



# Indian Railway Finance Corporation Ltd

## Tax Free Bonds

- **Issue period: 27 January 2012 to 10 February 2012**
- **Issue of Tax Free Secured Redeemable Non Convertible Bonds**
- **Basis of allotment: On a first-come-first-serve basis within each category**
- **The income by way of interest on these Bonds is fully exempt from Income Tax and shall not form part of Total Income as per provisions under section 10 (15) (iv) (h) of IT Act, 1961**
- **Issue size is Rs 3,000 crores with an option to retain oversubscription upto the Shelf Limit of Rs 6,300 crore**

### Investment Opportunity:

**Interest rates are at peak level; best time to invest in fixed income tax free instruments.**

### Interest rate cycle has peaked out

Given the sharp slowdown in the industrial activity and softening of the food inflation, the interest rate cycle has peaked out. Reserve Bank of India has restrained from increasing the interest rates in the last policy review meet and is expected to begin reducing rates in March or April 2012. The bond yields which have increased close to 9% levels have corrected significantly and show easing of pressure on rates.

### High post tax yield for triple A rated product

Tax free bond with yield of 8% - 8.30% is comparable with yields offered on government bonds and offer extremely attractive pre-tax yield close to 12% for a long period of time. The bond issue has got AAA (stable) rating from the rating agencies - Crisil, ICRA and CARE. The bonds would also be listed and tradable on NSE/BSE.

### Company Overview:

- Financing arm of the Indian Railways
- Notified as a Public Financial Institution under Section 4A of the Companies Act, 1956
- Registered as a NBFC-ND-IFC (Infrastructure Finance Company) with Reserve Bank of India
- 100% shareholding held by Government of India
- Consistently profit making Public Sector Undertaking

### Terms of the Issue:

Particulars	IRFC Tax Free Bonds	
Face Value per Bond	Rs 1,000	
Tenure	10 years	15 years
Minimum Application	Rs 10,000 (in multiples of Rs 5,000 thereafter)	Rs 10,000 (in multiples of Rs 5,000 thereafter)
Interest Rate % p.a. (Category I & II)*	8.00	8.10
Interest Rate % p.a. (Category III)*	8.15	8.30
Frequency of Interest payment	Annual	Annual
Issuance	demat form or physical form	demat form or physical form
Interest on application % p.a.	8.00	
Interest on refund % p.a.	4.00	

### Issue Structure:

Category - I	Category - II	Category - III
Upto 45% of Overall Issue Size*	Upto 25% of Overall Issue Size*	Upto 30% of Overall Issue Size*
QIB & Corporate	Resident Individuals, NRI & HUF applying for more than Rs. 5 Lakhs	Resident Individuals, NRI & HUF applying for upto Rs. 5 Lakhs
*on first come first serve basis to be determined on the basis of date of receipt of applications duly acknowledged by the Bankers to the Issue		

Applicant who wishes to subscribe to the Tranche 1 Bonds in physical form shall provide the following KYC documents;

1. Self attested copy of the PAN card
2. Self attested copy of the proof of address
3. Self attested copy of a cancelled cheque of the bank account to which the amount pertaining to payment of refunds, interest and redemption, as applicable should be credited

Important note: There is no separate form for NRIs, the form for residents and NRIs are same. Applications by NRI in physical form shall be submitted only at the Collection Centres located at Mumbai, Delhi, Ahmedabad, Hyderabad, Chennai, Bangalore, Chandigarh and Kochi.

Application forms can be downloaded from the below link

[Click Here](#)



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