-	-
Depreciation / Amortisation	1.44	2.61	2.48	1.78	1.25	0.76
	<b>3,490.81</b>	<b>4,099.98</b>	<b>2,851.04</b>	<b>1,820.20</b>	<b>417.65</b>	<b>52.49</b>
<b>Profit Before Taxation</b>	<b>1,918.45</b>	<b>2,939.77</b>	<b>1,653.19</b>	<b>1,139.69</b>	<b>685.59</b>	<b>78.95</b>
<b>Provision for taxation</b>						
Current Tax	592.57	766.00	633.00	407.00	226.20	28.60
Deferred Tax Liability / (Assets)	(19.39)	165.50	(93.50)	(32.60)	6.29	0.31
Fringe Benefit Tax	-	-	0.04	0.70	1.42	0.20
Income Tax for earlier year	2.43	-	5.08	-	-	-
<b>Total Tax Expenses</b>	<b>575.61</b>	<b>931.50</b>	<b>544.62</b>	<b>375.10</b>	<b>233.91</b>	<b>29.11</b>
<b>Profit after Taxation</b>	<b>1,342.84</b>	<b>2,008.27</b>	<b>1,108.57</b>	<b>764.59</b>	<b>451.68</b>	<b>49.84</b>

**L&T Infrastructure Finance Company Limited**

**Statement of Assets and Liabilities, As Audited**

(₹ in million)

	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 30.06.2007
<b>A Fixed Assets</b>						
Gross Block	20.05	18.42	13.86	10.98	8.96	8.17
Less: Depreciation and amortisation	9.88	8.44	5.87	3.78	2.00	0.76
Net Block	10.17	9.98	7.99	7.20	6.96	7.41
Capital Work In Progress [Including Capital advance]	16.87	14.56	-	-	-	-
	27.04	24.54	7.99	7.20	6.96	7.41
<b>B Investments</b>	3,500.10	3,500.00	250.00	1,150.00	599.07	2,087.39
<b>C Deferred Tax Assets (net)</b>	147.00	-	119.50	26.00	-	-
<b>D Infrastructure Loans</b>	87,680.69	71,654.90	42,554.39	22,583.47	18,331.81	2,393.12
<b>E Foreign Currency Monetary Item Translation Difference Account</b>	77.40	-	-	-	-	-
<b>F Current Assets, Loans and Advances</b>						
Sundry Debtors	-	35.00	4.15	-	-	-
Cash and Bank Balance	133.79	341.99	50.94	2.20	221.20	566.69
Other Current Assets	725.87	328.89	119.36	84.81	27.54	22.29
Loans and Advances	585.44	572.66	303.06	244.23	19.66	35.40
	1,445.10	1,278.54	477.51	331.24	268.40	624.38
<b>G Loan Funds</b>						
Secured Loans	63,397.00	55,435.26	27,467.56	16,712.00	10,400.00	-
Unsecured Loans	12,620.00	6,500.00	4,900.00	1,000.00	3,250.00	-
	76,017.00	61,935.26	32,367.56	17,712.00	13,650.00	-
<b>H Deferred Tax Liability (net)</b>	-	46.00	-	-	6.60	0.31
<b>I Current Liabilities and Provisions</b>						
Current Liabilities	1,764.56	1,940.46	911.43	116.57	53.59	55.09
Provisions	230.38	187.32	4.72	3.23	6.55	22.08
	1,994.94	2,127.78	916.15	119.80	60.14	77.17
<b>J Networth (A+B+C+D+E+F-G-H-I)</b>	<b>14,865.39</b>	<b>12,348.94</b>	<b>10,125.68</b>	<b>6,266.11</b>	<b>5,489.50</b>	<b>5,034.82</b>

**L&T Infrastructure Finance Company Limited****Statement of Assets and Liabilities, As Audited****(₹ in million)**

	<b>As at 30.09.2011</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>	<b>As at 30.06.2007</b>
<b>Networth Represented by Sources of Funds</b>						
<b>Shareholders' Funds</b>						
Share Capital	7,271.50	7,021.50	6,834.00	5,000.00	5,000.00	2,430.00
Reserves and Surplus	7,593.89	5,862.45	3,291.68	1,266.11	501.52	49.84
<b>Share Application Money</b>	-	-	-	-	-	2,570.00
<b>Less: Miscellaneous Expenditure to the extent not written off</b>	-	535.01	-	-	12.02	15.02
	<b>14,865.39</b>	<b>12,348.94</b>	<b>10,125.68</b>	<b>6,266.11</b>	<b>5,489.50</b>	<b>5,034.82</b>

**L&T Infrastructure Finance Company Limited**

**Statement of Cash Flows, As Audited**

**(₹ in million)**

	Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Period from 01.07.2007 to 31.03.2008	Period from 18.04.2006 to 30.06.2007
<b>A Cash flow from operating activities</b>						
Profit Before Taxation	1,918.45	2,939.77	1,653.19	1,139.69	685.59	78.95
<b>Adjustment for:</b>						
Depreciation / Amortisation	1.44	2.61	2.48	1.78	1.25	0.76
Provision for Compensated Absences	2.85	3.21	0.77	1.28	0.48	0.22
Provision for gratuity	0.84	0.94	0.72	0.59	0.54	0.12
Obsolescences of Tangible Assets	-	0.17	0.33	-	0.03	-
Debenture issue expenses written off	-	14.99	-	12.02	3.01	5.01
Net (gain)/loss on foreign currency transactions	46.05	-	-	-	-	-
Profit on sale of current investments	-	-	(0.78)	-	(35.48)	(62.39)
Provision on Standard Assets	22.92	32.70	174.60	77.00	-	-
Provision on Non-Performing Assets	29.20	25.15	79.00	-	-	-
<b>Operating profit before working capital changes:</b>	<b>2,021.75</b>	<b>3,019.54</b>	<b>1,910.31</b>	<b>1,232.36</b>	<b>655.42</b>	<b>22.67</b>
<b>Adjustment for :</b>						
Infrastructure Loans disbursed (net of repayment)	(16,038.54)	(28,979.91)	(20,224.52)	(4,328.66)	(15,938.69)	(2,393.12)
Subscription of Preference Shares	-	(2,250.00)	-	-	-	-
(Increase) / Decrease in Sundry Debtors	35.00	(30.85)	(4.15)	-	-	-
(Increase) / Decrease in loans and advances	(118.50)	(145.17)	(31.17)	(9.10)	15.87	(31.68)
Increase in other current assets	(474.38)	(209.54)	(34.98)	(57.27)	(5.26)	(23.23)



**L&T Infrastructure Finance Company Limited**

**Statement of Cash Flows, As Audited**

**(₹ in million)**

	Period from <b>01.04.2011</b> to <b>30.09.2011</b>	Year ended <b>31.03.2011</b>	Year ended <b>31.03.2010</b>	Year ended <b>31.03.2009</b>	Period from <b>01.07.2007</b> to <b>31.03.2008</b>	Period from <b>18.04.2006</b> to <b>30.06.2007</b>
Decrease in trade and other payables	(37.23)	837.49	795.33	62.50	(1.29)	54.87
<b>Cash used in operations</b>	<b>(14,611.90)</b>	<b>(27,758.44)</b>	<b>(17,589.18)</b>	<b>(3,100.17)</b>	<b>(15,273.95)</b>	<b>(2,370.49)</b>
Direct taxes paid	(489.28)	(890.43)	(665.33)	(628.37)	(244.31)	(9.83)
<b>Net cash used in operating activities</b>	<b>(15,101.18)</b>	<b>(28,648.87)</b>	<b>(18,254.51)</b>	<b>(3,728.54)</b>	<b>(15,518.26)</b>	<b>(2,380.32)</b>
<b>B. Cash flows from investing activities</b>						
Purchase of fixed assets (Net of corresponding liabilities)	(3.94)	(17.25)	(4.09)	(1.56)	(1.08)	(7.96)
Sale of fixed assets	-	-	-	0.03	0.04	-
Purchase of current investments (including Term Deposits for a period of greater than 3 months)	(29,518.00)	(32,049.75)	(23,040.26)	(11,293.02)	(15,363.24)	(6,195.75)
Sale of current investments	29,518.00	32,049.75	23,941.05	10,742.08	17,136.55	4,170.75
Investment in equity shares	(0.10)	(500.28)	-	-	(250.00)	-
Investment in Cumulative Convertible Debentures	-	(499.72)	-	-	-	-
<b>Net cash from (used in) investing activities</b>	<b>(4.04)</b>	<b>(1,017.25)</b>	<b>896.70</b>	<b>(552.47)</b>	<b>1,522.27</b>	<b>(2,032.96)</b>
<b>C. Cash flows from financing activities</b>						
Proceeds from Issue of Share Capital (including Share Premium)	1,000.00	750.00	2,751.00	-	-	2,430.00
Proceeds from long term borrowings	16,307.91	36,163.44	21,920.03	5,381.50	10,400.00	-
Repayment of long term borrowings (Repayments)/Proceeds from other borrowings	(9,555.31)	(6,592.88)	(9,858.33)	(1,234.90)	-	-
Debt issue expenses	7,283.09	(2.86)	2,593.85	(84.59)	3,250.00	-
Debt issue expenses	(138.67)	(360.53)	-	-	-	-
Share Application Money	-	-	-	-	-	2,570.00
Share Issue Expenses	-	-	-	-	-	(20.03)

**L&T Infrastructure Finance Company Limited**

**Statement of Cash Flows, As Audited**

(₹ in million)

	Period from 01.04.2011 to 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Period from 01.07.2007 to 31.03.2008	Period from 18.04.2006 to 30.06.2007
<b>Net cash generated from financing activities</b>	<b>14,897.02</b>	<b>29,957.17</b>	<b>17,406.55</b>	<b>4,062.01</b>	<b>13,650.00</b>	<b>4,979.97</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(208.20)</b>	<b>291.05</b>	<b>48.74</b>	<b>(219.00)</b>	<b>(345.99)</b>	<b>566.69</b>
<b>Cash and cash equivalents as at beginning of the year / period (Refer note below)</b>	<b>341.49</b>	<b>50.44</b>	<b>1.70</b>	<b>220.70</b>	<b>566.69</b>	<b>-</b>
<b>Cash and cash equivalents as at end of the year / period (Refer note below)</b>	<b>133.29</b>	<b>341.49</b>	<b>50.44</b>	<b>1.70</b>	<b>220.70</b>	<b>566.69</b>
<b>Note: 1</b>						
Cash and Bank Balance as at end of the year / period	133.79	341.99	50.94	2.20	221.20	566.69
Less: Term Deposits for a period of greater than 3 months	0.50	0.50	0.50	0.50	0.50	-
Cash and cash equivalents as at end of the year / period	133.29	341.49	50.44	1.70	220.70	566.69
<b>Note: 2</b>						
<b>Composition of Cash and Cash Equivalents</b>						
Cash on Hand	0.02	0.02	0.01	0.01	0.01	-
Balances with Schedule Bank :						
- In Current Account	133.27	341.47	0.43	1.69	220.69	0.19
- In Fixed Deposit Account (maturity upto 3 months)	-	-	50.00	-	-	566.50
- In Fixed Deposit Account (maturity exceeding 3 months)	0.50	0.50	0.50	0.50	0.50	-
<b>Total</b>	<b>133.79</b>	<b>341.99</b>	<b>50.94</b>	<b>2.20</b>	<b>221.20</b>	<b>566.69</b>
<b>Note: 3</b>						
<b>The Cash used in Operations includes:</b>						
Interest received	4,769.24	6,549.59	4,357.91	2,820.59	1,024.75	43.88
Interest paid	3,017.14	3,248.20	1,916.18	1,604.57	324.70	-
Dividend received	48.86	40.16	15.74	14.40	5.30	0.28

## CAPITAL STRUCTURE

### Details of Share Capital

The share capital of our Company as at date of this Prospectus - Tranche 2 is set forth below:

Share Capital	Amount (in ₹)
<b>Authorised Capital</b> 2,000,000,000 equity shares of ₹10 each	20,000,000,000
<b>Issued, Subscribed and Paid-up Capital</b> 777,150,000 equity shares of ₹10 each	777,15,00,000

Changes in the authorised capital of our Company as on the date of this Shelf Prospectus is set forth below:

S. No.	Month and Year	Alteration
1	May 2006	The authorized share capital of our Company was increased to ₹ 20,000,000 (divided into 2,000,000 equity shares of ₹ 10/- each ) from ₹ 5,000,000
2	August 2006	The authorized share capital of our Company was increased to ₹ 50,000,000 (divided into 5,000,000 equity shares of ₹ 10/- each ) from ₹ 20,000,000
3	February 2007	The authorized share capital of our Company was increased to ₹ 5,000,000,000 (divided into 500,000,000 equity shares of ₹ 10 each ) from ₹ 50,000,000
4	March 2010	The authorized share capital of our Company was increased to ₹ 20,000,000,000 (divided into 2,000,000,000 equity shares of ₹ 10 each ) from ₹ 5,000,000,000

Changes in the issued and subscribed capital (equity capital) of our Company till the date of this Prospectus – Tranche 2 are set forth below:

S. No.	Date/ Nature of Allotment	No of Shares (Face Value of ₹ 10/- each)	Total Paid-up Capital (Cumulative in ₹)	Issue Price (₹)	Consideration (₹)	Name of the Shareholder
1.	August 12, 2006 Subscription to Memorandum of Association	49,994 1 1 1 1 1	499,940 499,950 499,960 499,970 499,980 499,990 500,000	10 10 10 10 10 10 10	499,940 10 10 10 10 10 10	Larsen & Toubro Limited Y. M. Deosthalee <sup>#</sup> K. V. Rangaswami <sup>#</sup> N. Sivaraman <sup>#</sup> K. Venkatesh <sup>#</sup> B. Ramakrishnan <sup>#</sup> T. S. Sundaresan <sup>#</sup>
2.	August 12, 2006 Private Placement to L&T	2,950,000	30,000,000	10	29,500,000	Larsen & Toubro Limited
3.	March 20, 2007 Rights Issue to L&T	240,000,000	2,430,000,000	10	2,400,000,000	Larsen & Toubro Limited
4.	August 2, 2007	257,000,000	5,000,000,000	10	2,570,000,000	Larsen & Toubro

S. No.	Date/ Nature of Allotment	No of Shares (Face Value of ₹ 10/- each)	Total Paid-up Capital (Cumulative in ₹)	Issue Price (₹)	Consideration (₹)	Name of the Shareholder
	Private Placement to L&T				0	Limited
<b>The 499,999,994 equity shares held by L&amp;T were transferred at par value to L&amp;TFH on March 31, 2009.</b>						
5.	March 29, 2010 Private Placement to L&TFH	183,400,000	6,834,000,000	15*	2,751,000,000	L&T Finance Holdings Limited
6	March 29, 2011 Private Placement to L&TFH	1,87,50,000	702,15,00,000	40**	750,000,000	L&T Finance Holdings Limited
7.	June 09, 2011 Private Placement to L&TFH	2,50,00,000	7,271,500,000	40**	100,00,00,000	L&T Finance Holdings Limited
8.	December 12, 2011 Rights Issue to L&TFH	5,00,00,000	7,77,15,00,000	40**	200,00,00,000	L&T Finance Holdings Limited

# Currently held jointly with L&TFH

\*\* Includes premium of ₹ 30 per share

\* Includes premium of ₹ 5 per share

- (1) There is no lock-in period in respect of these shares.
- (2) We have not made any public offering of shares in the past.
- (3) The present issue, being of Bonds, will have no bearing on the capital structure as aforesaid.
- (4) The Company does not have preference shares in its capital structure since its incorporation.

**Shareholding pattern of our Company as on the date of this Prospectus – Tranche 2 is set forth below:-**

S No.	Name of Shareholder	No. of Shares held	% Holding
1.	L & T Finance Holdings Limited	777,149,994	100.00
2.	Mr. Y. M. Deosthalee*	1*	0.00
3.	Mr. K. V. Rangaswami*	1*	0.00
4.	Mr. Narayanaswami Sivaraman*	1*	0.00
5.	Mr. Krishnamurthy Venkatesh*	1*	0.00
6.	Mr. B. Ramakrishnan*	1*	0.00
7.	Mr. T. Subramanian Sundaresan*	1*	0.00
	Total	777,150,000	100.00

\* Held jointly with L&TFH

**List of top 10 debenture holders (secured and unsecured redeemable non-convertible debentures issued by our Company vide various series on private placement basis) and commercial papers holders as on December 31, 2011**

**Top ten holders of secured non-convertible debentures issued by us**

1. Life Insurance Corporation Of India

2. Larsen and Toubro Limited
3. United Bank Of India
4. India High Yield Fund
5. HDFC Trustee Company Limited A/C High Interest Fund Short Term Plan
6. Bank of India
7. HDFC Trustee Company Ltd HDFC MF Monthly Income Plan Long Term Plan
8. United India Insurance Company Limited
9. Dena Bank
10. UCO Bank

**Top holders of unsecured non-convertible debentures issued by us**

1. DBS Bank Ltd - Debt

**Top ten holders of commercial papers issued by us**

1. Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Cash Manager
2. HDFC Trustee Company Limited A/C Hdfc Cash Management Fund Treasury Advantage Plan
3. Kotak Mahindra Trustee Co. Ltd. A/C Kotak FMP SERIES 53
4. Kotak Mahindra Trustee Co. Ltd. A/c Kotak Mahindra Liquid Scheme
5. Reliance Capital Trustee Co. Ltd-a/c Reliancefixed Horizon Fund Xvi Series 8
6. Kotak Mahindra Trustee Company Ltd. A/c Kotak Floater Long Term Scheme
7. Kotak Mahindra Trustee Company Ltd. A/c Kotak Floater Short Term Scheme
8. HDFC Trustee Company Ltd-HDFC Floating Rate Income Fund A/C Short Term Plan
9. Reliance Capital Trustee Co Ltd A/c-Reliance Money Manager Fund
10. UTI FIIF Half Yearly Plan S-II

**Debt–Equity Ratio:**

The debt-equity ratio of our Company prior to this Issue is based on a total outstanding debt of ₹ 76,017.00 million and shareholder funds amounting to ₹ 14,865.39 million, which was 5.11 times, as on September 30, 2011. The debt-equity ratio post the Issue (assuming subscription of ₹ 11,000.00 million is 5.85 times, based on a total outstanding debt of ₹ 87,017.00 million and shareholders' fund of ₹ 14,865.39 million as on September 30, 2011.

(₹ in million)

Particulars	Prior to the Issue	Post the Issue*
Secured Loans	63,397.00	74,397.00
Unsecured Loans	12,620.00	12,620.00
<b>Total Debt</b>	<b>76,017.00</b>	<b>87,017.00</b>
Share Capital	7,271.50	7,271.50**
Reserves	7,593.89	7,593.89
<b>Total Shareholders' Funds</b>	<b>14,865.39</b>	<b>14,865.39</b>
<b>Debt-Equity Ratio (Number of times)</b>	<b>5.11</b>	<b>5.85</b>

\* The debt-equity ratio post the Issue is indicative on account of the assumed inflow of ₹ 11,000 million for the financial year 2012 from the proposed Issue, through respective Tranche Prospectuses, in the secured debt category as on September 30, 2011. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.

\*\* Excludes the allotment of 50,000,000 equity shares made to L&T FH pursuant to the Rights Issue on December 12, 2011.

## OBJECTS OF THE ISSUE

### Issue Proceeds

The Company has filed this Prospectus - Tranche 2 for a public issue of the Tranche 2 Bonds not exceeding the Shelf Limit for the FY 2012. The funds raised through this Issue will be utilized towards “infrastructure lending” as defined by the RBI in the regulations issued by it from time to time, after meeting the expenditures of, and related to, the Issue.

The Tranche 2 Bonds will be in the nature of debt and will be eligible for capital allocation and accordingly will be utilized in accordance with statutory and regulatory requirements including requirements of the RBI and the Ministry of Finance.

The main objects clause of the Memorandum of Association of the Company permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

Further, in accordance with the Debt Regulations, the Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is a part of the same group as the Company or who is under the same management as the Company or any subsidiary of the Company.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

### Issue Expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size of ₹ 11,000 million, for the FY 2012 including the amount received for the issue of the Tranche 1 Bonds, are as follows:

Particulars	Amount (₹ in million)	Percentage of Issue Size of ₹ 11,000 million	Issue related expense as a percentage of the Total Issue Expenses
<b>Fees to Intermediaries</b>			
Fees paid to the Registrar to the Issue	3.00	0.03%	0.94%
Lead Managers' and Co Managers' fees including brokerage, advertisement; and marketing expenses	281.30	2.56%	87.91%
Debenture Trustee fees	0.60	0.01%	0.19%
Miscellaneous	35.10	0.32%	10.97%
<b>Total</b>	<b>320.00</b>	<b>2.91%</b>	<b>100.00%</b>

The fees detailed in the table above may also be paid by way of commission to various intermediaries. The above expenses are indicative and subject to change depending on the actual levels of subscription, number of Allottees and other relevant factors.

### Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the Debt Regulations. Our Board/Committee of Directors, as the case may be, shall monitor the utilisation of the proceeds of the

Issue. Our Company will disclose the utilization of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue, in our Company's financial statements for the relevant financial year. Our Company shall report the use of the proceeds in its annual report and other report submitted by us to any regulatory authority. Our Company shall also file these along with term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance, within three months from the end of financial year.

## STATEMENT OF TAX BENEFITS

### Statement of Possible Direct Tax Benefits available to L&T Infrastructure Finance Company Limited and its Bondholders

The Board of Directors  
**L&T Infrastructure Finance Company Limited**  
3B, Laxmi Towers C-25, 'G' Block,  
Bandra Kurla Complex,  
Bandra – East  
Mumbai 400 051

Dear Sirs,

We hereby report that the enclosed annexure states the possible Direct Tax benefits available to L&T Infrastructure Finance Company (the “Company”) and its bondholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its bondholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its bondholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Company would face in the future. The Company may or may not choose to fulfill such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Company or its bondholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

*No assurance is given that the revenue authorities/ Courts will concur with the views expressed herein. Our views are based on existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We are not liable to any other person in respect of this statement.*

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117366W)

Sanjiv V. Pilgaonkar  
Partner  
(Membership no:  
39826)

Mumbai, January 3, 2012



## **Annexure: STATEMENT OF TAX BENEFITS**

Under the current tax laws the following tax benefits inter alia, will be available to the Bondholder as mentioned below. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bondholder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible. We are not liable to the Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.

### **To our Bondholders**

#### **A. INCOME TAX**

##### **I To the Resident Bondholder**

###### **1. Deduction u/s 80CCF**

- (a) According to section 80CCF of the Income Tax Act, 1961 ("I.T. Act"), an amount not exceeding ₹ Twenty Thousand invested in long-term infrastructure bonds shall be allowed to be deducted from the total income of an Individual or Hindu Undivided Family. This deduction shall be available over and above the aggregate limit of ₹ One Lakh as provided under sections 80C, 80CCC and 80CCD read with section 80CCE; and
- (b) Section 80CCF reads as "In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, the whole of the amount, to the extent such amount does not exceed twenty thousand rupees, paid or deposited, during the previous year relevant to the assessment year beginning on the 1st day of April, 2011 or to the assessment year beginning on the 1<sup>st</sup> day of April 2012, as subscription to long-term infrastructure bonds as may, for the purposes of this section, be notified by the Central Government.

###### **2. Taxability of Interest**

Taxability of interest on Bonds received by Bondholders would be based upon the method of accounting adopted by the resident bond holder as mentioned and subject to the provisions of the I.T. Act.

###### **3. Withholding Tax**

No income tax is deductible at source on interest on Bonds as per the provisions of section 193 of the I.T. Act in respect of the following:

- (a) In case the payment of interest on Bonds held in physical form to a resident individual Bondholder by the company by an account payee cheque or such Bond being listed on a recognized stock exchange in India, provided the amount of interest or the aggregate of the amounts of such interest paid or likely to be paid during the financial year does not exceed ₹ 2,500;
- (b) When the Assessing Officer issues a certificate on an application by a Bondholder on satisfaction that the total income of the Bondholder justifies nil/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act;

- (c) When the resident Bondholder (not being a company or a firm or a senior citizen) submits a declaration to the payer in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be 'nil' as per the provisions of Section 197A (1A) of the I.T. Act. Under Section 197A (1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from deduction of tax at source if the aggregate of income of the nature referred to in the said section, viz. dividend, interest, etc as prescribed therein, credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax. To illustrate, the maximum amount of income not chargeable to tax in case of individuals (other than women assessee's and senior citizens) and Hindu Undivided Family (HUFs) is ₹ 180,000, in case of women assessee's is ₹190,000, senior citizen is ₹ 250,000 (60 years or more) and ₹ 500,000 for super senior citizen (80 years and above) for financial year 2011-12. Senior citizens, who are 65 or more years of age at any time during the financial year, enjoy the special privilege to submit a self declaration to the payer in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A (1C) of the I.T. Act, even if the aggregate income credited or paid or likely to be credited or paid exceed the maximum amount not chargeable to tax i.e. ₹ 250,000 for the financial year 2011-12, provided tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be nil.
- (d) On any securities issued by a company in a dematerialised form listed on recognized stock exchange in India. (w.e.f. 1.06.2008); and
- (e) In all other situations for Bondholders, tax would be deducted at source as per prevailing provisions of the I.T. Act.

#### **4. Transfer before maturity**

- (a) Under section 2(29A) of the I.T. Act, read with section 2(42A) of the I.T. Act, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 10% of capital gains calculated without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the Bond from the sale consideration.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. ₹180,000 in case of all individuals, ₹ 190,000 in case of women, ₹ 250,000 in case of senior citizens and ₹500,000 in case of super senior citizen, the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of 10% in accordance with and the proviso to sub-section (1) of section

112 of the I.T. Act read with CBDT Circular 721 dated September 13, 1995.

A 2% education cess and 1% secondary and higher education cess on the total income tax is payable by all categories of tax payers.

- (b) Short-term capital gains on the transfer of listed Bonds, where Bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, education cess and secondary and higher education cess described at Para 4(a) above would also apply to such short-term capital gains.

In case the Bonds are held as stock in trade, the income on transfer of Bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

- (c) As per section 56(2)(vii)(c) of the I.T. Act, in case and individual or HUF receives Bonds from any person on or after 1st October, 2009:

- i) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such property; or
- ii) for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such Bonds as exceeds such consideration;

shall be chargeable to tax as the income of the recipient under the head Income from Other Sources. However, the above provisions would not apply in certain situations like:

- from any relative; or
- on the occasion of the marriage of the individual; or
- under a will or by way of inheritance; or
- in contemplation of death of the payer or donor, as the case may be; or
- from any local authority; or
- from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution; or
- from any trust or institution registered under section 12AA.

## **B. WEALTH TAX**

Wealth-tax is not levied on investment in Bonds under section 2(ea) of the Wealth-tax Act, 1957.

## **C. GIFT TAX**

Gift-tax is not levied on gift of Bonds in the hands of the donor as well as the donee because the provisions of the Gift-tax Act, 1958 have ceased to apply in respect of gifts made on or after 1<sup>st</sup> October, 1998.

**D. Proposals made in Direct Taxes Code**

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ('DTC Bill') on August 30, 2010, which is proposed to be effective from April 1, 2012. The DTC Bill is likely to be presented before the Indian Parliament. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

## DISCLOSURES ON EXISTING FINANCIAL INDEBTEDNESS

As of November 30, 2011 the outstanding borrowing of our Company was ₹ 77,115.81 million. Set forth below, is a brief summary of the borrowings by our Company as of November 30, 2011 together with a brief description of certain significant terms of such financing arrangements:

### Secured loans

Sr. No.	Name of lender	Nature of facility	Amount sanctioned (₹ in million)	Amount outstanding (₹ in million)	Repayment schedule
1.	Bank of Baroda	Term Loan	5,000.00	3,000.00	Bullet Payment after 5 years from date of 1st Disbursement Principal - Bullet (29.09.2014)
2.	Indian Overseas Bank	Term Loan	5000.00	5,000.00	Equated Quarterly Installments after moratorium of 2 years
5.	Punjab & Sind Bank	Term Loan	1,000.00	200.00	Equated Quarterly Installments of after moratorium of 3 months
6.	Punjab & Sind Bank - II	Term Loan	1,000.00	600.00	Equated Semi Annual Installments after moratorium of 6 months
7.	State Bank of Bikaner and Jaipur	Term Loan	2,000.00	1,875.00	Equated Quarterly installments after moratorium of 1 year
8.	Syndicate Bank	Term Loan	4,000.00	4,000.00	Equated Semi Annual installments after moratorium of 3 years
9.	Syndicate Bank	Term Loan	5,000.00	5,000.00	Equated Semi Annual installments after moratorium of 3 years
10.	Punjab National Bank	Term Loan	5,000.00	2,000.00	Bullet Payment after 35 Months
11.	The South Indian Bank Ltd.	Term Loan	1,000.00	700.00	Equated Quarterly Installments of ₹ 5 crs after 2 years of moratorium
12.	Central Bank of India	Term Loan	3,000.00	3,000.00	Equated Quarterly installments after moratorium of 2 years
13.	Central Bank of India - II	Term Loan	5,000.00	5,000.00	Equated Quarterly installments after moratorium of 2 years
14.	Punjab & Sind Bank III	Term Loan	5,000.00	2,000.00	Equated Quarterly installments after moratorium of 2 years
15.	The HongKong Shanghai Bank Corporation	ECB	896.00	896.00	Bullet Payment after 3 Years
16.	The HongKong Shanghai Bank Corporation	ECB	1,120.00	1,120.00	Equated semi-annual Installments starting from 48 <sup>th</sup> Month
17.	Bank of Baroda	FCNR(B)	2,246.50	2,610.25	Bullet Payment after 24 Months
18.	HDFC Bank	Term Loan	2,500.00	2,500.00	Equal installments at the end of 24, 36 and 42 month
19.	Federal Bank	Term Loan	1,000.00	1,000.00	Bullet Payment after 35 Months
	<b>Total</b>			<b>40,501.25</b>	

Term loans from banks and financial institutions mentioned above are secured by exclusive first charge on specific term loan receivables of our Company, as identified from time to time to the satisfaction of the lenders.

Sr. No.	Nature of facility	Name of lender	Amount sanctioned (₹ in million)	Amount outstanding (₹ in million)
1	Working Capital	Citi Bank N.A	400.00	0.00
2	Working Capital	Yes Bank	1,000.00	0.00
3	Working Capital	IDBI Bank	2,250.00	190.90
4	Working Capital	City Union Bank	150.00	149.60
5	Working Capital	ICICI Bank	1,000.00	61.90
6.	Working Capital	Canara Bank	250.00	0.00
7.	Working Capital	The HongKong Shanghai Bank Corporation	1,000.00	1,000.00
	<b>Total</b>			<b>1,402.40</b>

#### Secured redeemable non-convertible debentures by way of private placement

Sr. No.	Name of lender	Deemed date of allotment	Number of NCDs	Amount outstanding (₹ in million)	Repayment schedule
1.	Various investors	June 1, 2009	1,800.00	1,800.00	Bullet
2.	Various investors	February 2, 2010	2,000.00	2,000.00	Bullet
3.	Various investors	April 16, 2010	750.00	750.00	Bullet
4.	Various investors	April 16, 2010	750.00	750.00	Bullet
5.	Various investors	April 16, 2010	750.00	750.00	Bullet
6.	Various investors	April 16, 2010	750.00	750.00	Bullet
7.	Various investors	April 16, 2010	750.00	750.00	Bullet
8.	Various investors	April 16, 2010	750.00	750.00	Bullet
9.	Various investors	April 16, 2010	750.00	750.00	Bullet
10.	Various investors	October 18,2011	5,000.00	5,000.00	Bullet
11.	Various investors	October 31,2011	1,000.00	1,000.00	Bullet
	<b>Total</b>			<b>15,050.00</b>	

The secured redeemable non-convertible debentures issued by our Company in various tranches by way of private placement basis are secured by exclusive first charge on specific receivables of our Company and first *pari-passu* mortgage/charge on the leasehold rights on 300 sq.ft. undivided share of vacant land situated at Commander-in- Chief Road, Egmore, Chennai in the State of Tamil Nadu.

#### Long Term Infrastructure Bond 2010 A Series and 2011 A Series by way of Public Placement

Sr. No.	Series	Name of lender	Deemed date of allotment	Number of NCDs	Amount outstanding (₹ in million)	Repayment schedule
1.	Series 1	Various investors	2-Dec-10	190,820	190.82	Bullet
2.	Series 2	Various investors	2-Dec-10	471,717	471.72	Bullet
3.	Series 3	Various investors	2-Dec-10	628,978	628.98	Bullet
4.	Series 4	Various investors	2-Dec-10	1,270,640	1,270.64	Bullet
5.	Series 1	Various investors	23-Mar-2011	9,06,927	906.93	Bullet
6.	Series 2	Various investors	23-Mar-2011	30,93,073	3,093.07	Bullet
		<b>Total</b>			<b>6,562.16</b>	

The Long Term Infrastructure Bond 2010 A Series and 2011 A Series issued by our Company by way of public issue are secured by exclusive first charge on specific receivables of our Company and first *pari-passu* mortgage/charge on the leasehold rights on 300 sq.ft. undivided share of vacant land situated at Commander-in- Chief Road, Egmore, Chennai in the State of Tamil Nadu.

**Un-Secured redeemable non-convertible debentures by way of private placement**

<b>Sr. No.</b>	<b>Name of lender</b>	<b>Deemed date of allotment</b>	<b>Number of NCDs</b>	<b>Amount outstanding (₹ in million)</b>	<b>Repayment schedule</b>
1.	Various investors	15 November 2011	250.00	2,500.00	Bullet
	<b>Total</b>			<b>2500.00</b>	

**Unsecured loans**

<b>Sr. No.</b>	<b>Name of lender</b>	<b>Nature of facility</b>	<b>Amount sanctioned (₹ in million)</b>	<b>Amount outstanding (₹ in million)</b>	<b>Repayment schedule</b>
1.	L&T Finance Holdings Limited	Inter Corporate Deposits	N/A	4850.00	Repayable till February 26, 2012
2.	Larsen & Toubro Ltd	Inter corporate deposits	N/A	1,500.00	Repayable till December 29, 2012
3.	Various lenders	Commercial papers	N/A	4750.00	Repayable till December 27,2011
	<b>Total</b>			<b>11,100.00</b>	

## OUR PROMOTERS

Our Promoters are Larsen & Toubro Limited and L&T Finance Holdings Limited (a subsidiary of L&T).

### **Larsen & Toubro Limited**

L&T was incorporated on February 7, 1946 and its registered office is at L&T House, Ballard Estate, Mumbai - 400 001.

Corporate Identification Number : L99999MH1946PLC004768  
PAN : AAACL0140P  
ROC Registration No. : 11-004768

### **Brief history**

L&T was formed as a partnership in 1938 by Henning Holck-Larsen and Soren Kristian Toubro, Danish engineers, who came to India as representatives of a global cement company. In 1946, the partnership was incorporated as a private limited company, and in 1950 converted to a public limited company. L&T's business originally consisted of trading and indigenous manufacture of equipment. L&T rapidly entered new fields – including construction, project execution and manufacture of switchgear. L&T's heavy fabrication facilities at Powai, Mumbai were continuously and substantially expanded to meet emerging needs in the 1960's and 1970's. L&T entered the business of cement manufacture in the early 1980s. In 1987, L&T established a fabrication facility on the waterfront at Hazira, which has enhanced its ability to fabricate large equipment. Additionally, L&T has strengthened its manufacturing capabilities by setting up several new facilities, including those at Ahmednagar in Maharashtra, Mysore in Karnataka, Coimbatore in Tamil Nadu and Talegaon in Maharashtra. L&T currently has a manufacturing footprint in India, China, Oman, Saudi Arabia, UAE, Malaysia, Indonesia and Australia. Design engineering facilities are part of L&T's campuses at several locations including Mumbai, Vadodara, Faridabad, Chennai, Bengaluru and Mysore. With a view to focus on its core strengths of engineering and construction, and as part of a continuing review of its business portfolio, L&T has either discontinued or divested its stake in several business lines including dairy equipment, packaging equipment and tractor manufacturing among others. The cement business was de-merged in 2004.

### **Board of Directors of L&T**

The board of directors of L&T consists of Mr. A. M. Naik, Mr. K. Venkataramanan, Mr. V. K. Magapu, Mr. M. V. Kotwal, Mr. Ravi Uppal, Mr. S N Subrahmanyam, Mr. R Shankar Raman, Mr. S. Rajgopal, Mr. S. N. Talwar, Mr. M. M. Chitale, Mr. Thomas Mathew T, Mr. N. Mohan Raj, Mr. Subodh Bhargava, Mrs. Bhagyam Ramani, Mr. A. K. Jain and Mr. J. S. Bindra.

### **Nature of interest of Promoters/Payment or Benefit to the Promoters**

Except as stated in the section titled “*Financial Statements - Related Party Disclosure*” in the Shelf Prospectus, the Promoters, the Promoter group companies and other related parties do not have any interest in our business except to the extent of investments made by them in our Company and earning returns thereon.

Save as otherwise stated in the Shelf Prospectus and this Prospectus - Tranche 2, no amount or benefit and consideration for payment of giving of the benefit has been paid or given within the two preceding years or is intended to be paid or given to the promoter except as stated in “*Financial Statements - Related Party Disclosure*” in the Shelf Prospectus, and except to the extent of the investments made by them in our Company and earning returns thereon.

Credit Rating – As on the date of this Prospectus - Tranche 2, L&T is rated ‘AAA/Stable’ by CRISIL and [ICRA] AAA (Stable) by ICRA.



## **L&T Finance Holdings Limited**

L&TFH was originally incorporated as L&T Capital Holdings Limited on May 1, 2008 as a subsidiary of L&T with its registered office at L&T House, Ballard Estate, Mumbai - 400 001. Subsequently the name of L&T Capital Holdings Limited was changed to L&T Finance Holdings Limited and fresh certificate of Incorporation dated September 6, 2010 was issued by the Registrar of Companies, Maharashtra, Mumbai.

Corporate Identification Number : U67120MH2008PLC181833  
PAN : AABCL5046R

The main objects of L&TFH are:-

"To carry on the business of Investment/finance Company in all its branches and to invest, sell, purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, hedge instruments, warrants, certificates, premium notes, treasury Bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options futures, money market securities, marketable or non marketable securities, derivatives and other instruments and securities issued, guaranteed or given by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, State, Dominion sovereign, Ruler, Commissioner, Public body or authority, Supreme, Municipal, Local or otherwise and other organisations/entities persons and to acquire and hold controlling and other interests in the securities or loan capital of any issuer, company or companies."

As on the date of this Prospectus - Tranche 2, L&TFH is not subject to any winding-up order or petition.

### **Board of Directors of L&TFH:**

The board of directors of L&TFH consists of Mr. Y. M. Deosthalee, Mr. R. Shankar Raman, Mr. N. Sivaraman, Mr. S. V. Haribhakti, Mr. B. V. Bhargava, Mr. Subramaniam N., Mr. A. K. Jain, Mr. M. Venugopalan, Mr. P. V. Bhide and Ms. Kamakshi Rao.

## SECTION III: ISSUE RELATED INFORMATION

### ISSUE STRUCTURE

The Company may issue the Bonds in one or more tranches, subject to the aggregate amount of all such tranches not exceeding the Shelf Limit for the FY 2012. The amount raised in the subsequent tranches shall not exceed the difference between the Shelf Limit and the aggregate amount raised by issue of Bonds under the previous tranches.

The following is a summary of the issue structure for the issue of Tranche 2 Bonds, for an amount not exceeding the Shelf Limit. Please note that subsequent tranches may have a different structure, which shall be specified by the Company in the respective tranche offer documents for such subsequent tranches of issue of Bonds.

#### Issue Structure

Particulars	Resident Individuals	HUFs
Minimum number of the Tranche 2 Bonds per application *	5 Tranche 2 Bonds and in multiples of 1 Tranche 2 Bond, thereafter  For the purpose of fulfilling the requirement of minimum subscription of 5 Tranche 2 Bonds, an Applicant may choose to apply for 5 Tranche 2 Bond of the same series or 5 Tranche 2 Bonds across different series	5 Tranche 2 Bonds and in multiples of 1 Tranche 2 Bond thereafter  For the purpose of fulfilling the requirement of minimum subscription of 5 Tranche 2 Bonds, an Applicant may choose to apply for 5 Tranche 2 Bonds of the same series or 5 Tranche 2 Bonds across different series
Terms of Payment	Full amount with the Application Form	Full amount with the Application Form
Mode of Allotment**	Dematerialized form	Dematerialized form
Market Lot	One Tranche 2 Bond	

*\*The Tranche 2 Bonds are classified as “long-term infrastructure bonds” and are being issued in terms of Section 80CCF of the Income Tax Act and the Notification. In accordance with Section 80CCF of the Income Tax Act, the amount, not exceeding ₹ 20,000 in the year of investment, paid or deposited as subscription to long-term infrastructure bonds during the previous year relevant to the assessment year beginning April 1, 2012 shall be deducted in computing the taxable income of a resident individual or HUF. In the event that any Applicant applies for the Tranche 2 Bonds in excess of ₹ 20,000 in the year of investment, the aforesaid tax benefit shall be available to such Applicant only to the extent of ₹ 20,000 for the financial year 2011-2012.*

*\*\*In terms of Regulation 4(2)(d) of the Debt Regulations, the Company will make public issue of the Tranche 2 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the Tranche 2 Bonds in physical form will fulfill such request.*

INVESTORS ARE REQUESTED TO NOTE THAT APPLICATION FOR THE TRANCHE 2 BONDS CAN BE MADE FOR ANY AMOUNT AND ALLOTMENT WILL TAKE PLACE IN THE MANNER PROVIDED IN THE SECTION TITLED “ISSUE PROCEDURE - BASIS OF ALLOTMENT” ON PAGE 78 OF THIS PROSPECTUS - TRANCHE 2. HOWEVER, PLEASE NOTE THAT IN THE EVENT THAT ANY APPLICANT APPLIES FOR AND IS ALLOTTED LONG TERM INFRASTRUCTURE BONDS IN EXCESS OF ₹ 20,000 (INCLUDING LONG TERM INFRASTRUCTURE BONDS ISSUED BY ANY OTHER ELIGIBLE ENTITY), THE AFORESTATED TAX BENEFIT SHALL BE AVAILABLE TO SUCH APPLICANT ONLY TO THE EXTENT OF ₹ 20,000.

#### Particulars of the Tranche 2 Bonds being issued

The Company is offering the Tranche 2 Bonds which shall have a fixed rate of interest. The Tranche 2 Bonds will be issued with a face value of ₹ 1,000 each. Interest on the Tranche 2 Bonds shall be payable on annual or cumulative basis depending on the series selected by the Applicants as provided below:

## COMMON TERMS FOR ALL SERIES OF THE TRANCHE 2 BONDS

<b>Issuer</b>	L&T Infrastructure Finance Company Limited
<b>Issue</b>	Public issue of long term infrastructure bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 80CCF of the Income Tax act, 1961 (the “ <b>Tranche 2 Bonds</b> ”), for an amount aggregating up to ₹ 3,000 million with an option to retain an oversubscription up to the Shelf Limit (including the amount received against the allotment of the Tranche 1 Bonds), to be issued at par on the terms contained in the Shelf Prospectus and this Prospectus - Tranche 2.
<b>Stock Exchanges proposed for listing of the Tranche 2 Bonds</b>	BSE
<b>Face Value</b>	₹1,000
<b>Issue Price</b>	₹1,000
<b>Issuance</b>	In dematerialised form*
<b>Trading</b>	In demat form post the Lock-in period
<b>Lock In period</b>	5 years from the Deemed Date of Allotment
<b>Redemption /Maturity Date</b>	10 years from the Deemed Date of Allotment
<b>Security</b>	Exclusive first charge on specific receivables of the Company with an asset cover of 1 time of the total outstanding amount of the Tranche 2 Bonds, as may be agreed between the Company and the Trustees for the Debenture holders and mortgage/charge on the leasehold rights on 300 sq.ft. undivided share of vacant land situated at Commander-in-Chief Road, Egmore, Chennai in the State of Tamil Nadu
<b>Security Cover</b>	1 time
<b>Debenture Trustee</b>	Bank of Maharashtra
<b>Depositories</b>	NSDL and CDSL
<b>Registrar</b>	Sharepro Services (India) Private Limited
<b>Lead Managers</b>	ICICI Securities Limited, JM Financial Consultants Private Limited and Karvy Investor Services Limited
<b>Rating(s)</b>	The Bonds have been rated ‘CARE AA+’ by CARE and ‘[ICRA] AA+’ by ICRA
<b>Issue Schedule**</b>	Issue Opening Date: January 10, 2012 and Issue Closing Date: February 11, 2012
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date as may be determined by the Board / the Committee of Directors of the Company and notified to BSE in relation to the allotment of Tranche 2 Bonds. The actual allotment may occur on the date other than the Deemed Date of Allotment.
<b>Modes of Payment</b>	<ul style="list-style-type: none"> <li>• National Electronic Clearing System</li> <li>• Cheques / Demand Drafts</li> <li>• Direct Credit</li> <li>• NEFT</li> <li>• RTGS</li> </ul> <p>For further details please refer to the section titled “<i>Terms of the Issue – Modes of Payment</i>” on page 62 of this Prospectus - Tranche 2</p>

<b>Minimum Application</b>	5 Tranche 2 Bonds and in multiples of 1 Tranche 2 Bond thereafter. For the purpose of fulfilling the requirement of minimum application of 5 Tranche 2 Bonds, an Applicant may choose to apply for the Tranche 2 Bonds across the same series or different series.
<b>Buyback Options</b>	Buyback options are available to the Investors on the first Working Day after the expiry of 5 years from the Deemed Date of Allotment or on the first Working Day after the expiry of 7 years from the Deemed Date of Allotment, as the case may be.

*\* In terms of Regulation 4(2)(b) of the Debt Regulations, the Company will make public issue of the Tranche 2 Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Tranche 2 Bonds in physical form will fulfil such request.*

*\*\* The Issue shall remain open for subscription during banking hours for the period indicated above, except that it the Issue may close on such earlier date or extended date as may be decided by the Board / Committee of Directors of our Company, as the case may be, subject to necessary approvals. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before such earlier or extended date of Issue closure.*

**The specific terms of the instrument are set out below\*\*:**

Series	1	2
<b>Frequency of Interest payment</b>	Annual, i.e. yearly payment of interest	Cumulative, i.e. cumulative interest payment at the end of maturity or buyback, as applicable
<b>Face Value per Tranche 2 Bond</b>	₹ 1,000	₹ 1,000
<b>Buyback Facility</b>	Yes	Yes
<b>Buyback Date</b>	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.	
<b>Buyback Amount</b>	₹ 1,000 at the end of 5 years / ₹ 1,000 at the end of 7 years	₹ 1,517.57 at the end of 5 years / ₹ 1,793.11 at the end of 7 years
<b>Buyback Intimation Period</b>	The period commencing from 6 months preceding the relevant Buyback Date and ending 3 months prior to such Buyback Date.	
<b>Maturity Date</b>	10 years from the Deemed Date of Allotment.	10 years from the Deemed Date of Allotment.
<b>Interest Rate</b>	8.70 % p.a.	8.70 % p.a., compounded annually
<b>Maturity Amount</b>	₹ 1,000	₹ 2,303.01
<b>Yield on Maturity*</b>	8.70 % p.a.	8.70% p.a., compounded annually
<b>Yield on Buyback*</b>	8.70 % p.a.	8.70% p.a., compounded annually

*\* The yield on the Tranche 2 Bonds (to be paid by the Issuer) shall not exceed the yield on government securities of corresponding residual maturity, as reported by FIMMDA, as on the last working day of the month immediately preceding the month of the issue of the Tranche 2 Bonds, i.e. as on December 30, 2011.*

*\*\*The Company may issue any one or multiple series of Bonds in a particular tranche pursuant to the terms as more specifically set out in the respective Tranche Prospectus.*

For various modes of interest payment, please refer to the section entitled “Terms of the Issue – Manner and Mode of Payment” on page 61 of this Prospectus - Tranche 2.

**Terms of Payment**

The entire Face Value per Tranche 2 Bond is payable on application. In the event of allotment of a lesser number of Tranche 2 Bonds than applied for, the Company shall refund the amount paid on application to the Applicant to the extent of the Tranche 2 Bonds not allotted in accordance with the terms appearing hereafter.

## TERMS OF THE ISSUE

*The Company may issue the Bonds in one or more tranches subject to the aggregate amount of all such tranches not exceeding an overall limit of ₹ 11,000 million for the FY 2012 (the “Shelf Limit”). There may be subsequent tranches for an aggregate amount not exceeding the difference between Shelf Limit and the aggregate amount raised through issue of previous tranches.*

*The following are the terms and conditions of the Tranche 2 Bonds being offered for an aggregate amount up to ₹ 3,000.00 million with an option to retain an oversubscription of up to Shelf Limit for allotment of additional Tranche 2 Bonds (including the amount received against the allotment of the Tranche 1 Bonds), which will be incorporated into the Debenture Trust cum Hypothecation Deed – Tranche 2 and are subject to the provisions of the Companies Act, the Application Form and other terms and conditions as may be incorporated in the Debenture Trust cum Hypothecation Deed – Tranche 2, Letter(s) of Allotment and/or Bond certificate(s) in physical form, if any. In addition, the Issue and Allotment of the Tranche 2 Bonds shall be subject to laws as applicable from time to time, including guidelines, rules, regulations, notifications and any statutory modifications or re-enactments relating to the issue of capital and listing of securities, or in relation to the Company, issued from time to time by SEBI, RBI, GOI, BSE and/or other authorities (collectively, the “Applicable Laws”) and other documents that may be executed in respect of the Tranche 2 Bonds. The statements in these terms and conditions include summaries of and are subject to the detailed provisions of the Debenture Trust cum Hypothecation Deed – Tranche 2.*

*Please note that the terms and conditions specified in this section are the terms and conditions for the issue of the Tranche 2 Bonds and any subsequent tranches may have different terms and conditions which shall be specified by the Company in separate tranche offer documents for such tranches.*

The 8.70 percent non-cumulative Tranche 2 Bonds with a buyback facility (the “**Series 1 Tranche 2 Bonds**”) and the 8.70 percent, cumulative Tranche 2 Bonds with a buyback facility (the “**Series 2 Tranche 2 Bonds**”), and together with the Series 1 Tranche 2 Bonds, referred to as the “**Tranche 2 Bonds**”) for an aggregate amount up to ₹ 3,000.00 million with an option to retain an oversubscription of up to Shelf Limit for allotment of additional Tranche 2 Bonds (including the amount received against the allotment of the Tranche 1 Bonds). The Tranche 2 Bonds are in each case constituted by a debenture trust deed (the “**Debenture Trust cum Hypothecation Deed – Tranche 2**”) to be entered into between the Company and the Bank of Maharashtra (in its capacity as the “Debenture Trustee”, which expression shall include its successor(s)) as trustee for the holders of the Tranche 2 Bonds (the “**Bondholders**”). Sharepro Services (India) Private Limited has been appointed as the registrar to the issue (the “**Registrar**” or “**Registrar to the Issue**”) pursuant to the Registrar Memorandum of Understanding dated November 8, 2011 with Sharepro Services (India) Private Limited (as amended and/or supplemented and/or restated from time to time, the “**Registrar Agreement**”).

The Tranche 2 Bonds are classified as “Long Term Infrastructure Bonds” and are being issued in terms of Section 80CCF of the Income Tax Act and the Notification. In accordance with Section 80CCF of the Income Tax Act, the amount, not exceeding ₹ 20,000 per annum, 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 HUF. In the event that any Applicant applies for and is allotted long term infrastructure bonds in excess of ₹ 20,000 per annum (including long term infrastructure bonds issued by another entity), the aforesaid tax benefit shall be available to such Applicant only to the extent of ₹ 20,000 per annum.

Words and expressions defined in the Debenture Trust cum Hypothecation Deed – Tranche 2 and the Tripartite Agreements (defined below) shall have the same meanings where used in these terms and conditions unless the context otherwise requires or unless otherwise stated.

Any reference to “Bondholders” or “holders” in relation to any Tranche 2 Bond held in dematerialized form shall mean the persons whose name appears on the beneficial owners list as provided by the Depository and in relation to any Tranche 2 Bond in physical form, such holder of the Tranche 2 Bond whose interest shall be as set out in a Consolidated Bonds Certificate (as defined below) whose name is

appearing in the Register of Bondholders (as defined below). The Debenture Trustee acts for the benefit of the Bondholders in accordance with the provisions of the Debenture Trust cum Hypothecation Deed – Tranche 2.

## **1. Authority for the Issue**

The Board of Directors, at their meeting held on August 5, 2011, have authorised issuance of debentures up to ₹ 75,000 million. Committee of Directors at their meeting held on November 2, 2011 have authorised the Issue in one or more tranches, of secured, redeemable, non-convertible debentures having benefits under Section 80CCF of the Income Tax Act of face value of ₹ 1,000 each, for an amount aggregating up to ₹ 11,000 million for the FY 2012 (the “Shelf Limit”).

In terms of the Notification, the aggregate volume of issuance of Long Term Infrastructure Bonds (having benefits under Section 80CCF of the Income Tax Act) by the Company during the FY 2012 shall not exceed 25% of the incremental infrastructure investment made by the Company during the FY 2011. For the purpose of calculating the incremental infrastructure investment, the gross infrastructure investments made by the Company during the FY 2011 was considered, which were ₹ 44,522.43 million and therefore, the Shelf Limit is ₹ 11,000 million.

## **2. Issue, Status of the Tranche 2 Bonds**

- 2.1. The public Issue of Tranche 2 Bonds of the Company for an aggregate amount up to ₹ 3,000.00 million with an option to retain an oversubscription of up to Shelf Limit for allotment of additional Tranche 2 Bonds (including the amount received against the allotment of the Tranche 1 Bonds) for the FY 2012 to be issued at par in one or more tranches.
- 2.2. The Tranche 2 Bonds are constituted, and issued pursuant to a Debenture Trust cum Hypothecation Deed – Tranche 2. The Bondholders are entitled to the benefit of the Debenture Trust cum Hypothecation Deed – Tranche 2 and are bound by and are deemed to have notice of all the provisions of the Debenture Trust cum Hypothecation Deed – Tranche 2. The Company is issuing the Tranche 2 Bonds in accordance with and pursuant to the Notification and the Tranche 2 Bonds issued by the Company can be classified as ‘Long Term Infrastructure Bonds’ for the purposes of Section 80 CCF of the Income Tax Act.
- 2.3. The Tranche 2 Bonds are issued in the form of secured, redeemable, non convertible debentures. The Tranche 2 Bonds constitute direct and secured obligations of the Company and shall rank *pari passu* inter se and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the Tranche 2 Bonds shall also, as regards the principal amount of the Tranche 2 Bonds, interest and all other monies in respect of the Tranche 2 Bonds, rank *pari passu* with all other present and future secured debentures of the Company. The claims of the Bondholders shall be *pari passu* to the claims of the secured creditors of the Company (subject to any obligations preferred due to mandatory provisions of the applicable law prevailing from time to time).

## **3. Form, Face Value, Title and Listing etc**

### **3.1. Form**

- 3.1.1 In terms of Regulation 4(2)(b) of the Debt Regulations, the Company will make public issue of the Tranche 2 Bonds in dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Tranche 2 Bonds in physical form, will fulfil such request. The Company has made depository arrangements with National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”, and together with NSDL, the “Depositories”) for issue of the Tranche 2 Bonds in a dematerialized form pursuant to the tripartite agreement between:

- (i). the Company, NSDL and the Registrar dated October 3, 2007; and
- (ii). the Company, CDSL and the Registrar dated May 6, 2008 (together the “Tripartite Agreements”).

The Company shall take necessary steps to credit the Depository Participant account of the Bondholders with the number of Tranche 2 Bonds allotted. The Bondholders holding the Tranche 2 Bonds in dematerialized form shall deal with the Bonds in accordance with the provisions of the Depositories Act, 1996 and/or rules as notified by the Depositories from time to time.

- 3.1.2 The Bondholders may rematerialize the Tranche 2 Bonds at any time after allotment, in accordance with the provisions of the Depositories Act, 1996 and/or rules as notified by the Depositories from time to time.
- 3.1.3 In case an investor wished to hold the Tranche 2 Bonds in physical form, the Company will issue one certificate to the Bondholder for the aggregate amount of the Tranche 2 Bonds that are held by such Bondholder (each such certificate a “Consolidated Bond Certificate”). In respect of the Consolidated Bond Certificate(s), the Company will, upon receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificates into smaller denominations in accordance with the Articles of Association, subject to a minimum denomination of one Tranche 2 Bond. No fees will be charged for splitting any Consolidated Bond Certificates but, stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate which will, upon issuance of the split Consolidated Bond Certificates, be cancelled by the Company.

## **3.2 Face Value**

The face value of each Tranche 2 Bond is ₹ 1,000.

## **3.3 Title**

### **3.3.1 In case of:**

- (i) Tranche 2 Bonds held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and
- (ii) the Tranche 2 Bonds held in physical form, the person for the time being appearing in the Register of Bondholders (as defined below) as Bondholder,

shall be treated for all purposes by the Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Tranche 2 Bonds and no person will be liable for so treating the Bondholder.

- 3.3.2 No transfer of title of a Tranche 2 Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest, Buyback Amount and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders or the register of beneficial owners maintained by the Depositories, as the case may be. In such cases,



claims, if any, by the purchasers of the Tranche 2 Bonds will need to be settled with the seller of the Tranche 2 Bonds and not with the Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of the Company's shares contained in the Articles of Association of the Company and the Companies Act shall apply, *mutatis mutandis* (to the extent applicable) to the Tranche 2 Bond(s) as well.

### **3.4 Listing**

The Tranche 2 Bonds will be listed on BSE.

### **3.5. Market Lot**

3.5.1 Irrespective of whether the Tranche 2 Bonds are held in dematerialised or physical form, the trading of the Tranche 2 Bonds on the Stock Exchange shall be in dematerialised form only in multiples of one (1) Tranche 2 Bond ("**Market Lot**").

3.5.2 For details of allotment refer to chapter entitled "*Issue Procedure*" under the section titled "*Issue Related Information*" beginning on page 48 of this Prospectus – Tranche 2.

### **3.6. Procedure for Rematerialisation of the Tranche 2 Bonds**

Bondholders who wish to hold the Tranche 2 Bonds in physical form may do so by submitting his or her request to his or her Depository Participant in accordance with the applicable procedure stipulated by the Depository Participant.

### **3.7 Procedure for Dematerialization of the Tranche 2 Bonds**

Bondholders who are holding the Tranche 2 Bonds in physical form and wish to hold the Tranche 2 Bonds in dematerialized form may do so by submitting his or her request to his or her Depository Participant in accordance with the applicable procedure stipulated by the Depository Participant.

## **4. Transfer of the Tranche 2 Bonds, Issue of Consolidated Bond Certificates, etc**

### **4.1. Register of Bondholders**

The Company shall maintain at its registered office or such other place as permitted by law a register of Bondholders (the "**Register of Bondholders**") containing such particulars as required by Section 152 of the Companies Act. In terms of Section 152A of the Companies Act, the register of beneficial owners maintained by a Depository for any Tranche 2 Bond in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of Bondholders for this purpose.

### **4.2. Lock-in Period**

#### ***4.2.1. No Transfer during Lock-in Period***

In accordance with the Notification, the Bondholders shall not sell or transfer the Tranche 2 Bonds in any manner for a period of 5 years from the Deemed Date of Allotment (the "**Lock-in Period**").

#### ***4.2.2. Transfer after Lock-in Period***

- (a) The Bondholders may sell or transfer the Tranche 2 Bonds after the expiry of the Lock-in Period on the stock exchange where the Tranche 2 Bonds are listed.

- (b) If a request for transfer of the Tranche 2 Bond is not received by the Registrar before the Record Date for maturity, the Maturity Amount for the Tranche 2 Bonds shall be paid to the person whose name appears as a Bondholder in the Register of Bondholders. In such cases, any claims shall be settled inter se between the parties and no claim or action shall lie against the Company.

#### **4.3. Transfers**

##### ***4.3.1 Transfer of Tranche 2 Bonds held in dematerialised form:***

In respect of Tranche 2 Bonds held in the dematerialised form, transfers of the Tranche 2 Bonds may be effected only through the Depository(ies) where such Tranche 2 Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time, subject to the Lock-in period. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may transfer them in physical form in a manner as specified in section 4.3.2 below.

##### ***4.3.2. Transfer of Tranche 2 Bonds in physical form:***

Subject to the Lock-in period, the Tranche 2 Bonds may be transferred by way of a duly stamped and executed transfer deed or other suitable instrument of transfer as may be prescribed by the Company for the registration of transfer of Tranche 2 Bonds. Purchasers of Tranche 2 Bonds are advised to send the Consolidated Bond Certificate to the Company, Registrar or to such persons as may be notified by the Company from time to time. If a purchaser of the Tranche 2 Bonds in physical form intends to hold the Tranche 2 Bonds in dematerialized form, the Tranche 2 Bonds may be dematerialised by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act, 1996 and/or rules as notified by the Depositories from time to time.

#### **4.4. Formalities Free of Charge**

Registration of a transfer of Tranche 2 Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of the Company, but upon payment (or the giving of such indemnity as the Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and the Company being satisfied that the regulations concerning transfers of Tranche 2 Bonds have been complied with.

#### **5. Debenture Redemption Reserve (“DRR”)**

Regulation 16 of the Debt Regulations and Section 117C of the Companies Act requires any company that intends to issue debentures to create a DRR to which adequate amounts shall be credited out of the profits of the company till the redemption of the debentures. However, the Ministry of Company Affairs (the “MCA”) has, through its circular dated April 18, 2002, specified that NBFCs which are registered with the RBI under Section 45-IA of the RBI Act, 1934 shall create DRR to the extent of 50 percent of the value of the debentures issued through public issue. Accordingly, the Company shall create DRR of 50 per cent of the value of Tranche 2 Bonds issued and allotted in terms of this Prospectus - Tranche 2, for the redemption of the Tranche 2 Bonds. The Company shall credit adequate amounts to DRR from its profits every year until the Tranche 2 Bonds are redeemed. The amounts credited to the DRR shall not be utilized by the Company for any purpose other than for the redemption of the Tranche 2 Bonds.

#### **6. Deemed Date of Allotment**

The Deemed Date of Allotment for the Tranche 2 Bonds shall be the date as may be determined by the Board of the Company/ Committee of Directors and notified to the Stock Exchanges. All benefits under the Tranche 2 Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. The actual allotment may occur on a date other than the Deemed Date of Allotment.

## **7. Application amount and Tax Savings**

Eligible investors can apply for up to any amount of the Tranche 2 Bonds across any of the Series(s) or a combination thereof. The investors will be allotted the Tranche 2 Bonds in accordance with the Basis of Allotment. In the event that any investor applies for and is allotted long term infrastructure bonds in excess of ₹ 20,000 per annum (including long term infrastructure bonds issued by any other eligible entity), the above tax benefit shall be available to such investor only to the extent of ₹ 20,000 per annum.

## **8. Subscription**

### **8.1 Period of Subscription**

The Issue shall remain open for:

<b>ISSUE OPENS ON</b>	January 10, 2012
<b>ISSUE CLOSES ON</b>	February 11, 2012

The Issue shall remain open for subscription during banking hours for the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board/Committee of Directors subject to necessary approvals. In the event of an early closure or extension of the Issue, the Company shall ensure that notice of the same is provided to the prospective investors through newspaper advertisements on or before to such earlier date or extended date of Issue closure.

### **8.2. Underwriting**

This Issue is not underwritten.

### **8.3. Minimum Subscription**

In terms of the Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, an application monies received in the public issue are to be refunded. The Company has decided to set no minimum subscription for the Issue.

## **9. Utilization of the proceeds**

The proceeds of the Issue shall be utilized towards 'infrastructure lending' as defined by the RBI in the regulations issued by it from time to time. The end-use shall be duly reported in the annual reports and other reports submitted by the Company to the regulatory authority concerned, and specifically certified by the Statutory Auditor of the Company. The Company shall report the use of the proceeds in its annual report and other report submitted by us to any regulatory authority. The Company shall also file these along with term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance, within three months from the end of financial year.

## **10. Interest**

### **10.1. Annual Payment of Interest**

**10.1.1** For Series 1 Tranche 2 Bonds, interest at the rate of 8.70% per annum will be paid annually commencing from the Deemed Date of Allotment, subject to buyback of the Tranche 2 Bonds as specified in the section “-Buy Back of the Tranche 2 Bonds” below.

### **10.2. Cumulative Payment of Interest**

**10.2.1** For Series 2 Tranche 2 Bonds, interest shall be compounded annually at the rate of 8.70% per annum commencing from the Deemed Date of Allotment and shall be payable on the Maturity Date, subject to buyback of the Tranche 2 Bonds as specified in the section “-Buy Back of the Tranche 2 Bonds” below.

### **10.3. Day Count Convention**

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the Tranche 2 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 Tranche 2 Bonds.

### **10.4. Interest on Application and Refund Money**

The Company shall not pay any interest on the application monies collected pursuant to the Issue pending allotment of the Tranche 2 Bonds.

The Company shall not pay any interest on refund of application monies on the amount not allotted.

## **11. Redemption**

**11.1** Unless previously redeemed or bought back as provided under the Debenture Trust cum Hypothecation Deed – Tranche 2, the Company shall redeem the Tranche 2 Bonds on the Maturity Date.

### **11.2 Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

#### **11.2.1 *Tranche 2 Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Tranche 2 Bonds.

#### **11.2.2 *Tranche 2 Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Company on the Record Date fixed for the purpose of redemption. However, the Company may require that the Consolidated Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and shall be sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar or the Company or to such persons at such addresses as may be notified by the Company from time to time.

Bondholders may be requested to surrender the Consolidated Bond Certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment. See the section titled “*Payment on Redemption or Buyback*” on page 61 of this Prospectus - Tranche 2.

### **11.3 Buyback of the Tranche 2 Bonds**

The Buyback facilities shall be available to the Bondholders in accordance with the provisions of this section. In this regard, Bondholders will have the option to avail of either a 5 year Buyback Facility (as defined below) or a 7 year Buyback Facility (as defined below), as the case may be.

#### ***5 year Buyback***

The buyback of the Bonds from their respective Bondholders shall be effected by the Company on the 5 Year Buyback Date, subject to the terms set forth herein (the “**5 Year Buyback Facility**”):

The Company or the Registrar will dispatch the notice for buyback to the eligible Bondholders (i.e. Series 1 or Series 2 Bondholders) at least 3 Working Days prior to the start of the 5 Year Buyback Intimation Period. To avail of the 5 Year Buyback Facility, a Series 1 or a Series 2 Bondholder will be required to fill up the form attached to such notice, including the number of Tranche 2 Bonds being submitted for the Buyback and the Series, and dispatch the same to the Company or the Registrar to participate in the 5 Year Buyback Facility. Such notice must be sent to the Company or the Registrar on or prior to the last Working Day of the 5 Year Buyback Intimation Period

#### ***Tranche 2 Bonds held in dematerialised form***

The Company or the Registrar, upon receipt of the notice from the Bondholders, would undertake appropriate corporate action to effect the buyback.

#### ***Tranche 2 Bonds held in physical form***

No action would ordinarily be required on part of the Bondholder on the Buyback Date and the Buyback Amount would be paid to those Bondholders whose names appear first in the Register of Bondholders. However, the Company may require the Bondholder to duly surrender the Consolidated Bond Certificate to the Company/Registrar for the Buyback.

Upon payment of the Buyback Amounts, the Tranche 2 Bonds shall be deemed to have been repaid to the Bondholders of the Series 1 Bonds and Series 2 Bonds and all other rights of the Bondholders shall terminate and no interest shall accrue on such Tranche 2 Bonds.

Subject to the provisions of the Companies Act, where the Company has bought back any Tranche 2 Bond(s) under the 5 Year Buyback Facility, the Company shall have and shall be deemed always to have had the right to keep such Tranche 2 Bonds alive without extinguishment for the purpose of resale and in exercising such right, the Company shall have and be deemed always to have had the power to resell such Tranche 2 Bonds by reselling the same Tranche 2 Bonds.

#### ***7 year Buyback***

The buyback of the Tranche 2 Bonds (such Tranche 2 Bonds that have not been bought back by way of the 5 Year Buyback Facility) from their respective Bondholders shall be effected by the Company on the 7 Year Buyback Date, subject to the terms set forth herein (the “**7 Year Buyback Facility**”):

The Company or the Registrar will dispatch the notice for buyback to the eligible Bondholders (i.e Series 1 or Series 2 Bondholders as of a record date fixed by the Company, which date shall be at least 7 Working Days prior to the start of the 7 Year Buyback Intimation Period) at least 3 Working Days prior to the start of the 7 Year Buyback Intimation Period. To avail of the 7 Year Buyback Facility, a Series 1 or a Series 2 Bondholder will be required to fill up the form attached to such notice including the number of Tranche 2 Bonds being submitted for the Buyback and the Series and dispatch the same to the Company or the Registrar to participate in the 7 Year Buyback Facility. Such notice must be sent to the Company or the Registrar on or prior to the last Working Day of the 7 Year Buyback Intimation Period.

#### *Tranche 2 Bonds held in dematerialised form*

The Company or the Registrar, upon receipt of the notice from the Bondholders, would undertake appropriate corporate action to effect the buyback.

#### *Tranche 2 Bonds held in physical form*

No action would ordinarily be required on part of the Bondholder on the Buyback Date and the Buyback Amount would be paid to those Bondholders whose names appear first in the Register of Bondholders. However, the Company may require the Bondholder to duly surrender the Consolidated Bond Certificate to the Company/Registrar for the Buyback.

Upon payment of the Buyback Amounts, the Tranche 2 Bonds shall be deemed to have been repaid to the Bondholders of the Series 1 Bonds and Series 2 Bonds and all other rights of the Bondholders shall terminate and no interest shall accrue on such Tranche 2 Bonds.

Subject to the provisions of the Companies Act, where the Company has bought back any Tranche 2 Bond(s) under the 7 Year Buyback Facility, the Company shall have and shall be deemed always to have had the right to keep such Tranche 2 Bonds alive without extinguishment for the purpose of resale and in exercising such right, the Company shall have and be deemed always to have had the power to resell such Tranche 2 Bonds by reselling the same Tranche 2 Bonds.

## **12. Payments**

### **12.1 Payment of Interest**

Payment of interest on the Tranche 2 Bonds will be made to those Bondholders, whose name appears first in the Register of Bondholders maintained by the Depositories and/or the Company and/or the Registrar, as the case may be, on the Record Date. Whilst the Company will use the electronic mode of payments for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, the Company proposes to use other modes of payment to make payments to the Bondholders, including the dispatch of cheques through courier, hand delivery or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depository and/or the Company and/or the Registrar to the Issue, as the case may be, as on the Record Date.

### **12.2 Record Date**

The record date for the payment of interest or the Buyback Amount or the Maturity Amount shall be 15 days prior to the date on which such amount is due and payable (“**Record Date**”) or such other date as may be notified by the Company.

### **12.3 Effect of holidays on payments**

If the date of payment of interest or principal or any date specified does not fall on a Working Day, then the next Working Day will be considered as the effective date. Interest and principal or other amounts, if any, will be paid on the next Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date or the date of buyback falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue.

## **12.4 Payment on Redemption or Buyback**

The manner of payment on Maturity or Buyback is set out below:-

### **12.4.1 *Tranche 2 Bonds held in electronic form:***

On the Maturity Date or the Buyback Date as the case may be, the Maturity Amount or the Buyback Amount as the case may be will be paid in a manner as detailed in “*Terms of the Issue – Manner and Modes of Payment*” on page 61 of this Prospectus - Tranche 2. These names will be as per the Depositories’ records on the Record Date fixed for this purpose. The cheque for Maturity Amount or the Buyback Amount as the case may be will be dispatched by courier or hand delivery or registered post to the address provided in the Application Form or to the address as notified by the Bondholders or to the address as per the Depositories’ record on the Record Date. No action is required on part of the Bondholders.

### **12.4.2 *Tranche 2 Bonds held in physical form:***

On the Maturity Date or the Buyback Date as the case may be, the Maturity Amount or the Buyback Amount as the case may be will be paid in a manner as detailed in “*Terms of the Issue - Modes of Payment*” on page 62 of this Prospectus – Tranche 2. However, if the Company so requires, payments on maturity may be made on surrender of the Consolidated Bond Certificate(s). Dispatch of cheques or pay orders in respect of payments with respect to redemptions will be made on the Maturity Date or Buyback Date or if the Consolidated Bond Certificate is requested by the Company in this regard, then within a period of 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate.

- 12.5 The Company’s liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or upon dispatch of the Maturity Amounts to the Bondholders. Further, the Company will not be liable to pay any interest, income or compensation of any kind from the Maturity Date.

## **13. Manner and Modes of Payment**

### **13.1 Manner of Payment:**

All payments to be made by the Company to the Bondholders shall be made in any of the following manners:

#### **13.1.1 *For Bonds applied or held in electronic form:***

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Tranche 2 Bonds in electronic form are advised to immediately update their bank account details as appearing on the record of Depository Participant. Please note that failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor the Company shall have any responsibility and undertake any liability for such delays on part of the investors.

### 13.1.2 *For Tranche 2 Bonds held in physical form:*

The bank details will be obtained from the Registrar for effecting payments.

## 13.2 **Modes of Payment:**

All payments to be made by the Company to the Bondholders shall be made through any of the following modes:

### 13.2.1 *Cheques or Demand drafts*

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by the Company and/or as provided by the Depositories. All Cheques or demand drafts, as the case may be, shall be sent by registered/speed post at the Bondholder's sole risk.

### 13.2.2 *National Electronic Clearing System ("NECS")*

Through NECS for Applicants having an account at any of the centers notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf, from the Depositories.

Please note that the Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Buyback Amount or Maturity Amount so long as the Company has initiated the process in time.

### 13.2.3 *Direct Credit*

Investors having their bank account with the Refund Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker. We may enter into arrangement(s) with one or more banks in one or more cities for direct credit of interest to the account of the investors. In such cases, interest, on the interest payment date(s), would be directly credited to the account of those investors who have given their bank mandate for such banks.

### 13.2.4 *NEFT*

Through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. In the event that NEFT is not operationally feasible, the payments would be made through any one of the other modes as discussed in this sections.

### 13.2.5 *RTGS*

An Applicant having a bank account with a participating bank and whose refund / interest payment / redemption amount exceeds ₹ 2 lakh, has the option to receive the refund through RTGS. Such eligible applicant who indicates its preference to receive interest



payment / refund / redemption through RTGS is required to provide the IFSC code in the Application Form or intimate the Company before the record date. In the event the same is not provided, interest payment / refund / redemption shall be made through ECS. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

Please note that the Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Buyback Amount or Maturity Amount so long as the Company has initiated the process in time.

### **13.3 Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of Consolidated Bond Certificates due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the Consolidated Bond Certificate. Applications without these details are liable to be rejected. However, in relation to applications for dematerialised Tranche 2 Bonds, these particulars will be taken directly from the Depositories. In case of Tranche 2 Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar before the Record Date failing which the amounts will be dispatched to the postal address of the Bondholders as held in the records of the Bank. Bank account particulars will be printed on the Consolidated Bond Certificates which can then be deposited only in the account specified.

## **14. Taxation**

- 14.1 The Applicants are advised to consider the tax implications of their respective investment in the Tranche 2 Bonds.
- 14.2 The interest on Tranche 2 Bonds will be subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act or any statutory modification or re-enactment thereof.
- 14.3 As per clause (ix) of Section 193 of the Income Tax Act, no income tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the SCRA, and the rules notified thereunder. Accordingly, no income tax will be deducted at source from the interest on Tranche 2 Bonds held in dematerialised form. In case of Tranche 2 Bonds held in a physical form no tax may be withheld in case the interest does not exceed ₹ 2,500 in a financial year. However, such interest is taxable income in the hands of resident Bondholders.
- 14.4 Senior citizens, who are 65 or more years of age at any time during the financial year, can submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum limit for the financial year. To ensure non-deduction/lower deduction of tax at source from interest on Tranche 2 Bonds, the resident Applicant is required to submit Form 15G/15H/certificate under section 197 of the Income Tax Act or other evidence, as may be applicable, with the Application Form, or send to the Registrar along with a copy of the Application Form on or before the closure of the Issue. Subsequently, Form 15G/15H/certificate under section 197 of the Income Tax Act or other evidence, as may be applicable, may be submitted to the Company or to such person at such address as may be notified by us from time to time, quoting the name of the sole or first Bondholder, Bondholder number and the distinctive number(s) of the Tranche 2 Bond(s) held, at least one month prior to the interest payment date.

- 14.5 Applicants are required to submit Form 15G or 15H or original certificate issued under section 197 of the Income Tax Act or other evidence in each financial year to ensure non-deduction or lower deduction of tax at source from interest on Tranche 2 Bonds.
- 14.6 If the Applicant is eligible to submit Form 15G or 15H, he is required to tick at the relevant place on the Application Form, to send a blank copy of the form to the Applicants. Blank declaration form will be furnished to other Applicants on request made at least two months prior to the interest payment date. This facility is being provided for the convenience of Applicants and we will not be liable in any manner, whatsoever, in case the Applicant does not receive the form.
- 14.7 As per the prevailing tax provisions, Form 15G cannot be submitted if the aggregate of income of the nature referred to in section 197A of the Income Tax Act viz. dividend, interest etc. as prescribed therein, credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to tax.
- 14.8 Tax exemption certificate or document, if any, must be lodged at the office of the Registrar prior to the Record Date or as specifically required. Tax applicable on coupon will be deducted at source on accrual thereof in the Company's books and / or on payment thereof, in accordance with the provisions of the Income Tax Act and / or any other statutory modification, re-enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted on annual basis.

## 15. Security

The Tranche 2 Bonds issued by the Company will be secured. The Company will create security in favour of Debenture Trustee pursuant to the terms of the Debenture Trust cum Hypothecation Deed – Tranche 2 and the Simple Mortgage Deed.

## 16. Events of Defaults

- 16.1 The Debenture Trustee at its discretion may, and if so requested in writing by the Bondholders of not less than 75 percent in principal amount of the Tranche 2 Bonds then outstanding or if so directed by a Special Resolution shall, give notice to the Company specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable for the early redemption amount on such date as may be specified in such notice *inter alia* if any of the events (each an “**event of default**”) specified therein occurs.
- 16.2 The list given below is an indicative list of events of default and a complete list of event of default and its consequences shall be specified in the Debenture Trust cum Hypothecation Deed – Tranche 2. Events of default shall include but not be limited to the following:
- (i) Default is made in any payment of the principal amount due in respect of any series of Bonds and such failure continues for a period of 30 Working Days;
  - (ii) The Company does not perform or comply with one or more of its other material obligations in relation to the Tranche 2 Bonds or the Debenture Trust cum Hypothecation Deed which default is incapable of remedy or, if in the opinion of the Debenture Trustee capable of remedy, is not remedied within 30 Working Days after written notice of such default shall have been given to the Company by the Debenture Trustee and which has a material adverse effect on the Company;
  - (iii) The Company is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay (in the opinion of the Debenture Trustee) a material part of its debts, or stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Debenture Trustee) a material part of (or of a particular type of) its debts; or

- (iv) Any encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or (in the opinion of the Debenture Trustee) any substantial part of the property, assets or revenues of the Company (as the case may be) and is not discharged within 45 Working Days.
- 16.3 The early redemption amount payable upon the occurrence of an Event of Default shall be as detailed in the Debenture Trust cum Hypothecation Deed – Tranche 2.
- 16.4 If an Event of Default occurs which is continuing, the Debenture Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Debenture Trust cum Hypothecation Deed – Tranche 2, and with a prior written notice to the Company, take action in terms of the Debenture Trust cum Hypothecation Deed – Tranche 2.
- 16.5 In case of default in the redemption of Tranche 2 Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, the Company shall also pay interest on the defaulted amounts. Arrears of liquidated damages shall carry interest at 2% per annum on the defaulted amount and shall be payable on the footing of compound interest with quarterly rests.

## **17. Bondholder's Rights, Nomination Etc.**

### **17.1 Bondholder Not a Shareholder**

The Bondholders will not be entitled to any of the rights and privileges available to the equity and preference shareholders of the Company.

### **17.2 Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

- (a) The Tranche 2 Bonds shall not, except as provided in the Companies Act, confer upon the holders thereof any rights or privileges available to members of the Company including the right to receive notices or annual reports of, or to attend and / or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, the said resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, holders of Tranche 2 Bonds shall be entitled to a copy of the balance sheet on a specific request made to the Company.
- (b) The rights, privileges and conditions attached to the Tranche 2 Bonds may be varied, modified and / or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Tranche 2 Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders, provided that nothing in such consent or resolution shall be operative against the Company, where such consent or resolution modifies or varies the terms and conditions governing the Tranche 2 Bonds, if modification, variation or abrogation is not acceptable to the Company.
- (c) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Tranche 2 Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Tranche 2 Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- (d) Tranche 2 Bonds may be rolled over with the consent in writing of the holders of at least

three-fourths of the outstanding amount of the Tranche 2 Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the Debt Regulations. The Company shall redeem the Tranche 2 Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the Debenture Trust cum Hypothecation Deed – Tranche 2 to be executed by the Company with the Debenture Trustee.

“Special Resolution” for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Tranche 2 Bonds, present and voting.

### **17.3 Succession**

Where Tranche 2 Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s). It will be sufficient for the Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death. Provided, a third person may call on the Company to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Tranche 2 Bonds. In the event of demise of the sole or first holder of the Tranche 2 Bonds, the Company will recognise the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Tranche 2 Bonds only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the Tranche 2 Bonds by way of succession, the following steps have to be complied with:

- (a) Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Tranche 2 Bonds were acquired by the non-resident Indian as part of the legacy left by the deceased Bondholder.
- (b) Proof that the non-resident Indian is an Indian national or is of Indian origin. Such holding by a non-resident India will be on a non-repatriation basis

### **17.4 Nomination Facility to Bondholder**

17.4.1 In accordance with Section 109A of the Act, the sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Tranche 2 Bonds. A person, being a nominee, becoming entitled to the Tranche 2 Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he were the registered holder of the Tranche 2 Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Tranche 2 Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded upon sale of a Tranche 2 Bonds by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Tranche 2 Bonds is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only

in the prescribed form available on request at the Company's registered or administrative office or at such other addresses as may be notified by the Company.

- 17.4.2 The Bondholders are advised to provide the specimen signature of the nominee to the Company to expedite the transmission of the Tranche 2 Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.
- 17.4.3 In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Company's Board or Committee of Directors, as the case may be, elect either:
- (a) to register himself or herself as the holder of the Tranche 2 Bonds; or
  - (b) to make such transfer of the Tranche 2 Bonds, as the deceased holder could have made.
- 17.4.4 Further, the Company's Board or Committee of Directors, as the case may be, may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Tranche 2 Bonds, and if the notice is not complied with, within a period of 90 days, the Company's Board or Committee of Directors, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Tranche 2 Bonds, until the requirements of the notice have been complied with.
- 17.4.5 Notwithstanding anything stated above, Applicants to whom the Tranche 2 Bonds are credited in dematerialised form need not make a separate nomination with the Company. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant. For Applicants who opt to hold the Tranche 2 Bonds in physical form, the Applicant is required to fill in the details for "Nominees" as provided in the Application Form.

## **18. Debenture Trustees**

- 18.1 The Company has appointed Bank of Maharashtra to act as the Debenture Trustee for the Bondholders. The Company intends to enter into a Debenture Trust cum Hypothecation Deed – Tranche 2 with the Debenture Trustee, the terms of which will govern the appointment and functioning of the Debenture Trustee and shall specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trust cum Hypothecation Deed – Tranche 2, the Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Tranche 2 Bonds on the relevant Maturity Date and also that it will pay the interest due on Tranche 2 Bonds on the rate specified under the Debenture Trust cum Hypothecation Deed – Tranche 2.
- 18.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Tranche 2 Bonds as the Debenture Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Company to the Debenture Trustee on behalf of the Bondholders shall discharge the Company *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Debenture Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against the Company unless the Debenture Trustee, having become so bound to proceed, failed to do so.

18.3 The Debenture Trustee will protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and they will take necessary action at the Company's cost.

## **19. Miscellaneous**

### **19.1 Loan against Tranche 2 Bonds**

The Tranche 2 Bonds cannot be pledged or hypothecated for obtaining loans from scheduled commercial banks during the Lock-in Period.

### **19.2 Lien**

The Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Company.

### **19.3 Lien on Pledge of Tranche 2 Bonds**

The Company, at its discretion, may note a lien or pledge of Tranche 2 Bonds if such pledge of Tranche 2 Bonds is accepted by any bank or institution for any loan provided to the Bondholder against pledge of such Tranche 2 Bonds as part of the funding subject to applicable laws.

### **19.4 Joint-holders**

Where two or more persons are holders of any Tranche 2 Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to Articles and applicable law.

### **19.5 Sharing of Information**

The Company may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Company, its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Company nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

### **19.6 Notices**

All notices to the Bondholders required to be given by the Company or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Chennai and Mumbai and/or, will be sent by post/courier to the registered Bondholders from time to time.

### **19.7 Issue of Duplicate Consolidated Bond Certificate(s)**

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by the Company against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then upon production of proof thereof to the Bank's satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

### **19.8 Future Borrowings**

The Company shall be entitled to borrow or raise loans or create encumbrances or avail financial assistance in whatever form, and also issue promissory notes or debentures or other securities in any manner having such ranking, *pari passu* or otherwise and change the capital structure including the issue of shares of any class, on such terms and conditions as the Company may deem appropriate, without the consent of, or intimation to the Bondholders or the Debenture Trustee in this connection.

Further, the Company shall be at liberty from time to time during the continuance of the security to issue at such future dates and in such denomination as it considers advisable, further convertible and/or non-convertible debentures and/or to raise further loans, advances and/or avail further financial and/or guarantee facilities from financial institutions, banks, and/or any other persons or entities in any other form by creating further *pari-passu* charge on the property charged/mortgaged to the Debenture Trustee in respect of the Debentures to be issued in pursuance of this Prospectus – Tranche 2, subject to obtaining the prior written consent of the Debenture Trustee. Consent of Debenture holders / Beneficial owners of this issue is not required to be obtained for creation of further charge / *pari-passu* mortgage on the immovable property charged/mortgaged to the Debenture Trustee in respect of such future issue(s) of securities.

## **19.9 Jurisdiction**

The Tranche 2 Bonds, the Debenture Trust cum Hypothecation Deed – Tranche 2, the Tripartite Agreements with the Depositories and other relevant documents shall be governed by and construed in accordance with the laws of India. The Company has in the Debenture Trust cum Hypothecation Deed – Tranche 2 agreed, for the exclusive benefit of the Debenture Trustee and the Bondholders, that the courts of Mumbai and Chennai (as the case may be) are to have jurisdiction to settle any disputes which may arise out of or in connection with the Debenture Trust cum Hypothecation Deed – Tranche 2 or the Tranche 2 Bonds and that accordingly any suit, action or proceedings (together referred to as “Proceedings”) arising out of or in connection with the Debenture Trust cum Hypothecation Deed – Tranche 2 and the Tranche 2 Bonds may be brought in the courts of Mumbai or Chennai, as the case maybe.

## ISSUE PROCEDURE

This section applies to all Applicants. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form.

The Shelf Prospectus and Prospectus - Tranche 2 and the Application Forms together with the abridged prospectus may be obtained from our Corporate Office or from the Lead Managers. In addition, Application Forms would also be made available to BSE where listing of the Tranche 2 Bonds is sought, and to brokers, being members of BSE, upon their request.

### Application Form

Applicants are required to submit their applications through the Bankers to the Issue. Such Applicants shall only use the specified Application Form bearing the stamp of the Banker to the Issue or the Lead Managers for the purpose of making an application in terms of the Shelf Prospectus and the Prospectus - Tranche 2. While submitting the Application Form the investors should ensure that the date stamp on their counter foil matches with the date stamp on the part of the Application Form being retained by the Banker to the Issue.

### WHO CAN APPLY

The following categories of persons are eligible to apply in the Issue:

- Indian nationals resident in India who are not minors in single or joint names (not more than three); and
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Applications by HUFs would be considered at par with those from individuals.

**Please note that non-resident investors including NRIs, FIIs and OCBs are not eligible to participate in the Issue.**

### Application Size

Applications are required to be for a minimum of 5 Tranche 2 Bonds and multiples of 1 Tranche 2 Bond thereafter.

For the purpose of fulfilling the requirement of minimum subscription of 5 Tranche 2 Bonds, an Applicant may choose to apply for 5 Tranche 2 Bonds of the same series or 5 Tranche 2 Bonds across different series.

### INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

Applications must be:

- (a) Made only in the prescribed Application Form.
- (b) Completed in block letters in English as per the instructions contained herein, and in the Application Form, and are liable to be rejected if not so completed. Applicants should note that the Bankers to the Issue will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (d) Applications are required to be for a minimum of 5 Tranche 2 Bonds and in multiples of 1 Tranche 2 Bond thereafter. For the purpose of fulfilling the requirement of minimum subscription of 5 Tranche 2 Bonds, an Applicant may choose to apply for 5 Tranche 2 Bonds of



the same series or 5 Tranche 2 Bonds across different series. The applications without the minimum specified lot shall be rejected by the Company.

- (e) Thumb impressions and signatures other than in English/ Hindi/ Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f) No receipt would be issued by our Company for the Application money. However, the Bankers to the Issue, on receiving the Applications will acknowledge receipt by stamping and returning the acknowledgment slip to the Applicant. While submitting the Application Form the Applicant should ensure that the date stamp on their counter foil matches with the date stamp on the part of the Application Form being retained by the Banker to the Issue.
- (g) All Application Forms duly completed together with cheque/demand draft for the amount payable on application must be delivered before the closing of the Issue to any of the Bankers to the Issue or collection centre(s)/ agent(s) as may be specified before the closure of the Issue.
- (h) Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.

**IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE APPLICATION FORM DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORY, THE APPLICATION FORM IS LIABLE TO BE REJECTED. IN THE EVENT AN APPLICANT OPTS TO HOLD THE TRANCHE 2 BONDS IN PHYSICAL FORM KYC DOCUMENTS ARE MANDATORILY REQUIRED TO BE SUBMITTED. SUCH APPLICANTS NEED NOT PROVIDE ANY DETAILS OF THEIR DEMAT ACCOUNT. HOWEVER, IF SUCH DETAILS ARE PROVIDED, THE COMPANY RESERVES THE RIGHT BUT DOES NOT HAVE THE OBLIGATION TO DO THE KYC CHECK FROM THE DEMAT ACCOUNT DETAILS. INSERTION OF DEMAT ACCOUNT DETAILS DOES NOT ALLEVIATE THE APPLICANT FROM PROVIDING THE KYC DOCUMENTS.**

**BASED ON THE INFORMATION PROVIDED BY THE DEPOSITORIES, THE COMPANY SHALL HAVE THE RIGHT TO ACCEPT BIDS BELONGING TO AN ACCOUNT FOR THE BENEFIT OF A MINOR (UNDER GUARDIANSHIP).**

**FOR HOLDERS OF PHYSICAL TRANCHE 2 BONDS, THE ADDRESS TO WHICH SUCH CERTIFICATES MUST BE DISPATCHED MUST BE MENTIONED.**

**The demat accounts for Applicants for which PAN details have not been verified shall be “suspended for credit” and no allotment of Tranche 2 Bonds pursuant to the Issue shall be made into accounts of such Applicants.**

## **GENERAL INSTRUCTIONS**

### **Do's:**

1. Check if you are eligible to apply.
2. Read all the instructions carefully and complete the Application Form in all respects by providing all the information including PAN and demographic details.
3. In case of applications in physical form, the Applicant should provide all the documents as specified in the section titled “Tranche 2 Bonds held in physical form” at page 61 below.
4. Ensure that the details about the Depository Participant and beneficiary account are correct and the demat account is active (if demat option is preferred). The requirement for providing Depository Participant details shall be mandatory only for Applicants who wish to subscribe to the Tranche 2 Bonds in dematerialized form. Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Tranche 2 Bonds in the dematerialized form only. Such Applicant shall not be Allotted the Tranche 2 Bonds in physical

form.

5. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as “XYZ Hindu Undivided Family applying through PQR”, where PQR is the name of the Karta.
6. Applicant’s Bank Account details.
7. The Tranche 2 Bonds shall be allotted in dematerialised form or in physical form. The Registrars to the Issue will obtain the Applicant’s bank account details from the Depository in case of allotment in dematerialized form or from the Application Form in case of allotment in physical form.
8. The Applicant should note that in case of allotment in dematerialized form, on the basis of the name of the Applicant, Depository Participant’s (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Applicant’s DP A/c, the Applicant’s bank account details. Applicants are advised to ensure that bank account details are updated in their respective DP A/c and correct as these bank account details would be printed on the refund order(s), if any. The Applicants desirous of subscribing to the Tranche 2 Bonds in physical form should ensure that they have provided the correct bank account details in the Application Form, and provided a self attested copy of a cancelled cheque of the bank account to which the amounts pertaining to refunds, interest and redemption, as applicable, should be credited as these bank account details would be printed on the refund order(s), if any. In case the Applicant fails to provide such cancelled cheque with the Application Form the bank account details of such Applicant would be taken from the Application Form for the purposes of the refunds. Please note that failure to provide such cancelled cheque as stated above could result in delays in credit of refunds to Applicants at the their sole risk and neither the Lead Managers nor the Co-Lead Managers nor our Company nor the Refund Bank nor the Registrar shall have any responsibility and undertake any liability for the same.
9. Applications under Power of Attorney: Unless we specifically agree in writing, and subject to such terms and conditions as we may deem fit, in the case of applications made under Power of Attorney, a certified copy of the Power of Attorney is required to be lodged separately, along with a copy of the Application Form at the office of the Registrar to the Issue simultaneously with the submission of the Application Form, indicating the name of the Applicant along with the address, application number, date of submission of the Application Form, name of the bank and branch where it was deposited, Cheque/Demand Draft Number and the bank and branch on which the Cheque/Demand Draft was drawn.
10. Permanent Account Number: All Applicants should mention their PAN allotted under the Income Tax Act in the Application Form. In case of joint applicants, the PAN of the first Applicant should be provided and for HUFs, PAN of the HUF should be provided. The PAN would be the sole identification number for participants transacting in the securities markets, irrespective of the amount of the transaction. Any Application Form without the PAN is liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR Number instead of the PAN as the application is liable to be rejected on this ground.
11. Joint Applications: Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.
12. Multiple Applications: An Applicant is required to submit only a single application to apply for Tranche 2 Bonds for multiple options. Two or more Applications in same names will be deemed to be multiple Applications if the sole/first Applicant is one and the same. Multiple applications, if any, made by the Investor either for one option or multiple options shall be considered valid, aggregated based on the PAN of the first Applicant and shall be considered for allotment as per the procedure detailed under Basis of Allotment.

The Company reserves the right to reject, in its sole and absolute discretion, all or any multiple Applications in any/ all categories.

13. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.
14. Tax Deduction at Source: Persons (other than companies and firms) resident in India claiming interest on bonds without deduction of tax at source are required to submit Form 15G/Form 15H at the time of submitting the Application Form, in accordance with and subject to the provisions of the Income Tax Act. Other Applicants can submit a certificate under section 197 of the Income Tax Act. For availing the exemption from deduction of tax at source from interest on Tranche 2 Bonds the Applicant is required to submit Form 15G/ 15H/ certificate under section 197 of the Income Tax Act/ valid proof of exemption, as the case may be along with the name of the sole/ first Applicant, Bondholder number and the distinctive numbers of Tranche 2 Bonds held to us on confirmation of Allotment. Applicants are required to submit Form 15G/ 15H/ certificate under section 197 of the Income Tax Act/ valid proof of exemption each financial year.
15. Category: All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form.
16. Ensure that the Applicants have specified the series of the Tranche 2 Bonds that they wish to subscribe to. In case investor does not select any of the series in the Application Form, the Company shall consider the Series 2 for the purposes of the Allotment.
17. Ensure that the applications are submitted to the Bankers to the Issue or collection centre(s)/ agents as may be specified before Issue Closing Date.
18. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.
19. For holding the Tranche 2 Bonds in physical form: (i) Please select the option for holding the Tranche 2 Bonds in physical form in the Application Form; (ii) please provide full details under “Applicants Details”, the bank account details in the Application Form; and (iii) provide self attested copies of the KYC Documents along with the Application Form.

**Don'ts:**

1. Do not make an application for lower than the minimum Application size.
2. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.
3. Do not send Application Forms by post; instead submit the same to a Banker to the Issue only.
4. Do not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.
5. Do not submit the Application Forms without the full Application Amount.
6. Do not provide the Depository Participant details in the Application Forms for subscription of Tranche 2 Bonds in physical form.

For further instructions, please read the Application Form carefully.

**PAYMENT INSTRUCTIONS**

**Escrow Mechanism**

Our Company shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her application. Cheques or demand drafts received for the Application Amount from Applicants would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Shelf Prospectus, this Prospectus – Tranche 2 and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until creation of security for the Tranche 2 Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date the Escrow Collection Banks shall transfer the funds represented by Allotment of the Tranche 2 Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into a Public Issue Account maintained with the Bankers to the Issue after the creation of security. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account(s) as per the terms of the Escrow Agreement, the Shelf Prospectus and this Prospectus - Tranche 2.

The Applicants should note that the escrow mechanism is not prescribed by SEBI or the Stock Exchanges and has been established as an arrangement between our Company, the Lead Managers, the Escrow Collection Banks and the Registrar to facilitate collection from the Applicants.

### **Payment into Escrow Account**

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Application Amount as per the following terms:

- a. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
- b. The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.
- c. The payment instruments for payment into the Escrow Account should be drawn in favour of “L&T Infra Bonds 2012A”.
- d. The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- e. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also transfer all amounts payable to Applicants whose applications have been rejected by our Company to the Refund Account(s) with the Refund Bank. The Refund Bank shall refund all the amounts to the Applicants in terms of the Escrow Agreement.
- f. Payments should be made by cheque, or a demand draft drawn on any bank (including a Co-operative bank) or through RTGS or NEFT, which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- g. Cash/ stockinvest/ money orders/ postal orders will not be accepted.

### **Submission of Application Forms**

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Bankers to the Issue during the Issue period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection centre of the Bankers to the Issue will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

### **KYC Documents**

Self-attested copies of the following documents are required to be submitted by the Applicants as KYC Documents:

1. Proof of identification for individuals; any of the following documents are accepted as proof for individuals:
  - Passport
  - Voter's ID
  - Driving Licence
  - Government ID Card
  - Defence ID Card
  - Photo PAN Card
  - Photo Ration Card
  
2. Proof of residential address; any of the following documents are accepted as proof of residential address:
  - Passport
  - Voter's ID
  - Driving Licence
  - Ration Card
  - Society Outgoing Bill
  - Life Insurance Policy
  - Electricity Bill
  - Telephone (Land/Mobile) Bill
  - Bank Account Statement
  - Letter from Employer
  
3. Copy of the PAN card

### **Online Applications**

Our Company may decide to offer an online application facility for the Tranche 2 Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed.

### **Tranche 2 Bonds in dematerialised form with NSDL or CDSL**

- (i) The following two tripartite agreements have been signed amongst our Company, the respective Depositories and the Registrar:
  - Tripartite Agreement dated October 3, 2007 between us, the Registrar and NSDL for offering depository option to the Bondholders.
  - Tripartite Agreement dated May 6, 2008 between us, the Registrar and CDSL for offering depository option to the Bondholders.
  
- (ii) An Applicant applying for the Tranche 2 Bonds in dematerialised form must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the application.

- (iii) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form.
- (iv) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- (v) Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (vi) If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form, it is liable to be rejected.
- (vii) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.
- (viii) Tranche 2 Bonds in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. BSE, where the Tranche 2 Bonds are proposed to be listed has electronic connectivity with CDSL and NSDL.
- (ix) The trading of the Tranche 2 Bonds on the Stock Exchange shall be in dematerialised form only.

**Allottees will have the option to re-materialise the Tranche 2 Bonds so Allotted as per the provisions of the Companies Act and the Depositories Act.**

#### **Tranche 2 Bonds to be held in physical form**

**The Company shall dispatch physical certificates of Tranche 2 Bonds to Applicants who select the option for holding the Tranche 2 Bonds in physical form in the Application Form.**

For holding the Tranche 2 Bonds in physical form: (i) Please select the option for holding the Tranche 2 Bonds in physical form in the Application Form; (ii) provide self attested copies of the KYC Documents along with the Application Form and (iii) please provide full details under "Applicants Details", the bank account details in the Application Form and Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. In case the Applicant fails to provide such cancelled cheque with the Application Form the bank account details of such Applicant would be taken from the Application Form for the purposes of the refunds.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Co-Lead Managers nor the Company shall have any responsibility and undertake any liability for the same.

The Applications of the Applicants who wish to subscribe for the Tranche 2 Bonds in physical form which are not accompanied with the abovementioned documents may be rejected at the sole discretion of the Company.

In case of Tranche 2 Bonds that are issued in physical form, the Company will issue one certificate to the Bondholder for the aggregate amount of the Tranche 2 Bonds that are allotted (each such certificate a "Consolidated Bond Certificate"). The Company shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form within 15 Working Days from the Deemed Date of Allotment.

In case of joint holders, the names should be in the proper sequence i.e. the Application Form should clearly state the first holder and the joint holder.

If incomplete or incorrect details are given under the heading 'Applicants Details' in the Application Form, it is liable to be rejected.

The trading of the Tranche 2 Bonds on the Stock Exchange shall be in dematerialised form only and Bondholders holding the Tranche 2 Bonds in physical form will be required to dematerialise the Tranche 2 Bonds if they wish to trade in the same.

**Allottees will have the option to dematerialise the Tranche 2 Bonds so Allotted as per the provisions of the Companies Act and the Depositories Act.**

**PLEASE NOTE THAT, SUBJECT TO THE LOCK-IN PERIOD, TRADING OF TRANCHE 2 BONDS ON THE STOCK EXCHANGES SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE TRANCHE 2 BONDS.**

### **Communications**

All future communications in connection with applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details regarding the Applicant/application. Applicants may address our Company Secretary and Compliance Officer as well as the contact persons of the Lead Managers and the Registrar to the Issue in case of any post-Issue related problems such as non-receipt of letters of Allotment/credit of Tranche 2 Bonds in the Depository's beneficiary account/refund orders, etc.

### **Rejection of Applications**

Our Company reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Tranche 2 Bonds applied for is less than the minimum application size;
- Applications not duly signed by the sole/joint Applicants;
- Applications for a number of Tranche 2 Bonds which is not in a multiple of 1;
- Investor category not ticked;
- Application amount paid not tallying with the number of Tranche 2 Bonds applied for;
- Bank account details not given;
- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended;
- In case of applications under Power of Attorney where relevant documents not submitted;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India;
- Application by stockinvest;
- Address not provided in case of exercise of option to hold Tranche 2 Bonds in physical form;
- Applications accompanied by cash / money order/ postal order;
- Applications without PAN;
- GIR number furnished instead of PAN; and
- DP ID, Client ID and PAN mentioned in the Application Form do not match with the DP ID, Client ID and PAN available in the records with the depositories.

- Copy of KYC documents not provided in case of exercise of option to hold Tranche 2 Bonds in physical form.

The collecting bank shall not be responsible for rejection of the application on any of the technical grounds mentioned above.

Application form received after the closure of the Issue shall be rejected.

In the event, if any Tranche 2 Bond(s) applied for is/are not allotted, the application monies of such Tranche 2 Bonds will be refunded, as may be permitted under the provisions of applicable laws.

### **Basis of Allotment**

Our Company shall finalise the Basis of Allotment in consultation with the Lead Managers, Designated Stock Exchange and Registrar to the Issue. The Designated Stock Exchange along with the Lead Managers and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Subject to the provisions contained in this Prospectus - Tranche 2 and the Articles of Association of the Company, and the approval of the Designated Stock Exchange, the Board or any other person(s) authorised by the Board will proceed to Allot the Tranche 2 Bonds under the Prospectus -Tranche 2 in the following order of priority:

- (a) Full Allotment of Bonds to the Applicants on a first come first basis up to the Issue Closing Date or the date falling 1 (one) day prior to the Oversubscription Date, whichever is earlier..
- (b) For Applications received on the Oversubscription Date, the Tranche 2 Bonds shall be Allotted in the following order of priority:
  - i. All Series 2 Bonds which have been applied for; and
  - ii. All Series 1 Bonds which have been applied for.
  - iii. On the Oversubscription Date, Allotments, to the maximum extent possible, will be made on the basis of the Series of Debentures as mentioned. However, with respect to applications which cannot be distinguished within the same Series, such applicants will be allotted Tranche 2 Bonds based in proportion to their respective application size, rounded off to the nearest integer.
  - iv. If the process of rounding off to the nearest integer results in the actual allocation of Tranche 2 Bonds being higher than the Issue size, not all applicants will be allotted the number of Tranche 2 Bonds arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would given preference.
  - v. In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, the Company will ensure that the basis of allotment is finalised in a fair and equitable manner

If there are multiple applications made by an applicant, all such applications will individually be considered for allotment on a first-come-first-serve basis within the category.

- (c) All applications received after the Oversubscription Date shall be rejected by our Company.
- (d) In case investor does not select any of the series in the Application Form, the Company shall consider the Series 2 for the purposes of the Allotment.
- (e) In case the option for holding the Tranche 2 Bonds in physical form is selected, the Company will fulfil such request to hold the Tranche 2 Bonds in physical form irrespective of whether depository participant details are also provided by the Applicants.



## **Letters of Allotment/ Refund Orders**

Our Company reserves, in its absolute and unqualified discretion and without assigning any reason thereof, the right to reject any application in whole or in part. The unutilised portion of the application money will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, we reserve the right to adopt any other suitable mode of payment.

Our Company shall credit the allotted Tranche 2 Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/ Refund Orders by registered/speed post at the Applicant's sole risk.

Further,

- (a) Allotment of the Tranche 2 Bonds shall be made within 30 days of the Issue Closing Date;
- (b) credit to dematerialised accounts will be made within two Working Days from the date of Allotment;
- (c) Dispatch of physical certificates shall be within 15 Working Days from the date of Allotment;
- (d) our Company shall pay interest at 15% per annum if the Allotment has not been made and/ or the Refund Orders have not been dispatched to the Applicants beyond the time period prescribed under the Act for this purposes.

Our Company will provide adequate funds to the Registrar to the Issue, for this purpose.

## **Filing of the Shelf Prospectus and Tranche Prospectus with the ROC**

A copy of the Shelf Prospectus and the respective Tranche Prospectus shall be filed with the Registrar of Companies, Tamil Nadu, Chennai in terms of Sections 56 and 60 of the Companies Act.

## **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, on or before the Issue Opening Date, publish a pre-Issue advertisement, in the form prescribed by the Debt Regulations, in one national daily newspaper with wide circulation.

## **IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:**

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*

## **Issue of Certificates**

Letter(s) of Allotment will be dispatched at the sole risk of the Applicant, through registered/speed post, within 30 days from the date of closure of the Issue, or such extended time as may be permitted under Applicable Laws.

## **Listing**

The Tranche 2 Bonds will be listed on the BSE. BSE will be the designated stock exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of the Tranche 2 Bonds are not granted by the Stock Exchanges, we shall forthwith repay, without interest, all such moneys received from the applicants in pursuance of Tranche 2 Prospectus. If such money is not repaid within eight days after we becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within seven Working Days from the date of Allotment.

### **Utilisation of Application Money**

The sums received in respect of the Issue will be kept in the Escrow Account and the Company will have access to such funds after creation of security for the Tranche 2 Bonds.

### **Undertaking by the Issuer**

We undertake that:

- (i) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- (ii) we shall take necessary steps for the purpose of getting the Tranche 2 Bonds listed in the concerned stock exchange(s) within the specified time;
- (iii) the funds required for dispatch of refund orders/Allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by us;
- (iv) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the Tranche 2 Bonds are outstanding;
- (v) we shall forward the details of utilisation of the funds raised through the Tranche 2 Bonds duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- (vi) we shall disclose the complete name and address of the Debenture Trustee in our annual report;
- (vii) we shall provide a compliance certificate to the Debenture Trustee (on yearly basis) in respect of compliance with the terms and conditions of issue of Tranche 2 Bonds as contained in the Shelf Prospectus and Tranche Prospectus;
- (viii) The necessary consents for creation of *pari passu* charge, on our mortgage property will be obtained prior to filing the Shelf Prospectus with the ROC.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the present Issue**

The shareholders of our Company, subject to the Memorandum and Articles of Association, have passed a resolution under section 293(1)(d) of the Act, at the general meeting held on September 27, 2010, which prescribes the maximum monetary limit for the purpose of borrowing. The aggregate value of the Debentures offered under the Shelf Prospectus and this Prospectus - Tranche 2, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 150,000 million.

The Issue of Debentures offered under this Prospectus - Tranche 2 is being made pursuant to resolution passed by the Board of Directors of our Company at its meeting held on August 5, 2011 and the Committee of Directors of our Company at its meeting held on November 2, 2011.

In terms of the Notification, the aggregate volume of issuance of long term infrastructure bonds (having benefits under Section 80CCF of the Income Tax Act) by the Company during FY 2012 shall not exceed 25% of the incremental infrastructure investment made by the Company during the FY 2011. For the purpose of calculating the incremental infrastructure investment, the aggregate gross infrastructure investments made by the Company during the FY 2011 was considered which were ₹ 44,522.43 million, and hence the limit for the issue of the Bonds is ₹ 11,000 million.

Thus, the Company has been duly authorized to issue the Bonds. The borrowings under the Bonds will be within the prescribed limits as aforesaid.

### **Prohibition by SEBI / Eligibility of our Company to come out with the Issue**

Our Company and our Promoters have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

### **Disclaimer clause of the BSE**

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED NOVEMBER 18, 2011, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THE COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER: -

- a) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR
- b) WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR
- c) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER

**Disclaimer clause of the RBI**

RBI HAS ISSUED CERTIFICATE OF REGISTRATION DATED JANUARY 10, 2007 AND A FRESH CERTIFICATE OF REGISTRATION DATED JULY 7, 2010 RE-CLASSIFYING OUR COMPANY UNDER THE CATEGORY "INFRASTRUCTURE FINANCE COMPANY". IT MUST BE DISTINCTLY UNDERSTOOD THAT THE ISSUING OF THIS CERTIFICATE AND GRANTING A LICENSE AND APPROVAL BY RBI IN ANY OTHER MATTER SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED TO BE AN APPROVAL BY RBI TO THIS PROSPECTUS - TRANCHE 2 NOR SHOULD IT BE DEEMED THAT RBI HAS APPROVED IT AND THE RBI DOES NOT TAKE ANY RESPONSIBILITY OR GUARANTEE THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED BY OUR COMPANY IN THIS CONNECTION AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY OUR COMPANY.

**Listing**

The Tranche 2 Bonds proposed to be offered in pursuance of the Shelf Prospectus and this Prospectus - Tranche 2 will be listed on BSE. If permissions to deal in and for an official quotation of our Tranche 2 Bonds are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Shelf Prospectus and this Prospectus - Tranche 2.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within seven working days from the date of allotment.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such Tranche 2 Bonds with Option(s) shall not be listed.

**Consents**

Consents in writing of: (a) the Directors and Manager, (b) the Company Secretary and Compliance Officer, (c) the Statutory Auditors, (d) Bankers to our Company, (e) Lead Managers and Co-Lead Managers, (f) Registrar, (g) Legal Advisor to the Issuer, (h) Legal Advisor to Lead Managers, (i) Credit Rating Agencies, (j) Lead Brokers and (k) the Debenture Trustee, to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus - Tranche 2 with the Stock Exchange.

**Expert Opinion**

Except for the letters of CARE dated November 4, 2011 and ICRA dated November 8, 2011, respectively, in respect of the credit rating(s) of this Issue, the reports in relation to our financial statements and the statement of tax benefits issued by Delloite, Haskins and Sells, our Company has not obtained any expert opinions.

**Common Form of Transfer**

The Issuer undertakes that there shall be a common form of transfer for the Tranche 2 Bonds held in physical form and the provisions of SCRA / Act and all applicable laws shall be duly complied with in respect of all transfer of Tranche 2 Bonds and registration thereof.

**Minimum Subscription**

In terms of the Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, an application monies received in the public issue are to be refunded. The Company has decided to set no minimum subscription for the Issue.

## Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses to be incurred for the Issue size of ₹ 11,000 million, for the FY 2012 including the amount received for the issue of the Tranche 1 Bonds, are as follows:

Particulars	Amount (₹ in million)	Percentage of Issue Size of ₹ 11,000 million	Issue related expense as a percentage of the Total Issue Expenses
<b>Fees to Intermediaries</b>			
Fees paid to the Registrar to the Issue	3.00	0.03%	0.94%
Lead Managers' and Co Managers' fees including brokerage, advertisement; and marketing expenses	281.30	2.56%	87.91%
Debenture Trustee fees	0.60	0.01%	0.19%
Miscellaneous	35.10	0.32%	10.97%
<b>Total</b>	<b>320.00</b>	<b>2.91%</b>	<b>100.00%</b>

The fees detailed in the table above may also be paid by way of commission to various intermediaries. The above expenses are indicative and subject to change depending on the actual levels of subscription, number of Allottees and other relevant factors.

## Underwriting

This Issue has not been underwritten.

### Details regarding the capital issue during the last three years by our Company and other listed companies under the same management within the meaning of section 370 (1B)

Our Company had made a public issue of long-term infrastructure bonds with a face value of ₹ 1,000 each, in the nature of secured, redeemable, non convertible debentures, aggregating up to ₹ 2,000 million with an option to retain an oversubscription of up to ₹ 5,000 million through a prospectus dated October 11, 2010. The issue closed on November 15, 2010 and the debenture certificates / demat credit intimation were dispatched by December 4, 2010. The amount raised through this issue was ₹ 2,562.16 million. The proceeds of the issue has been used for "infrastructure lending" as defined in the regulations issued by the RBI from time to time.

Our Company had made a public issue of long-term infrastructure bonds with a face value of ₹ 1,000 each, in the nature of secured, redeemable, non convertible debentures, aggregating up to ₹ 1,000 million with an option to retain an oversubscription of up to ₹ 3,000 million through a prospectus dated February 1, 2011. The issue closed on March 4, 2011 and the debenture certificates / demat credit intimation were dispatched by March 25, 2011. The amount raised through this issue was ₹ 4,000 million. The proceeds of the issue has been used for "infrastructure lending" as defined in the regulations issued by the RBI from time to time.

Our Company had made a public issue of long-term infrastructure bonds with a face value of ₹ 1,000 each, in the nature of secured, redeemable, non convertible debentures, aggregating up to ₹ 11,000 million through the Shelf Prospectus and Prospectus Tranche 1, each dated November 18, 2011. The issue closed on December 24, 2011. As per the final certificates provided by the Escrow Collection Banks, the amount

collected through this issue is ₹ 5,305.18 million. The Tranche 1 Bonds are currently pending for allotment. The proceeds of the issue will be used for “infrastructure lending” as defined in the regulations issued by the RBI from time to time.

Other than as disclosed in this section, neither our Company nor any other listed company under the same management within the meaning of Section 370(1B) of the Act has made any public or rights or composite issue of capital in the last three years.

### **Public / Rights Issues by our Company and our Promoters**

Our Promoter undertook a public issue of its equity shares in 2011. The particulars of which have been set forth below.

Name of the company: L&T Finance Holdings Limited

Year of issue: 2011

Type of issue: Public issue

Amount of issue: Public issue of 237,705,361 equity shares of ₹ 10 each aggregating to ₹ 12,450 million.

Date of closure of the issue: July 29, 2011

Date of completion of delivery of share certificates: N.A.

Date of completion of the project, where object of the issue was financing the project: N.A.

Rate of dividend paid: NIL

### **Previous issues of shares otherwise than for cash**

Our Company has not issued shares otherwise than for cash.

### **Dividend**

Our Company has not paid dividend in the past.

### **Revaluation of assets**

Our Company has not revalued its assets in the last five years.

### **Trading of Debentures**

Subject to the Lock-in period of five years, the Debentures shall be traded on the BSE.

### **Debentures or bonds and redeemable preference shares and other instruments outstanding by our Company**

As at November 30, 2011, our Company had outstanding listed / rated / unrated, secured / unsecured, non-convertible redeemable debentures and commercial papers aggregating to ₹ 28862.16 million. Apart from the above, there are no outstanding debentures, bonds, redeemable preference shares or other instruments issued by our Company that are outstanding.

### **Mechanism for redressal of investor grievances**

Sharepro Services (India) Private Limited has been appointed as the Registrar to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. The MOU between the Registrar and our Company will provide for retention of records with the Registrar for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar for redressal of their grievances. All grievances relating to the Issue should be addressed to the Registrar giving full details of the applicant, number of Tranche 2 Bonds applied for, amount paid on application and the bank branch or collection centre where the application was submitted etc.

**Sharepro Services (India) Private Limited**

13 A B, Samhita Warehousing Complex  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane  
Andheri - Kurla Road  
Sakinaka, Andheri (E), Mumbai – 400 072  
Tel: +91 22 6191 5400 / 6191 5412  
Fax: +91 22 6191 5444  
Contact Person: Mr. Prakash Khare  
Website: www.shareproservices.com  
E-mail: sharepro@shareproservices.com  
Investor Grievance Email: Itinfra@shareproservices.com  
Compliance Officer: Mr. Prakash Khare  
SEBI Registration Number: INR000001476

In addition, our Company's Company Secretary and Compliance Officer would also handle all investors' grievances:

Name : Mr. Shekhar Prabhudesai  
Address : 3rd Floor, C Wing, Laxmi Towers,  
"G" Block Bandra Kurla Complex,  
Bandra (E), Mumbai - 400051  
Telephone : (022) – 4060 5444  
Fax : (022) – 4060 5353  
E-Mail : investorgrievances@Itinfra.com

We estimate that the average time required by the Registrar for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

**Change in auditors of our Company during the last three years**

The current statutory auditor of our Company, M/s Deloitte Haskins and Sells, Chartered Accountants, were appointed as the statutory auditor of our Company pursuant to the resolution passed at the second AGM of our Company held on April 23, 2008. M/s Deloitte Haskins and Sells replaced M/s S B Billimoria & Co, Chartered Accountants who were the statutory auditors of our Company from inception till April 23, 2008.

**Trading**

Debt securities issued by the Company, which are listed on NSE are infrequently traded with limited or no volumes. Consequently, there has been no material fluctuation in prices or volumes of such listed debt securities. The long term infrastructure bonds having benefits under Section 80CCF of the Income Tax Act, 1961 issued by the Company during the FY 11 have been listed on the NSE. There has been no trading in such bonds since their listing since there is a lock-in requirement of minimum 5 years.

**Caution**

Though the provisions of sub-section (1) of section 68-A of the Act, do not apply to an issue of bonds / debentures, the attention of the investors is drawn to the provisions as a matter of abundant caution:

“Any person who –

- (a) makes in a fictitious name, an application to a company for acquiring, or subscribing for, any shares therein, or

- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in fictitious name,

shall be punishable with imprisonment for a term which may extend to five years”.

**Disclaimer in respect of Jurisdiction**

ISSUE OF THE DEBENTURES HAVE BEEN / WILL BE MADE IN INDIA TO INVESTORS AS SPECIFIED UNDER SECTION “WHO CAN APPLY” ON PAGE 70 OF THIS PROSPECTUS - TRANCHE 2. THE DEBENTURES ARE GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE EXISTING INDIAN LAWS AS APPLICABLE IN THE STATE OF MAHARASHTRA. ANY DISPUTE ARISING IN RESPECT THEREOF WILL BE SUBJECT TO THE EXCLUSIVE JURISDICTION OF THE COURTS AND TRIBUNALS OF MUMBAI.

**Disclaimer Statement from the Issuer**

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS PROSPECTUS - TRANCHE 2 ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE DEBENTURES AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER OWN RISK.



## **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts and documents which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and the other documents referred to hereunder, may be inspected at the Registered Office of our Company at Mount Poonamallee Road, Manapakkam, Chennai - 600 089 from 10.00 a.m. to 5.00 p.m. on any business days from the date of this Prospectus - Tranche 2 until the date of closure of the issue of Tranche 2 Bonds offered under this Prospectus - Tranche 2.

### **A. Material Contracts**

1. Engagement letter dated November 8, 2011 appointing ICICI Securities Limited, JM Financial Consultants Private Limited and Karvy Investor Services Limited to act as the Lead Managers to the Issue.
2. Engagement letter dated November 8, 2011 appointing Bajaj Capital Limited, Integrated Enterprises (India) Limited, RR Investors Capital Services Private Limited and SMC Capitals Limited as the Co- Lead Managers to the Issue.
3. The Issue Agreement between our Company and the Lead Managers dated November 8, 2011 along with the Addendum to the Issue Agreement dated January 3, 2012 .
4. The agreement between the Company and Registrar to the Issue dated November 8, 2011.
5. Simple Mortgage Deed and Debenture Trust cum Hypothecation Deed – Tranche 2 to be entered in to between the Company and the Debenture Trustee within 3 months from the Issue Closing Date.
6. Escrow agreement dated January 2, 2012 executed by our Company, the Registrar, the Escrow Collection Banks, Refund Bank and the Lead Managers.
7. Tripartite Agreement dated October 3, 2007 between us, the Registrar and NSDL for offering depository option to the Bondholders.
8. Tripartite Agreement dated May 6, 2008 between us, the Registrar and CDSL for offering depository option to the Bondholders.

### **B. Documents**

1. Memorandum and Articles of Association of our Company.
2. Certification of Incorporation bearing CIN dated U67190TN2006PLC059527 April 18, 2006 issued by the Registrar of Companies, Tamil Nadu, Chennai.
3. Certificate of Registration No. N-07-00759 dated January 10, 2007 issued by RBI, under section 45-IA of the RBI Act.
4. Fresh Certificate of Registration No. N-07-00759 dated July 7, 2010 issued by RBI, classifying our Company under the category “Infrastructure Finance Company”.
5. Trademark license agreement dated December 1, 2010 between L&T Infrastructure Finance Company Limited, L&T, L&T Finance Limited, L&T Finance Holdings Limited, L&T Mutual Fund Trustee Limited and L&T Investment Management Limited and the amendment agreements dated July 4, 2011 and October 18, 2011 amending the trademark license agreement dated December 1, 2011.

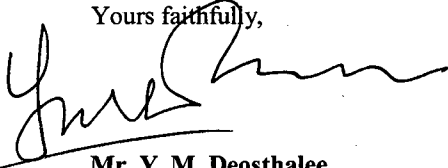
6. Certified True Copy of Resolution passed by the Shareholders at the general meeting held on September 27, 2010, granting authority to the Board of Directors/Committee of Directors to borrow monies under section 293(1)(d) of the Act, from time to time.
7. Certified True Copy of the Resolution passed by the Board of Directors at its Meeting held on August 5, 2011 authorising the Issue.
8. Certified True Copy of the Resolution passed by the Committee of Directors at its Meeting held on November 2, 2011 authorising the Issue.
9. Certified True Copy of the Resolution passed by the Board of Directors at its Meeting held on August 5, 2011 appointing Mr. Shekhar Prabhudesai as the company secretary and compliance officer for the Issue.
10. Certified True Copy of the Resolution passed by the Committee of Directors at its Meeting held on January 3, 2012 approving this Prospectus - Tranche 2.
11. Auditor's Report dated November 8, 2011 referred to in the Shelf Prospectus and this Prospectus - Tranche 2.
12. Annual Reports of our Company FY 2007 to FY 2011.
13. In-principle listing approval obtained from BSE letter no. DCS/SP/PI-BOND/003/11-12 dated November 18, 2011.
14. Certified True Copy of Board Resolution dated August 5, 2011 and an agreement dated October 11, 2011 relating to the terms of appointment of the Manager of our Company.
15. Credit rating letters dated November 4, 2011 from CARE and November 8, 2011 from ICRA, granting credit rating(s) to the Debentures to be issued in pursuance of the Shelf Prospectus and this Prospectus - Tranche 2.
16. Consents of the (a) the Directors and Manager, (b) the Compliance Officer, (c) the Statutory Auditors, (d) Bankers to our Company, (e) Lead Managers and Co-Lead Managers, (f) Registrar, (g) Legal Advisor to the Issuer, (h) Legal Advisor to the Lead Managers (i) Credit Rating Agencies (j) Lead Broker (k) Bankers to the Issue and (l) the Debenture Trustee to include their names in this Prospectus - Tranche 2 and to act in their respective capacities.
17. Due Diligence Certificates dated November 18, 2011 and January 3, 2012 filed by the Lead Managers.
18. Due Diligence Certificate to be filed by the Debenture Trustee before Issue Opening Date.

**Any of the contracts or documents mentioned above may be amended or modified any time without reference to the holders in the interest of the Company in compliance with the applicable laws.**

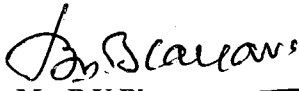
## DECLARATION

We, the Directors, Manager, Company Secretary & Compliance Officer as the case may be, of L&T Infrastructure Finance Company Limited, certify that all the relevant guidelines issued by the Government of India, SEBI, applicable provisions under the SCRA, SCRR, the Act and the Debt Regulations have been complied with. We further certify that the disclosures made in this Prospectus Tranche 2 are true, fair and correct and adequate and in conformity with Schedule II of the Act, Schedule I of the Debt Regulations and the Listing Agreement to be executed with BSE Limited, to the extent applicable.

Yours faithfully,



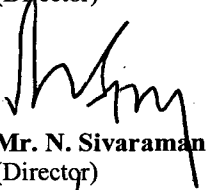
**Mr. Y. M. Deosthalee**  
(Director)



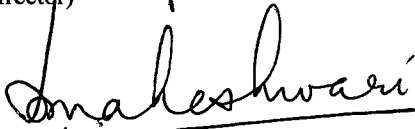
**Mr. B.V. Bhargava**  
(Director)




**Dr. R.H. Patil**  
(Director)



**Mr. N. Sivaraman**  
(Director)



**Mr. Suneet K. Maheshwari**  
(Manager)



**Mr. Shekhar Prabhudesai**  
(Company Secretary & Compliance Officer)

Place: Mumbai

Date: January 3, 2012

**ANNEXURE**

The Shelf Prospectus.