



Indian Railway Finance Corporation Limited

Public Issue of Tax Free Secured Redeemable Non-Convertible Bonds

Issue Highlights

Issue Size: Public Issue by Indian Railway Finance Corporation Limited of Tax Free Bonds in the nature of Secured, Redeemable, Non-Convertible Debentures, having benefits under section 10(15)(iv)(h) of the income tax act, 1961, as amended (“BONDS”) for an amount of **Rs.1,000 crs.** (“BASE ISSUE SIZE”) with an option to **retain oversubscription upto Rs.3,532 crs. Aggregating to Rs.4,532 crs.** * (“TRANCHE I ISSUE”)

Issue Opens: Tuesday, December 08, 2015

Issue Closes: Monday, December 21, 2015

Allotment: First Come First Serve Basis

Face Value: Rs. 1000 per Bond

Minimum Application: 5 Bonds (Rs. 5,000) (individually or collectively, across all Series of Bonds) & in the multiple of 1 Bond (Rs. 1,000) thereafter.

Maximum Application: Rs.10 Lakhs for Retail Category

Listing: BSE & NSE

Allotment mode: In Dematerialized form Only.

Rating: ‘CRISIL AAA/Stable’ (By CRISIL), ‘ICRA AAA’ (By ICRA) & CARE AAA (By CARE)’

Kotak Securities Limited is one of the Sub-Syndicate to the issue.

Lead Manager: ICICI, Edelweiss, A.K. Capital, R R Investors

Registrar: Karvy Computershare Private Limited

Category	Allocation	Base Issue (Amt in Crs)	Issue Size (Amt in Crs)
QIB	15%	150	680
Corporate	20%	200	906
Individual, HUF & NRI (Only NRO) above Rs.10 lakh	25%	250	1133
Individual, HUF & NRI (Only NRO) above Rs.10 lakh	40%	400	1813
Total	100%	1000	4532

10 years		15 years		20 years	
Retail*	Others**	Retail*	Others**	Retail*	Others**
7.32%	7.07%	7.53%	7.28%	7.50%	7.25%

** Retail Option for individuals if application is for 10 lacs or less*

***Others include QIBs, Corporate and HNI's*

Payment Details:

In case of Resident Applicants:

“IRFC Tax Free Bonds 2015 – Escrow Account - R”.

In case of NRIs applying on a non-repatriation basis:

“IRFC Tax Free Bonds 2015 – Escrow Account – NR Non-Repat

In case of NRIs applying on a repatriation basis:

“IRFC Tax Free Bonds 2015 – Escrow Account – NR Repat”.

Highlights of Tax Benefits

- Interest from these Bonds do not form part of total income as per provisions of Section 10(15) (iv)(h) of Income Tax Act, 1961 read along with Section 14A(1) of the Income Tax Act.
- Since the interest income on the bonds is exempt, no tax deduction at source (“TDS”) is required. However interest on application money would be liable for TDS as well as would be subject to tax as per present tax laws.

Company Brief

IRFC is dedicated financing arm of the Ministry of Railways. Its sole objective is to raise money from the market to part finance the plan outlay of Indian Railways. The money so made available is used for acquisition of rolling stock assets and for meeting other developmental needs of the Indian Railways.

The borrowing programme of **IRFC** is guided by the requirements projected by Ministry of Railways. The company has successfully met the targeted borrowings year after year, through issue of both taxable and tax-free Bonds, term loans from banks/financial institutions and through off shore borrowings.

IRFC also makes use of innovative financial instruments to diversify the debt portfolio and to minimize the cost. Its contribution to infrastructure build-up in Railways is very significant. Till March 2014, Rolling Stock assets - 7,289 Locomotives, 41,432 passenger coaches and 1,85,362 freight cars valued at Rs.

1,12,266 crore have been added to the asset base of the Indian Railways with funding assistance from IRFC. IRFC's funding has support technology infusion in the Railways and has enabled Ministry of Railways to purchase new generation Locomotives from General Motors (USA) alongwith transfer of technology and new general Coaches from Germany for use in high speed/Shatabdi trains.

Options	Option 1	Option 2	Option 3
Tenure of Bonds	10 years	15 years	20 years
Maturity/Redemption Date	10 years from Deemed Date of Allotment	15 years from Deemed Date of Allotment	20 years from Deemed Date of Allotment
Coupon Rates for Category I, II and III#			
Series of Bonds*	Tranche I Series 1A	Tranche I Series 2A	Tranche I Series 3A
Coupon Rate (%) p.a.	7.07%	7.28%	7.25%
Annualized Yield (%) p.a.	7.07%	7.28%	7.25%
Coupon Rates for Category IV#			
Series of Bonds*	Tranche I Series 1B	Tranche I Series 2B	Tranche I Series 3B
Coupon Rate (%) per annum	7.32%	7.53%	7.50%
Annualized Yield (%) p.a.	7.32%	7.53%	7.50%
Frequency of Interest Payment	Annual		

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS

Issuer	Indian Railway Finance Corporation Limited
Issue Size	Rs. 1000 crores with an option to retain oversubscription upto Rs. 3532 crores aggregating to total of upto Rs. 4532 crores.
Interest Payment Date	First Interest Payment date is on October 15, 2016 and subsequently on October 15 of every year except the last interest payment along with the redemption amount..
Issuance mode	In dematerialized form or in physical form (except for Eligible QFIs, eligible FIIs and eligible FPIs who will be allotted bonds only in dematerialized form), at the option of Applicants.
Trading mode	In dematerialized form only
Interest on Application Monies received which are used towards Allotment of Bonds	The Company shall pay interest on Application Amounts on the amount Allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s)/or any other mode upto one day prior to the Deemed Date of Allotment, at the rate of 7.07% p.a., 7.28% p.a. and 7.25% p.a. on Tranche I Series IA, Tranche I Series IIA and Tranche I Series IIIA respectively for Allottees under Category I, Category II and Category III Portion, and at the rate of 7.32% p.a., 7.53% p.a. and 7.50% p.a. on Tranche I Series IB, Tranche I Series IIB and Tranche I Series IIIB respectively for Allottees under Category IV Portion.
Interest on Application Monies received which are liable to be refunded	The Company shall pay interest on Application Amounts which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closing Date, and ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment, at the rate @ 5% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the letter(s) of refund at the sole risk of the Applicant, to the sole/first Applicant. However, Company shall not be liable to pay any interest on monies liable to be

	refunded in case of (a) invalid Applications or Applications liable to be rejected, and/or (b) Applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of Bonds applied for in the Application Form.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for Bonds issued under this Prospectus Tranche I. In the event the Record Date falls on a Sunday or a holiday of the Depositories, the succeeding Working Day or a date notified by our Company to the stock exchanges, shall be considered as the Record Date.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Directors of the Company or Bond Committee thereof approves the Allotment of the Bonds for Tranche-I Issue or such date as may be determined by the Board of Directors or Bond Committee thereof and notified to the stock exchanges. All benefits relating to the Bonds including interest on Bonds (as specified for each tranche by way of Tranche Prospectus) shall be available to the Investors from the Deemed Date of Allotment of the respective Tranche Issue. The actual Allotment of Bonds may take place on a date other than the Deemed Date of Allotment..

Who Can Apply	
Category-I (Qualified Institutional Buyers) (“QIBs”)*:	<p><u>Category-I (Qualified Institutional Buyers) (“QIBs”)*:</u> Qualified Institutional Buyers as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 as amended including:</p> <ul style="list-style-type: none"> • Eligible Foreign Portfolio Investors (“FPI”), Foreign Institutional Investor (“FI”) and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI, Qualified Foreign Investor (“QFI”), not being an individual and registered with SEBI; • Public Financial Institutions, scheduled commercial banks, state industrial development corporations multilateral and bilateral development financial institutions, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of Rs.25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category-II [Corporate Portion]*:	<ul style="list-style-type: none"> • Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013; • Statutory bodies/corporations; • Cooperative banks; • Trusts including Public/ private/ charitable/religious trusts; • Limited liability partnership; • Regional rural banks; • Partnership firms in the name of partners; • QFIs and FPIs not being individuals • Association of Persons; • Societies registered under the applicable law in India and authorized to invest in Bonds; and • Any other domestic legal entities authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities.

Category-III (High Networth Individuals) (“HNIs”):	Investors applying for an amount aggregating to above Rs.10 lakhs across all Series of Bonds in each Tranche Issue: <ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis only; and • Hindu Undivided Families (“HUF”) through the Karta • Eligible QFIs and FPIs being individuals.
Category-IV (Retail Individual Investors) (“RIIs”):	Investors applying for an amount aggregating upto and including Rs. 10 lakhs across all Series of Bonds in each Tranche Issue: <ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non –repatriation basis; and • Hindu Undivided Families through the Karta. • Eligible QFIs and FPIs being individuals.

Applications cannot be made by:

- a) Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
- b) Foreign nationals, other than Eligible FPIs/FIIs/QFIs and except as may be permissible under CBDT Notification or under applicable law including but not limited to regulations, circulars, guidelines etc. stipulated by RBI and/or SEBI;
- c) Foreign nationals including FPIs, FIIs, QFIs and NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- d) Overseas Corporate Bodies;
- e) Indian Venture Capital Funds;
- f) Foreign Venture Capital Investors;
- g) Persons ineligible to contract under applicable statutory/ regulatory requirements;

Instructions specific for Applicants seeking Allotment of the Bonds in physical form

Any Applicant who wishes to subscribe to the Bonds in **physical form** shall undertake the following steps:

Please complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide the Depository Participant details in the Application Form. The requirement for providing Depository Participant details shall be mandatory only for the Applicants who wish to subscribe to the Bonds in dematerialised form.

Please provide the following documents along with the Application Form:

- (a) Self-attested copy of the PAN card (in case of a minor, the guardian shall also submit the selfattested copy of his/her PAN card);
- (b) Self-attested copy of your proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
 - ration card issued by the GoI; or
 - valid driving license issued by any transport authority of the Republic of India; or
 - electricity bill (not older than three months); or
 - landline telephone bill (not older than three months); or
 - valid passport issued by the GoI; or
 - voter’s identity card issued by the GoI; or
 - passbook or latest bank statement issued by a bank operating in India; or
 - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
 - AADHAR letter;

(C) 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.

Note : “Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for payment of the Application Amount”.