



INDIAN RAILWAY FINANCE CORPORATION LIMITED

A GOVERNMENT OF INDIA ENTERPRISE

(Incorporated on December 12, 1986 in the name of "Indian Railway Finance Corporation Limited" under the Companies Act, 1956 ("Companies Act") as a public limited company)

Registered Office: UG Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi-110 003, India.
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Company Secretary: Mr S K Ajmani, **Tel:** +91 (11) 2436 9766/69; **Fax:** +91 (11) 2436 6710
Compliance Officer: Mr. T. Behera, General Manager (Bonds) **Tel:** +91 (11) 2436 9766/69; **Fax:** +91 (11) 2436 6710
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PUBLIC ISSUE BY INDIAN RAILWAY FINANCE CORPORATION LIMITED ("COMPANY" OR "IRFC" OR "ISSUER") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF DEBENTURES HAVING TAX BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED, ("BONDS"), AGGREGATING UP TO ₹ 6,30,000 LAKHS (THE "ISSUE") IN THE FISCAL YEAR 2012 (THE "SHELF LIMIT").

THIS TRANCHE ISSUE BY THE ISSUER IS OF BONDS AGGREGATING TO ₹ 3,00,000 LAKHS WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO THE SHELF LIMIT (I.E. ₹ 6,30,000 LAKHS) ("TRANCHE – 1 ISSUE") AND IS BEING OFFERED BY WAY OF THIS PROSPECTUS TRANCHE – 1 CONTAINING, INTER ALIA, THE TERMS AND CONDITIONS OF THE TRANCHE – 1 (THE "PROSPECTUS TRANCHE – 1"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED JANUARY 19, 2012 FILED WITH THE DESIGNATED STOCK EXCHANGE AND SEBI. THE SHELF PROSPECTUS TOGETHER WITH THIS PROSPECTUS TRANCHE – 1 CONSTITUTES "THE PROSPECTUS".

The Issue is being made under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("SEBI Debt Regulations") and Notification No. 52/2011. F. No. 178/56/2011 – (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, ("CBDT Notification") by virtue of powers conferred upon it by item (h) of sub-clause (iv) clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961).

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. **Specific attention of the investors is invited to the section titled "Risk Factors" on page 9 of the Shelf Prospectus and "Recent Developments" in this Prospectus Tranche - 1 before making an investment in this Tranche - 1 Issue. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), any Registrar of Companies or any Stock Exchange in India.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Prospectus Tranche - 1 is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

CRISIL Limited ("CRISIL") has re-affirmed the credit rating of "CRISIL AAA/Stable" (pronounced as "CRISIL Triple A with stable outlook") for ₹ 20,59,438 lakhs long term borrowing programme of the Company ("Debt Programme") vide its letter no. VR/FSR/IRFC/2011-12/1208 dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. ICRA Limited ("ICRA") has re-affirmed the credit rating assigned of "ICRA AAA" (pronounced as "ICRA Triple A") for the Debt Programme of the Company vide its letter no. D/RAT/2011-2012/11/13 dated December 19, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited ("CARE") has re-affirmed the rating of "CARE AAA (pronounced as Triple A)" for the Debt Programme of the Company vide its letter dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. These ratings are subject to revision or withdrawal at any time by assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure II of the Shelf Prospectus.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated January 10, 2012, was filed with National Stock Exchange of India Limited ("NSE") i.e. the Designated Stock Exchange, and BSE Limited, pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of seven working days i.e. till January 19, 2012.

LISTING

The Bonds are proposed to be listed on the NSE and BSE Limited ("BSE"). The Company has received in-principle approvals from the NSE and the BSE for listing of the Bonds pursuant to their letters no. NSE/LIST/157151-7 and no. DCS/SP/PI-BOND/07/11-12, respectively, both dated January 19, 2012. For the purposes of this Issue, NSE shall be the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE

TRUSTEE FOR THE BONDHOLDERS

				
<p>SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade, Mumbai 400 005 Tel: +91 22 2217 8300; Fax: +91 22 2218 8332 E-mail: irfc_bonds@sbicaps.com Investor Grievance Email: investor_relations@sbicaps.com Website: www.sbicaps.com Contact Person: Ms. Anshika Malaviya/ Mr. Puneet Deshpande Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration No.: INM000003531#</p>	<p>A. K. Capital Services Limited 30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021 Tel: +91 22 6754 6500/ 6634 9300; Fax: +91 22 6610 0594 E-mail: irfc_bonds@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Mr. Hitesh Shah Compliance Officer: Mr. Vikas Agarwal SEBI Registration No.: INM000010411</p>	<p>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 E-mail: irfc_bonds@icicisecurities.com Investor Grievance Email: customer_care@icicisecurities.com Website : www.icicisecurities.com Contact Person: Mr. Mangesh Ghogle/ Ms. Payal Kulkarni Compliance Officer: Mr. Subir Saha SEBI Registration No.: INM000011179</p>	<p>Karvy Computershare Private Limited Plot No. 17 to 24, Vittal Rao Nagar, Madhapur., Hyderabad - 500 081 Maharashtra, Toll Free No.1-800-3454001 Tel: +91 40 4465 5000 Fax: +91 40 2343 1551 E-mail ID: irfc_bonds@karvy.com Investor Grievance Email: einward.ris@karvy.com Website: http://karisma.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration Number: INR000000221</p>	<p>Indian Bank Corporate Office, 254-260, Awai Shanmugam Salai, Royapettah, Chennai – 600 014, India Tel: 044 – 2813 4089, 2813 4436 Fax : 044-28134088 Contact Person: Mr. T. Chandrasekaran E-mail ID: hlegal@indianbank.co.in Website: www.indianbank.com SEBI Registration Number: INB100000017</p>

ISSUE PROGRAMME*

ISSUE OPENS ON: FRIDAY, JANUARY 27, 2012

ISSUES CLOSES ON: FRIDAY, FEBRUARY 10, 2012

*The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum period of 3 days) or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company subject to necessary approvals, if any. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement(s) in a leading national daily newspaper.

The SEBI registration of one of the Lead Managers to the Issue, SBI Capital Markets Limited was valid up to July 31, 2011. The application for renewal of the certificate of registration in the prescribed manner has been made by SBI Capital Markets Limited on April 29, 2011, to SEBI, three months before the expiry of the period of the certificate as required under Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is currently awaited.

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ANNEXURE I

SHELF PROSPECTUS DATED JANUARY 19, 2012

DEFINITIONS AND ABBREVIATIONS

This Prospectus Tranche - 1 uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
“Articles” or “Articles of Association” or “our Articles”	The articles of association of our Company, as amended.
Auditors/ Statutory Auditors	The statutory auditor of our Company, being M/s Dhawan & Co.
“Board” or “Board of Directors” or “our Board”	The board of directors of our Company.
“Company” or “IRFC” or the “Issuer” or “our Company”, or “the Company”, or “the Corporation” or “we” or “us” or “our”	Indian Railway Finance Corporation Limited, a public limited company incorporated under the Companies Act 1956.
Director(s)	The director(s) on our Board.
“Memorandum” or “Memorandum of Association” or “our Memorandum” or “MoA”	The memorandum of association of our Company, as amended from time to time.
Registered Office	The registered office of the Company, presently situated at UG Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi - 110 003.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana.

Issue Related Terms

Term	Description
Allotted/Allotment/Allot	The issue and allotment of the Bonds to successful Applicants, pursuant to this Issue
Allottee	A successful Applicant to whom the Bonds are Allotted.
Applicant/ Investor	A person who applies for issuance of Bonds, pursuant to the terms of this Prospectus Tranche - 1 and Application Form.
Application Amount	The aggregate value of the Bonds applied for, as indicated in the Application Form.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds which will be considered as the application for the Allotment of Bonds in terms of the Shelf Prospectus and respective Tranche Prospectus(es).
Application Interest	Interest payable on application money in a manner as more particularly detailed in “ <i>Terms of the Issue –Interest</i> ” on page 38.
Base Issue Size	₹ 3,00,000 lakhs
Bankers to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Account will be opened and in this case being Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank Limited and State Bank of India.
Bond Certificate(s)	Certificate issued to the Bondholder(s) in case the Applicant has opted for physical bonds on allotment or pursuant to rematerialisation of Bonds based on request from the Bondholder(s).
Bondholder(s)	Any person holding the Bonds and whose name appears on the beneficial owners list provided by the Depositories (in case of bonds held in dematerialized form) or whose name appears in the Register of Bondholders maintained by the Issuer (in case of bonds held in physical form).
Bonds	Tax Free Secured Redeemable, Non-Convertible Bonds in the nature of Debentures of face value of ₹ 1000 each, having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, proposed to be issued by Company under the terms of this Prospectus Tranche - 1.
BSE	BSE Limited
Category I	<ul style="list-style-type: none"> • Public Financial Institutions as defined in section 4A of the Companies Act, • Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural

Term	Description
	<p>Banks, which are authorised to invest in the Bonds;</p> <ul style="list-style-type: none"> • Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund; • Mutual Funds; • Foreign Institutional Investors (including sub-accounts); • Insurance funds set up and managed by army, navy or air force of the Union of India; • Multilateral and bilateral development financial institutions; • State industrial development corporations. • Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; • Registered trusts which are authorised to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)
Category II	<p>The following investors applying for an amount aggregating to above ₹ 5 lakhs across all Series in each tranche:</p> <ul style="list-style-type: none"> • Resident Indian Individuals; • Hindu Undivided Families through the Karta; and • Non Resident Indians on repatriation as well as non-repatriation basis.
Category III	<p>The following investors applying for an amount aggregating to upto and including ₹ 5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Hindu Undivided Families through the Karta; and • Non Resident Indians on repatriation as well as non-repatriation basis.
CARE	Credit Analysis & Research Limited.
CDSL Agreement	Tripartite Agreement dated May 8, 2003 among the Company, the Registrar to the Issue and CDSL for offering depository option to the Bondholders.
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue/ Escrow Collection Banks that are authorized to collect the Application Forms as per the Escrow Agreement dated January 19, 2012 entered into by us, Bankers to the Issue, Registrar and Lead Managers.
Consolidated Bond Certificate	The certificate issued by the Issuer to the Bondholder for the aggregate amount of the Bonds that are applied in physical form or rematerialized and held by such Bondholder for each series of Bonds under each Tranche Issue(s).
Credit Rating Agencies	For the Issue, credit rating agencies are CARE, CRISIL and ICRA.
CRISIL	CRISIL Limited
Consortium Members for the Issue	SBI Capital Markets Limited, A.K. Capital Services Limited, ICICI Securities Limited, SBICAP Securities Limited and A. K. Stockmart Private Limited.
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company, within three months from the Deemed Date of Allotment
Debenture Trustee/ Trustee	Trustee for the Bondholders in this case being Indian Bank.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any committee thereof approves the Allotment of the Bonds for each Tranche Issue. 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 Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Designated Date	The date on which Application Amounts are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as applicable, following which the Board of Directors shall allot the Bonds to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Account up to this date.
Designated Stock Exchange	NSE
Draft Shelf Prospectus	The draft shelf prospectus dated January 10, 2012, filed by the Company with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants will issue cheques or drafts, in respect of the Application Amount when submitting an Application.
Escrow Agreement	Agreement dated January 19, 2012 entered into amongst the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the

Term	Description
	Application Amounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
ICRA	ICRA Limited
Interest Payment Date	October 15 every year
Issue	<p>Public issue by Indian Railway Finance Corporation Limited (“Company” or “IRFC” or “Issuer”) of tax free, secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, (“Bonds”), aggregating up to ₹ 6,30,000 lakhs (the “Issue”) in the fiscal year 2012 (the “Shelf Limit”).</p> <p>This Tranche Issue by the Issuer is of Bonds aggregating to ₹ 3,00,000 lakhs with an option to retain oversubscription upto the Shelf Limit (i.e. upto ₹ 6,30,000 lakhs) (“Tranche – 1 Issue”) and is being offered by way of this Prospectus Tranche – 1 containing, inter alia, the terms and conditions of the tranche – 1 (the “Prospectus Tranche – 1”), which should be read together with the Shelf Prospectus dated January 19, 2012 filed with the Designated Stock Exchange and SEBI. The Shelf Prospectus together with this Prospectus Tranche – 1 constitutes “the Prospectus”.</p>
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms (minimum period of 3 days).
Lead Managers/LMs	SBI Capital Markets Limited, A.K. Capital Services Limited and ICICI Securities Limited.
Market / Trading Lot	One Bond.
Non-Allottee	An un-successful Applicant whom the Bonds are not allotted.
Notification/ CBDT Notification	Notification No. 52/2011. F. No. 178/56/2011– (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item(h) of sub-clause (iv) clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961).
NSDL Agreement	Tripartite Agreement dated January 23, 2002 among the Company, Registrar to the Issue and NSDL for offering depository option to the Bondholders.
NSE	National Stock Exchange of India Limited.
Prospectus	The Shelf Prospectus together with this Prospectus Tranche – 1
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for Bonds issued under this Prospectus Tranche - 1.
Redemption Date/Maturity Date(s)	For Tranche 1 Series I Bonds, the date falling 10 years from the Deemed Date of Allotment and for Tranche 1 Series II Bonds, the date falling 15 years from the Deemed Date of Allotment.
Redemption Amount / Maturity Amount	Repayment of the face value plus any interest that may have accrued on the Redemption Date
Redemption Date	The date on which the Bonds will be redeemed as specified in this Prospectus Tranche - 1
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made.
Refund Bank	State Bank of India
Refund Interest	Interest payable on Application Amount in a manner as more particularly detailed in “ Terms of the Issue – Refund Interest ” on page 39.
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act, 1956 and as more particularly detailed in “ Terms of the Issue – Register of Bondholders ” on page 37.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited
Registrar Agreement	Agreement dated January 10, 2012 entered into between the Company and the Registrar to the Issue
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under all previous Tranche Issues.
Security	The Bonds issued by the Company will be secured by creating a charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches by a first /pari passu charge, present and future, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed.
Series I Bonds	Tranche 1 Series I
Series II Bonds	Tranche 1 Series II
Series Bondholder(s)	A holder of the Bond(s) of a particular Series issued under a Tranche Issue.
Series of Bonds	A series of Bonds which are identical in all respects including, but not limited to terms

Term	Description
	and conditions, listing and ISIN number and as further stated to be an individual Series in this Prospectus Tranche – 1.
Shelf Limit	The aggregate limit of the Issue being ₹ 6,30,000 lakhs to be issued as per terms of the Shelf Prospectus.
Shelf Prospectus	The Shelf Prospectus dated January 19, 2012 filed with the RoC and the Stock Exchange, after incorporation of comments received from the public on the Draft Shelf Prospectus, pursuant to the provisions of the SEBI Debt Regulations.
Stock Exchange	NSE and BSE
Tranche Issue	Issue of the Bonds pursuant to the respective Tranche Prospectus.
Tranche-1 Issue	Issue of the Bonds aggregating to ₹ 3,00,000 lakhs with an option to retain oversubscription upto the Shelf Limit (i.e. upto ₹ 6,30,000 lakhs).
Tranche Issue Closing Date	Friday, February 10, 2012
Tranche Issue Opening Date	Friday, January 27, 2012
Tranche Prospectus	The tranche prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue.
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer in dematerialised form.
Working Days	All days excluding Saturdays, Sundays or a public holiday in Delhi or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

Conventional/General Terms, Abbreviations and References to Other Business Entities

Abbreviation	Full Form
Act/ Companies Act	The Companies Act, 1956
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
Depository(ies)	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DP/ Depository Participant	Depository Participant as defined under the Depositories Act
DRR	Debenture Redemption Reserve
DTC	Direct Tax Code
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995), registered with the SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
GoI or Government	Government of India
Income Tax Act	Income Tax Act, 1961
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IT	Information technology
MoR	Ministry of Railways, GoI
MCA	Ministry of Corporate Affairs, GoI
NBFC	Non Banking Finance Company, as defined under applicable RBI guidelines
NBFC-ND	Non deposit taking NBFC, as defined under applicable RBI guidelines
NBFC – ND (SI)	Systematically important non deposit taking NBFC, as defined under applicable RBI guidelines
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
NR	Non-Resident
NRI	A Person resident outside India, as defined under FEMA, and who is a citizen of India or a Person of Indian Origin and such term as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
p.a.	Per annum
PAN	Permanent Account Number
RBI	Reserve Bank of India

Abbreviation	Full Form
₹ or Rupees or Indian Rupees	The lawful currency of India
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008

Industry/ Business Related Terms, Definitions and Abbreviations:

Abbreviation	Full Form
CAGR	Compounded Annual Growth Rate. In the Prospectus CAGR has been calculated on the following basis: $((\text{Ending Value} / \text{Beginning Value}) ^ {1-(\text{Number of Years} - 1)}) - 1$
DPE	Department of Public Enterprises, Government of India
ECBs	External Commercial Borrowings
Indian Railways	Departmental undertaking of the Government of India, under administration of the MoR
Rolling Stock	Rolling stock includes both powered and unpowered vehicles, for example locomotives, carriages, railroad cars, coaches, wagons, trucks, flats, containers, cranes, trollies of all kinds and other items of rolling stock components.
S&T Works	Signalling and Traffic Works
Standard Lease Agreement	The annual lease agreement entered between the Company and MoR for lease of rolling stock
Yield	Ratio of interest income to the daily average of interest earning assets.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Prospectus Tranche - 1 to “India” are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Prospectus Tranche – 1, the Shelf Prospectus is derived from (i) our audited financial statements, prepared in accordance with Indian GAAP and the Companies Act for the financial years ended on March 31, 2007, 2008, 2009, 2010 and 2011; and (ii) audited financial statements of the Company for the half year ended on September 30, 2011 issued by M/s Dhawan & Co., Statutory Auditors of the Company. In this Prospectus Tranche - 1, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to one decimal point.

The current financial year of the Company commences on April 1 and ends on March 31 of the next year, so all references to particular “financial year”, “fiscal year” and “Fiscal” or “FY”, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The degree to which the Indian GAAP financial statements included in this Prospectus Tranche – 1, the Shelf Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus Tranche - 1 should accordingly be limited.

Currency and Unit of Presentation

In this Prospectus Tranche - 1, references to “₹”, “Indian Rupees”, “INR” and “Rupees” are to the legal currency of India and references to “US\$”, “USD”, and “U.S. dollars” are to the legal currency of the United States of America, references to “Euro” and “€” are to the legal currency of the European Union and references to “Yen” and “JPY” are to the legal currency of Japan. For the purposes of this Prospectus Tranche - 1 data pertaining to the Company will be given in ₹ in lakhs. In the Prospectus Tranche - 1, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Any industry and market data used in this Prospectus Tranche - 1 consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Prospectus Tranche – 1 is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Prospectus Tranche – 1 is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (in ₹) of the Euro, US\$ and JPY as of March 31 for last five years and the half year ending on September 30, 2011, are provided below:

Currency	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
Euro	57.97	63.26	67.60	60.64	63.46	66.21
USD	43.77	40.11	51.45	45.58	45.14	49.30
JPY	0.3724	0.4029	0.5265	0.4900	0.5484	0.6480

(Source: SBI T.T. Selling Rate)

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus Tranche - 1 that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus Tranche - 1 that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- growth prospects of the Indian financial sector and related policy developments;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth, diversification and expansion plans;
- competition in the Indian and international markets;
- availability of adequate capital financing at reasonable terms;
- performance of the Indian debt and equity markets;
- changes brought about by the railway budget;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in the Prospectus, including those discussed under “*Risk Factors*” on page 9 of the Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Our Business*” on page 55 of the Shelf Prospectus. The forward-looking statements contained in this Prospectus Tranche - 1 are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

RECENT DEVELOPMENT

There are no recent developments in relation to the Company as disclosed in the Shelf Prospectus and the sections titled “*Risk Factors*”, “*Summary of Industry*”, “*Summary of our Business*”, “*Summary Financial Information*”, “*Capital Structure*”, “*Industry Overview*”, “*Our Business*”, “*Regulations and Policies*”, “*History and Certain Corporate Matters*”, “*Our Management*”, “*Financial Indebtedness*”, “*Outstanding Litigation and Material Developments*”, “*Main Provisions of Articles of Association*” and Annexure I to Annexure IV, which would make them misleading in any material respect.

All disclosures made in this Prospectus Tranche-1, read together with the Shelf Prospectus as the “Prospectus”, with respect to the Tranche – 1 Issue, are true, fair and adequate to enable the investors to make a well informed decision as to the investment in this proposed Tranche-1 Issue. The Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

THE ISSUE

CBDT has vide its Notification No. 52/2011 [F.No. 178/56/2011-(ITA 1)] dated September 23, 2011 authorised the Company to raise tax free Bonds aggregating up to ₹ 10,00,000 lakhs in one or more tranches in the Fiscal Year 2012, out of which, the Company has already raised through private placement route, an amount of ₹ 73,111 lakhs. The deemed date of allotment was November 8, 2011 and the date of refund was December 1, 2011. The listing and trading in these bonds have commenced on NSE and BSE from December 11, 2011 and December 8, 2011 respectively. Hence, the Company shall issue the Bonds upto an aggregate amount of ₹ 6,30,000 lakhs through this Issue during the financial year 2011-12 out of the total permissible amount of ₹ 10,00,000 lakhs, as approved by its Board through its resolution dated January 10, 2012.

The following table summarizes the Issue details. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Issue Structure*” & “*Terms of the Issue*” on page 32 and 35 respectively of this Prospectus Tranche - 1.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Issuer	Indian Railway Finance Corporation Limited
Issue of Bonds	Public issue by the Company of tax free, secured, redeemable, non-convertible bonds of face value of ₹ 1,000 each in the nature of debentures having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, aggregating up to ₹ 6,30,000 lakhs in the fiscal year 2012. This Tranche Issue by the Issuer is of Bonds aggregating to ₹ 3,00,000 lakhs with an option to retain oversubscription upto the Shelf Limit (i.e. upto ₹ 6,30,000 lakhs) and is being offered by way of this Prospectus Tranche – 1 containing, inter alia, the terms and conditions of the tranche – 1, which should be read together with the Shelf Prospectus dated January 19, 2012 filed with the Designated Stock Exchange and SEBI.
Tranche – 1 Issue	Issue of the Bonds aggregating to ₹3,00,000 lakhs with an option to retain oversubscription upto the Shelf Limit (i.e. upto ₹ 6,30,000 lakhs).
Face Value (₹)	₹ 1,000
Objects of the Issue	Please refer to Section “ <i>Objects of the Issue</i> ” on page 23
Issue Price (₹)	₹ 1,000
Minimum Application	₹ 10,000 (10 Bonds)
Market Lot / Trading Lot	One Bond
Pay-in Date	Application Date (Full Application Amount is payable on Application)
Credit Ratings	<ol style="list-style-type: none"> 1. CRISIL has reaffirmed the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 20,59,438 lakhs long term borrowing programme of the Company (“Debt Programme”) vide its letter no. VR/FSR/IRFC/2011-12/1208 dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. 2. ICRA has reaffirmed the credit rating assigned of “[ICRA] AAA” (pronounced as “ICRA triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2011-2012/11/13 dated December 19, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. 3. CARE has reaffirmed the credit rating of “CARE AAA (pronounced as triple A)” for the Debt Programme of the Company vide its letter dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

	Note: These credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure II of the Shelf Prospectus.
Listing	NSE and BSE
Security	The Bonds issued by the Company will be secured by creating a charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches by a first/ pari passu charge, present and future, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed.
Depositories	NSDL and CDSL
Debenture Trustee	Indian Bank
Registrar	Karvy Computershare Private Limited
Modes of Payment	1. At par cheques 2. Demand Drafts
Issuance	In dematerialized form as well as physical form, at the option of Applicants.
Trading	**In dematerialized form only
Issue Opening Date	Friday, January 27, 2012
Issue Closing Date*	Friday, February 10, 2012, except that the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company, subject to necessary approvals, if any. In the event of such early closure of the subscription list of the Issue, our company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Directors of the Company or any committee thereof approves the allotment of the Bonds for each Tranche Issue. 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. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Lead Managers	SBI Capital Markets Limited, A.K. Capital Services Limited and ICICI Securities Limited.
Consortium Members for the Issue	SBI Capital Markets Limited, A.K. Capital Services Limited, ICICI Securities Limited, SBICAP Securities Limited and A. K. Stockmart Private Limited.

* The Issue shall remain open for subscription during banking hours for the period indicated above.

**In terms of Regulation 4(2)(d) of the Debt Regulations, the Company will make public issue of the 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. However, trading in Bonds shall be compulsorily in dematerialized form.

SPECIFIC TERMS FOR EACH SERIES OF BONDS

The terms of each Series of Bonds are set out below:

Options	Series of Bonds*	
	Tranche 1 Series I	Tranche 1 Series II
Tenor*	10 Years	15 Years
Redemption Date	At the end of 10 Years from the Deemed Date of Allotment	At the end of 15 Years from the Deemed Date of Allotment
Redemption Amount (₹/ Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	

Options	Series of Bonds*	
	Tranche 1 Series I	Tranche 1 Series II
Frequency of Interest Payment	Payable annually	
Minimum Application Size	₹ 10,000 (10 Bonds)	
In Multiples of	₹ 5,000 (5 Bonds)	
Face Value (₹/Bond)	₹ 1,000	
Issue Price (₹/Bond)	₹ 1,000	
Mode of Interest Payment	Through various modes available**	
Coupon Rate (%) per annum for Category I, II and III	8.00%	8.10%
Additional Coupon Rate*** (%) per annum for Category III	0.15%	0.20%
Aggregate Coupon Rate (%) per annum for Category III	8.15%	8.30%
Nature of Indebtedness and Ranking	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank pari passu inter se to the claims of creditors of the Company secured against charge on the movable assets comprising of rolling stock such as wagons, locomotives and coaches.	

* The Company would allot Tranche 1 Series II Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant series of Bonds in their Application Form.

**For various modes of interest payment, see “*Terms of the Issue – Modes of Payment*” on page 41.

*** For further details, see “*Terms of the Issue – Interest*” on page 38.

SUMMARY FINANCIAL INFORMATION

STATEMENT OF ASSET AND LIABILITY FOR LAST FIVE YEARS AND LATEST PERIOD

(₹ in Lacs)

Particulars	Schedule	Audited for Half year ended 30.09.2011	Audited for the year ended				
			31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Sources of Funds							
1. Shareholders' Funds							
i. Share Capital	1	160,200.00	160,200.00	109,100.00	50,000.00	50,000.00	23,200.00
ii. Share Application Money		-	-	-	30,000.00	-	26,800.00
iii. Reserves and Surplus	2	288,549.60	268,396.61	231,447.95	198,070.46	192,576.46	162,124.63
		448,749.60	428,596.61	340,547.95	278,070.46	242,576.46	212,124.63
2. Loan Funds	3						
i. Secured							
-In India		3,484,260.61	3,110,939.11	2,778,269.76	2,240,248.18	1,884,459.82	1,614,605.96
-Outside India		15,444.45	14,734.50	16,200.00	19,776.90	16,800.00	19,588.50
		3,499,705.06	3,125,673.61	2,794,469.76	2,260,025.08	1,901,259.82	1,634,194.46
ii. Unsecured Loans							
-In India		-	-	144,899.82	124,616.00	194,750.00	177,320.00
-Outside India		845,698.69	686,774.02	421,487.89	354,229.89	313,846.95	367,902.05
		845,698.69	686,774.02	566,387.71	478,845.89	508,596.95	545,222.05
Total Loan Funds		4,345,403.75	3,812,447.63	3,360,857.47	2,738,870.97	2,409,856.77	2,179,416.51
3. Deferred Tax Liability (Net)		283,891.42	270,143.21	246,702.23	225,655.23	185,465.08	171,014.01
Total		5,078,044.77	4,511,187.45	3,948,107.65	3,242,596.66	2,837,898.31	2,562,555.15
Application of Funds 4. Assets							
Fixed Assets-Gross Block	4	1,701.93	1,701.47	1,698.87	1,707.61	1,700.99	1,697.92
Less: Depreciation Net Block		381.09	364.49	329.85	308.52	280.91	240.76
		1,320.84	1,336.98	1,369.02	1,399.09	1,420.08	1,457.16
5. Long Term Loans & Advances	5	4,973,085.41	4,531,822.44	3,839,232.51	3,156,191.09	2,702,551.90	2,473,072.20
6. Investments	6	1,779.98	1,897.56	199.85	199.85	199.85	199.85
7. Current Assets, Loans & Advances	7						
Current Assets		333,976.50	99,022.60	193,900.35	137,302.02	173,008.83	108,743.60
Loans & Advances		50,488.89	34,941.81	31,589.27	42,630.74	42,078.12	39,124.21
		384,465.39	133,964.41	225,489.62	179,932.76	215,086.95	147,867.81
8. Less: Current Liabilities & Provisions	8						
Current Liabilities		242,580.50	126,285.53	90,048.88	77,372.25	63,476.08	49,382.13
Provisions		40,026.35	31,548.41	28,252.74	21,163.35	17,904.39	10,659.74
		282,606.85	157,833.94	118,301.62	98,535.60	81,380.47	60,041.87
9. Net Current Assets		101,858.54	(23,869.53)	107,188.00	81,397.16	133,706.48	87,825.94
10. Foreign Currency Monetary Item Translation Difference		-	-	118.27	3,409.47	-	-
11. Miscellaneous Expenditure (to the extent not written off)		-	-	-	-	20.00	-
Total		5,078,044.77	4,511,187.45	3,948,107.65	3,242,596.66	2,837,898.31	2,562,555.15

STATEMENT OF PROFIT & LOSS FOR LAST FIVE YEARS

(₹ in Lacs)

Description	Schedule	Audited for Half Year ended 30.09.2011	Audited for the year ended				
			31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Income							
Lease Income		200,234.41	349,198.78	307,376.10	272,645.17	237,433.61	210,236.79
Income on Loans & Deposits		17,551.58	32,606.34	35,985.62	28,688.74	20,792.82	14,193.23
Income on investments		82.12	13.60	7.54	7.32	64.47	4,457.22
Exchange rate variation (Gain)		-	4.85	1,116.10	195.85	1,405.00	-
Other Income	9	811.34	2,341.58	3,908.31	941.01	2,782.57	4.90
Total		218,679.45	384,165.15	348,393.67	302,478.09	262,478.47	228,892.14
Expenditure							
Interest on Bonds & loans	10	167,106.59	282,901.51	245,757.64	216,279.62	181,028.42	147,707.99
Lease Rentals Paid		2,315.74	4,295.51	10,339.56	18,603.45	16,749.39	18,257.36
Salary & Employee Benefits	11	88.56	202.58	155.50	166.14	95.46	67.62
Administrative & Other Expenses	12	641.70	414.31	269.32	464.34	232.59	246.86
Bond Servicing Expenses	13	151.42	215.25	197.73	185.38	152.28	112.76
Bond Issue Expenses / Expenses on loans	14	3,316.94	6,085.36	9,342.77	969.25	177.71	612.91
Depreciation	4	17.60	35.10	35.15	36.74	41.04	40.61
Exchange rate variation (Loss)		2,644.38	-	-	-	-	674.97
Amortisation of Foreign Currency Monetary Item Translation Diff. A/c		-	181.04	3,455.15	-	-	-
Total		176,282.93	294,330.66	269,552.82	236,704.92	198,476.89	167,721.08
Profit for the Year		42,396.52	89,834.49	78,840.85	65,773.17	64,001.58	61,171.06
Prior Period Adjustment (Net Income)	15	(17.38)	0.02	(12.28)	(4.44)	(166.73)	2.62
Profit Before Tax		42,379.14	89,834.51	78,828.57	65,768.73	63,834.85	61,173.68
Provision for Taxation							
-Current Year		8,477.94	17,923.13	13,512.50	7,500.00	7,227.00	6,375.40
-Earlier Years		-	(50.00)	-	(1.53)	-	431.31
Deferred Tax							
-Current Year		13,748.21	23,440.98	21,047.00	22,355.92	14,451.07	14,490.53
-Earlier Years		-	-	-	17,828.37	-	-
Fringe Benefit Tax		-	-	-	6.81	5.45	6.69
Net Profit after Tax		20,152.99	48,520.40	44,269.07	18,079.16	42,151.33	39,869.75
Appropriations:							
Interim Dividend Paid		-	10,000.00	10,000.00	10,000.00	10,000.00	16,000.00
Dividend Tax		-	1,660.87	1,699.50	1,699.50	1,699.50	2,244.00
Transfer to General Reserve		-	5,000.00	4,500.00	1,900.00	4,216.00	4,000.00
Transfer to Exchange Variation Reserve		-	-	-	1,947.00	897.00	3,150.00
Transfer to Bond Redemption Reserve		20,152.99	31,859.53	28,069.57	2,532.66	25,338.83	14,475.75
Total		20,152.99	48,520.40	44,269.07	18,079.16	42,151.33	39,869.75

CASH FLOW STATEMENT

(₹ in Lacs)

Particulars	Half Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	30-09-2011	31-03-2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
A. Cash Flow from Operating activities::						
Profit Before Tax::	42,379.14	89,834.51	78,828.57	65,768.73	63,834.85	61,173.68
Adjustments for::						
1-Depreciation	17.60	35.11	35.15	28.48	41.04	40.61
2-(Profit) / Loss on sale of fixed assets	1.49	0.81	(0.17)	0.38	0.95	-
3-Lease Rentals advance amortised	2,315.74	4,295.51	10,339.57	18,603.45	16,749.39	18,257.36
4-Provision for Employee benefits	-	0.48	0.36	16.49	12.20	-
5-Exchange Rate Variation	2,644.38	(4.85)	(1,116.10)	(195.85)	(1,405.00)	674.97
6-Amortisation of Foreign Currency Monetary Item Trans Diff.	-	181.04	3,455.15	-	-	-
7-Amortisation of Interest Restruturing Advance	53.03	151.64	212.56	309.67	-	-
8-Amortisation of Gain on asset securitisation	(709.86)	(2,135.28)	(3,898.71)	(936.72)	-	-
9-Provision for Interest Payable to Income Tax Authorities	-	103.87	-	-	-	-
10-Misc. Expenditure written off	-	-	-	20.00	5.00	-
11-Forward premium absorbed	-	-	-	-	-	4.20
	46,701.52	92,462.84	87,856.37	83,614.63	79,238.43	80,150.82
Adjustments for-						
1-Assets given on financial lease during the year	(590,000.00)	(968,029.04)	(901,777.50)	(699,075.30)	(460,480.95)	(417,004.50)
2-Capital Recovery on assets given on financial lease	139,704.31	236,817.58	190,061.51	163,524.35	155,349.86	157,920.96
3-Amount Riased through Securitisation of Lease Receivables	-	33,954.23	50,011.03	96,208.49	77,221.59	-
4-Receipt on account of Long term loans during the year	6,717.00	10,663.99	7,042.33	4,373.12	5,590.17	3,499.45
5-Term Loans disbursed during the year	-	(10,000.00)	(37,000.00)	(29,300.00)	(24,000.00)	(45,256.42)
6-Loans & Advances (Net of Adv. Tax & ERV)	1,862.44	14,360.76	(21,185.77)	35,977.04	(6,271.30)	(4,487.50)
7-Current Assets	(69,993.62)	58,409.60	(18,278.73)	(13,238.61)	(23,928.28)	31,325.91
8-Current Liabilities	179,912.90	16,878.09	14,792.23	9,015.57	12,443.58	9,722.25
9-Direct Taxes Paid	(17,392.98)	(18,693.16)	(9,850.59)	(9,265.74)	(7,483.23)	(6,047.34)
	(349,189.95)	(625,637.95)	(726,185.49)	(441,781.08)	(271,558.56)	(270,327.19)
Net Cash flow from Operations	(302,488.43)	(533,175.12)	(638,329.12)	(358,166.45)	(192,320.13)	(190,176.37)
B Cash Flow from Invetment Activities:						
1-Purchase of Fixed Assets	(3.46)	(3.90)	(5.08)	(7.95)	(5.04)	(7.87)
2-Proceeds from sale of Fixed Assets	0.50	0.03	0.17	0.08	0.12	-
3-Receipt on account of investment in PTCs	117.58	-	-	-	-	-
4-Investment in Pass Through Certificates	-	(1,697.71)	-	-	-	-
5-Investment made during the year Cash flow from Financing activities::						(199.85)
	114.62	(1,701.58)	(4.91)	(7.87)	(4.92)	(207.72)
C						
1-Dividend & Dividend Tax Paid during the year	-	(10,000.00)	(11,699.50)	(13,399.00)	(10,000.00)	(18,244.00)
2-Share Capital Riased during the year	-	51,100.00	29,100.00	30,000.00	-	26,800.00
3-Funds raised through Bonds	438,500.00	598,955.00	559,094.00	599,100.00	519,500.00	162,000.00
4-Bonds Redeemed during the year	(41,310.00)	(184,893.33)	(35,493.33)	(157,313.33)	(128,744.08)	(87,633.33)
5-Term Loans raised during the year	245,705.00	61,480.13	1,194,151.11	828,976.69	291,100.00	430,965.00
6-Term Loans repaid during the year	(269,573.51)	(287,772.27)	(1,159,446.37)	(985,109.00)	(394,572.06)	(416,491.84)
7-Funds raised through External Commercial Borrowings	95,695.00	330,186.93	215,887.50	49,990.00	-	108,761.17
8-Repayment of External Commercial Borrowings	(1,682.40)	(60,647.91)	(114,939.78)	(43,016.47)	(44,596.76)	(10,119.73)
9-Share Registration Fees Paid during the year	-	-	-	-	(25.00)	-
	467,334.09	498,408.55	676,653.63	309,228.89	232,662.10	196,037.27
Net Cash Flow During the year(A+B+C)	164,960.28	(36,468.15)	38,319.60	(48,945.43)	40,337.05	5,653.18
Opening Balance of Cash & Cash Equivalents::						
Balance in the Current Accounts	461.99	842.57	1,197.78	5,218.31	9,050.86	4,228.17
Balance in the Term Deposit A/cs (orginal maturity of three months or less)	2,662.00	38,750.00	75.00	45,000.00	830.00	-
Balance in Franking Machine	0.43	-	0.19	0.09	0.49	-
Balance in RBI-PLA	1.02	1.02	1.02	1.02	1.02	1.02
	3,125.44	39,593.59	1,273.99	50,219.42	9,882.37	4,229.19

Particulars	Half Year ended 30-09-2011	Year ended 31-03-2011	Year ended 31-03-2010	Year ended 31-03-2009	Year ended 31-03-2008	Year ended 31-03-2007
Closing Balance of Cash or Cash Equivalents	168,085.72	3,125.44	39,593.59	1,273.99	50,219.42	9,882.37

GENERAL INFORMATION

Our Company was incorporated on December 12, 1986 under the Companies Act as a public limited company registered with the Registrar of Companies, National Capital Territory of Delhi and Haryana and received our certificate for commencement of business on December 23, 1986. The GoI, Ministry of Railways, incorporated our Company as a financial arm of Indian Railways, for the purpose of raising the necessary resources for meeting the developmental needs of the Indian Railways. The President of India along with nominees is holding 100% of our equity share capital.

For further details see section titled “*History and Certain Corporate Matter*” on page 70 of the Shelf Prospectus.

The Ministry of Corporate Affairs, through its notification dated October 8, 1993 published in the Official Gazette of India, classified our Company, as a Public Financial Institution under Section 4(A) of the Companies Act.

Our Company was registered with the RBI under 45-IA of RBI Act as a Non-Banking Finance Company without accepting public deposits vide certificate of registration no. B-14.00013 dated February 16, 1998. The Company was later classified under the category “Infrastructure Finance Company” by the RBI through a fresh certificate of registration bearing no. B-14.00013 dated November 22, 2010.

CBDT has vide its Notification No. 52/2011 [F.No. 178/56/2011-(ITA 1)] dated September 23, 2011 authorised the Company to raise tax free Bonds aggregating up to ₹ 10,00,000 lakhs in one or more tranches in the Fiscal Year 2012, out of which, the Company has already raised through private placement route, an amount of ₹ 73,111 lakhs. The deemed date of allotment was November 8, 2011 and the date of refund was December 1, 2011. The listing and trading in these bonds have commenced on NSE and BSE from December 11, 2011 and December 8, 2011 respectively. Hence, the Company shall issue the Bonds upto an aggregate amount of ₹ 6,30,000 lakhs through this Issue during the financial year 2011-12 out of the total permissible amount of ₹ 10,00,000 lakhs, as approved by its Board through its resolution dated January 10, 2012.

Registered Office

UG Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi -110 003
Tel.: +91 11 2436 9766/69
Fax: +91 11 2436 6710
Website: www.irfc.nic.in

For details on changes in our Registered Office, see “*History and Certain Corporate Matters*” on page 70 of the Shelf Prospectus.

Registration

Details	Registration/Identification number
Company Number	26363
Corporate Identity Number	U65910DL1986PLC026363
RBI Registration Number classifying Company as Infrastructure Finance Company	B-14.00013

Address of the Registrar of Companies

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower, 61, Nehru Place
New Delhi 110 019, India
Tel: +91 (11) 2623 5704
Fax: +91 (11) 2623 5702

Company Secretary

Mr. S K Ajmani

Company Secretary & GM (Term Loans)
UG Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi -110 003
Tel.: +91 11 2436 9766/69
Fax: +91 11 2436 6710
E – Mail: skairfc@rediffmail.com
Website: www.irfc.nic.in

Compliance Officer

Mr. T. Behera

General Manager-Bonds
UG Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi -110 003
Tel.: +91 11 2436 9766/69
Fax: +91 11 2436 6710
E – Mail: gma@irfc.nic.in
Website: www.irfc.nic.in

Investors may contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Bonds in the respective beneficiary account or non-receipt of Bond Certificates/ Consolidated Bond Certificates, as applicable, or refund orders, etc.

LEAD MANAGERS TO THE ISSUE

SBI Capital Markets Limited

202, Maker Tower E,
Cuffe Parade,
Mumbai 400 005
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: irfcbonds@sbicaps.com
Investor Grievance Email:
investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Ms. Anshika
Malaviya/ Mr. Puneet Deshpande
Compliance Officer: Mr. Bhaskar
Chakraborty
SEBI Registration No.:
INM000003531*

A. K. Capital Services Limited

30-39 Free Press House, 3rd Floor,
Free Press Journal Marg, 215,
Nariman Point, Mumbai 400021
Tel: +91 22 6754 6500/ 6634
9300
Fax: +91 22 6610 0594
Email:
irfctfbonds@akgroup.co.in
Investor Grievance Email:
investor.grievance@akgroup.co.i
n
Website: www.akcapindia.com
Contact Person: Mr. Hitesh Shah
Compliance Officer: Mr. Vikas
Agarwal
SEBI Registration No.:
INM000010411

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
E-mail :
irfcbonds@icicisecurities.com
Investor Grievance Email:
customercare@icicisecurities.co
m
Website :
www.icicisecurities.com
Contact Person: Mr. Mangesh
Ghogle / Ms. Payal Kulkarni
Compliance Officer: Mr. Subir
Saha
SEBI Registration No.
INM000011179

**The SEBI registration of one of the Lead Managers to the Issue, SBI Capital Markets Limited was valid up to July 31, 2011. The application for renewal of the certificate of registration in the prescribed manner has been made by SBI Capital Markets Limited on April 29, 2011, to SEBI, three months before the expiry of the period of the certificate as required under Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is currently awaited*

DEBENTURE TRUSTEE

Indian Bank
Corporate Office,
254-260, Avvai Shanmugam Salai,
Royapettah,
Chennai - 600014
India
Tel: 044 – 2813 4089, 2813 4436
Fax: 044-28134088
Contact Person: Mr. T. Chandrasekaran
E-mail ID: holegal@indianbank.co.in
Website: www.indianbank.com
SEBI Registration Number: INB100000017

All the rights and remedies of the Series Bondholders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the Series Bondholders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by the Issuer 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 the Issuer to the Series Bondholders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge the Issuer pro tanto from any liability to the Series Bondholders. For further details, please see section “*Terms of the Issue*” on page 35.

REGISTRAR TO THE ISSUE

Karvy Computershare Private Limited

Plot No. 17 to 24
Vittal Rao Nagar,
Madhapur
Hyderabad - 500 081
A.P. India
Tel: +91 40 4465 5000
Toll Free No: 1-800-345-4001
Fax: +91 40 2343 1551
E-mail: irfc.bonds@karvy.com
Investors Grievance E-mail: einward.ris@karvy.com
Website: <http://karisma.karvy.com>
Contact Person: Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

STATUTORY AUDITORS

Dhawan & Co.,

Chartered Accountants,
312, Wegmans House,
21, Veer Savarkar Block,
New Delhi 110 092, India
Tel: +91 (11) 22017651, 22025360
Email: dpa111@hotmail.com
Firm Registration No.: 002864N

Legal Advisors to the Issue

AZB & Partners

AZB House,
Plot No. A-8, Sector 4,
Noida, 201 301,
India
Tel: +91 120 4179999
Fax: +91 120 4179900

Escrow Collection Banks / Bankers to the Issue

<p>Axis Bank Limited E-146, Near PVR Anupam, Saket, New Delhi – 110 017 Tel: 011-4266 5166 Fax: 011-4166 4222 Email: biswaranjan.gouda@axisbank.com/ ashish.dhall@axisbank.com Contact Person: Mr. Biswaranjan Gouda and Mr. Ashish Dhall Website: www.axisbank.com SEBI Registration No.: INBI00000017</p>	<p>HDFC Bank Limited HDFC Bank Limited, FIG – OPS Department, - Lodha, I Think Techno Campus, O-3, Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400 042 Tel: 09322157474 Fax: 022-2579 9801 Email: uday.dixit@hdfcbank.com/ figdelhi@hdfcbank.com Contact Person: Mr. Uday Dixit Website: www.hdfcbank.com SEBI Registration No.: INBI00000063</p>	<p>ICICI Bank Limited Capital Market Division, 30, Rajabhadur Mansion, Mumbai Samachar Marg, Fort, Mumbai – 400 001 Tel: 022-66310322 Fax: 022-66310350 Email: anil.gadoo@icicibank.com Contact Person: Mr. Anil Gadoo Website: www.icicibank.com SEBI Registration No.: INBI00000004</p>
<p>IDBI Bank Limited Unit No. 2, Corporate Park, Sion Trombay Road, Chembur, Mumbai – 400 071 Tel: 022-6690 8402 Fax: 022-2528 6173 Email: ipoteam@idbi.co.in Contact Person: Mr. V. Jayanathan (Head – CMS Operations) Website: www.idbibank.com SEBI Registration No.: INBI00000076</p>	<p>Kotak Mahindra Bank Limited 5th Floor, Dani Corporate Park 158, CST Road Kalina Santacruz (E), Mumbai – 400 098 Tel: 022-6759 5336 Fax: 022-6759 5374 Email: amit.kr@kotak.com Contact Person: Mr. Amit Kumar Website: www.kotak.com SEBI Registration No.: INBI000000927</p>	<p>State Bank of India CMP Centre, 31 Mahal Ind Estate, Andheri (E), Mumbai – 400 093 Tel: 022-2687 4809/05 Fax: 022-2687 4805 Email: AGMPI.CMP@SBI.CO.IN/ soumendra.mukherji@sbi.co.in Contact Person: Mr. Ejaz Hussain Website: www.statebankofindia.com SEBI Registration No.: INBI00000038</p>

Consortium Members for the Issue

In addition to the Lead Managers, following are also consortium members for marketing of the Issue

SBICAP Securities Limited

Regd. Address: 191, 19th Floor, Maker Tower - 'F' Wing,
Cuffe Parade, Mumbai 400005
Correspondence Address: Mafatlal Chambers, 2nd floor, C wing,
N M Joshi Marg, Lower Parel, Mumbai 400013
Tel: +91 22 4227 3446; Fax: +91 22 4227 3391
Email: archana.dedhia@sbicapsec.com
Investor Grievance Email: complaints@sbicapsec.com
Contact Person: Ms. Archana Dedhia
SEBI Registration No.: BSE: INB 011053031
NSE: INB 231052938

A. K. STOCKMART PRIVATE LIMITED

Address: 30-39, Free Press House, Free Press Journal
Marg, 215, Nariman Point,
Mumbai 400 021
Tel: +91 22 6754 6500; Fax: +91 22 6754 4666
E-mail ID: ankit@akgroup.co.in
Website: www.akcapindia.com
Contact person: Mr. Ankit Gupta
SEBI Registration No.: BSE: INB011269538
NSE: INB231269532

Bankers to the Company

Corporation Bank

3, Ansal Chambers-1,
Bhikaji Cama Place,
New Delhi - 110 066, India.
Tel: +91 (11) 2619 3911
Fax: +91 (11) 2618 1211
Email: cb373@corpbank.co.in
Website : www.corpbank.com

Vijaya Bank

31 /C,
Defence Colony Branch,
Opposite Moolchand Hospital
New Delhi – 110 024
Tel +91 (11) 2469 2583, 2461 5295, 2465 8127
Fax: +91 (11) 2462 3775,
Email: del.defencecolony6005@vijayabank.co.in
Website : www.vijayabank.com

Credit Rating Agencies

CRISIL Limited

CRISIL House, Central Avenue
Hiranandani Business Park, Powai,
Mumbai 400 076, India
Tel: +91 (22) 3342 3000
Fax: +91 (22) 3342 3050
E-mail: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Mr. Suman Chowdhury
SEBI Registration No.: IN/CRA/001/1999

ICRA Limited

Building No. 8, 2nd Floor, Tower A,
DLF Cyber City, Phase- II,
Gurgaon 122 002, India
Tel: +91 (124) 4545 300
Fax: +91 (124) 4545 350
E-mail: vivek@icraindia.com
Investor Grievance e-mail: vw@icraindia.com
Website: www.icra.in
Contact Person: Mr. Vivek Mathur
SEBI Registration No.: IN/CRA/003/1999

Credit Analysis & Research Limited (“CARE”)

B-47 3rd Floor, Inner Circle,
Connaught Place, New Delhi 110 001
Tel: +91 (11) 2371 6199
Fax: +91 (11) 4533 3200
E-mail: jyotsana.gadgil@careratings.com
Website: www.careratings.com
Contact Person: Ms. Jyotsna Gadgil
SEBI Registration No.: IN/CRA/004/1999

Credit Rating and Rationale

1. CRISIL has reaffirmed the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 20,59,438 lakhs long term borrowing programme of the Company (“Debt Programme”) vide its letter no. VR/FSR/IRFC/2011-12/1208 dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
2. ICRA has reaffirmed the credit rating assigned of “[ICRA] AAA” (pronounced as “ICRA triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2011-2012/11/13 dated December 19, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing

of financial obligations. Such instruments carry lowest credit risk.

3. CARE has reaffirmed the credit rating of “CARE AAA (pronounced as triple A)” for the Debt Programme of the Company vide its letter dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

For details in relation to the rationale for the credit rating by CRISIL, ICRA and CARE, see Annexure II of the Shelf Prospectus. Further, kindly note these ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency (ies) and should be evaluated independently of any other ratings.

Expert Opinion

Except the letters dated December 14, 2011, December 19, 2011 and December 14, 2011 issued by CRISIL, ICRA and CARE respectively, in respect of the credit rating for the Debt Programme (bonds and long term loans) of the Company, and the report dated January 9, 2012 on our audited financial statements for the financial year ending March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, March 31, 2011 and for the half year ended September 30, 2011 and statement of tax benefits dated January 9, 2012 issued by Dhawan & Co., Chartered Accountants, Statutory Auditors of the Company, the Company has not obtained any expert opinion.

Minimum Subscription

In terms of the SEBI 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. The Company has decided not to stipulate minimum subscription amount for this Issue.

Underwriting

This Issue is not underwritten.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	ISSUE CLOSES ON
Friday, January 27, 2012	Friday, February 10, 2012

**The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company, subject to necessary approvals, if any. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper.*

OBJECTS OF THE ISSUE

Issue Proceeds

The Company shall issue Bonds upto an aggregate amount of ₹ 6,30,000 lakhs in one or more tranche(s), on or prior to March 31, 2012 pursuant to CBDT's Notification No. 52/2011 [F.No. 178/56/2011-(ITA 1)] dated September 23, 2011 which authorised the Company to raise tax free bonds aggregating up to ₹ 10,00,000 lakhs in the financial year 2011-12. Out of the said ₹ 10,00,000 lakhs, the Company has already raised through private placement route, tax free bonds aggregating ₹ 73,111 lakhs.

Utilisation of Issue Proceeds

The funds raised through this Issue will be utilized towards the following purposes:

1. Financing the acquisition of rolling stock which will be leased to the MoR in line with present business activities; and
2. Financing the capacity enhancement works in the Indian Railways like gauge conversion, electrification, doubling, traffic facilities and signalling and traffic works ("**S&T Works**").

For further details in relation to the aforesaid business and associated risk, see sections titled "**Our Business**" and "**Risk Factors**" beginning on page 55 and 9 respectively of the Shelf Prospectus.

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

Our Company is a public sector enterprise and, as such, we do not have any identifiable 'group' companies or 'companies under the same management'. Further, in accordance with the SEBI Debt Regulations, IRFC will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management.

Interim use of Proceeds

The Board of Directors of the Company, in accordance with the policies formulated by them from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities or inter corporate loans as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. Our Board of Directors shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our financial statements for the relevant fiscal commencing from Fiscal 2012, the utilisation of the proceeds of the Issue under a separate head along with any details 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. We shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security as stated in this Prospectus Tranche – 1 in the section titled "**Terms of the Issue - Security**" on page 42 and upon the listing of the Bonds.

We propose to issue Bonds to NRIs on a non-repatriable as well as repatriable basis. Under the provisions of the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended, any monies borrowed from a person resident outside India cannot be used:

- (a) for any purpose except in ones own business other than (i) the business of chit fund, (ii) as Nidhi Company, (iii) agricultural or plantation activities or real estate business; or construction of farm houses; or (iv) trading in Transferable Development Rights (TDRs); or

- (b) for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending.

To ensure compliance with the aforementioned, the Company shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs, (“NRI Escrow Account”). All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank(s). Upon creation of security as disclosed in this Prospectus Tranche - 1, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Accounts to a separate bank account, (“NRI Account”), which shall be different from the Public Issue Account. The Company shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilised only in accordance with and subject to the restrictions contained in the Foreign Exchange Management (Borrowing and Lending in Rupee) Regulations, 2000, and other applicable statutory and/or regulatory requirements.

Issue Expenses*

A portion of the Issue proceeds will be used to meet Issue expenses. The details of estimated Issue expenses are as under:

Particulars	Amount (₹ in lakhs)	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Registrar to the Issue	18.79	0.00	0.55
Legal Advisors	16.88	0.00	0.49
Debenture Trustee	28.30	0.00	0.83
Advertising and marketing	100.00	0.02	2.92
Lead Managers’ Fees, Brokerage and Selling Commission	3161.75	0.50	92.29
Other Miscellaneous Expenses	100.00	0.02	2.92
Total	3425.71	0.55	100.00

* As per the office memorandum (F.No.2/31/2006-INF) dated December 23, 2011 issued by the Department of Economic Affairs, Ministry of Finance, the total issue expense shall be capped at a maximum of a flat fee of 1.25% of the size of the Issue.

Undertakings with respect to Issue Proceeds

The Company undertakes the following:

1. That in accordance with the SEBI Debt Regulations, it will not utilize the issue proceeds for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management;
2. Other than as mentioned in the section titled "Objects of the Issue", the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property; and
3. The Issue Proceeds from Bonds allotted to Banks will not be utilized for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bond Holder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. 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 Bond Holder 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 interpretation of provisions where under the contents of his statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bond Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

- a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 the Central Government vide notification no 52/2011.F.No.178/56/2011-(ITA-1) dated 23rd September 2011 authorizes our Company to issue during the Financial year 2011-12, tax free, secured, redeemable, non-convertible bonds of rupee 1,000 each in case of public issue for the aggregate amount of ₹ 10,00,000 lakhs subject to the other following conditions that –
- i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
 - ii) The holder of such bonds must register his or her name and holding with the issuer.
 - iii) The tenure of the bonds shall be ten or fifteen years.
 - iv) The interest on the bonds shall be not less than hundred basis points lower than the yield on Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on the last working day of the month immediately preceding the month of the issue of the bonds but in the case of a Public issue, the interest on the bonds shall be not less than 50 basis points lower than the yield on Government Securities of equivalent residual maturity.
 - v) The commission on sale shall be capped at a maximum of a flat fee of 1.25% of the issue size;
- b) Section 10(15)(iv)(h) to be read with Section 14A(1) provides that in computing the total income of a previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;

Section 2(36A) of the IT Act defines —Public Sector Companyl as any corporation established by or under any state Central, State, Provincial Act or a Government company as defined section 617 of the companies Act, 1956.

- c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required.
- e) Under section 195 of the Income Tax Act, Income Tax shall be deducted from sum payable to non residents on the long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.

However under section 196D, No deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

2. CAPITAL GAIN

- 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 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains 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/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to section 48 of Income tax act, 1961, benefits of indexation of cost of acquisition under second proviso of section 48 of Income tax Act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered 10% on listed bonds without indexation.

Securities Transaction Tax (“STT”) is a tax being levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.

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 resident women, ₹ 250,000 in case of resident senior citizens and ₹500,000 in case of resident very senior citizens, 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 ten per cent 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 (including surcharge for corporate only) 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 provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para 2 (a) above would also apply to such short-term capital gains.

- c) As per the provisions of section 54F of the Income Tax Act, 1961 and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to Bond Holder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales considerations is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bond Holder should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Bond Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

- d) The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the IT Act) realized by FIIs on sale of security in the Company would be taxed at the following rates as per Section 115AD of the I.T. Act.
- Short term capital gains- 30% (plus applicable surcharge and education cess).
 - Long term capital gains - 10% without cost indexation (plus applicable surcharge and education cess)

As per section 90(2) of the IT Act, the provision of the IT Act would not prevail over the provision of the tax treaty applicable to the non-resident to the extent such tax treaty provisions are more beneficial to the non resident. Thus, a non resident can opt to be governed by the beneficial provisions of an applicable tax treaty

3. Profit and loss

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.

4. Taxation on gift

As per section 56(2)(vii) of the I.T. Act, in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009

- A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;
- B. 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 property as exceeds such consideration;

shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received—

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in the Explanation to clause (20) of section 10; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- (g) from any trust or institution registered under section 12AA.

B. WEALTH TAX

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

C. 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 thereafter. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

For & on behalf of
DHAWAN & CO.
Chartered Accountants
Firm Regn. No. 002864N

Sunil Gogia
(Partner)
M. No.073740

Place : Delhi
Dated : 09-01-2012

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors, at their meeting held on January 10, 2012 have approved the Issue, in one or more tranche(s), of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 1,000 each, having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, as amended, aggregating upto ₹ 6,30,000 lakhs in one or more tranche(s), on or prior to March 31, 2012, subject to the provisions of the CBDT Notification.

In accordance with the terms of the CBDT Notification, the aggregate volume of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Company during the Fiscal 2012 shall not exceed ₹ 10,00,000 lakhs, out of which, the Company has already raised through private placement route, secured tax free, redeemable, non-cumulative, non-convertible bonds aggregating ₹ 73,111 lakhs. The deemed date of allotment was November 8, 2011 and the date of refund was December 1, 2011. The listing and trading in these bonds have commenced on NSE and BSE from December 11, 2011 and December 8, 2011 respectively. Hence, the Company shall issue Bonds upto an aggregate amount of ₹ 6,30,000 lakhs through this Issue during the financial year 2011-12 out of the total permissible amount of ₹ 10,00,000 lakhs, as approved by its Board through its resolution dated January 10, 2012.

Eligibility to make the Issue

The Company, the persons in control of the Company or its promoter 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.

Consents

Consents in writing from the Directors, the Compliance Officer, the Statutory Auditors, Bankers to the Company, Bankers to the Issue, Lead Managers, Registrar to the Issue, Consortium Members to the Issue, Legal Advisors to the Issue, Credit Rating Agencies and the Debenture Trustee for the Bondholders, to act in their respective capacities, have been obtained and shall be filed along with a copy of each tranche prospectus with the RoC.

The Company has appointed Indian Bank as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. The Debenture Trustee has given its consent to the Company for its appointment under regulation 4(4) and also in all the subsequent periodical communications sent to the holders of debt securities.

Expert Opinion

Except the letters dated December 14, 2011, December 19, 2011 and December 14, 2011 issued by CRISIL, ICRA and CARE respectively, in respect of the credit rating for the Debt Programme (bonds and long term loans) of the Company, and the report dated January 9, 2012 on our audited financial statements for the financial year ending March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, March 31, 2011 and for the half year ended September 30, 2011 and statement of tax benefits dated January 9, 2012 issued by Dhawan & Co., Statutory Auditors of the Company, the Company has not obtained any expert opinion.

Common Form of Transfer

There shall be a common form of transfer for the Bonds held in physical form and relevant provisions of the Companies Act and all other applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof.

Minimum Subscription

In terms of the SEBI 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. The Company has decided not to stipulate minimum subscription amount for this Issue.

No Reservation or Discount

There is no reservation in this Issue nor will any discount be offered in this Issue, to any category of Investors.

Previous Public or Rights Issues by the Company during last five years

The Company has not undertaken any public or rights issue in last five years.

Change in auditors of Our Company during the last three years

There has been no change in auditors of our Company during the last three years and M/s Dhawan & Co. have been our auditors since Financial Year 2008-09.

Revaluation of assets

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

Utilisation of Proceeds

For details of utilization of Issue proceeds, see section titled "*Objects of the Issue*". We shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus Tranche - 1 in the section titled — "*Terms of the Issue - Security*" and after permission or consent for creation of security pursuant to the terms of the Debenture Trust Deed sought to be provided as security. The Issue proceeds shall not be utilized for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management. Further, the end-use of the proceeds of the Issue, duly certified by the statutory auditors of the Company, shall be reported in the annual reports of our Company and other reports issued by our Company to relevant regulatory authorities, as applicable.

Statement by the Board of Directors:

- (i) All monies received out of each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
- (ii) Details of all monies utilised out of each Tranche Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised; and
- (iii) Details of all unutilised monies out of the Tranche Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of NSE

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF.: NSE/LIST/157151-7 DATED JANUARY 19, 2012 PERMISSION TO THE ISSUER TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS DRAFT OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE

FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.

EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER 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 ANY OTHER REASON WHATSOEVER.

Disclaimer clause of BSE

BSE LIMITED (“THE EXCHANGE”) HAS GIVEN VIDE ITS LETTER NO. DCS/SP/PI-BOND/07/11-12 DATED JANUARY 19, 2012, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE’S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS 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 OF 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.

Listing

The Bonds will be listed on NSE and BSE. The Company has received in-principle approvals from the NSE and the BSE for listing of the Bonds pursuant to their letters no. NSE/LIST/157151-7 and no. DCS/SP/PI-BOND/07/11-12, respectively, both dated January 19, 2012. If permission to deal in and for an official quotation of the Bonds is not granted by NSE and or BSE, the Company will forthwith repay all moneys received from the Applicants in terms of this Prospectus Tranche - 1. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within seven days from the Tranche Issue Closing Date, whichever is earlier), then the Company and every Director of the 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.

The Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at BSE and NSE will be taken within fifteen Working Days from the date of Allotment.

Dividend

The Company has consistently paid dividend of 68.97 %, 20 %, 20 %, 9.17 % & 6.24 % for the financial years ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 & March 31, 2011 respectively. The

Total dividend paid for the financial year 2010-11 was ₹ 10,000 Lakhs.

Mechanism for redressal of Investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that Investor grievances are handled expeditiously and satisfactorily and to effectively deal with Investor complaints. All grievances relating to the Issue should be addressed to the Registrar to the Issue and the Compliance Officer giving full details of the Applicant, number of Bonds applied for, amount paid on application and Bankers to the Issue / Designated Collection Centre / Agent to which the application was submitted.

ISSUE STRUCTURE

The Gol, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued Notification No. 52/2011.F.No.178/56/2011-(ITA.I) dated September 23, 2011 authorising the Company to issue the said Bonds upto an aggregate amount of ₹ 10,00,000 lakhs during the financial year 2011 -12.

The Company has already raised secured tax free, redeemable, non-cumulative, non-convertible bonds through private placement route, aggregating ₹ 73,111 lakhs. The deemed date of allotment was November 8, 2011 and the date of refund was December 1, 2011. The listing and trading in these bonds have commenced on NSE and BSE from December 11, 2011 and December 8, 2011 respectively. Hence, the Company shall issue the Bonds upto an aggregate amount of ₹ 6,30,000 lakhs through this Issue during the financial year 2011-12 out of the total permissible amount of ₹ 10,00,000 lakhs, as approved by its Board through its resolution dated January 10, 2012.

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled "*Terms of the Issue*" on page 35.

The key common terms and conditions of the Bonds are as follows:

Particulars	Terms and conditions
Minimum Application Size	The minimum number of Bonds per application form will be calculated on the basis of the total number of Bonds applied for under each such Application Form and not on the basis of any specific option
Mode of allotment	Both in dematerialised form as well as in physical form, at the option of the Applicants
Terms of Payment	Full amount on application
Trading Lot	1 (one) Bond
Who can Apply	<p>Category I:</p> <ul style="list-style-type: none"> • Public Financial Institutions as defined in section 4A of the Companies Act, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds; • Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund; • Mutual Funds; • Foreign Institutional Investors (including sub-accounts); • Insurance funds set up and managed by army, navy or air force of the Union of India; • Multilateral and bilateral development financial institutions; • State industrial development corporations • Companies, bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; • Registered trusts which are authorised to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009) <p>Category II:</p> <p>The following investors applying for an amount aggregating to above ₹ 5 lakhs across all Series in each tranche</p>

Particulars	Terms and conditions
	<ul style="list-style-type: none"> Resident Indian individuals; Hindu Undivided Families through the Karta; and Non Resident Indians on repatriation as well as non-repatriation basis. <p>Category III:</p> <p>The following investors applying for an amount aggregating to upto and including ₹ 5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> Resident Indian individuals; Hindu Undivided Families through the Karta; and Non Resident Indians on repatriation as well as non-repatriation basis.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

For further details, please see section titled "*Issue Procedure*" on page 47.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

The Bonds being issued are in form of tax free secured redeemable non-convertible bonds in the nature of debentures of face value of ₹ 1000 each, having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, aggregating upto ₹ 6,30,000 lakhs, to be issued by Company in terms of the Shelf Prospectus and the respective Tranche Prospectus(es). The Bonds shall bear a fixed rate of interest, as set out in this Prospectus Tranche - 1 and the respective Tranche Prospectus(es).

The terms of each Series of Bonds* are set out below:

Options	Series of Bonds	
	Tranche 1 Series I	Tranche 1 Series II
*Tenor	10 Years	15 Years
Redemption Date	At the end of 10 Years from the Deemed Date of Allotment	At the end of 15 Years from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	
Frequency of Interest Payment	Payable annually	
Minimum Application Size	₹ 10,000 (10 Bonds)	
In Multiples of	₹ 5,000 (5 Bonds)	
Face Value (₹/Bond)	₹ 1,000	
Issue Price (₹/Bond)	₹ 1,000	
Mode of Interest Payment	Through various modes available**	
Coupon Rate (%) per annum for Category I, II and III	8.00%	8.10%

Options	Series of Bonds	
	Tranche 1 Series I	Tranche 1 Series II
Additional Coupon Rate*** (%) per annum for Category III	0.15%	0.20%
Aggregate Coupon Rate (%) per annum for Category III	8.15%	8.30%
Nature of Indebtedness and Ranking	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank pari passu inter se to the claims of creditors of the Company secured against charge on the movable assets comprising of rolling stock such as wagons, locomotives and coaches.	
Credit Rating	<p>CRISIL has reaffirmed the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 20,59,438 lakhs long term borrowing programme of the Company (“Debt Programme”) vide its letter no. VR/FSR/IRFC/2011-12/1208 dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</p> <p>ICRA has reaffirmed the credit rating assigned of “[ICRA] AAA” (pronounced as “ICRA triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2011-2012/11/13 dated December 19, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</p> <p>CARE has reaffirmed the credit rating of “CARE AAA (pronounced as triple A)” for the Debt Programme of the Company vide its letter dated December 14, 2011. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</p> <p>Note: These credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure II of the Shelf Prospectus.</p>	

* Our Company shall allocate and allot Bond Series bearing longest maturity to all valid applications, wherein the Applicants have not indicated their choice of the relevant Bond Series.

For various modes of interest payment, see “Terms of the Issue – Modes of Payment**” on page 41

*** For further details, see “**Terms of the Issue – Interest**” on page 38.

Terms of Payment

The entire Face Value per Bond is payable on Application. In the event of Allotment of a lesser number of Bonds than applied for, the Company shall refund the amount paid on application to the Applicant, in accordance with the terms of this Prospectus Tranche - 1.

TERMS OF THE ISSUE

The Bonds being offered as part of this Tranche – 1 Issue and are subject to the provisions of the SEBI Debt Regulations, the Companies Act, CBDT Notification No. 52/2011.F.No. 178/56/2011-(ITA.1) dated September 23, 2011, the terms of the Shelf Prospectus, the Tranche Prospectus(es), the Application Form, the terms and conditions of the Trustee Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the GoI /RBI/BSE/NSE, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

1) Authority for the Issue

The GoI, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued Notification No. 52/2011.F.No. 178/56/2011-(ITA.1) dated September 23, 2011 authorising the Company to issue the said Bonds upto an aggregate amount of ₹ 10,00,000 lakhs during the financial year 2011-12.

The Company has already raised secured tax free, redeemable, non-cumulative, non-convertible bonds through private placement route, aggregating to ₹ 73,111 lakhs. The deemed date of allotment was November 8, 2011 and the date of refund was December 1, 2011. The listing and trading in these bonds have commenced on NSE and BSE from December 11, 2011 and December 8, 2011 respectively. Thus, the Company shall issue Bonds upto an aggregate amount of ₹ 6,30,000 lakhs through this Issue during the financial year 2011-12 out of the total permissible amount of ₹ 10,00,000 lakhs, as approved by its Board through its resolution dated January 10, 2012.

2) Issue and Status of Bonds

- 2.1. Public Issue of Tax Free Secured Redeemable Non Convertible Bonds in the nature of Debentures having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, 1961 not exceeding ₹ 6,30,000 lakhs at par in one or more tranches in the financial year 2011-12.
- 2.2. The Bonds shall be secured pursuant to a Debenture Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Debenture Trust Deed and are bound by and are deemed to have notice of all the provisions of the Debenture Trust Deed.
- 2.3. The Company is issuing the Bonds in accordance with the Notification No. 52/2011.F.No. 178/56/2011-(ITA.1) dated September 23, 2011 issued by CBDT.
- 2.4. The Bonds are issued in the form of tax-free, secured, redeemable, non-convertible bonds in the nature of debentures.
- 2.3. The claims of the Bondholders shall rank pari-passu inter-se and shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank pari passu to the claims of creditors of the Company secured against charge on the movable assets comprising of rolling stock such as wagons, locomotives and coaches.

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

3.1.1. Form of Allotment

The Allotment of the Bonds shall be in a dematerialized form as well as physical form. The Company has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated May 8, 2003 among the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated January 23, 2002 among the Company, NSDL and the Registrar to the Issue (collectively, "Tripartite Agreements").

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

3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialized form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.3. In case of Bonds issued in physical form, whether on Allotment or on rematerialization of Bonds Allotted in dematerialized form, the Company will issue one certificate for each Series of the Bonds to the Bondholder for the aggregate amount of the 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, on receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations/rules/act, subject to a minimum denomination of one Bond. No fees will be charged for splitting any Consolidated Bond Certificate(s) and any 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(s) which will, on issuance of the split Consolidated Bond Certificate(s), be cancelled by the Company.

3.2. Face Value

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

3.3. Title

3.3.1 In case of:

- i) Bond(s) held in the dematerialized form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- ii) Bond(s) 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 Bonds and no person will be liable for so treating the Bondholder.

3.3.2. No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or the Company or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest 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 register of beneficial owners maintained by the Depositories and/or the Company and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with the Company or the Registrar to the Issue.

3.4. Listing

The Bonds will be listed on NSE and BSE. NSE and BSE have given their in-principle listing approval by their letters no. NSE/LIST/157151-7 and no. DCS/SP/PI-BOND/07/11-12, respectively, both dated January 19, 2012. The Designated Stock Exchange for the Issue is NSE.

3.5. Market Lot

3.5.1. The Bonds shall be allotted in physical as well as dematerialized form. As per the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialize form, tradable lot is one Bond ("**Market Lot**").

3.5.2. For details of Allotment, see "*Issue Structure*" beginning on page 32.

3.6. Procedure for Rematerialisation of Bonds

Bondholders who wish to hold the Bonds in physical form, after having opted for allotment in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by the Depository Participant.

4. Transfer of the 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 section 152A of the Companies Act a Register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialized form under Section 11 of the Depositories Act shall also be deemed to be a Register of Bondholders for this purpose.

4.2. Transfers

4.2.1 *Transfer of Bonds held in dematerialized form:*

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. 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 rematerialize his or her Bonds and transfer them in a manner as specified in 4.2.2 below.

4.2.2 *Transfer of Bonds in physical form:*

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

4.3. Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of the Company, but on 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 requirements concerning transfers of Bonds, have been complied with.

4.4 Debenture Redemption Reserve ("DRR")

Regulation 16 of the SEBI 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. Further, the Ministry of Company Affairs ("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 a DRR to the extent of 50% of the value of the debentures issued through public issue. Accordingly, the Company shall create DRR of 50% of the value of Bonds issued and allotted in terms of the Tranche Prospectus(es), for the redemption of the Bonds. The Company shall credit adequate amounts to the DRR from its profits every year until the 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 Bonds.

5. Application Amount

The Bonds are being issued at par and full amount of face value per Bond is payable on application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size of ten Bonds, across any of the series(s) and in multiples of five bonds thereafter. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment.

6. Deemed Date of Allotment

The Deemed Date of Allotment for the 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 Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

7. Subscription

7.1 Period of Subscription

The Issue shall remain open for the period mentioned below:

Issue Opens on	Friday, January 27, 2012
Issue Closes on	Friday, February 10, 2012

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 30 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company, subject to necessary approvals, if any. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure through advertisement/s in a leading national daily newspaper.

7.2 Underwriting

The Issue is not underwritten.

7.3 Minimum Subscription

In terms of the SEBI 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. The Company has decided not to stipulate minimum subscription amount for this Issue.

8. Interest

8.1. Interest

For all the categories the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds shall carry interest at the coupon rate of 8.00% p.a. and 8.10% p.a., respectively, payable annually from, and including, the Deemed Date of Allotment up to, but excluding their respective Maturity Dates, payable on the "Interest Payment Date" (as specified in this Prospectus Tranche – 1), to the Bondholders as of the relevant Record Date.

However, an additional interest at the rate of 0.15% p.a. and 0.20% p.a. shall be payable to the allottees under Category III for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively. Accordingly, the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds allotted to Category III investors, shall carry an aggregate coupon rate of 8.15% p.a. and 8.30% p.a., respectively, payable annually from, and including, the Deemed Date of Allotment up to, but excluding their respective Maturity Dates, payable on the "Interest Payment Date" (as specified in this Prospectus Tranche – 1), to the Bondholders as of the relevant Record Date. The effective yield to Category III investors would be 8.15% p.a. and 8.30% p.a. for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively.

Please note that the aforesaid additional interest of 0.15% p.a. and 0.20% p.a., shall only be available to the original allottees and shall not be available in the following instances:

1. In case the Bonds are sold and/or transferred by the original allottee the transferee will not be entitled to receive the interest at the coupon rate of 8.15% p.a. and 8.30% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively and shall only be entitled to receive the interest at the coupon rate of 8.00% p.a. and 8.10% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively. However, in case of any transfer by a permanently disabled allottee to their legal heir(s), the transferee shall continue to be entitled to receive interest at the coupon rate of 8.15% p.a. and 8.30% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively; and
2. Where the Bonds are held in joint names and subsequently there is a change in the sequence of the names of the joint holders, the joint holders subsequent to such change in sequence of names, will no longer be entitled to receive the interest at the coupon rate of 8.15% p.a. and 8.30% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively and shall only be entitled to receive the interest at the coupon rate of 8.00% p.a. and 8.10% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively. However, in case of change in name of any of the joint holders, such joint holders shall continue to be entitled to receive interest at the coupon rate of 8.15% p.a. and 8.30% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively.

However in case of transmission of the Bond(s) in accordance with the articles of association of the Company, to the nominee in the event of demise of the Bondholder (single or joint holders) who was originally allotted Bonds under Category III, the new Bondholder (single or joint holders) shall continue to be entitled to receive interest at the coupon rate of 8.15% p.a. and 8.30% p.a., for the Tranche 1 and Series I Bonds and Tranche 1 and Series II Bonds respectively.

Please note that for the purpose of classifying the investors into various categories, the applications will be consolidated on the basis of PAN. Consequent to such consolidation of applications, if an Applicant falls in any category other than Category III, such Applicant will not be entitled to the additional interest at the rate of 0.15% p.a. and 0.20% p.a. for Tranche 1 Series I Bonds and Tranche 1 Series II Bonds respectively.

8.2. Day Count Convention

Interest shall be computed on an actual/actual basis on the principal outstanding on the Bonds.

8.3. Interest on Application Money

8.3.1 *Interest on application monies received which are used towards allotment of Bonds*

We shall pay interest on the amount for which Bonds are allotted to the Applicants subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of banking of the application (being the date of submission of each application as duly acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 8.00% per annum.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment at the sole risk of the Applicant, to the sole/first Applicant.

8.3.2 *Interest on application monies received which are liable to be refunded*

We shall pay interest on application money which is liable to be refunded to the Applicants in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the

cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 4% 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.

Provided that, notwithstanding anything contained hereinabove, the 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. See "*Rejection of Application*" at page 61.

9. Redemption

9.1 The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Bond Series.

9.2 Procedure for Redemption by Bondholders

The procedure for redemption is set out below:

9.2.1 *Bonds held in electronic form:*

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

9.2.2 *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 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 sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue 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 stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment.

10. Payments

10.1 Payment of Interest on Bonds

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders or the register of beneficial owners maintained by the Depositories and/or the Company and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2 Record Date

The record date for the payment of interest or the Maturity Amount shall be 15 days prior to the date on which such amount is due and payable or such other date as may be notified by the Company ("**Record Date**"). In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the date of redemption.

10.3 Effect of holidays on payments

If the date of interest payment or redemption falls on a Saturday, Sunday or a public holiday in Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day will be considered as the effective date. In case the date of payment of interest or principal or any date specified falls on a holiday, the payment will be made on the next Working Day,

without any interest for the period overdue.

10.4. Whilst the Company will use the electronic mode 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 through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders or the register of beneficial owners maintained by the Depositories and/or the Company and/or the Registrar to the Issue, as the case may be as, on the Record Date. In the case of payment on maturity being made on surrender of the Consolidated Bond Certificate(s), the Company will make payments or issue payment instructions to the Bondholders within 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate(s). The Company shall pay interest in accordance with applicable laws, over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after the Company becomes liable to pay such amounts.

10.5 The Company's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, the Company will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

11. Manner and Mode of Payment

11.1 Manner of Payment:

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

11.1.1 *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 Bond in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. 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.

11.1.2 *For Bonds held in physical form:*

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

11.2 Modes of Payment

The mode of interest/refund/redemption payments shall be undertaken in the following order of preference:

11.2.1 *Direct Credit*

Applicants having bank accounts with the Refund Bank, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Company.

11.2.2 *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.

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

11.2.3 *Real Time Gross Settlement ("RTGS")*

Applicants having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose payment amount exceeds ₹ 2.00 lacs shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Charges, if any, levied by the Refund Bank for the same would be borne by us. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

11.2.4 *National Electronic Fund Transfer ("NEFT")*

Payment of refund shall be undertaken through NEFT wherever the Applicants' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Applicants have registered their MICR number and their bank account number while opening and operating the beneficiary 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. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes discussed in this section.

11.2.5 *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.

11.3 **Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the orders/warrants. Applications without these details are liable to be rejected. However, in relation to Applications for dematerialised Bonds, these particulars will be taken directly from the Depositories. In case of 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 to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

12. **Special Tax Benefit**

For the details of tax benefits, see section titled "*Statement of Tax Benefits*" on page 25.

13. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income. For further details, see section titled "*Statement of Tax Benefits*" on page 25.

14. **Security**

The Bonds issued by the Company will be secured by creating a charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches by a pari passu charge, present and future, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed. The Company will create security in favour of Debenture Trustee pursuant to the terms of Shelf Prospectus/ Tranche Prospectus(es).

15. Events of Default

15.1 The Debenture Trustee at its discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding or if so directed by a special resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), 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 at the early redemption amount on such date as may be specified in such notice inter alia if any of the events listed in 15.2 below occur.

15.2 The complete list of events of default shall be as specified in the Debenture Trust Deed.

15.3 The early redemption amount payable on the occurrence of an event of default shall be as detailed in the Debenture Trust Deed.

15.4 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 Deed, and with a prior written notice to the Company, take action in terms of the Debenture Trust Deed.

15.5 In case of default in the redemption of 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.

16. Bondholder's Rights, Nomination, etc.

16.1 Rights of Bondholders

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

- a) The Bonds shall not, except as provided in the Companies Act, confer on Bondholders 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, such resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, Bondholders 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 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 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 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 or register of beneficial owners shall be entitled to vote in respect of such 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 Bonds held by him or her on every resolution placed before such meeting of the Bondholders.
- d) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the 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 SEBI Debt Regulations. The Company shall redeem the 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 terms of this Prospectus Tranche - 1 read with the Shelf Prospectus and Debenture Trust Deed

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 Bonds, present and voting.

16.3 Succession

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for the Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that 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 Bonds. In the event of demise of the sole or first holder of the Bonds, the Company will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will 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 Board of Directors of the Company in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

16.4 Nomination Facility to Bondholder

16.4.1 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 Bond. A person, being a nominee, becoming entitled to the 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 Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded on sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond 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 administrative office or at such other addresses as may be notified by the Company.

16.4.2 The Bondholders are advised to provide the specimen signature of the nominee to the Company to expedite the transmission of the 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.

16.4.3 Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by the Company's Board, as the case may be, elect either:

- (a) to register himself or herself as the holder of the Bonds; or
- (b) to make such transfer of the Bonds, as the deceased holder could have made.

16.4.4 Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialized 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 Bonds in physical form, the Applicants are required to fill in the details for 'nominees' as provided in the Application Form.

16.4.5 Further, the Company's Board or committee of Directors, as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the 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 Bonds, until the requirements of the notice have been complied with.

17. Debenture Trustee

17.1 The Company has appointed Indian Bank to act as the Trustee for the Bondholders. The Company intends to enter into a Debenture Trust Deed 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 Deed, the Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under the respective Tranche Prospectus(es) under which allotment has been made.

17.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in its 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.

17.3 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. Further, the Debenture Trustee shall ensure that the assets of the Company are sufficient to discharge the principal amount at all time under this Issue.

18. Miscellaneous

18.1 Loan against Bond

The Bonds can be pledged or hypothecated for obtaining loans.

18.2 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 Bondholders to the Company.

18.3 Lien on Pledge of Bonds

Subject to applicable laws, the Company, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any Bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

18.4 Joint-holders

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

18.5 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 SPV's and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Company nor its SPVs and affiliates nor their agents shall be liable for use of the aforesaid information.

18.6 Notices

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

18.7 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 on production of proof thereof to the Issuer's satisfaction and on furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time as per applicable law and practice.

18.8 Future Borrowings

The Company shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, subject to applicable consent, approvals or permission that may be required under any statutory/regulatory/contractual requirement and to change its capital structure including through the issue of shares of any class, on such terms and conditions as the Company may deem appropriate, without requiring the consent of, or imitation to, the Bondholders or the Debenture Trustee in this connection.

18.9 Jurisdiction

The Bonds, the Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of this Issue and any matter related to or ancillary to the Issue, the Courts of New Delhi, India shall have exclusive jurisdiction.

ISSUE PROCEDURE

IRFC and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus Tranche - 1. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in this Prospectus Tranche - 1.

Availability of Prospectus and Application Forms

The abridged prospectus containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from our Registered Office, Lead Managers to the Issue and the Consortium Members for the Issue as mentioned on the Application Form.

In addition, Application Forms would also be made available to all the recognized stock exchanges.

We may provide Application Forms for being downloaded and filled at such websites as we may deem fit. In addition, Brokers having online demat account portals may also provide a facility of submitting the application forms virtually online to their account holders.

Who can apply:

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

Category I:

- Public Financial Institutions as defined in section 4A of the Companies Act, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds;
- Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund;
- Mutual Funds;
- Foreign Institutional Investors (including sub-accounts);
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Multilateral and bilateral development financial institutions;
- State industrial development corporations
- Companies, bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds;
- Registered trusts which are authorised to invest in the Bonds;
- Scientific and/or industrial research organisations, which are authorised to invest in the Bonds;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

Category II:

The following investors applying for an amount aggregating to above ₹ 5 lakhs across all Series in each tranche

- Resident Indian individuals;
- Hindu Undivided Families through the Karta; and
- Non Resident Indians on repatriation as well as non-repatriation basis.

Category III:

The following investors applying for an amount aggregating to upto and including ₹ 5 lakhs across all Series in each tranche:

- Resident Indian individuals;

- Hindu Undivided Families through the Karta; and
- Non Resident Indians on repatriation as well as non-repatriation basis.

Note: Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

In pursuance of circular no. CIR /IMD/DF/22/2011 dated December 26, 2011 by the Securities and Exchange Board of India, it is strictly advised that the Lead Managers, their broking affiliates, consortium members, sub-consortium members or any other person connected with distribution of the Issue shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application for allotment of Bonds offered in terms of the Prospectus and Tranche Prospectus(es). However, they may pay fees or commission for services rendered in relation to the Issue.

The information below is given for the benefit of the investors. IRFC, the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus Tranche - 1.

Applications cannot be made by:

- Minors without a guardian name;
- Foreign nationals;
- Persons resident outside India other than NRIs;
- Overseas Corporate Bodies

Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the Bonds

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Any Act/Rules under which they are incorporated (ii) Board Resolution authorising investments; (iii) Letter of Authorisation. Failing this, IRFC reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the Bonds and National Investment Fund

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must be accompanied by certified copies of (i) Any Act/Rules under which they are incorporated; (ii) certificate of registration issued by the

Insurance Regulatory and Development Authority; (iii) Memorandum and Articles of Association (iv) Power of Attorney (v) Resolution authorising investment and containing operating instructions (vi) Specimen signatures of authorised signatories. Failing this, IRFC reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Mutual Funds

In terms of SEBI (Mutual Fund) Regulation, 1996, as amended, no mutual fund scheme shall invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, IRFC reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by FII

A registered Foreign Institutional Investor who purchases the Bonds under this Issue shall make the payment for purchase of such securities either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the Foreign Institutional Investor with a designated branch of an authorised dealer in terms of the applicable regulations governing the same.

The application must be accompanied by certified true copies of:

(i) SEBI registration certificate; (ii) Inward remittance certificate (iii) Resolution authorizing the investment (iv) Specimen signatures of authorized signatories

The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including inter-alia NRIs and FIIs for investment into the Issue either on a repatriation basis or on a non-repatriation basis. All foreign Investors have to verify their eligibility and ensure compliance with all relevant and applicable RBI - FEMA notifications and guidelines as well as all relevant and applicable SEBI guidelines notifications and circulars pertaining to their eligibility to invest in the Issue at the stage of investment in every tranche, at the time of remittance of their investment proceeds as well as at the time of disposal of the Bonds. The Issuer will not check or confirm eligibility of such investments into the Issue.

Investments by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The present limit for investment in corporate debt Instruments like non-convertible debentures/bonds by FIIs is USD 25 billion. Following the announcement by the Union Finance Minister Shri Pranab Mukherjee in his budget 2011-12, the Government in consultation with the regulators had raised the limit for FII investment in long-term corporate bonds issued by companies in the *infrastructure sector* from USD 5 billion to USD 25 billion. This scheme was operationalised vide SEBI circular CIR/IMD/FIIC/5/2011 dated March 31, 2011. The present limit for investment in corporate debt Instruments like non-convertible debentures / bonds by FIIs is USD 25 billion as per SEBI circular CIR/IMD/FIIC/18 /2011, dated September 30, 2011, which is split as follows :

- i. 3 billion is separate for Qualified Foreign Investor (“QFI”) investing through the mutual fund route. With regard to the carve out investment limits of USD 5 billion out of the remaining USD 22 billion for FII investments in Long-term infrastructure bonds the investment limits are provided in the subsequent paragraphs(ii and iii);

- ii. FIIs can invest in long-term infra bonds, subject to the USD 5 billion limit, in bonds which have an initial maturity of five years or more at the time of issue and residual maturity of one year at the time of first purchase by FIIs. These investments are subject to a lock-in period of one year. FIIs can, however, trade amongst themselves but cannot sell to domestic investors during the lock-in period of one year.
- iii. Further, FIIs can invest in Long-term infrastructure bonds upto the balance USD 17 billion which have an initial maturity of five years or more at the time of issue and residual maturity of three years at the time of first purchase by FIIs. These investments are also subject to a lock-in period of three year. FIIs can, however, trade amongst themselves but cannot sell to domestic investors during the lock-in period of three years;

The Reserve Bank of India (RBI) vide its notification number RBI/2011-12/244 A.P. (DIR Series) Circular No. 42 dated November 03, 2011 has revised the terms of investment by Foreign Institutional Investors (FIIs) and the subjective conditions. The modifications stipulated in the aforesaid notification are as follows:

1. FII's can now invest in non-convertible debentures/bonds issued by with "Infrastructure Finance Companies" who are Non-Banking Financial Companies (NBFC's) up to a limit of USD 5 Billion within the overall USD 25 Billion limit.
2. The three year lock in period in respect of investments by FIIs up to USD five billion within the overall limit of USD 25 Billion stands reduced to one year.
3. The five year residual maturity on an instrument purchased by an FII now refers to the original maturity date of the instrument. The lock in period will be computed from the original maturity date of the investment.
4. These changes would also apply for Qualified Foreign Investors (QFI) investment in units of mutual fund debt schemes within the limit of USD 3 billion.

Additionally, there has been an increase in the FII investment limit in corporate bonds by US\$ 5 billion, raising the overall cap to US \$ 20 Billion. This incremental limit can be invested in listed corporate bonds vide SEBI Circular CIR/MD/FIIC/20/2011, dated November 18, 2011.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended (the "SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with „know your client" norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations.

Further, as per FEMA, a FII may purchase, on repatriation basis, these Bonds, either directly from the issuer of such securities or through a registered stock broker on a recognised stock exchange in India; Provided that

- i) the FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian capital market) in the ratio of 70:30, and
- ii) if the FII desires to invest upto 100 per cent in dated Government Securities including Treasury Bills, non-convertible debentures/bonds issued by an Indian company, it shall form a 100% debt fund and get such fund registered with SEBI.

Companies, bodies corporate and societies registered under the applicable laws in India

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements and (iv) Specimen signature of authorized person. Failing this, IRFC reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Scientific and/or industrial research organizations, which are authorized to invest in the Bonds

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person

Partnership firms in the name of the partners and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorising investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person]

Applications under Power of Attorney

In case of Investments made pursuant to a power of attorney by Category I investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form.

In case of Investments made pursuant to a power of attorney by Category II and Category III investors, a certified copy of the power of attorney must be lodged along with the Application Form.

Brokers having online demat account portals may also provide a facility of submitting the application forms virtually online to their account holders. Under this facility, a broker receives an online instruction through its portal from the applicant for making an application on his/her behalf. Based on such instruction, and a Power of Attorney granted by the applicant to authorize the Broker, the Broker submits an application form to the Bankers to the Issue.

Applications by NRIs on repatriation as well as non-repatriation basis

The application must be accompanied by certified true copies of: (i) When payment is through demand draft then the certificate from the bank that the draft has been made by debiting the NRE account; (ii) PIO Card (if application by PIO)

We propose to issue Bonds to NRIs on a repatriable as well as non-repatriable basis. NRI applicants should note that only such applications as are accompanied by payment in Indian Rupees only shall be considered for Allotment. An NRI can apply for Bonds offered in the Issue subject to the conditions and restrictions contained in the FEMA (Borrowing or Lending in Rupees) Regulations, 2000, and other applicable statutory and/or regulatory requirements including the interest rate requirement as provided in the CBDT Notification. Allotment of Bonds to NRIs shall be subject to the application monies paid by the NRI as described below:

1. In case of NRIs applying under repatriation basis: If it is received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/cheque drawn on a bank in India or by transfer of funds held in the investor's rupee denominated

accounts i.e. Non Resident External (NRE) account maintained with an RBI authorised dealer or a RBI authorised bank in India. Payment will not be accepted out of Non- Resident Ordinary (NRO) Account of the Non-Resident Indians applying on a repatriation basis. Payment by demand draft by a Non-Resident on repatriable basis should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account. PIO Card would require to be furnished if the application is made by the PIO.

2. In case of NRIs applying under non-repatriation basis- If it is received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/cheque drawn on a bank in India or by transfer of funds held in the investor's rupee denominated accounts i.e. Non-resident Ordinary (NRO) account and Non Resident External (NRE) maintained with an RBI authorised dealer or a RBI authorised bank in India. In the case of Bids by NRIs applying on a non-repatriation basis, payment by demand drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a NRO Account. PIO Card would require to be furnished if the application is made by the PIO.

Applications by NRI in physical form shall be submitted only at the Collection Centres located at Mumbai, Delhi, Ahemdabad, Hyderabad, Chennai, Bangalore, Chandigarh and Kochi.

The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including inter-alia NRIs and FIIs for investment into the Issue either on a repatriation basis or on a non-repatriation basis. All foreign Investors have to verify their eligibility and ensure compliance with all relevant and applicable RBI - FEMA notifications and guidelines as well as all relevant and applicable SEBI guidelines notifications and circulars pertaining to their eligibility to invest in the Issue at the stage of investment in every tranche, at the time of remittance of their investment proceeds as well as at the time of disposal of the Bonds. The Issuer will not check or confirm eligibility of such investments into the Issue.

Issue and Allotment of Bonds to NRI applicants:

We confirm that:

- i. the rate of interest on each series of Bonds does not exceed the prime lending rate of the State Bank of India as on the date on which the resolution approving the Issue was passed by our Board, plus 300 basis points;
- ii. the period for redemption of each series of Bonds is not less than 3 years;
- iii. IRFC does not and shall not carry on agricultural /plantation /real estate business/Trading in Transferable Development Rights (TDRs) and does not and shall not act as Nidhi or Chit Fund company;
- iv. We will file the following with the nearest office of the Reserve Bank, not later than 30 days from the date -
 - A. of receipt of remittance of consideration received from NRIs in connection with the Issue, full details of the remittances received, namely; (a) a list containing names and addresses of each NRI applicant who have remitted funds for investment in the Bonds on non-repatriation basis and repatriation basis, (b) amount and date of receipt of remittance and its rupee equivalent; and (c) names and addresses of authorised dealers through whom the remittance has been received; The application money for the Bonds has to be paid in cheque or demand drafts only, in rupee denominated currency only; and
 - B. of closure of the Issue, full details of the monies received from NRI applicants, namely; (a) a list containing names and addresses of each NRI allottee and number of Bonds issued to each of them on non-repatriation basis and repatriation basis, and (b) a certificate from our compliance officer that all provisions of the FEMA Act, and rules and regulations made thereunder in connection with the issue of nonconvertible debentures have been duly complied with.

We further confirm that the monies received from NRIs who are allotted Bonds pursuant to the Issue, will not be utilised for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending.

TDS deduction on interest on Application Money/refund: Applicants exempt from TDS deduction on interest on Application money/refund, etc, are required to submit the requisite documents

Application Size

Applications are required to be for a minimum of ten Bonds and multiples of five Bond thereafter.

Application Form

The prescribed colour of the Application Form for the various categories is as follows:

CATEGORY	COLOUR OF APPLICATION FORM
Following investors under Category I: Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds, insurance companies registered with the IRDA, National Investment Fund, Mutual Funds, Foreign Institutional Investors, insurance funds setup and managed by the army, navy or air force of the Union of India, multilateral and bilateral development financial institutions and state industrial development corporations which are eligible to invest in the Bonds.	Pink
Category I (excluding the abovementioned Category I investors), Category II and Category III.	White

Instructions for Completing the Application Form

- Applications to be made in prescribed form only
- The forms to be 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
- Applications are required to be for a minimum of ten Bond and in multiples of five Bond thereafter.
- Applications should be in single or joint names not more than three, and in the same order as their Depository Participant details (in case of applicants opting for allotment in dematerialized form) and should be applied by Karta in case of HUF
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal.
- All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s) as may be specified before the closure of the Issue. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same by stamping (mandatorily having a date stamp) and returning the acknowledgement slip to the applicant.
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All applicants are required to tick the relevant column of “*Category of Investor*” in the Application Form.

All Applications by Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, insurance companies registered with the IRDA, National Investment Fund, Mutual Funds, Foreign Institutional Investors, insurance funds setup and managed by the army, navy or air force of the Union of India, multilateral and bilateral development financial institutions and state industrial development corporations applicants shall be received only by the Lead Managers and their respective affiliates.

- APPLICANTS MAY NOTE THAT THE ALLOTMENT SHALL BE ON THE BASIS AS DESCRIBED UNDER THE HEADING-“BASIS OF ALLOTMENT”.

- **Applications for all the Series of Bonds may be made in a single Application Form only.**

IRFC would allot Tranche 1 Series II Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant series of Bonds in their Application Form.

General Instructions

Dos:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Application Form;
- If the allotment is sought in dematerialized form, ensure that the details about Depository Participant and Beneficiary Account are correct and the beneficiary account is active;
- Applications are required to be in single or joint names (not more than three)
- 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;
- Ensure that the Applications are submitted to the Bankers to the Issue before the closure of banking hours on the Issue Closing Date;
- Ensure that the Applicant’s 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
- Ensure that you mention your PAN allotted under the IT Act, Please note that it is mandatory for all applicants to furnish their PAN number as per CBDT circular.
- Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects.
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of Bonds pursuant to the Issue.
- **Applicant’s Bank Account Details:** The Bonds shall be allotted in dematerialised and physical form. For instructions on how to apply for Allotment in the physical form, please refer – *Applications for Allotment of Bonds in the physical form*” on page 55. The Applicant should note that on the basis of the name of the Applicant, Depository Participant’s name, Depository Participant’s identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Applicant’s beneficiary account, the Applicant’s bank account details. The Applicants are advised to ensure that bank account details are updated in their respective beneficiary accounts as these bank account details would be printed on the refund order(s), if any. Failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the Lead Managers nor IRFC nor the Refund Bank nor the Registrar to the Issue shall have any responsibility and undertake any liability for such delay.
- **Applications under Power of Attorney:** Unless IRFC specifically agree in writing, and subject to such terms and conditions as IRFC 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 and relevant documents as specified on page 51 of the this Prospectus Tranche - 1, along 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.
- **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 all the Applicants 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. Further as per CBDT notification it is mandatory for all subscribers to provide their PAN numbers to IRFC. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
- **Joint Applications:** Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all refunds/interests/redemption amounts 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.
- **Multiple Applications:** An Applicant may make multiple applications for the total number of Bonds required and the same shall be considered valid. For the purposes of allotment of Bonds under the Issue,

applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

- **Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.**
- All Applicants are requested to tick the relevant column “*Category of Investor*” in the Application Form.
- Tick the Series of Bonds in the Application Form that you wish to apply for.

Don'ts:

- Do not apply for lower than the minimum application size;
- Do not pay the application amount in cash, by money order, postal order, stock invest;
- Do not fill up the Application Form such that the Bonds applied for exceeds the issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN, as the Application Form is liable to be rejected on this ground;
- Do not submit the Application Forms without the full Application Amount; and
- Do not fill up the Application Form such that the Bonds applied for exceeds the issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

For further instructions, investors are advised to read this Prospectus Tranche - 1 and Application Form carefully.

Applications for Allotment of Bonds in the physical form

Applicant(s) who wish to subscribe to, or hold, the Bonds in physical form can do so in terms of Section 8(1) of the Depositories Act and IRFC is obligated to fulfill such request of the Applicant(s). Accordingly, 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:
 - Self-attested copy of the PAN card;
 - Self-attested copy of the 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;
 - leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
 - Self-attested copy of Registered Office address in case of applicants under Category I; or
 - Life Insurance Policy.
 - 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.

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 IRFC shall have any responsibility and undertake any liability for the

same.

Applications for Allotment of the Bonds in physical form, which are not accompanied with the aforesaid documents, may be rejected at the sole discretion of IRFC.

In relation to the issuance of the Bonds in physical form, note the following:

- (i) An Applicant has the option to seek Allotment of Bonds in either electronic or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.
- (ii) In case of Bonds that are being issued in physical form, IRFC will issue one certificate to the Bondholder for the aggregate amount of the Bonds for each Series that are applied for (each such certificate a “**Consolidated Bond Certificate**”).
- (iii) **Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only. Such Applicant shall not be Allotted the Bonds in physical form.**
- (iv) No separate Applications for issuance of the Bonds in physical and electronic form should be made. If such Applications are made, the Application for the Bonds in physical mode shall be rejected. This shall be considered as a ground for technical rejection.
- (v) IRFC shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

Allottees will have the option to dematerialise the Bonds so Allotted as per the provisions of the Depositories Act.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.

Applications for Allotment of Bonds in the dematerialised form

As per the provisions of the Depositories Act, the Bonds can be held in dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context, the Tripartite Agreements have been executed between IRFC, the Registrar to the Issue and the respective Depositories (CDSL/NSDL) for offering depository option to the Bondholders, for issue and holding the Bonds in dematerialized form.

- a) All Applicants can seek Allotment in dematerialised mode or in physical form. Applications made for receiving Allotment in the dematerialised form without relevant details of his or her depository account are liable to be rejected.
- b) An Applicant applying for the Bonds must have at least one beneficiary account with either of the Depository Participants of either of the Depositories, prior to making the Application.
- c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s identification number) in the Application Form.
- d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- e) Names in the Application Form should be identical to those appearing in the account details in the Depositories. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depositories.
- f) If incomplete or incorrect details are given under the heading ‘Applicant’s Depository Account Details’, in the Application Form, it is liable to be rejected.
- g) 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.

- h) Bonds in electronic form can be traded only on the stock exchange having electronic connectivity with the Depositories. BSE and NSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.
- i) The trading of the Bonds shall be in dematerialised form only.

Allottees will have the option to re-materialise the Bonds so Allotted as per the provisions of the Depositories Act.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Investments by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
- (b) With respect to Investments by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.
- (c) With respect to Investments made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration must be lodged along with the Application Form.

Consolidated List of Documents Required for Various Categories

For the sake of simplicity, we hereby provide the details of documents required to be submitted by various categories of investors while submitting the Application Form:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds, Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; Scientific and/or industrial research organisations, which are authorised to invest in the Bonds, Multilateral and bilateral development financial institutions, State industrial development corporations	The application must be accompanied by certified true copies of: <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Board Resolution authorising investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The applications must be accompanied by certified copies of <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorising investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; and National Investment Fund	The application must be accompanied by certified true copies of : <ul style="list-style-type: none"> • Any Act/Rules under which they are incorporated • Board Resolution authorising investments • Specimen signature of authorized person
Mutual Funds	The applications must be also accompanied by certified true copies of:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
	<ul style="list-style-type: none"> • SEBI Registration Certificate and trust deed (SEBI Registration) • Resolution authorising investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Foreign Institutional Investors (including sub-accounts);	<p>The applications must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • SEBI Registration Certificate (SEBI Registration) • Inward Remittance certificate • Resolution authorising investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Registered trusts which are authorised to invest in the Bonds;	<p>The applicants must submit a</p> <ul style="list-style-type: none"> • Certified copy of the registered instrument for creation of such trust • Power of Attorney, if any, in favour of one or more trustees • Such other documents evidencing registration thereof under applicable statutory/regulatory requirements. • Specimen signature of authorized person
<p>Partnership firms in the name of the partners</p> <p>Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)</p>	<ul style="list-style-type: none"> • Partnership Deed • Any documents evidencing registration thereof under applicable statutory/regulatory requirements. • Resolution authorising investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Power Of Attorney under Category I	<ul style="list-style-type: none"> • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form.
Resident Indian individuals under Category II and Category III	N.A.
Hindu Undivided Families through the Karta under Category II and Category III	N.A.
Non Resident Indians/PIO on repatriation as well as non-repatriation basis under Category II and Category III	<ul style="list-style-type: none"> • When payment is through demand draft then the certificate from the bank that the draft has been made by debiting the NRE account • PIO Card (if application by PIO)
Power Of Attorney under Category II and Category III	<ul style="list-style-type: none"> • A certified copy of the power of attorney has to be lodged with the Application Form

PAYMENT INSTRUCTIONS

Escrow Mechanism

IRFC 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 tranche prospectus (es) and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the 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 Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow Account and IRFC will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and the respective tranche prospectus(es).

Accordingly, IRFC shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from NRIs, (“**NRI Escrow Account**”). All application monies received from NRI applicants shall be deposited in the NRI Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the NRI Escrow Accounts to a separate bank account, (“**NRI Account**”), which shall be different from the Public Issue Account. IRFC shall at all times ensure that any monies kept in the NRI Escrow Account and/or the NRI Account shall be utilized only in accordance with applicable statutory and/or regulatory requirements.

IRFC shall open and maintain a separate escrow account with the Escrow Collection Bank(s) in connection with all application monies received from FIIs, (“**FII Escrow Account**”). All application monies received from FII applicants shall be deposited in the FII Escrow Account maintained with each Escrow Collection Bank. Upon creation of security as disclosed in the Trust Deed, the Escrow Collection Bank(s) shall transfer the monies from the FII Escrow Accounts to a separate bank account, (“**FII Account**”), which shall be different from the Public Issue Account. IRFC shall at all times ensure that any monies kept in the FII Escrow Account and/or the FII Account shall be utilised only in accordance with and subject to the restrictions provided in applicable statutory and/or regulatory requirements.

Method of payment of purchase consideration for FII

FIIs shall make the payment for purchase of such securities either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the Foreign Institutional Investor with a designated branch of an authorised dealer with the approval of Reserve Bank of India. The payment of the application money shall be made in cheque or demand draft in rupee denominated currency only.

Payment into Escrow Account

Each Applicant shall draw a cheque or demand draft for the Application Amount as per the following terms:

- a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, 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 full 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 from non-NRI and non-FII applicants shall be payable into the Escrow Account drawn in favour of “IRFC Tax Free Bonds – Escrow Account – Tranche I”.
- d) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- e) The payment instrument from NRI applicants shall be payable in the NRI Escrow Account drawn in favour

of “IRFC Tax Free Bonds – NRI Escrow Account – Tranche I”.

- f) The payment instrument from FII applicants shall be payable in the FII Escrow Account drawn in favour of “IRFC Tax Free Bonds – FII Escrow Account – Tranche I”.
- g) 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 refund all amounts payable to Applicants whose Applications have not been allotted Bonds.
- h) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), 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.
- i) Cash/stock invest/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 designated collection banks during the Issue Period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection banks 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.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches as detailed above and not otherwise.

All Applications by Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, insurance companies registered with the IRDA, National Investment Fund, Mutual Funds, Foreign Institutional Investors, insurance funds setup and managed by the army, navy or air force of the Union of India, multilateral and bilateral development financial institutions and state industrial development corporations applicants shall be received only by the Lead Managers and their respective affiliates.

Online Applications

Lead Managers may decide to offer an online Application facility for the Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed. Accordingly the investors may download forms for this use and submit the same together with cheques/demand drafts to the Bankers to the Issue and their collecting centres. However, Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, insurance companies registered with the IRDA, National Investment Fund, Mutual Funds, Foreign Institutional Investors, insurance funds setup and managed by the army, navy or air force of the Union of India, multilateral and bilateral development financial institutions and state industrial development corporations can apply only through pink coloured physical application forms provided by the Lead Managers and their respective affiliates.

Other Instructions

A. 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 and at the address mentioned therein.

B. Additional/Multiple Applications

An applicant is allowed to make one or more applications for the Bonds for the same or other series of Bonds, subject to a minimum application size of ten Bonds and in multiples of five Bond thereafter, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application.

For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same

C. Depository Arrangements

We have entered into Tripartite Agreement dated January 23, 2002 among us, the Registrar to the Issue and NSDL and dated May 8, 2003, among us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors and for issue and holding of the Bonds in dematerialized form.

As per the provisions of the Depositories Act, 1996, the Bonds issued by us can be held in a dematerialized form as described under the heading - “*Applications for Allotment of Bonds in dematerialized form*” in this chapter on page 56.

D. 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 as regards the applicant and its application.

Applicants can contact the Compliance Officer of IRFC/Lead Managers or the Registrar to the Issue in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of Allotment Advice/credit of Bonds in depository's beneficiary account/refund orders, etc., applicants may contact the Compliance Officer of IRFC/Lead Managers or Registrar to the Issue.

Rejection of Applications

IRFC 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 Bonds applied for is less than the minimum Application size;
- Applications not duly signed by the sole/joint Applicants;
- Application amount paid not tallying with the number of Bonds applied for;
- Applications for a number of Bonds which is not in a multiple of one;
- Investor category not ticked;
- Bank account details not given;
- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, including a minor without a guardian name;
- In case of Applications under Power of Attorney where relevant documents not submitted;
- Application by stock invest or accompanied by cash/money order/postal order;
- Applications without PAN;
- GIR number furnished instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India, barring applications made by NRIs on a non-repatriable and applications made by NRIs under a repatriable basis and FIIs as described above;

- For option to hold Bonds in electronic/dematerialised form, Depository Participant identification number, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant identification number, Client ID and PAN available in the records with the depositories;
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Address not provided in case of exercise of option to hold Bonds in physical form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form; and
- Applications of Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds, Gratuity Fund, insurance companies registered with the IRDA, National Investment Fund, Mutual Funds, Foreign Institutional Investors, , insurance funds setup and managed by the army, navy or air force of the Union of India, multilateral and bilateral development financial institutions and state industrial development corporations applicants not procured by the Lead Managers or their respective affiliates.
- Applications made by investors belonging to a particular Category on an application form meant for other applicants and vice-versa.
- Bank certificate not provided along with demand draft for NRI Applicants.
- PIO Applications without the PIO Card.
- In case of NRI applications if the money is received from NRO account and the account number (in case of application in physical form) mentioned in the application form is a repatriable account or the status of the demat account mentioned is repatriable.
- In case of NRI applications, applying in physical form, submitted at collection centres other than the centres designated for submitting the application forms by NRI applicants applying in physical form.

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

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

In the event, if any Bond(s) applied for is/are not Allotted, the Application monies in respect of such Bonds will be refunded, as may be permitted under the provisions of applicable laws.

Basis of Allotment

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a maximum period of 30 days from the date of opening of the Issue, as may be decided by the Board of the Company, subject to necessary approvals, if any. In the event of such early closure of the subscription list of the Issue, IRFC shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper. The issue shall remain open for subscription for a minimum period of 3 days.

IRFC shall finalise the Basis of Allotment in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus Tranche - 1. The Designated Stock Exchange along with IRFC, Lead Managers and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

- i) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, (“**Category I Portion**”);
- ii) *Applications received from Category II applicants:* Applications received from Category II shall be grouped together, (“**Category II Portion**”);
- iii) *Applications received from Category III applicants:* Applications received from Category III applicants shall be grouped together, (“**Category III Portion**”).

For removal of doubt, “Category I Portion”, Category II Portion”, and the “Category III Portion” are individually referred to as “Portion” and collectively referred to as “Portions”

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Categories, IRFC shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case IRFC opts to retain any oversubscription in the Issue upto the Shelf Limit (i.e. upto ₹ 6,30,000 lakhs). The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case IRFC opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds upto the Base Issue Size shall be collectively termed as the “*Overall Issue Size*”.

Allocation Ratio

Reservations shall be made for each of the Portions in the below mentioned format:

Particulars	Category I	Category II	Category III
Size in %	45% of the Overall Issue Size	25% of the Overall Issue Size	30% of the Overall Issue Size

Basis of Allotment for Bonds

(a) Allotments in the first instance:

- i. Applicants belonging to the Category I, in the first instance, will be allocated Bonds upto 45% of the Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);
- ii. Applicants belonging to the Category II, in the first instance, will be allocated Bonds upto 25% of the Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue); and
- iii. Applicants belonging to the Category III, in the first instance, will be allocated Bonds upto 30% of the Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of presentation of each application to the Bankers to the Issue, in each Portion subject to the Allocation Ratio.

(b) Under Subscription:

If there is any under subscription in any Portion, priority in allotments will be given in the following order:

- i. Category III Portion
 - ii. Category II Portion
 - iii. Category I Portion
- (c) For each Portion, applications received on the same day by the Bankers to the Issue would be treated at par with each other. Allotment within a day would be on proportionate basis, where Bonds applied for exceeds Bonds to be allotted for each Portion respectively.
- (d) Minimum allotments of 1 Bond and in multiples of 1 Bond thereafter would be made in case of each valid application.
- (e) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent possible, will be made on a first-come first-serve basis and thereafter on proportionate basis i.e. full allotment of Bonds to the applicants on a first-come first-serve basis upto the date falling 1 (one) day prior to the date of oversubscription and

proportionate allotment of Bonds to the applicants on the date of oversubscription (based on the date of submission of each application to the Bankers to the Issue, in each Portion).

(f) Proportionate Allotments:

For each Portion, on the date of oversubscription, allotment shall be made on a proportionate basis. The method of proportionate allotment is as described below:

- i. Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- ii. If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all applicants will be allotted the number of Bonds arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- iii. In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, the Company shall ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(g) Applicant applying for more than one series of Bonds:

If an applicant has applied for more than one series of Bonds, and in case such applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series-wise allocation of Bonds to such applicants shall be in proportion to the number of Bonds with respect to each Series, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Managers and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by the Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus Tranche - 1.

The Company has the discretion to close the Issue irrespective of whether any of the Portion(s) are fully subscribed.

The Company would allot Tranche 1 Series II Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant Series of Bonds.

Allotment Advice/Refund Orders

The unutilised portion of the application money will be refunded to the applicant by an A/c Payee cheque/demand draft. In case the at par facility is not available, IRFC reserves the right to adopt any other suitable mode of payment. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT.

IRFC shall credit the allotted Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/Refund Orders to all applicants by Registered Post/Speed Post at the applicant's sole risk, within 30 days from the date of closure of the Issue.

Further,

- a) Allotment of Bonds offered to the public shall be made within a time period of 30 days from the date of closure of the Issue;
- b) Credit to demat account will be given within 2 working days from the date of allotment
- c) Interest at a rate of 15 per cent per annum will be paid if the allotment has not been made and/or the Refund Orders have not been dispatched to the applicants within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.
- d) IRFC will provide adequate funds to the Registrars to the Issue, for this purpose.

Filing of this Prospectus Tranche – 1 with the Stock Exchanges

A copy of this Prospectus Tranche – 1 shall be filed with the NSE and BSE.

Pre-Issue Advertisement

IRFC shall, on or before the Issue Opening Date, publish a pre- Issue advertisement, in the form prescribed by the SEBI Debt Regulations, in one national daily newspaper with wide circulation.

Withdrawal of Applications by Applicants

Applicants are allowed to withdraw their applications at any time prior to the closure of the Issue.

IMPERSONATION

“Any person who:

- a) makes in a fictitious name, an application to IRFC for acquiring or subscribing for, any shares therein, or*
- b) otherwise induces IRFC 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.”

Listing

The Bonds will be listed on NSE and BSE.

If the permission to deal in and for an official quotation of the Bonds is not granted by BSE and NSE, we shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the Tranche Prospectus (es).

IRFC shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange are taken within fifteen 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 IRFC will have access to such funds only after creation of security for the Bonds and as per applicable provisions of law(s), regulations and approvals. IRFC shall at all times ensure that any monies kept in the NRI Escrow Account shall be utilised only in accordance with the FEMA (Borrowing and Lending in Rupees) Regulations, 2000 and other applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

We undertake that:

- a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;
- c) the funds required for dispatch of refund orders/allotment advice/certificates by registered post shall be made available to the Registrar to the Issue by IRFC;
- d) necessary cooperation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;

- e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Trustee at the end of each half year;
- f) we shall disclose the complete name and address of the Trustee in our annual report; and
- g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance of with the terms and conditions of issue of Bonds as contained in the Tranche Prospectus(es).
- h) We shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by IRFC from time to time.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus Tranche - 1) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of the Company situated at UG Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi -110 003, India, from 10.00 a.m. and 12.00 noon on any working day (Monday to Friday) during which the Issue is open for public subscription under the respective tranche prospectus(es).

MATERIAL CONTRACTS

1. Memorandum of Understanding dated January 10, 2012, between the Company and the Lead Managers.
2. Agreement dated January 10, 2012 between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated January 9, 2012 for the appointment of Debenture Trustee for the Bondholders.
4. Escrow Agreement dated January 19, 2012, entered into between the Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Consortium Agreement dated January 19, 2012, entered into between the Company and the Consortium Members for the Issue.
6. Tripartite Agreement dated May 8, 2003 between CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated January 23, 2002 between NSDL, the Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of the Company, as amended to date.
2. Resolution passed under Section 293(1)(d) of the Companies Act, at extraordinary general meeting held on June 22, 2011 approving the borrowing programme of ₹ 85,00,000 lakhs for the year 2011-12.
3. Board resolution dated January 10, 2012, approving the Issue and related matters.
4. CRISIL Limited (“CRISIL”) has re-affirmed the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 20,59,438 lakhs long term borrowing programme of the Company (“Debt Programme”) vide its letter no. VR/FSR/IRFC/2011-12/1208 dated December 14, 2011. ICRA Limited (“ICRA”) has re-affirmed the credit rating assigned of “[ICRA] AAA” (pronounced as “ICRA triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2011-2012/11/13 dated December 19, 2011. Credit Analysis & Research Limited (“CARE”) has re-affirmed the rating of “CARE AAA (pronounced as triple A)” for the Debt Programme of the Company vide its letter dated December 14, 2011.
5. Consents of each of the Directors, Lead Managers, Consortium Members for the Issue, Compliance Officer, Legal Advisors to the Issue, Registrar to the Issue, Bankers to the Company, Bankers to this Issue, the Debenture Trustee for the Bonds and the Credit Rating Agencies to include their names in this Prospectus Tranche – 1, in their respective capacities.
6. Consent of the Auditors, for inclusion of their name and the report on the Accounts in the form and context in which they appear in this Prospectus Tranche – 1 and their statement on tax benefits mentioned herein.
7. Auditor’s report dated January 9, 2012 on our audited financial statements for the financial year ending March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, March 31, 2011 and for the half year ended September 30, 2011 and statement of tax benefits dated January 9, 2012 issued by Dhawan & Co., Statutory Auditors of the Company.
8. Annual reports for the financial years 2010-11, 2010-09, 2009-08, 2008-07 and 2007-06.
9. Notification No. 52/2011. F. No. 178/56/2011– (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item(h) of sub-clause (iv) clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961).
10. In-principle listing approval from NSE and BSE vide their letters no. NSE/LIST/157151-7 and no. DCS/SP/PI-BOND/07/11-12, respectively, both dated January 19, 2012.
11. Due Diligence Certificate dated January 19, 2012 filed by the Lead Managers with SEBI.
12. Due Diligence Certificate dated January 19, 2012 from the Debenture Trustee.
13. Memorandum of understanding dated March 25, 2011 entered between the Company and the Ministry of Railways for raising funds for sustained growth in the creation of rail infrastructure, for the financial year 2011-12.
14. Lease agreement dated July 12, 2011 entered between the Company and the President of India, through the

Executive Director, Railway Stores (P), Ministry of Railways (Railway Board) for lease of rolling stock (acquired during the period starting from April 1, 2010 to March 31, 2011).

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

DECLARATION

We, the Directors of the Company, certify that all applicable legal requirements in connection with the Issue, including under the Companies Act, the SEBI Debt Regulations, and all relevant guidelines issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with, and that no statement made in this Prospectus Tranche – 1 contravenes such applicable legal requirements.

We further certify that this Prospectus Tranche – 1 does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that no statements in this Prospectus Tranche – 1 are false, untrue or misleading, and that this Prospectus Tranche – 1 does not contain any mis-statements.

Signed by all the Directors of the Company

1. Ms. Vijaya Kanth
Chairperson/ Nominee Director

2. Mr. Rajiv Datt
Managing Director

3. Mr. D. C. Arya
Director (Finance)

4. Mr. Rajesh Khullar
Nominee Director

Place: New Delhi

Date: January 19, 2012

ANNEXURE I – SHELF PROSPECTUS DATED JANUARY 19, 2012