

**Press Information Bureau
Government of India
Ministry of Railways**

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**Indian Railway Finance Corporation Limited Offers Tax Free Bonds
Tranche-I to Raise upto Rs. 6,300 Crore
Public Issue to Open Tomorrow**

Indian Railway Finance Corporation Limited (IRFC), the financing arm of Indian Railways, is proposing to issue Tax Free, Secured, Redeemable, Non-Convertible Bonds of face value of Rs. 1,000 each in the nature of Debentures, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended ('Bonds') aggregating to Rs.3,000 crore with an option to retain oversubscription of upto the shelf limit of Rs. 6,300 crore ('Issue').

The application for subscription of Bonds should be for a minimum of 10 Bonds and in multiples of 5 Bonds thereafter. The Issue will open for subscription on January 27, 2012, and close on February 10, 2012, or earlier (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 or by a duly constituted committee of the Company. The Bonds shall carry a coupon rate of 8.00% p.a for 10 years (Series I) and 8.10% p.a for 15 years (Series II). An additional coupon rate of 0.15% p.a. and 0.20% p.a. on series 1 and series 2 respectively shall be available to Resident Indian individuals, Hindu Undivided Families through the Karta and Non Resident Indians on repatriation as well as non-repatriation basis, applying for an amount aggregating upto and including Rs.5 lakhs across all Series in the tranche (available only to the original allottees). The Bonds are proposed to be listed on NSE and BSE.

The Bonds have been rated 'CRISIL AAA/Stable' by CRISIL, '[ICRA] AAA' by ICRA and 'CARE AAA' by CARE, indicating highest degree of safety for timely servicing of financial obligations.

Investors will have an option to hold the bonds either in physical or in demat form. The Bonds will be secured by way of a pari passu charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches.

SBI Capital Markets Limited, A. K. Capital Services Limited and ICICI Securities Limited are the Lead Managers to the Issue. Indian Bank shall be the Trustee to the Issue.

The Company intends to utilize the Issue proceeds for financing the acquisition of rolling stock and financing the capacity enhancement works in the Indian Railways.

All investors proposing to participate in the Issue should invest only on the basis of the information contained in the Shelf Prospectus and the Prospectus Tranche-1, both dated January 19, 2012.

The Shelf Prospectus and the Prospectus Tranche 1 are available on the website of the NSE and BSE at www.nseindia.com and www.bseindia.com, the website of SEBI at www.sebi.gov.in, the website of the Company at www.irfc.nic.in and the respective websites of the Lead Managers at www.sbicaps.com, www.akcapindia.com and www.icicisecurities.com.

IRFC is the financing arm of the Indian Railways. 100% shareholding in IRFC is held by the President of India acting through Ministry of Railways. The Company has been notified as a Public Financial Institution under Section 4A of the Companies Act, 1956 and registered as a Non-Banking Finance Company without accepting public deposits (Infrastructure Finance Company) with the Reserve Bank of India. The Company's principal business is borrowing funds from the commercial markets to finance the acquisition of new rolling stock which is then leased to the Indian Railways. IRFC is a consistently profit making Public Sector Undertaking that has funded rolling stock of book value of Rs.69,843 crore (5,567 locomotives, 33,856 passenger coaches, 14,90,300 freight wagons and 85 cranes and track machines) for Indian Railways (as on 30.09.2011). Net worth of IRFC as on 30.09.2011 stood at approximately Rs.4,487.50 crores with Nil Non-Performing Assets. The Company recorded a net profit after tax of Rs.485.20 crore for year ended 31.03.2011 compared to Rs. 442.69 crore for year ended 31.03.2010.

AKS/KKP/JR