



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 as a public limited company)

Registered and Corporate Office: UG Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi-110 003, India.

Tel: +91 11 2436 9766/69; **Facsimile:** +91 11 2436 6710; **Website:** www.irfc.nic.in

Company Secretary: Mr. S. K. Ajmani, **Tel.:** +91 11 2436 9766/69; **Facsimile:** +91 11 2436 6710

Compliance Officer: Mr. Ashutosh Samantary, Dy. General Manager (F&A) **Tel:** +91 11 2436 9766/69; **Facsimile:** +91 11 2436 9770; **Email:** dmgr@irfc.nic.in

For further details in relation to the changes in our registered and corporate office, refer to section titled "History and Certain Corporate Matters" on page 86 of the Shelf Prospectus.

PROMOTER OF THE COMPANY: THE PRESIDENT OF INDIA ACTING THROUGH THE MINISTRY OF RAILWAYS, GOVERNMENT OF INDIA

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"), FOR AN AMOUNT OF ₹ 1,50,000 LAKHS ("BASE ISSUE SIZE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UPTO ₹ 1,41,687.85 LAKHS AGGREGATING TO ₹ 2,91,687.85 LAKHS ("THE RESIDUAL SHELF LIMIT") (TRANCHE - II ISSUE*) IN THE FISCAL 2014 (THE "ISSUE").

THIS TRANCHE - II ISSUE IS BEING OFFERED BY WAY OF PROSPECTUS TRANCHE - II, WHICH CONTAINS, INTER ALIA THE TERMS AND CONDITIONS OF THE TRANCHE - II ISSUE ("PROSPECTUS TRANCHE - II") AND SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED DECEMBER 19, 2013 FILED WITH THE REGISTRAR OF COMPANIES, NATIONAL CAPITAL TERRITORY OF DELHI AND HARYANA ("RoC"), STOCK EXCHANGES AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"). THE SHELF PROSPECTUS TOGETHER WITH THIS PROSPECTUS TRANCHE - II SHALL CONSTITUTE THE "PROSPECTUS"

Pursuant to the CBDT Notification (as defined below), the Company has raised an amount of ₹ 4,08,312.15 lakhs by way of Tranche - I of the public issue and also raised an amount aggregating to ₹ 3,00,000 lakhs through four private placements of bonds vide disclosure documents dated November 19, 2013, November 21, 2013, February 8, 2014 and February 11, 2014. Our Company shall ensure that the funds raised through public issue and/or private placement of Bonds shall together not exceed ₹ 10,00,000 lakhs.

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. 61/2013/ F. No. 178/37/2013-(ITA.I) dated August 8, 2013 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 Section 10 (15)(iv)(h) 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 this Tranche - II 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 12 of the Shelf Prospectus and "Recent Developments" on page 98 of the Prospectus Tranche - II before making an investment in this 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 this Prospectus Tranche - II 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 - II 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 this Prospectus Tranche - II 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 revalidated the credit rating of "CRISIL AAA/Stable" (pronounced as "CRISIL Triple A with stable outlook") for ₹ 15,10,300 lakhs long term borrowing programme of the Company ("Debt Programme") vide its letter no. VR/FSR/IRFC/2013-14/1536 dated February 7, 2014. 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 revalidated the credit rating of "ICRA AAA" (pronounced as "ICRA Triple A") for the Debt Programme of the Company vide its letter no. D/RAT/2013-14/11/10 dated February 7, 2014. 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 revalidated the rating of "CARE AAA" (pronounced as Triple A) for the Debt Programme of the Company vide its letter dated February 7, 2014. 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 revalidation letters from CRISIL, ICRA and CARE dated February 7, 2014, see Annexure II of the Prospectus Tranche - II (Credit Rating Revalidation Letters). For the rationale for these ratings, see Annexure II of the Shelf Prospectus.**

PUBLIC COMMENTS

The Draft Shelf Prospectus dated November 11, 2013 was filed with National Stock Exchange of India Limited ("NSE") i.e. the Designated Stock Exchange on November 12, 2013, pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of seven Working Days i.e. until 5 p.m. on the seventh Working Day i.e. November 20, 2013.

LISTING

The Bonds are proposed to be listed on the NSE and BSE Limited ("BSE"). The Company has received in-principle approval from NSE and BSE for listing of the Bonds pursuant to their letters no. NSE/LIST/222172-2 dated November 20, 2013 read with NSE/LIST/230468-2 dated February 14, 2014 and no. DCS/SP/PI-BOND/10/13-14 dated November 20, 2013 respectively. The Designated Stock Exchange for the Issue is NSE.

LEAD MANAGERS TO THE ISSUE

	 A.K. CAPITAL SERVICES LTD. BUILDING BONDS	 AXIS CAPITAL	 ICICI SECURITIES	 KOTAK Investment Banking
SBI CAPITAL MARKETS LIMITED 202, Maker Tower E, Cuffie Parade, Mumbai 400 005 Tel.: +91 22 2217 8300; Tel.: +91 22 2218 8332 Email: IRFCBONDS2013@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Nithin Kanuganti/ Mr. Nikhil Bhiwapurkar Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration No: INM000003531	A. K. CAPITAL SERVICES LIMITED 30-39 Free Press House, 3 rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 Tel.: +91 22 6754 6500/6634 9300; Tel.: +91 22 6610 0594 Email: irfcbonds3@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Ms. Akshata Tambe/ Mr. Mandep Singh Compliance Officer: Mr. Vikas Aggarwal SEBI Registration No: INM000010411	AXIS CAPITAL LIMITED 1 st Floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai 400025 Tel.: +91 22 43252525 Tel.: +91 22 43253000 Email: irfcbonds@axiscap.in Investor Grievance Email: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration No.: INM000012029	ICICI SECURITIES LIMITED H.T. Parekh Marg, Churchgate Mumbai 400 020 Tel.: +91 22 2288 2460 Tel.: +91 22 2282 6580 Facsimile: +91 22 2282 6580 Email: irfc.taxfreebonds@icicisecurities.com Investor Grievance Email: investorgrievance@icicisecurities.com Website: www.icicisecurities.com Contact Person: Mr. Manvendra Tiwari Compliance Officer: Mr. Subir Saha SEBI Registration No.: INM000011179	KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 27 BKC, 1 st Floor, Plot No. C - 27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Tel.: +91 22 43360000; Tel.: +91 22 67132447 Facsimile: +91 22 67132447 Email: irfc.bonds@kotak.com Investor Grievance Email: kincrcdressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Mr. Ganesh Rane Compliance Officer: Mr. Ajay Vaidya SEBI Registration No.: INM000008704

REGISTRAR TO THE ISSUE



KARVY COMPUTERSHARE PRIVATE LIMITED
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081
Toll Free No.1-800-3454001; Tel: +91 40 4465 5000; Facsimile: +91 40 2333 1551
Email: einward.ris@karvy.com; Investor Grievance Email: irfc.bonds@karvy.com
Website: http://karisma.karvy.com; Contact Person: Mr. M. Murali Krishna
SEBI Registration No.: INR000000221

TRUSTEE FOR THE BONDHOLDERS***



SBICAP TRUSTEE COMPANY LIMITED
Apeejay House, 6th Floor, 3, Dinshaw Wacha Road, Churchgate, Mumbai 400020
Tel: +91 22 4302 5555; Facsimile: +91 22 4302 5500; Email: corporate@sbicaptrustee.com;
Investor Grievance Email: investor.cell@sbicaptrustee.com; Website: www.sbicaptrustee.com
Contact Person/Compliance Officer: Mr. Ajit Joshi
SEBI Registration No.: IND000000536

ISSUE OPENS ON: February 28, 2014

ISSUE PROGRAMME**

ISSUES CLOSES ON: March 7, 2014

** The Tranche - II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M. during the period indicated above, with an option for early closure or extension as may be decided by the Board of Directors or the Bond Committee of our Company. In the event of such early closure or extension of the subscription period of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the date of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper. On the Issue Closing Date, Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the NSE and BSE.

*** SBICAP Trustee Company Limited has by its letter dated October 26, 2013 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Tranche - II Issue.

A copy of this Prospectus Tranche - II shall be filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana in terms of Sections 56 and 60 of the Companies Act, along with the requisite certified copies of the material contracts and documents. For more details refer to "Material Contracts and Documents for Inspection" on page 119 of the Prospectus Tranche - II.

^ The SEBI registration of Kotak Mahindra Capital Company Limited (KMCC) as Merchant Banker has expired on January 31, 2014. KMCC has vide its letter dated October 31, 2013 applied for renewal of their registration under Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

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**SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS**

This Prospectus Tranche - II 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/Articles of Association/our Articles	The articles of association of our Company, as amended.
Auditors/ Statutory Auditors	The statutory auditor of our Company, being M/s Bansal Sinha & Co.
Board/Board of Directors/our Board	The board of directors of our Company.
Company/IRFC/the Issuer/our Company/the Company/ the Corporation/ we/us/our	Indian Railway Finance Corporation Limited, a public limited company incorporated under the Companies Act 1956, having its registered office and corporate office at UG Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi 110 003, India.
Director(s)	The director(s) on our Board.
Memorandum/Memorandum of Association/our Memorandum/MoA	The memorandum of association of our Company, as amended from time to time.
Registered and Corporate Office	UG Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi 110 003, India.
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
Allotment Advice	The communication sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.
Allottee	Successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part.
Applicant/ Investor	A person who makes an offer to subscribe the Bonds, pursuant to the terms of Shelf Prospectus and Prospectus Tranche - II and Application Form.
Application	An application to subscribe to Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Prospectus Tranche - II.
Application Amount	The aggregate value of the Bonds applied for by the Applicant and as indicated in the Application Form for Tranche - II Issue.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds through the ASBA or non-ASBA process, in terms of the Shelf Prospectus and Prospectus Tranche - II.
Application Supported by Blocked Amount/ASBA/ ASBA Application	An Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form of an ASBA Applicant.
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA Process.
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 Accounts and/or Public Issue Accounts and/or Refund Accounts will be opened, in this case being Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited, Punjab National Bank, State bank of India, Union Bank of India and Yes Bank Limited.
Base Issue Size	₹ 1,50,000 lakhs
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 93 of this Prospectus Tranche - II.
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

Term	Description
	appears in the Register of Bondholders maintained by the Issuer/Registrar (in case of bonds held in physical form).
Bonds / Tax Free 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 in accordance with the CBDT Notification and under the terms of the Shelf Prospectus and this Prospectus Tranche - II.
BSE	BSE Limited
CARE	Credit Analysis and Research Limited.
Category I*	<p>Qualified Institutional Buyers as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended including:</p> <ul style="list-style-type: none"> • Foreign Portfolio Investors (other than Category III FPIs) including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Portfolio Investor; • Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended. <p><i>* With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.</i></p>
Category II*	<ul style="list-style-type: none"> • Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013; • Statutory bodies/corporations; • Co-operative banks; • Trusts including Public/ private/ charitable/religious trusts; • Limited liability partnership; • Regional Rural Banks; • Partnership firms; • Category III FPIs; • Association of Persons; • Societies registered under the applicable law in India and authorized to invest in Bonds; and • Any other legal entities authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities. <p><i>* With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.</i></p>
Category III	<p>The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in Tranche - II Issue:</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible FPIs being an individual.
Category III FPI	Investors including endowments, charitable societies, charitable trusts, foundations, corporate bodies, trust, individuals and family offices which are not eligible for registration under Category I and II in terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Category IV	The following Investors applying for an amount aggregating up to and including ₹ 10 lakhs across all Series of Bonds in Tranche - II Issue:

Term	Description
	<ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible FPIs being an individual.
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 to be entered into by us, Bankers to the Issue, Registrar and Lead Managers.
Consortium Agreements	Agreements dated December 17, 2013 and February 13, 2014 entered amongst the Company and the Consortium Members for the Issue.
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 under each series of this Tranche - II Issue.
Consortium Members for the Issue	SBI Capital Markets Limited, A. K. Capital Services Limited, ICICI Securities Limited, Axis Capital Limited, Kotak Mahindra Capital Company Limited, SBICAP Securities Limited, A. K. Stockmart Private Limited and Kotak Securities Limited.
Credit Rating Agencies	For the Issue, credit rating agencies are CARE, CRISIL and ICRA.
CRISIL	CRISIL Limited
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company.
Debenture Trustee	Trustee for the Bondholders, in this case being SBICAP Trustee Company Limited.
Debenture Trustee Agreement	Debenture Trustee Agreement dated November 11, 2013 entered into between the Company and the Debenture Trustee.
Debt Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchanges in connection with the listing of the debt securities of our Company.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors or Bond Committee thereof approves the Allotment of the Bonds for Tranche - II Issue or such date as may be determined by the Board of Directors or Bond Committee thereof and notified to the Stock Exchanges. All benefits relating to the Bonds including interest on Bonds (as specified for Tranche - II Issue by way of Prospectus Tranche - II) 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.
Demographic Details	The demographic details of an Applicant, such as his address, bank account details, category, PAN etc. for printing on refund orders.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications, a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or such other website as may be prescribed by the SEBI from time to time.
Designated Date	The date on which Application Amounts are transferred from the Escrow Account(s) to the Public Issue Account(s) or the Refund Account and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) following which the Board of Directors or any duly constituted committee of the Board of Directors shall allot the Bonds to the successful Applicants.
Designated Stock Exchange	NSE
Draft Shelf Prospectus	The draft shelf prospectus dated November 11, 2013 filed by the Company with the Designated Stock Exchange and BSE on November 12, 2013 in accordance with the provisions of SEBI Debt Regulations and for the purpose of seeking public comments.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Application or an invitation in the Issue and in relation to whom, the Shelf Prospectus and the Prospectus Tranche - II constitutes an invitation to subscribe the Bonds.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) into which the Members of the Syndicate and the Trading Members, as the case may be, will deposit Application Amounts from non-ASBA Applicants and in whose favour non-ASBA Applicants will issue cheques or bank drafts in respect of the Application Amount, while submitting the Application Form, in terms of the Shelf Prospectus, the Prospectus Tranche - II and the Escrow Agreement.
Escrow Agreement	Agreement dated December 17, 2013 and the Amendment to Escrow Agreement dated December 26, 2013 entered into amongst the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Banks for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants (other than ASBA Applicants) on the terms and conditions thereof.
ICRA	ICRA Limited.

Term	Description
Interest Payment Date/ Coupon Payment Date	First Interest Payment date is on April 15, 2014 and subsequently on April 15 of every year except the last interest payment along with the redemption amount.
Issue	<p>Public Issue by our Company 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs (“Residual Shelf Limit”) (“Tranche - II Issue”) in Fiscal 2014.</p> <p>This Tranche - II Issue is being offered by way of this Prospectus Tranche - II which contains, inter alia, the terms and conditions of the Tranche - II Issue, which should be read together with the Shelf Prospectus dated December 19, 2013 filed with the RoC, Stock Exchanges and the Securities and Exchange Board of India.</p> <p><i>* Pursuant to the CBDT Notification, the Company has raised an amount of ₹ 4,08,312.15 lakhs by way of Tranche - I of the public issue and also raised an amount aggregating to ₹ 3,00,000 lakhs through four private placements of bonds vide disclosure documents dated November 19, 2013, November 21, 2013 February 8, 2014 and February 11, 2014. Our Company shall ensure that the funds raised through public issue and/or private placement of Bonds shall together not exceed ₹ 10,00,000 lakhs.</i></p>
Issue Closing Date	<p>March 7, 2014*</p> <p><i>* The Tranche - II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Directors or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.</i></p>
Issue Opening Date	February 28, 2014
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.
Lead Managers/LMs	SBI Capital Markets Limited, A. K. Capital Services Limited, ICICI Securities Limited, Axis Capital Limited and Kotak Mahindra Capital Company Limited.
Market / Trading Lot	One Bond.
Maturity Amount/ Redemption Amount	In respect of Bonds Allotted to a Bondholder, the repayment of the face value of the Bonds along with interest that may have accrued as on the Redemption Date.
Notification/ CBDT Notification	Notification No. 61/2013/ F. No. 178/37/2013-(ITA.I) dated August 8, 2013 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).
NRIs	Persons resident outside India, who are citizens of India or persons of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2008.
NSE	National Stock Exchange of India Limited.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.
Public Issue Account	Account opened with the Escrow Collection Bank/Bank(s) to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date.
QFIs or Qualified Foreign Investor	A person who has opened a dematerialized account with a QFIs DP as a qualified foreign investor, holding a valid certificate of registration and who is deemed to be a Foreign Portfolio Investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Qualified Foreign Investors Depository Participant or QFIs DP	Depository Participant for Qualified Foreign Investors.
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. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the preceding Working Day shall be considered as Record Date.

Term	Description
Redemption Date/ Maturity Date	For Tranche - II Series I, the date falling 10 years from the Deemed Date of Allotment and Tranche - II Series II, the date falling 15 years from the Deemed Date of Allotment.
Reference G sec rate	The average of the base yield of G – sec for equivalent maturity reported by the Fixed Money Market and Derivative Association of India on a daily basis (working day) prevailing for two weeks ending on Friday immediately preceding the filing of the Tranche Prospectuses with the RoC.
Refund Account	The account opened with the Refund Bank/ Refund Banks, from which refunds, if any, of the whole or part of the Application Amount (excluding Application Amounts from ASBA Applicants) shall be made.
Refund Bank	The Bankers to the Issue, with whom the Refund Account(s) will be opened, in this case being State Bank of India.
Register of Bondholders	The register of Bondholders maintained by the Issuer/Registrar in case of Bonds held in physical form in accordance with the provisions of the Companies Act, 1956 and by the Depositories in case of Bonds held in dematerialised form, as more particularly detailed in “ Terms of the Issue – Register of Bondholders ” on page 56 of this Prospectus Tranche - II.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited.
Registrar MoU	Memorandum of understating dated October 29, 2013 entered into between our Company and the Registrar to the Issue.
Resident Indian individual	Individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999.
Residual Shelf Limit	The Shelf Limit net of the amount allotted through Tranche – I Issue and by amounts raised by issuance of the Bonds on private placement basis after the date of Shelf Prospectus, in this case being ₹ 2,91,687.85 lakhs.
Security	The Bonds issued by the Company will be secured by creating a first <i>pari-passu</i> charge on the identified present and future movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed and applicable laws.
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended offering services in relation to ASBA, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Series Bond holder(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 and conditions, listing and ISIN number (in the event that Bonds in a single Series of Bonds carry the same coupon rate) and as further referred to as an individual Series in the relevant Tranche Prospectus.
Shelf Limit	The aggregate limit of the Issue being ₹ 8,66,300 lakhs to be issued as per terms of the Shelf Prospectus, in one or more tranches or through private placement.
Shelf Prospectus	The shelf prospectus dated December 19, 2013 filed by the Company with the RoC, Stock Exchanges and SEBI, in accordance with the provisions of the Companies Act (to the extent applicable) and Companies Act, 2013 (to the extent notified) and the SEBI Debt Regulations.
Stock Exchanges	NSE and BSE
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members.
Syndicate ASBA Application Locations	Application centers at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate and Trading Members shall accept ASBA Applications.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate and/or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate or Trading Members and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Syndicate or Members of the Syndicate	Collectively, the Lead Managers, the Consortium Members for the Issue, the sub-consortium members, brokers and sub-brokers.
Trading Member(s)	Individuals or companies registered with SEBI as “trading members” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges, who’s list is available on stock exchanges.

Term	Description
Tranche Issue	Issue of the Bonds pursuant to the relevant Tranche Prospectus(es).
Tranche - I Issue	Public Issue by Indian Railway Finance Corporation Limited 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating up to ₹ 8,66,300 lakhs in the fiscal 2014.
Tranche - II Issue	Public Issue by Indian Railway Finance Corporation Limited 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs in the fiscal 2014.
Tranche Prospectus	The tranche prospectus containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects of the issue, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue.
“Transaction Registration Slip” or “TRS”	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.
Tripartite Agreements	Agreement dated May 8, 2002 entered into between the Issuer, Registrar, CDSL and Agreement dated January 23, 2002, entered into between the Issuer, Registrar and NSDL, 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 Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India 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
AGM	Annual General Meeting
AS	Accounting Standards as issued by Institute of Chartered Accountants of India
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
Companies Act, 2013	The Companies Act, 2013 (18 of 2013), to the extent notified <i>vide</i> notification dated September 12, 2013
CRAR	Capital to Risk Assets Ratio
CSR	Corporate Social Responsibility
Debt Listing Agreement	The agreement for listing of debt securities on the NSE and BSE
DIN	Director Identification Number
DoEA	Department of Economic Affairs, Ministry of Finance, Government of India
DoFS	Department of Financial Services, Ministry of Finance, Government of India
Depository(ies)	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
DTC	Direct Tax Code
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA 2000	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with the SEBI under applicable laws in India
FPI	Foreign Portfolio Investors as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014 registered with SEBI.

Abbreviation	Full Form
FIMMDA	Fixed Income Money Market and Derivative Association of India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
GDP	Gross Domestic Product
GoI or Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act/IT Act	Income Tax Act, 1961
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IRDA	Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999
IT	Information technology
ITAT	Income Tax Appellate Tribunal
LIBOR	London Inter-Bank Offer Rate
LLP Act	Limited Liability Partnership Act, 2008
MF/ Mutual Funds	Mutual Fund(s) registered under the SEBI (Mutual Fund) Regulations, 1996
MICR	Magnetic Ink Character Recognition
MoF	Ministry of Finance, GoI
MoR	Ministry of Railways, GoI
MCA	Ministry of Corporate Affairs, GoI
NBFC	Non Banking Financial 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
NSE	National Stock Exchange of India Limited
NR	Non-Resident
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PFI/Public Financial Institution	Public Financial Institution, as defined under sub-section 72 of Section 2 of the Companies Act, 2013
PIO	Person of Indian Origin
RBI	Reserve Bank of India
₹or Rupees or Indian Rupees	The lawful currency of India
RTGS	Real Time Gross Settlement
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended.
Securities Act	United States Securities Act, 1933
STRPP	Separately Transferable Redeemable Principal Parts
Trusts Act	Indian Trusts Act, 1882
UAN	Unique Application Number
Venture Capital Funds or VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI

Industry/Business Related Terms, Definitions and Abbreviations:

Abbreviation	Full Form
CAGR	Compounded Annual Growth Rate. In this Prospectus Tranche - II CAGR has been calculated on the following basis: $((\text{Ending Value} / \text{Beginning Value})^{1/(\text{Number of Years})}) - 1$
DPE	Department of Public Enterprises, Government of India
ECBs	External Commercial Borrowings
FCNR	Foreign Currency Non-Resident
IFC	Infrastructure Finance Company
Indian Railways	Department of the Government of India, under administration of the MoR
Lease Agreement	Lease agreement dated August 6, 2013 entered between the Company and the President of India, through the Adviser, Railway Stores (P), Ministry of Railways (Railway Board) for lease of Rolling Stock (acquired during the period starting from April 1, 2012 to March 31, 2013).
NPAs	Non-Performing Assets
Owned Funds	Paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any as defined under the Non- Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
Pipavav Railways	Pipavav Railway Corporation Limited
PSU	Public Sector Undertaking
RailTel	Railtel Corporation of India Limited
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.
RVNL	Rail Vikas Nigam Limited
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 - II 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 - II 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, 2009, 2010, 2011, 2012 and 2013; and (ii) audited financial statements of the Company for the half year ended on September 30, 2013, audited by M/s. Bansal Sinha & Co., Statutory Auditors of the Company. In this Prospectus Tranche - II, 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 two decimal points.

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 - II 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 - II should accordingly be limited.

Currency and Unit of Presentation

In this Prospectus Tranche - II, 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 “Yen” and “JPY” are to the legal currency of Japan. For the purposes of this Prospectus Tranche - II data pertaining to the Company will be given in ₹ in lakhs. In the Prospectus Tranche - II, 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 - II 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 - II 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 - II 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 US\$, JPY and Euro as of fiscal years ended 2009, 2010, 2011, 2012 and 2013 and period ended September 30, 2013 and December 31, 2013 are provided below:

Currency	Fiscal Year ended					Period ended	
	2009	2010	2011	2012 [^]	2013*	September 30, 2013	December 31, 2013
1 USD	51.45	45.58	45.14	50.93	54.36	63.24	61.86
1 JPY	0.5265	0.4900	0.5484	0.6212	0.5771	0.6480	0.5892
1 Euro	67.60	60.64	63.46	67.97	69.58	85.69	85.16

[^] March 31, 2012 was a trading holiday; hence, exchange rates for last working day, i.e., March 30, 2012 have been used.

*March 31, 2013 was a trading holiday; hence, exchange rates for last working day, i.e., March 28, 2013 have been used.

(Source: SBI T.T. Selling Rate)

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus Tranche - II 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 - II 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 and railway 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 made in the railway budget;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India;
- volatility in interest rates at which the Company borrows from banks/financial institutions;
- credit and market risks, affecting our credit ratings and our cost of funds;
- our ability to comply with restrictive covenants under our indebtedness and to manage our business within those restrictions;
- concentration of our exposure on the railway sector; and
- other factors discussed in the Shelf Prospectus, including under “Risk Factors” on page 12 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*” and the material developments highlighted in the section titled “*Outstanding Litigations and Material Developments*” on page 70 and page 114, respectively, of the Shelf Prospectus. The forward-looking statements contained in this Prospectus Tranche - II 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.

SECTION II – INTRODUCTION
FINANCIAL HIGHLIGHTS OF OUR COMPANY

The key operational and financial parameters for the period ended September 30, 2013 and the last 3 financial years are set out in the table below:

(₹ in lakhs)

S. No.	Particulars	Half-year ended 30.09.2013	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011
1	Net worth	674707.89	579428.23	5,15,052.53	4,28,596.61
2	Total Debt of which:	5596840.65	5875297.60	50,25,124.45	38,12,447.63
a.	Non-Current Maturities of Long Term Borrowing	4939066.82	5229162.97	46,95,024.93	34,53,649.14
b.	Short Term Borrowing	16235.00	102600.00	40,565.40	2,325.00
c.	Current Maturities of Long Term Borrowing	641538.83	543534.63	2,89,534.12	3,56,473.49
3	Net Fixed Assets	1276.95	1293.22	1,309.19	1,336.98
4	Non-Current Assets	7175262.90	6558968.50	54,60,283.41	42,81,935.58
5	Cash and Cash Equivalent	390049.31	40476.86	1,54,596.13	49,400.44
6	Current Investments	-	-	-	-
7	Current Assets	972784.53	516535.98	5,47,309.44	3,58,294.84
8	Current Liabilities	2140032.09	839345.39	4,68,742.79	4,66,829.75
9	Assets Under Management	-	-	-	-
10	Off Balance Sheet Assets	-	-	-	-
11	Interest Income*	297309.08	554384.97	4,62,983.43	3,81,808.52
12	Interest Expense**	217578.81	403241.10	3,50,958.46	2,86,592.87
13	Provisioning & Write-offs	-	-	-	-
14	Profit After Taxation	35279.66	52156.56	48,078.17	48,520.40
15	Gross NPA to Gross Advances (%)	nil	nil	nil	Nil
16	Net NPA to Net Advances (%)	nil	nil	nil	Nil
17	Tier I Capital Adequacy Ratio (%)	256.18%	249.14%	204.23%	195.24%
18	Tier II Capital Adequacy Ratio (%)	-	-	-	-

*Includes lease income

**Including ammortization of lease rentals paid in advance

Debt - Equity Ratio

The debt-equity ratio of our Company prior to this Issue is based on a total outstanding debt of ₹ 5596840.65 lakhs and shareholder funds amounting to ₹ 674707.89 lakhs, which was 8.30 times, as on September 30, 2013.

The debt-equity ratio post the Issue (assuming subscription of ₹ 10,00,000 lakhs) is 9.78 times, based on a total outstanding debt of ₹ 6596840.65 lakhs and shareholders' fund of ₹ 674707.89 lakhs.

The capitalisation statement is set out below:

(₹ in lakhs)

Description	Pre Issue [^]	Post Issue*#
Debts		
Short term debt	16235.00	16235.00
Current maturities of long term debt	641538.83	641538.83
Long term debt	4939066.82	5939066.82
Total Debt	5596840.65	6596840.65
Shareholders' Funds		
Share Capital	295200.00	295200.00
Reserves & Surplus	379507.89	379507.89
(-) Revaluation Reserve	-	-
Net Reserves(Net of Revaluation)	379507.89	379507.89
(-) Reserve for bad and doubtful debts u/s 36(1)(vii a)(c) of IT	-	-

Description	Pre Issue [^]	Post Issue*#
Act, 1961		
(-) Miscellaneous Expenditure (to the extent not written off)	-	-
Net Worth	674707.89	674707.89
Long Term Debt** / Net Worth	8.27	9.75
Total Debt / Net Worth	8.30	9.78
[^] Pre Issue figures are as on September 30, 2013.		
* Post Issue ratios has been calculated based upon the assumptions that the issue of ₹ 10,00,000 lakhs is fully subscribed and there is no change in shareholders' funds and short term debt.		
** Long term debt includes current and non-current maturities of long-term debt.		
# Any change in Debt and Shareholders' Funds after September 30, 2013 has not been considered		
Note: Any change in the subscription amount post September 30, 2013 due to funds raised through private placement of bonds has not been considered for computing debt equity ratio.		

THE ISSUE

As authorised under the CBDT Notification, the aggregate value of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Company during the Fiscal 2014 shall not exceed ₹ 10,00,000 lakhs.

The Board of Directors, at their meeting held on August 6, 2013 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 to ₹ 10,00,000 lakhs in one or more tranche(s), on or prior to March 31, 2014, subject to the provisions of the CBDT Notification.

Out of the allocated limit, the Company is authorised to raise upto 30% through private placement. Our Company has undertaken four placements through which it has raised the entire allocated amount of ₹ 3,00,000 lakhs.

1. Private placement of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 10 lakh each and tenures of 10 and 15 years with a coupon rate of 8.35% p.a. and 8.48% p.a. respectively vide disclosure document dated November 19, 2013 (Series 89 and 89-A) which has opened for subscription on November 21, 2013 and raised an amount of ₹ 1,22,500 lakhs. The allotment for the same has been made on November 21, 2013 (Series 89 and 89-A).
2. Private placement of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 10 lakh each and tenures of 10 and 15 years with a coupon rate of 8.35% p.a. and 8.48% p.a. respectively vide disclosure document dated November 21, 2013 (Series 90 and 90-A) which has opened for subscription on November 22, 2013 and raised an amount of ₹ 11,200 lakhs. The allotment for the same has been made on November 27, 2013 (Series 90 and 90-A).
3. Private placements of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 10 lakh each and tenure of 15 years with a coupon rate of 8.55% p.a. vide disclosure document dated February 8, 2014 (Series 93A) and raised an amount of ₹ 1,65,000 lakhs. The allotment of bonds issued under Series 93A has been made on February 10, 2014.
4. Private placements of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 10 lakh each and tenure of 15 years with a coupon rate of 8.55% p.a. vide disclosure document dated February 11, 2014 (Series 94A) raised an amount of ₹ 1,300 lakhs. The allotment of bonds issued under Series 94A has been made on February 12, 2014.

Pursuant to CBDT Notification, our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche - I. The issue had opened on January 6, 2014 and closed on till February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

Our Company through Prospectus Tranche – II, proposes to raise ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs.

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 46 and 53 respectively of this Prospectus Tranche - II.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Issuer	Indian Railway Finance Corporation Limited
Mode of issue and nature of instrument	<p>Public Issue by our Company 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs in Fiscal 2014.</p> <p>This Tranche - II Issue is being offered by way of this Prospectus Tranche - II which contains, inter alia, the terms and conditions of the Tranche - II Issue, which should be read together with the Shelf Prospectus filed with the RoC, Stock Exchanges and the Securities and Exchange Board of India.</p>
Listing	<p>The Bonds are proposed to be listed on NSE and BSE within 12 Working Days of the Issue Closing Date of this Tranche - II Issue.</p> <p>NSE is the Designated Stock Exchange for the Issue.</p>
Type and nature of Instrument	Tax free, secured, redeemable, non-convertible bonds in the nature of debentures.
Nature of Instrument	Secured
Mode of Issue	Public issue
Face Value	₹ 1,000 per Bond
Issue Price	₹ 1,000 per Bond
Credit Ratings	<ol style="list-style-type: none"> CRISIL has revalidated the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 15,10,300 lakhs long term borrowing programme of the Company (“Debt Programme”) vide its letter no. VR/FSR/IRFC/2013-14/1536 dated February 7, 2014. 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 has revalidated the credit rating of “[ICRA] AAA” (pronounced as “ICRA Triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2013-14/11/10 dated February 7, 2014. 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. CARE has revalidated the credit rating of “CARE AAA (pronounced as Triple A)” for the Debt Programme of the Company vide its letter dated February 7, 2014. 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>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 revalidation letters from CRISIL, ICRA and CARE dated February 7, 2014, see Annexure-II of the Prosoectus Tranche-II. For the rationale for these ratings, see Annexure II of the Shelf Prospectus.</p>
Eligible Investors	<p>Category I*:</p> <p>Qualified Institutional Buyers as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended including:</p>

- Foreign Portfolio Investors (other than Category III FPIs) including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Portfolio Investors;
- Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Alternative Investment Funds, subject to investment conditions applicable them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

** With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.*

Category II*:

- Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013;
- Statutory bodies/corporations;
- Co-operative banks;
- Trusts including Public/ private/ charitable/religious trusts;
- Limited liability partnership;
- Regional Rural Banks;
- Partnership firms;
- Category III FPIs;
- Association of Persons;
- Societies registered under the applicable law in India and authorized to invest in Bonds; and
- Any other legal entities authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities.

** With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.*

Category III:

The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:

- Resident Indian individuals;
- Eligible NRIs on a repatriation or non – repatriation basis;
- Hindu Undivided Families through the Karta; and
- Eligible FPIs being an individual.

	<p>Category-IV:</p> <p>The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible FPIs being an individual.
Issue Size and Option to retain over subscription	<p>Public Issue by Indian Railway Finance Corporation Limited 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs in the fiscal 2014.</p> <p><i>Pursuant to the CBDT Notification, the Company has raised an amount of ₹ 4,08,312.15 lakhs by way of Tranche – I of the public issue and also raised an amount aggregating to ₹ 3,00,000 lakhs through four private placements of bonds vide disclosure documents dated November 19, 2013, November 21, 2013, February 8, 2014 and February 11, 2014. Our Company shall ensure that the funds raised through public issue and/or private placement of Bonds shall together not exceed ₹ 10,00,000 lakhs.</i></p>
Put / Call Option	Not applicable
Objects of the Issue and details of utilisation of proceeds	Please refer to Section “ Objects of the Issue ” on page 32 of the Prospectus Tranche – II.
Interest Payment Date	First Interest payment date is on April 15, 2014 and subsequently on April 15 of every year except the last interest payment along with the redemption amount.
Interest on application money	As provided in “ Terms of the Issue-Interest on Application Amount ” on page 59 of this Prospectus Tranche – II.
Interest on refund money	5% per annum
Default interest rate	As specified in the Debenture Trust Deed to be executed between the Company and the Trustee.
Day count basis	Actual / Actual i.e. interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.
Working Day Convention	A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment center notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment center notified in terms of the Negotiable Instruments Act, 1881
Effect of holidays on payments	If the date of payment of interest or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as due date. Interest or other amounts, if any, will be paid on the succeeding Working Day. If the date of payment of principal or redemption or any date specified does not fall on a Working Day, the immediately preceding Working Day will be considered as the due date.
Step up/ step down coupon rate	Not Applicable
Discount at which Bond is issued and the effective yield as a result of such discount	Not Applicable
Minimum Application Size	5 bonds (₹ 5,000), individually or collectively across all Series of Bonds.
Terms of Payment	Full amount is payable on application
Market Lot/Trading Lot	One Bond

Pay-in Date	Application Date (Full Application Amount is payable on Application). Refer to section titled “ <i>Issue Procedure – Payment Instructions</i> ” on page 79 of this Prospectus Tranche – II.
Security	The Bonds issued by the Company will be secured by creating a first <i>pari-passu</i> charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches, present and future, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed and applicable laws. The Company undertakes that it has obtained the consent/no objection certificate from the lenders/trustee for ceding <i>pari passu</i> charge on the assets proposed to be charged as security for the Bonds of the Company. Further details pertaining to the Security are more particularly specified in the Debenture Trust Deed.
Security cover	Atleast one time of the value of the total outstanding Bonds
Transaction Documents	The Shelf Prospectus, the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/ undertakings, entered or to be entered by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Managers and the Consortium Agreement. Refer to section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 119 of this Prospectus Tranche – II.
Nature of Indebtedness and Ranking/Seniority	The claims of the Bondholders shall rank <i>pari-passu</i> 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 <i>pari passu</i> 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.
Condition Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations there are no conditions precedent to disbursement.
Condition Subsequent to Disbursement	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
Depositories	NSDL and CDSL
Debenture Trustee and its responsibilities	The debenture trustee for the Issue is SBICAP Trustee Company Limited. The role and responsibilities of the Debenture Trustee are mentioned in the Debenture Trustee Agreement.
Registrar	Karvy Computershare Private Limited
Modes of payment of application money	1. At par cheques 2. Demand Drafts 3. ASBA
Modes of Payment of Interest Money / Settlement mode	1. Direct credit 2. National Electronic Clearing System (“NECS”) 3. Real Time Gross Settlement (“RTGS”) 4. National Electronic Fund Transfer (“NEFT”) 5. Cheques/Pay Order/ Demand Draft For further details in respect of the aforesaid modes, refer to section titled “ <i>Terms of the Issue– Modes of Payment</i> ” on page 63 of this Prospectus Tranche - II.
Issuance mode	**In dematerialized form or in physical form (except for Eligible FPIs), at the option of Applicants.

Trading mode	**In dematerialized form only
Issue Opening Date	February 28, 2014
Issue Closing Date	March 7, 2014* <i>* The Tranche - II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Directors or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.</i>
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Directors of the Company or Bond Committee thereof approves the Allotment of the Bonds for Tranche - II Issue or such date as may be determined by the Board of Directors or Bond Committee thereof and notified to the stock exchanges. All benefits relating to the Bonds including interest on Bonds (as specified for each tranche by way of Tranche Prospectus) shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
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. In the event the Record Date falls on a Saturday, Sunday or a Public Holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the preceding Working Day shall be considered as Record Date.
Cross Default	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
Lead Managers	SBI Capital Markets Limited, A. K. Capital Services Limited, Axis Capital Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited.
Consortium Members for the Issue	SBI Capital Markets Limited, A. K. Capital Services Limited, ICICI Securities Limited, Axis Capital Limited, Kotak Mahindra Capital Company Limited, SBICAP Securities Limited, A. K. Stockmart Private Limited and Kotak Securities Limited.
Governing law	The laws of the Republic of India
Jurisdiction	The courts of New Delhi shall have exclusive jurisdiction for the purposes of the Issue
Event of Default	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.

***In terms of Section 29 (1) of the Companies Act, 2013 and 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 fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form. Our Company vide its letter dated October 17, 2013, had approached SEBI for seeking approval to issue Bonds in physical form. In this regard, SEBI vide its letter dated October 28, 2013 has stated that our Company may issue the Bonds in physical form to those investors, who wish to subscribe in physical form.*

Note: 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 does 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.

SPECIFIC TERMS FOR EACH SERIES OF BONDS

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

Options	Series of Bonds Category I, II & III [#]	
	Tranche - II Series IA	Tranche - II Series IIA
Coupon Rate (%) p.a.	8.19	8.63
Annualized Yield (%)	8.19	8.63
Options	Series of Bonds Category IV [#]	
	Tranche - II Series IB	Tranche - II Series IIB
Coupon Rate (%) p.a.	8.44	8.88
Annualized Yield (%)	8.44	8.88
Common Terms	Series of Bonds Category I, II, III & IV [#]	
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	
Redemption Premium/ Discount	Not applicable	
Frequency of Interest Payment	Annual	
Minimum Application Size	5 Bonds (₹ 5000), individually or collectively across all Series of Bonds	
In Multiples of	1 Bond	
Face Value (₹/Bond)	₹ 1,000	
Issue Price (₹/Bond)	₹ 1,000	
Mode of Interest Payment	For various modes of interest payment, see “ <i>Terms of the Issue – Modes of Payment</i> ” on page 63 of this Prospectus Tranche – II.	
Coupon Payment Date	First Interest payment is on April 15, 2014 and subsequently on April 15 of every year except the last interest payment along with the redemption amount.	
Coupon Reset Process	Not Applicable	
Coupon Type	Fixed	
Interest on Application Money	See <i>Terms of the Issue-Interest on Application Amount</i> ” on page 59 of this Prospectus Tranche – II.	
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable	
Nature of Indebtedness and Ranking	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.	

[#]In pursuance of CBDT Notification and for avoidance of doubts, it is clarified as under:

- The coupon rates indicated under Tranche - II Series IB and Tranche - II Series IIB shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.
- In case the Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche - II Series IA and Tranche - II Series IIA respectively.
- If the Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB are sold/ transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;
- Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;

- e. *If on any Record Date, the original Category IV allottee(s)/ transferee(s) hold the Bonds under Tranche - II Series IB, Tranche - II Series IIB, Tranche - II Series IA and Tranche - II Series IIA for an aggregate face value amount of over ₹ 10 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche - II Series IB and Tranche - II Series IIB shall stand at par with coupon rate applicable on Tranche - II Series IA and Tranche - II Series IIA respectively;*
- f. *Bonds allotted under Tranche - II Series IA and Tranche - II Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*
- g. *For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant Tranche Issue shall be clubbed and taken together on the basis of PAN.*

The Company would allot Tranche - II Series IA/IB Bonds (depending upon the category of Applicant) to all valid applications, wherein the applicants have not indicated their choice of the relevant series of Bonds in their Application Form.

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 twelve (12) other nominees hold 100% of our equity share capital.

For further details see section titled “*History and Certain Corporate Matter*” on page 86 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 (as now defined under sub-section 72 of Section 2 of the Companies Act, 2013).

Our Company was registered with the RBI under Section 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.

The Company is authorized by CBDT Notification, to issue tax free, secured, redeemable, non-convertible bonds and allocated a limit aggregating to ₹ 10,00,000 lakhs for the Financial year 2013-14.

The Board of Directors, at their meeting held on August 6, 2013 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, to ₹ 10,00,000 lakhs in one or more tranche(s), on or prior to March 31, 2014, subject to the provisions of the CBDT Notification.

Out of the allocated limit, the Company is authorised to raise upto 30% through private placement. Our Company has undertaken four private placements through which it has raised the entire allocated amount of ₹ 3,00,000 lakhs. For details see section titled as “*The Issue*” on page 15 of this Prospectus Tranche – II.

Our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche - I. The issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

Our Company through Prospectus Tranche – II, proposes to raise ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs.

Registered and Corporate Office

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

For details on changes in our Registered and Corporate Office, see “*History and Certain Corporate Matters*” on page 86 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
Facsimile: +91 (11) 2623 5702

Director Finance

Our Company does not have a designated Chief Financial Officer. The finance functions are being headed by Mr. D.C. Arya who is our Director Finance, whose particulars are detailed below:

Mr. D.C. Arya
Director (Finance)
UG Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road,
New Delhi 110 003, India
Tel.: +91 11 2436 9766/69
Facsimile: +91 11 2436 6710
Email:df@irfc.nic.in
Website: www.irfc.nic.in

Compliance Officer

Mr. Ashutosh Samantaray
Dy. General Manager (F&A)
UG Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi -110 003
Tel.: +91 11 2436 9766/69
Facsimile: +91 11 2436 9770
Email:dmgr@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 and interest on Application Amount etc.

All grievances relating to the Issue if addressed to the Registrar to the Issue, should contain full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, amount paid on application, Depository Participant and the collection center of the Members of the Syndicate where the Application was submitted.

All grievances related to ASBA process where the application is submitted to a Member of the Syndicate should be addressed to the Registrar to the Issue with a copy to the relevant Member of the Syndicate and the relevant SCSB.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of Bonds applied for, amount blocked on Application and the Designated Branch or the collection center of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the Bonds made through the Online Stock Exchanges Mechanism or through Trading Members may be addressed directly to the respective Stock Exchanges.

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, India
Tel.: +91 11 2436 9766/69
Facsimile: +91 11 2436 6710
Email: gmb@irfc.nic.in
Website: www.irfc.nic.in

LEAD MANAGERS TO THE ISSUE

<p>SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade, Mumbai 400 005 Tel: +91 22 2217 8300 Facsimile: +91 22 2218 8332 Email: irfcbonds2013@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr.Nithin Kanuganti/ Mr.Nikhil Bhiwapurkar 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 400021 Tel: +91 22 6754 6500/ 6634 9300; Facsimile: +91 22 6610 0594 Email: irfctfbonds3@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Ms. Akshata Tambe/ Mr. Mandeep Singh Compliance Officer: Mr. Vikas Aggarwal SEBI Registration No.: INM000010411</p>
<p>Axis Capital Limited 1st floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai 400025 Tel.: +91 22 4325 2525 Facsimile: +91 22 4325 3000 Email: irfcbonds@axiscap.in Investor Grievance Email: complaints@axiscapital.co.in Website: www.axiscapital.co.in Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration No.: INM000012029</p>	<p>ICICI Securities Limited ICICI Centre H.T. Parekh Marg Churchgate, Mumbai 400 020 Tel : +91 22 2288 2460 Facsimile: +91 22 2282 6580 Email : irfc.taxfreebonds@icicisecurities.com Investor Grievance Email: customercare@icicisecurities.com Website : www.icicisecurities.com Contact Person: Mr. Manvendra Tiwari Compliance Officer: Mr. Subir Saha SEBI Registration No.: INM000011179</p>
<p>Kotak Mahindra Capital Company Limited[#] 27 BKC, 1st Floor, Plot No. C- 27 'G' Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Tel.: +91 22 4336 0000 Facsimile: +91 22 6713 2447 Email: irfc.bonds@kotak.com Investor Grievance Email: kmccredressal@kotak.com</p>	

Website: www.investmentbank.kotak.com
Contact Person: Mr. Ganesh Rane
Compliance Officer: Mr. Ajay Vaidya
SEBI Registration No.: INM000008704

The SEBI registration of Kotak Mahindra Capital Company Limited (KMCC) as Merchant Banker has expired on January 31, 2014. KMCC has vide its letter dated October 31, 2013 applied for renewal of their registration under Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

DEBENTURE TRUSTEE

SBICAP Trustee Company Limited,
Apeejay House, 6th Floor, 3, Dinshaw Wachha Road,
Churchgate, Mumbai 400 020
Tel: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Contact Person/ Compliance Officer: Mr. Ajit Joshi
Email: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
SEBI Registration No.: IND000000536

SBICAP Trustee Company Limited has given its consent *vide* letter dated October 26, 2013 to the Issuer for its appointment under regulation 4(4) of SEBI Debt Regulations.

All the rights and remedies of the 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 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 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 Bondholders. For further details, please see section “*Terms of the Issue*” on page 53 in this Prospectus Tranche - II.

REGISTRAR TO THE ISSUE

Karvy Computershare Private Limited

Plot No. 17 to 24
Vittal Rao Nagar,
Madhapur
Hyderabad 500 081
Tel: +91 40 4465 5000
Facsimile: +91 40 2333 1551
Email: irfc.bonds@karvy.com
Investors Grievance Email: einward.ris@karvy.com
Website: http://karisma.karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration No.: INR000000221

STATUTORY AUDITORS

M/s. Bansal Sinha & Co.,
Chartered Accountants,
18/19, Old Rajinder Nagar,
New Delhi 110 060.
Tel: +91 11 2572 2270/ 2585 3424
Facsimile: +91 11 4104 6530
Email: bsc@bansalsinha.com
Firm Registration No.: 006184N
Contact Person: Mr. Ravinder Khullar

M/s. Bansal Sinha & Co. were appointed as the Statutory Auditor of our Company by way of letter from the office of Comptroller and Auditor General of India, dated August 2, 2013 and resolution passed in the annual general meeting of the Company held on September 20, 2013.

LEGAL ADVISORS TO THE ISSUE

MVKini, Law Firm

Kini House,
6/39 Jangpura B,
New Delhi – 110014,
Tel: +91 11 2437 1038/39/40
Fax: +91 11 2437 9484
Email: irfctaxfree2013@mvkini.com
Website: www.mvkini.com

ESCROW COLLECTION BANKS / BANKERS TO THE ISSUE

<p>Axis Bank Limited 148, Statesman House Barakhamba Road New Delhi – 110 001 Telephone: +91 11 4742 5120, +91 11 4152 1310 Facsimile: +91 11 4350 6565 Email: newdelhi.branchhead@axisbank.com, raj कुमार.migłani@axisbank.com, amit.mishra@axisbank.com, debraj.saha@axisbank.com Website: www.axisbank.com Contact person: Mr. Debraj Saha/Amit Mishra SEBI registration no.: INBI00000017</p>	<p>ICICI Bank Limited Capital Market Division, 1st Floor, 122, Mistry Bhavan Dinshaw Vachha Road, Backbay Reclamation Churchgate, Mumbai – 400 020 Telephone: +91 22 2285 9905 Facsimile: +91 22 2261 1138 Email: anil.gadoo@icicibank.com Website: www.icicibank.com Contact person: Mr. Anil Gadoo SEBI registration no.: INBI00000004</p>
<p>IDBI Bank Limited[^] Unit No. 2, Corporate Park Sion Trombay Road Chembur, Mumbai – 400 071 Telephone: +91 22 6690 8402 Facsimile: +91 22 2528 6173 Email: ipoteam@idbi.co.in Website: www.idbinabank.com Contact person: Mr. V. Jayananthan SEBI registration no.: INBI00000076</p>	<p>IndusInd Bank Limited Cash Management Services, Solitaire Park, No. 1001 Building No. 10, Ground Floor Guru Hargovindji Marg Andheri (East), Mumbai – 400 093 Telephone: +91 22 6772 3901 to 3917 Facsimile: +91 22 6772 3998 Email: sanjay.vasarkar@indusind.com Website: www.indusind.com Contact Person: Mr. Sanjay Vasarkar SEBI registration no. : INBI00000002</p>
<p>Kotak Mahindra Bank Limited Kotak Towers, Cash Management Services 6th Floor, Zone 3, Building No. 21 Infinity Park, Off Western Express Highway Goregaon Mulund Link Road Malad (East), Mumbai 400 097 Telephone: +91 22 6605 6959 Facsimile: +91 22 6646 6540 Email: prashant.sawant@kotak.com Website: www.kotak.com Contact person: Mr. Prashant Sawant SEBI registration no. : INBI000000927</p>	<p>Punjab National Bank Capital Market Services Branch 5 – Sansad Marg New Delhi 110 001 Telephone: +91 11 2373 7533 Facsimile: +91 11 2373 7528 Email: bo4552@pnb.co.in Website: www.pnbindia.com Contact person: Mr. N.K. Sharma SEBI Registration no. : INBI000000084</p>

<p>State Bank of India Capital Market Branch Videocon Heritage (Killick House) Ground Floor, Charanjit Rai Marg, Fort, Mumbai 400 001 Telephone: +91 22 2209 4932 Facsimile: +91 22 2209 4921 Email: nib.11777@sbi.co.in Website: www.statebankofindia.com Contact person: Mr. Anil Sawant SEBI registration no. : INBI00000038</p>	<p>Union Bank of India Union Bank Bhawan 239, Vidhan Bhavan Marg Nariman Point Mumbai – 400 021 Telephone: +91 11 23414229, +91 11 23413685, +91 11 2341 3687 Facsimile: +91 11 2341 3686 Email: akawasthi@unionbankofindia.com Website: http://unionbankofindia.com Contact person: Mr. Anil Kumar Awasthi SEBI registration no. : INBI00000006</p>
<p>Yes Bank Limited[#] Indiabulls Finance Centre Tower 2, 23rd Floor Senapati Bapat Marg, Elphinstone (W), Mumbai - 400 013 Telephone: +91 22 3347 7251 Facsimile: +91 22 2497 4875 Email: dlbtiservices@yesbank.in Website: www.yesbank.in Contact person: Mr. Alok Srivastava SEBI registration no. : INBI000000935</p>	<p>HDFC Bank Limited FIG – OPS Department, Lodha, I Think Techno Campus, O-3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East) Mumbai – 400 042 Telephone: +91 22 3075 2928 Facsimile: +91 22 2579 9801 Email: uday.dixit@hdfcbank.com, siddharth.jadhav@hdfcbank.com, anchal.garg@hdfcbank.com, ashish.ujjawal@hdfcbank.com Website: www.hdfcbank.com Contact person: Mr. Uday Dixit Mr. Siddharth Jadhav SEBI registration no.: INBI000000063</p>

[^] The SEBI registration of IDBI Bank Limited as Banker to an Issue expired on February 6, 2014. However, IDBI Bank Limited has vide its letter dated October 31, 2013 applied for permanent registration under the Securities and Exchange Board of India (Banker to an Issue) Regulation, 1994.

[#] The SEBI registration of Yes Bank Limited as Banker to an Issue expired on January 9, 2014. However, Yes Bank Limited has vide its letter dated October 8, 2013 applied for permanent registration under the Securities and Exchange Board of India (Banker to an Issue) Regulation, 1994.

REFUND BANK

State Bank of India

Capital Market Branch
Videocon Heritage (Killick House)
Ground Floor, Charanjit Rai Marg
Mumbai 400 001
Telephone: +91 22 2209 4932
Facsimile: +91 22 2209 4921
Email: nib.11777@sbi.co.in
Website: www.statebankofindia.com
Contact person: Mr. Anil Sawant
SEBI registration no. : INBI00000038

Self Certified Syndicate Banks

The list of Designated Branches that have been notified by SEBI to act as SCSBs for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time. For more information on the Designated Branches collecting ASBA Applications, see the above mentioned web-link.

Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Members of the Syndicate for the Issue or the Trading

Members of the Stock Exchange only in the Syndicate ASBA Application Locations, the list of branches of the SCSBs at the Syndicate ASBA Application Locations named by the respective SCSBs to receive deposits of ASBA Applications from such Members of the Syndicate for the Issue or the Trading Members of the Stock Exchanges is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchanges only in the Syndicate ASBA Application Locations, see the above mentioned web-link.

CONSORTIUM MEMBERS FOR THE ISSUE

In addition to the Lead Managers, following are also the Consortium Members for marketing of the Issue:

<p>SBICAP Securities Limited 191, 19th Floor, Maker Tower-‘F’, Cuffe Parade, Mumbai 400005 Corr. Address: Mafatlal Chambers, 2nd floor, C wing, N M Joshi Marg, Lower Parel, Mumbai 400013 Tel: +91 22 4227 3300; Facsimile: +91 22 4227 3390 Email: archana.dedhia@sbicapsec.com Investors Grievance E-mail: complaints@sbicapsec.com Contact Person: Ms. Archana Dedhia SEBI Registration No.: BSE: INB 011053031 NSE: INB 231052938</p>	<p>A. K. Stockmart Private Limited 30-39, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021 Tel: +91 22 6754 6500; +91 22 6634 9300; Facsimile: +91 22 6754 4666 E-mail: stockmart@akgroup.co.in; ankit@akgroup.co.in Website: www.akcapindia.com Contact Person: Ankit Gupta SEBI Registration No.: BSE: INB011269538 NSE: INB231269532</p>
<p>Kotak Securities Limited 32, Rajabhadur Compound Opp. Bank of Maharashtra, Mumbai Samachar Marg, Fort, Mumbai- 400023 Tel: +91 22 2265 5074 /84 /05 Facsimile : +91 22 6615 4060 E-mail ID: sanjeeb.das@kotak.com Investor Grievance E-mail: ipo.redressal@kotak.com Website: www.kotak.com Contact person: Mr.Sanjeeb Kumar Das SEBI Registration No.: BSE: INB010808153 NSE: INB230808130</p>	

Bankers to the Company

<p>Corporation Bank Flat Nos. 124 to 130, 3, Ansal Chambers-1, Bhikaji Cama Place, New Delhi - 110 066 Tel: +91 (11) 26193911 Fax: +91 (11) 26181211 Email: cb0373@corpbank.co.in Website : www.corpbank.com Contact Person: Mr. G. Venkateswarlu</p>	<p>Vijaya Bank 31 /C, P.P.A. Shopping Centre, Opposite Moolchand Hospital, Defence Colony, New Delhi – 110 024 Tel: +91 (11) 24658127, 24615765 Fax: +91 (11) 2462 3775, 24692583 Email: del.defencecolony6005@vijyabank.co.in Website : www.vijayabank.com Contact Person: Mr. K. B. Subhodaya Shetty</p>
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Credit Rating Agencies

CRISIL Limited

CRISIL House, Central Avenue
Hiranandani Business Park, Powai,
Mumbai 400 076

Tel: +91 (22) 3342 3000
Fax: +91 (22) 3342 3050
E-mail: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Mr. Rajat Bahl
SEBI Registration No.: IN/CRA/001/1999

ICRA Limited

Building No. 8, 2nd Floor, Tower A,
DLF Cyber City, Phase- II,
Gurgaon 122 002
Tel: +91 (124) 4545 300
Fax: +91 (124) 4050 424
E-mail: vivek@icraindia.com
Investor Grievance e-mail: investors@icraindia.com
Website: www.icra.in
Contact Person: Mr. Vivek Mathur
SEBI Registration No.: IN/CRA/003/1999

Credit Analysis & Research Limited

B-47, 3rd Floor, Inner Circle,
Connaught Place, New Delhi 110 001
Tel: +91 (11) 4533 3220
Fax: +91 (11) 4533 3238
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 revalidated the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 15,10,300 lakhs long term borrowing programme of the Company (“**Debt Programme**”) vide its letter no. VR/FSR/IRFC/2013-14/1536 dated February 7, 2014. 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 revalidated the credit rating of “[ICRA] AAA” (pronounced as “ICRA Triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2013-14/I1/10 dated February 7, 2014. 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 revalidated the credit rating of “CARE AAA (pronounced as Triple A)” for the Debt Programme of the Company vide its letter dated February 7, 2014. 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.

Further, our Company undertakes that the rating rationale obtained shall not be older than one year from the date of opening of the Issue. Further, our Company also undertakes that the credit rating letter issued by the aforesaid rating agencies would not be older than one month on the date of opening of the Issue.

For revalidation letters from CRISIL, ICRA and CARE dated February 7, 2014, see Annexure-II of the Prosoectus Tranche-II. 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 letter dated February 7, 2014 and rationale dated July 15, 2013 issued by CARE in respect of the credit rating for the Debt Programme (bonds and long term loans) of the Company and the report dated November 8, 2013 on our audited financial statements for the financial year ending March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013 and for the half year ended September 30, 2013 and statement of tax benefits dated November 8, 2013 issued by M/s. Bansal Sinha & 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*
February 28, 2014	March 7, 2014

Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres or with the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. and shall be uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. on the Issue Closing Date. All times mentioned in this Prospectus Tranche - II are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not be uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, Consortium Members or Trading Members of the Stock Exchanges is liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

** The subscription list for the Tranche - II Issue shall remain open for subscription, from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Directors or the Bond Committee. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading National daily newspaper.*

OBJECTS OF THE ISSUE

Issue Proceeds

Public Issue by Indian Railway Finance Corporation Limited 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs in Fiscal 2014.

The Board of Directors, at their meeting held on August 6, 2013 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 to ₹ 10,00,000 lakhs in one or more tranche(s), on or prior to March 31, 2014, subject to the provisions of the CBDT Notification.

Out of the allocated limit, the Company is authorised to raise upto 30% through private placement. Our Company has undertaken four private placements through which it has raised the entire allocated amount of ₹ 3,00,000 lakhs. For details see section titled as “*The Issue*” on page 15 of this Prospectus Tranche – II.

Our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche - I. The issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. The trading at BSE and NSE commenced on February 20, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs.

Utilisation of Issue Proceeds

The funds raised through this Issue will be utilized towards financing the acquisition of rolling stock which will be leased to the MoR in line with present business activities. The utilisation of Issue Proceeds shall be in compliance with various guidelines/regulations/clarifications issued by RBI, SEBI or any other statutory authority from time to time.

For further details in relation to the aforesaid business and associated risk, see sections titled “*Our Business*” and “*Risk Factors*” beginning on page 70 and 12 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 2014, 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 - II in the section titled “**Terms of the Issue - Security**” on page 64 of this Prospectus Tranche – II and upon the listing of the Bonds.

We propose to issue Bonds to Eligible NRIs and eligible FPIs 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 persons and entities that are not in the infrastructure sector.

To ensure compliance with the aforementioned, the Company shall open and maintain separate escrow accounts with the Escrow Collection Bank(s) in connection with all Application Amounts received from Eligible NRIs, eligible FPIs and other non resident Applicants across all Categories (“**Non Resident Escrow Account**”). All Application Amounts received from Eligible NRIs, eligible FPIs and other non resident Applicants shall be deposited in the Non Resident Escrow Account maintained with each Escrow Collection Bank(s). Upon creation of security as disclosed in this Prospectus Tranche - II, the Escrow Collection Bank(s) shall transfer the monies from the Non Resident Escrow Accounts to a separate bank account (“**Non Resident Public Issue Account**”) which shall be different from the Public Issue Account. The Company shall at all times ensure that any monies kept in the Non Resident Public Issue 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.

Proposed Issue Expenses*

A portion of the Issue proceeds will be used to meet Issue expenses. The following are the estimated issue expenses:

Particulars	Amount (₹ in lakhs)	Percentage of proceeds of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Lead Managers Fee, Selling and Brokerage Commission, SCSB processing fee	3475.03	0.496	82.09
Registrar to the Issue	33.53	0.005	0.79
Debenture Trustee	0.45	0.000	0.01
Advertising and marketing	66.67	0.010	1.58
Printing and stationery costs	348.64	0.050	8.24
Other Miscellaneous Expenses	308.88	0.044	7.30
Total	4233.20	0.605	100.00

**Negligible

* The Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/Consortium Members/Sub-Consortium Members/Brokers/ Sub-brokers/Trading Members and submitted to SCSBs for blocking the Application Amount of the Applicant, at the rate of ₹15 per Application Form (inclusive of service tax) procured, as finalised by the Company. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee. Further, in terms of CBDT Notification for this public issue of Bonds, the issue expenses shall not exceed 0.65% of the Issue Size.

* For the purpose of the issue expenses provided herein above, the subscription amount has been assumed as ₹7,00,000 lakhs, which includes ₹4,08,312.15 lakhs raised by way of Tranche – I 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 this 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 61/2013/ F.No.178/37/2013-(ITA.I) dated 8th August 2013 authorizes Indian Railway Finance Corporation Ltd. to issue during the Financial year 2013-14, tax free, secured, redeemable, non-convertible bonds of ₹ 1,000 each for the aggregate amount not exceeding ₹ 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, fifteen or twenty years.
 - (iv) There shall be a ceiling on the coupon rates based on the reference Government security (G-sec) rate;
 - (v) The reference G-sec rate would be the average of the base yield of G-sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India (FIMMDA) on a daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filing of the final prospectus with the Exchange or Registrar of Companies (ROC) in case of public issue and the issue opening date in case of private placement.
 - (vi) The ceiling coupon rate for AAA rated issuers shall be the reference G-sec rate less 55 basis points in case of Retail Individual Investor and reference G-sec less 80 basis points in case of other investor segments, like Qualified Institutional Buyers(QIB's), Corporates and High Net worth Individuals.
 - (vii) In case the rating of the issuer entity is AA+, the ceiling rate shall be 10 basis points above the ceiling rate for AAA rated entities as given in the clause (vii).
 - (viii) In case the rating of the issuer entity is AA or AA-, the ceiling rate shall be 20 basis points above the ceiling rate for AAA rated entities as given in the clause (vii).
 - (ix) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payments is altered to semi-annual, the interest rates shall be reduced by 15 basis points;
 - (x) The higher rate of interest, applicable to retail investors, shall not be available in case the bonds are transferred by Retail investors to non retail investors.
 - (xi) At least 70% of aggregate amount of bonds shall be raised through public issue. 40% of such public shall be earmarked for retail investors.
- (b) Total issue expenses shall not exceed 0.65% of the issue size in case of public issue and in case of private placement, it shall not exceed 0.25% of the issue size.

The issue expense would include all expenses relating to the issue like brokerage, advertisement, printing, registration etc.

- (c) 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;

Further, as per Section 14 A(1), no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to said interest, being exempt under the Income Tax Act, 1961.

Section 2(36A) of the IT Act defines Public Sector Company 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.

- (d) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- (e) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required. However, interest on application money would be liable for TDS as well as tax as per present tax laws.

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. ₹2,00,000 in case of all individuals, ₹ 250,000 in case of resident senior citizens and ₹ 500,000 in case of resident super 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) Under Section 54 EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be

chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of Section 54 EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80 C of the I.T. Act. The investment made in the notified bonds by an assessee in any financial year cannot exceed ₹ 50 lacs.

- (d) 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 or constructed.

- (e) 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.

- (f) 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.

3. BONDS HELD AS STOCK IN TRADE

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. 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
Bansal Sinha & Co.,
Chartered Accountants
Firm Registration No.: 006184N

Ravinder Khullar
(Partner)
Membership No. 082928

Place : New Delhi
Dated : November 8, 2013

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

As per the terms of the CBDT Notification, the aggregate value of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Company during the Fiscal 2014 shall not exceed ₹ 10,00,000 lakhs.

The Board of Directors, at their meeting held on August 6, 2013 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 to ₹ 10,00,000 lakhs in one or more tranche(s), on or prior to March 31, 2014, subject to the provisions of the CBDT Notification.

Out of the allocated limit, the Company is authorised to raise upto 30% through private placement. Our Company has undertaken four private placements through which it has raised the entire allocated amount of ₹ 3,00,000 lakhs. For details see section titled as “*The Issue*” on page 15 of this Prospectus Tranche – II.

Our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche - I. The issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

Our Company through Prospectus Tranche – II, proposes to raise ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs.

As per newly notified Section 31 of Companies Act, 2013, any class of companies as prescribed by SEBI, may file a shelf prospectus. Further, as per Section 29 of Companies Act, 2013 it is mandatory for companies making a public offer to offer securities in dematerialised form only. Our Company vide its letter dated October 17, 2013, has approached SEBI for seeking approval to issue Bonds in physical form. In this regard, SEBI vide its letter no. IMD/DOF/BM/VA/OW/27525/2013 dated October 28, 2013 has stated that our Company may issue the Bonds in physical form to those investors, who wish to subscribe in physical form.

Pursuant to Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 dated January 31, 2014 our Company complies with the necessary conditions for being eligible for filing of Shelf Prospectus.

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 Company Secretary, the Director Finance, the Statutory Auditors, Bankers to the Company, Bankers to the Issue/Escrow Collection Banks, Refund Bank, Lead Managers, Registrar to the Issue, Legal Advisors to the Issue, Credit Rating Agencies and the Debenture Trustee, to act in their respective capacities, have been obtained and shall be filed with RoC.

The Company has appointed SBICAP Trustee Company Limited 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 letter dated February 7, 2014 and rationale dated July 15, 2013 issued by CARE in respect of the credit rating for the Debt Programme (bonds and long term loans) of the Company and the report dated November 8, 2013 on our audited financial statements for the financial year ending March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013 and for the half year ended September 30, 2013 and statement of tax benefits dated November 8, 2013 issued by M/s. Bansal Sinha & Co., Chartered Accountants, 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. Bonds held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor or transferee and any other applicable laws and rules notified in respect 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 any minimum subscription amount for this Issue.

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

1. Our Company had made public issue 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 for an amount of ₹ 3,00,000 lakhs with an option to retain oversubscription upto an aggregate amount of ₹ 6,30,000 lakhs through a shelf prospectus dated January 19, 2012. The opening date of the issue was January 27, 2012 and the closing date was February 3, 2012. The tax free bonds under the issue were allotted on February 23, 2012. Dispatch of refunds pursuant to the issue of bonds was made on February 25, 2012 and trading at BSE and NSE commenced on March 2, 2012.

Pursuant to the said public issue of tax free bonds in fiscal 2012, our Company had raised an amount aggregating to ₹ 6,26,889 lakhs.

2. Our Company had made public issue 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 through a shelf prospectus and Prospectus Tranche - 1 dated December 21, 2012 and Prospectus Tranche - 2 dated February 14, 2013 upto the shelf limit of ₹ 8,88,640 lakhs. The Tranche - 1 Issue has opened on January 21, 2013 and closed on February 8, 2013. The Tranche - 2 has opened on February 25, 2013 and closed on March 15, 2013. The allotments under Tranche - 1 and Tranche - 2 were made on February 19, 2013 and March 23, 2013 respectively. The trading at BSE and NSE for Tranche - 1 and Tranche - 2 issues have commenced on February 22, 2013 and April 1, 2013 respectively.

Pursuant to the said public issue of tax free bonds in fiscal 2013, our Company had raised an amount aggregating to ₹ 5,80,244.45 lakhs.

3. Our Company had made public issue 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 through a shelf prospectus and prospectus tranche - I dated December 19, 2013 dated upto the shelf limit of ₹ 8,66,300 lakhs. The Tranche - I Issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount

aggregating to ₹ 4,08,312.15 lakhs. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

Commission or Brokerage on Previous Issues

Our Company incurred an aggregate amount of ₹ 791.25 lakhs plus service tax on account of brokerage and selling commission in relation to the bonds issue in Fiscal 2013.

The Tranche – I Issue had opened for subscription on January 6, 2014 and closed on February 07, 2014. The amount collected in terms of allotment of bonds under Tranche – I Issue is ₹ 4,08,312.15 lakhs. However, since the invoices pertaining to commission or brokerage has not been raised for Tranche – I Issue, the commission or brokerage payable cannot be ascertained at this stage.

Change in auditors of our Company during the last three years

The changes in the statutory auditors of our Company in the last three years are set out below:

Name	Address	Date of appointment/ resignation	Auditor of the Company since
Bansal Sinha & Co.	18/19, Old Rajinder Nagar, New Delhi 110 060.	Appointed by way of letter from the office of Comptroller and Auditor General of India dated July 25, 2012 and resolution passed in the annual general meeting of the Company held on August 28, 2012	August 28, 2012
Dhawan & Co.	312, Wegmans House, 21, Veer Savarkar Block, New Delhi 110 092.	Resigned on August 28, 2012	July 28, 2009

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*” on page 32 of this Prospectus Tranche – II. We shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus Tranche - II in the section titled — “*Terms of the Issue - Security*” on page 64 of this Prospectus Tranche – II 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 Section 40 of the Companies Act, 2013;
- (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/222172-2 DATED NOVEMBER 20, 2013 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 BELISTED 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.

The Company has received revalidated in-principle approval from NSE for listing of the Bonds vide their letter no. NSE/LIST/230468-2 dated February 14, 2014

Disclaimer clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED NOVEMBER 20, 2013, 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 OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED FEBRUARY 16, 1998 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.

Disclaimer in Respect of Jurisdiction

The Issue is being made in India, to:

Foreign Portfolio Investors including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Portfolio Investors; Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; Insurance companies registered with the IRDA; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; Mutual funds registered with SEBI; and Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013; Statutory bodies/corporations; Co-operative banks; Trusts including Public/ private charitable/religious trusts; Limited liability partnership; Regional Rural Banks; Partnership firms; Category III FPIs; Association of Persons; Societies registered under the applicable law in India and authorized to invest in Bonds; and Any other legal entities incorporated in India and authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities.

Resident Indian individuals; Hindu Undivided Families through the Karta; Non Resident Indians on repatriation as well as non-repatriation basis; and eligible FPIs being an individual, applying for an amount aggregating to above ₹10 lakhs across all Series of Bonds in each Tranche Issue.

Resident Indian individuals; Hindu Undivided Families through the Karta; Non Resident Indians on repatriation as well as non-repatriation basis; and FPIs being an individual, applying for an amount aggregating to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue.

The Shelf Prospectus and this Prospectus Tranche - II will not, however constitute offers to sell or an invitation to subscribe for the Bonds offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Shelf Prospectus and this Prospectus Tranche - II comes is required to inform himself or herself about, and to observe, any such restrictions.

US disclaimer

Nothing in the Shelf Prospectus and this Prospectus Tranche - II constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("Securities Act"), or the securities laws of any state of the United States or other jurisdiction and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on Section 3(c)(7) thereof. The Shelf Prospectus and this Prospectus Tranche - II may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Each other purchaser of the Bonds will be required to represent and agree, among other things, that (i) such purchaser is a non-U.S. person acquiring the Bonds in an "offshore transaction" in accordance with Regulation S, and (ii) any reoffer, resale, pledge or transfer of the Bonds by such purchaser will not be made to a person in the United States or to a person known by the undersigned to be a U.S. Person, in each case in accordance with all applicable securities laws.

EU disclaimer

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus

Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the Bonds and the information contained in the Shelf Prospectus read with this Prospectus Tranche - II.

Track record of past public issues handled by the Lead Managers

The details of the track record of the Lead Managers to the Issue, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers to the Issue.

Listing

The Bonds are proposed to be listed on NSE and on BSE. NSE shall be the Designated Stock Exchange for the Issue.

If the permission to list and trade the Bonds is not granted by NSE and BSE, our Company shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of this Prospectus Tranche - II and Section 40 of the Companies Act, 2013. If default is made, our Company and every officer in default will liable to fine as prescribed in Section 40 of the Companies Act, 2013.

Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at NSE and BSE will be taken within 12 Working Days from the Issue Closing Date.

Dividend

The details of the dividend paid by our Company in the past 5 financial years are as under:

March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
4.68%	4.76%	6.24%	9.17%	20%

The total dividend paid for the financial year 2012-13 was ₹ 11,000 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 series/option applied for and Member of the Syndicate/Trading Member/SCSB to whom the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the relevant Stock Exchange.

Information Required under Section 30 of the Companies Act, 2013

Contents of Memorandum of Association of the Company as regards to the Objects:

Investors are advised to refer to clause III of the Memorandum of Association of the Company. Memorandum of Association is a material document for inspection and relation to the issue. For further details please refer to section "**Material Contract and Documents for Inspection**" on page 119 of the Prospectus Tranche – II.

Liability of Members of the Company

The liability of members of the Company is limited by shares.

Names of the signatories to the Memorandum of Association of our Company and shares held by them at the time of signing of the Memorandum of Association that was on December 10, 1986.

Name of the signatory	No. of shares held by them
Prakash Narain <i>On behalf of President of India</i>	1
Prakash Narain	1
Srinivasa Ramaswamy	1
Saroj Kumar Mitra	1
Satish Mohan Vais	1
Raj Kumar Jain	1
Rameshwar Prasad Singh	1
Amar Nath Wanchoo	1

For amount of Share Capital of the Company and Share Capital Structure, please refer to “**Recent Developments**” on page 98 of this Prospectus Tranche – II.

SECTION III – ISSUE INFORMATION ISSUE STRUCTURE

As authorised under the CBDT Notification, the aggregate value of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Company during the Fiscal 2014 shall not exceed ₹ 10,00,000 lakhs.

The Board of Directors, at their meeting held on August 6, 2013 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 to ₹ 10,00,000 lakhs in one or more tranche(s), on or prior to March 31, 2014, subject to the provisions of the CBDT Notification.

Out of the allocated limit, the Company is authorised to raise upto 30% through private placement. Our Company has undertaken four private placements through which it has raised the entire allocated amount of ₹ 3,00,000 lakhs. For details see section titled as “*The Issue*” on page 15 of this Prospectus Tranche – II.

Our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche - I. The issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

Our Company through Prospectus Tranche – II, proposes to raise ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs.

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 “*Terms of the Issue*” on page 53 of this Prospectus Tranche – II.

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

Issuer	Indian Railway Finance Corporation Limited
Mode of issue and nature of instrument	Public Issue by our Company 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs in Fiscal 2014. This Tranche - II Issue is being offered by way of this Prospectus Tranche - II which contains, inter alia, the terms and conditions of the Tranche - II Issue, which should be read together with the Shelf Prospectus filed with the RoC, Stock Exchanges and the Securities and Exchange Board of India.
Listing	The Bonds are proposed to be listed on NSE and BSE within 12 Working Days of the Tranche - II Issue Closing Date. NSE is the Designated Stock Exchange for the Issue.
Type and nature of Instrument	Tax free, secured, redeemable, non-convertible bonds in the nature of debentures
Nature of Instrument	Secured.
Mode of Issue	Public issue
Face Value	₹ 1,000 per Bond
Issue Price	₹ 1,000 per Bond

<p>Credit Ratings</p>	<ol style="list-style-type: none"> 1. CRISIL has revalidated the credit rating of “CRISIL AAA/Stable” (pronounced as “CRISIL Triple A with stable outlook”) for ₹ 15,10,300 lakhs long term borrowing programme of the Company (“Debt Programme”) vide its letter no. VR/FSR/IRFC/2013-14/1536 dated February 7, 2014. 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 revalidated the credit rating of “[ICRA] AAA” (pronounced as “ICRA Triple A”) for the Debt Programme of the Company vide its letter no. D/RAT/2013-14/I1/10 dated February 7, 2014. 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 revalidated the credit rating of “CARE AAA (pronounced as Triple A)” for the Debt Programme of the Company vide its letter dated February 7, 2014. 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>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 revalidation letters from CRISIL, ICRA and CARE dated February 7, 2014, see Annexure-II of the Prosoectus Tranche-II. For the rationale for these ratings, see Annexure II of the Shelf Prospectus.</p>
<p>Eligible Investors</p>	<p>Category-I*:</p> <p>Qualified Institutional Buyers as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended including:</p> <ul style="list-style-type: none"> • Foreign Portfolio Investors (other than Category III FPIs) including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Portfolio Investors; • Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. <p><i>*With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.</i></p> <p>Category-II*:</p> <ul style="list-style-type: none"> • Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013;

	<ul style="list-style-type: none"> • Statutory bodies/corporations; • Co-operative banks; • Trusts including Public/ private/ charitable/religious trusts; • Limited liability partnership; • Regional Rural Banks; • Partnership firms; • Category III FPIs; • Association of Persons; • Societies registered under the applicable law in India and authorized to invest in Bonds; and • Any other legal entities authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities. <p><i>* With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.</i></p> <p>Category-III:</p> <p>The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible FPIs being an individual. <p>Category-IV:</p> <p>The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none"> • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; • Hindu Undivided Families through the Karta; and • Eligible FPIs being an individual.
Issue Size and Option to retain over subscription	<p>Public Issue by Indian Railway Finance Corporation Limited 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, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs in the fiscal 2014.</p> <p><i>*Pursuant to the CBDT Notification, the Company has raised an amount of ₹ 4,08,312.15 lakhs by way of Tranche – I of the public issue and also raised an amount aggregating to ₹ 3,00,000 lakhs through four private placements of bonds vide disclosure documents dated November 19, 2013, November 21, 2013, February 8, 2014 and February 11, 2014, respectively. Our Company shall ensure that the funds raised through public issue and/or private placement of Bonds shall together not exceed ₹ 10,00,000 lakhs.</i></p>
Put / Call Option	Not applicable
Objects of the Issue and details of utilisation of proceeds	Please refer to Section “ Objects of the Issue ” on page 32 of this Prospectus Tranche – II.
Interest Payment Date	First Interest payment date is on April 15, 2014 and subsequently on April 15 of every year except the last interest payment along with the redemption amount.
Interest on application money	As provided in “ Terms of the Issue-Interest on Application Amount ” on page 59 of this Prospectus Tranche – II.

Interest on refund money	5% per annum
Default interest rate	As specified in the Debenture Trust Deed to be executed between the Company and the Trustee.
Day count basis	Actual / Actual basis i.e. interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.
Working Day Convention	A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment center notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment center notified in terms of the Negotiable Instruments Act, 1881
Effect of holidays on payments	If the date of payment of interest or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as due date. Interest or other amounts, if any, will be paid on the succeeding Working Day. If the date of payment principal or redemption or any date specified does not fall on a Working Day, the immediately preceding Working Day will be considered as the due date.
Step up/ step down coupon rate	Not Applicable
Discount at which Bond is issued and the effective yield as a result of such discount	Not Applicable
Minimum Application Size	5 Bonds (₹ 5,000), individually or collectively across all Series of Bonds
Terms of Payment	Full amount is payable on application
Market Lot / Trading Lot	One Bond
Pay-in Date	Application Date (Full Application Amount is payable on Application) Refer to section titled “ <i>Issue Procedure – Payment Instructions</i> ” on page 79 of this Prospectus Tranche - II.
Security	The Bonds issued by the Company will be secured by creating a first <i>pari-passu</i> charge on the identified present and future movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed and applicable laws. The Company undertakes that it has obtained the consent/no objection certificate from the lenders/trustee for ceding <i>pari passu</i> charge on the assets proposed to be charged as security for the Bonds of the Company. Further details pertaining to the Security are more particularly specified in the Debenture Trust Deed.
Security cover	Atleast one time of the value of the total outstanding Bonds
Transaction Documents	The Shelf Prospectus, the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other security documents, if applicable, and various other documents/ agreements/undertakings, entered or to be entered by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Escrow Agreement, the MoU with the Registrar and the MoU with the Lead Managers and the Consortium Agreements. Refer to section titled “ <i>Material Contracts and Documents for Inspection</i> ” on page 119 of

	this Prospectus Tranche - II.
Nature of Indebtedness and Ranking/Seniority	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.
Condition Precedent to Disbursement	Other than the conditions specified in the SEBI Debt Regulations there are no conditions precedent to disbursement.
Condition Subsequent to Disbursement	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
Depositories	NSDL and CDSL
Debenture Trustee and its responsibilities	The debenture trustee for the Issue is SBICAP Trustee Company Limited. The role and responsibilities of the Debenture Trustee are mentioned in the Debenture Trustee Agreement.
Registrar	Karvy Computershare Private Limited
Modes of payment of application money	1. At par cheques 2. Demand Drafts 3. ASBA
Modes of Payment of Interest Money / Settlement mode	1. Direct credit 2. National Electronic Clearing System (“NECS”) 3. Real Time Gross Settlement (“RTGS”) 4. National Electronic Fund Transfer (“NEFT”) 5. Cheques/Pay Order/ Demand Draft For further details of the aforesaid modes, refer to section titled “ <i>Terms of the Issue</i> ” on page 53 of this Prospectus Tranche - II.
Issuance mode	**In dematerialized form or in physical form (except for eligible FPIs), at the option of Applicants.
Trading mode	**In dematerialized form only
Issue Opening Date	February 28, 2014.
Issue Closing Date	March 7, 2014*. * <i>The Tranche - II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Directors or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.</i>
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Directors of the Company or Bond Committee thereof approves the Allotment of the Bonds for Tranche - II Issue or such date as may be determined by the Board of Directors or Bond Committee thereof and notified to the stock exchanges. All benefits relating to the Bonds including interest on Bonds (as specified for each tranche by way of Tranche Prospectus) shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
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. In the event the Record Date falls on a Saturday, Sunday or a Public Holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the preceding Working Day shall be considered as Record Date.
Cross Default	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.

Lead Managers	SBI Capital Markets Limited, A. K. Capital Services Limited, Axis Capital Limited, ICICI Securities Limited and Kotak Mahindra Capital Company Limited.
Consortium Members for the Issue	SBI Capital Markets Limited, A. K. Capital Services Limited, ICICI Securities Limited, Axis Capital Limited, Kotak Mahindra Capital Company Limited, SBICAP Securities Limited, A. K. Stockmart Private Limited and Kotak Securities Limited.
Governing law	The laws of the Republic of India
Jurisdiction	The courts of New Delhi shall have exclusive jurisdiction for the purposes of the Issue
Event of Default	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.

***In terms of Section 29 (1) of the Companies Act, 2013 and 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 fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form. Our Company vide its letter dated October 17, 2013, has approached SEBI for seeking approval to issue Bonds in physical form. In this regard, SEBI vide its letter dated October 28, 2013 has stated that our Company may issue the Bonds in physical form to those investors, who wish to subscribe in physical form.*

Note: *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 does 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.

SPECIFIC TERMS FOR EACH SERIES OF BONDS

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

Options	Series of Bonds Category I, II & III [#]	
	Tranche - II Series IA	Tranche - II Series IIA
Coupon Rate (%) p.a.	8.19	8.63
Annualized Yield (%) p.a.	8.19	8.63
Options	Series of Bonds Category IV [#]	
	Tranche - II Series IB	Tranche - II Series IIB
Coupon Rate (%) p.a.	8.44	8.88
Annualized Yield (%) p.a.	8.44	8.88
Common Terms	Series of Bonds Category I, II, III & IV [#]	
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	
Redemption Premium/ Discount	Not applicable	
Frequency of Interest Payment	Annual	
Minimum Application Size	5 Bonds (₹ 5,000), individually or collectively across all Series of Bonds.	
In Multiples of	1 Bond.	
Face Value (₹/Bond)	₹ 1,000	
Issue Price (₹/Bond)	₹ 1,000	
Mode of Interest Payment	For various modes of interest payment, see “Terms of the Issue – Modes of Payment” on page 63 of this Prospectus Tranche - II.	

Coupon Payment Date	First Interest payment is on April 15, 2014 and subsequently on April 15 of every year except the last interest payment along with the redemption amount.
Coupon Reset Process	Not Applicable
Coupon Type	Fixed
Interest on Application Money	See “ <i>Terms of the Issue-Interest on Application Amount</i> ” on page 59 of this Prospectus Tranche - II.
Discount at which Bonds are issued and effective yield as a result of such discount	Not applicable
Nature of Indebtedness and Ranking	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.

In pursuance of CBDT Notification and for avoidance of doubts, it is clarified as under:

- a. The coupon rates indicated under Tranche - II Series IB and Tranche - II Series IIB shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.
- b. In case the Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche - II Series IA and Tranche - II Series IIA respectively.
- c. If the Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB are sold/ transferred by the Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;
- d. Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;
- e. If on any Record Date, the original Category IV allottee(s)/ transferee(s) hold the Bonds under Tranche - II Series IB, Tranche - II Series IIB, Tranche - II Series IA and Tranche - II Series IIA for an aggregate face value amount of over ₹ 10 lakhs, then the coupon rate applicable to such Category IV allottee(s)/transferee(s) on Bonds under Tranche - II Series IB and Tranche - II Series IIB shall stand at par with coupon rate applicable on Tranche - II Series IA and Tranche - II Series IIA respectively;
- f. Bonds allotted under Tranche - II Series IA and Tranche - II Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;
- g. For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant Tranche Issue shall be clubbed and taken together on the basis of PAN.

The Company would allot Tranche - II Series IA/IB Bonds (depending upon the category of Applicant) to all valid applications, wherein the applicants have not indicated their choice of the relevant series of Bonds in their Application Form.

For further details, see the section titled “**Issue Procedure**” on page 69 of this Prospectus Tranche - II.

TERMS OF THE ISSUE

The Bonds being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the Companies Act, Companies Act, 2013 (to the extent notified), the Income Tax Act, the CBDT Notification, the terms of the Shelf Prospectus, the Prospectus Tranche - II, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, Stock Exchanges, the GoI, and 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

As per the terms of the CBDT Notification, the aggregate value of the issue of Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Company during the Fiscal 2014 shall not exceed ₹ 10,00,000 lakhs.

The Board of Directors, at their meeting held on August 6, 2013 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 to ₹ 10,00,000 lakhs in one or more tranche(s), on or prior to March 31, 2014, subject to the provisions of the CBDT Notification.

Out of the allocated limit, the Company is authorised to raise upto 30% through private placement. Our Company has undertaken four private placements through which it has raised the entire allocated amount of ₹ 3,00,000 lakhs. For details see section titled as “*The Issue*” on page 15 of this Prospectus Tranche – II.

Our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche - I. The issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Pursuant to the Tranche - I Issue, our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

Our Company through Prospectus Tranche – II, proposes to raise ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs.

As per newly notified Section 31 of Companies Act, 2013, any class of companies as prescribed by SEBI, may file a shelf prospectus. Further, as per Section 29 of Companies Act, 2013 it is mandatory for companies making a public offer to offer securities in dematerialised form only. Our Company vide its letter dated October 17, 2013, has approached SEBI for seeking approval to issue Bonds in physical form. In this regard, SEBI vide its letter no. IMD/DOF/BM/VA/OW/27525/2013 dated October 28, 2013 has stated that our Company may issue the Bonds in physical form to those investors, who wish to subscribe in physical form.

Further, pursuant to Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 dated January 31, 2014, our Company complies with the necessary conditions for being eligible for filing of Shelf Prospectus.

2. Issue and status of Bonds

2.1. Public issue of Bonds of face value of ₹ 1,000.00 each in the nature of secured, redeemable, non-convertible debentures, having benefits under Section 10(15) (iv) (h) of the Income Tax Act, for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs.

Pursuant to the CBDT Notification, the Company has raised an amount of ₹ 4,08,312.15 lakhs by way of Tranche – I of the public issue and also raised an amount aggregating to ₹ 3,00,000 lakhs through four private placements of bonds vide disclosure documents dated November 19, 2013, November 21, 2013, February 8, 2014 and February 11, 2014. Our Company shall ensure that the funds raised through public issue and/or private placement of Bonds shall together not exceed ₹ 10,00,000 lakhs.

- 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 Bonds are proposed to be secured by a first pari-passu charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches, present and future, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed to be entered amongst them and applicable laws. The Company undertakes that it has obtained the consent/no objection certificate from the lenders/trustee for ceding pari passu charge on the assets proposed to be charged as security for the Bonds of the Company.
- 2.4. 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 or in physical form (except for eligible FPIs). Our 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 our Company, the Registrar and CDSL and the tripartite agreement dated January 23, 2002 among our Company, the Registrar and NSDL (collectively “**Tripartite Agreements**”).

Our Company *vide* its letter dated October 17, 2013, has approached SEBI for seeking approval to issue Bonds in physical form. In this regard, SEBI *vide* its letter no. IMD/DOF/BM/VA/OW/27525/2013 dated October 28, 2013 has stated that our Company may issue the Bonds in physical form to those investors, who wish to subscribe in physical form.

Our 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, and/or rules as notified by the Depositories from time to time.

- 3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialised 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 held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialised form, our Company will issue one certificate for each Series of 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), our Company will, on receipt of a request from the Bondholder within 30 Working 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 our Company.

3.1.4. **Manner of allotment**

- 3.1.4.1. Allotment of the Bonds will be dematerialised form or in physical (except for eligible FPIs). In terms of Bonds issued in dematerialised form, our Company will take requisite steps to credit the demat accounts of all Bondholders who have applied for the Bonds in dematerialised form within 12 Working Days from the Issue Closure Date.

3.1.4.2 Our Company may also issue Letters of Allotment to all Bondholders who have applied for the Bonds in physical form within 12 Working Days from the Issue Closure Date. Subsequent to the payment of the consolidated stamp duty on the Bonds, and upon the issuance of the order from the Collector evidencing the payment of such consolidated stamp duty, our Company and the Registrar shall dispatch Consolidated Bond Certificates to all Bondholders holding Letters of Allotment (in terms of the Register of Bondholders as maintained by the Company/Registrar), no later than three months from the date of Allotment (in accordance with Section 113 of the Companies Act). Upon receipt by Bondholders of such Consolidated Bond Certificates as dispatched by the Registrar and the Company, the Letters of Allotment shall stand cancelled without any further action. Prospective Bondholders should note that once Consolidated Bond Certificates have been duly dispatched to all Bondholders who had applied for Bonds in physical form, our Company shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds purported to be effected through Letters of Allotment.

3.2. **Face Value**

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

3.3. **Title**

3.3.1 In case of:

- (i) the Bond held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- (ii) the Bond held in physical form, the person for the time being appearing in the Register of Bondholders as Bondholder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such persons 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 our 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 maintained by the Depositories and /or our 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 our Company or the Registrar to the Issue.

3.4. **Listing**

The Bonds are proposed to be listed on the NSE and the BSE. The designated stock exchange for the Issue is NSE.

If the permission to list and trade the Bonds is not granted by NSE and BSE, our Company shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the Prospectus Tranche - II and Section 40 of the Companies Act, 2013. If default is made, our Company and every officer in default will be liable to fine as prescribed in Section 40 of the Companies Act, 2013. Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at NSE and BSE will be taken within 12 Working Days from the Issue Closing Date.

3.5. **Market Lot**

The Bonds shall be allotted in dematerialised form or physical (except for eligible FPIs). As per the

SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialized form, the tradable lot for the Bonds is one Bond (“**Market Lot**”).

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**

Our Company shall maintain at its Registered Office or such other place, as permitted by Section 163 of the Companies Act, a Register of Bondholders containing such particulars of the legal owners of the Bonds as prescribed by Section 152 of the Companies Act. Further, in accordance with the Section 152A of the Companies Act, the register of beneficial owners maintained by Depositories for any Bond in dematerialised 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 dematerialised form:*

In respect of Bonds held in the dematerialised form, transfers of the Bonds may be affected, 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 in a manner as may be prescribed by our Company for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to our Company or to such persons as may be notified by our Company from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialised 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.

The payment of stamp duty on transfer of Bonds as well as the execution of instrument of transfer as required under Section 108 of the Companies Act has been exempted by Government of India’s Notification No. GSR 1294(E) dated December 17, 1986. The Company will register the transfer of Bonds, provided the Bond Certificate with the details of name, address, occupation, if any, and signature of the transferee on the reverse of the Bond Certificate is delivered to the address of the Registrar mentioned herein, by registered post or by hand delivery. No stamp duty is payable under the said notification on such transfers. The Company shall on being satisfied and subject to the provisions of the Articles of Association register the transfer of such Bonds in its books.

The buyer(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds shall be paid to the person whose name appears in the register of Bondholders maintained by the Depositories. In such cases, any claims shall be settled inter se between the parties and no claim or action shall be brought against the Company or the Lead Managers or the Registrar to the Issue.

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 our Company, but on payment (or the giving of such indemnity as our Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and our Company being satisfied that the requirements concerning transfers of Bonds, have been complied with.

4.4 **Debenture Redemption Reserve (“DRR”)**

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act, any company that intends to issue debentures needs to create a DRR to which adequate amounts shall be credited out of the profits of our company until the redemption of the debentures. Further, the MCA has, through its circular dated February 11, 2013 has specified that NBFC’s shall create a DRR to the extent of 25% of the value of the debentures issued through a public issue or such a percentage as may be required under applicable regulation as amended from time to time. Accordingly, our Company shall create a DRR of 25% of the value of the Bonds Allotted in terms of the Prospectus Tranche - II, for the redemption of the Bonds. Our 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 our 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. In case of ASBA Applicants, the full amount of face value of Bonds applied for will be blocked in the relevant ASBA Account maintained with the SCSB. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size of 5 Bonds (₹ 5,000), across any of the Series(s) or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment finalised by the Board of Directors/ Bond Committee.

6. **Deemed Date of Allotment**

Deemed Date of Allotment shall be the date on which the Board of Directors of our Company or the Bond Committee approves the Allotment of the Bonds for each Tranche Issue or such date as may be determined by the Board of Directors or Bond Committee 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	February 28, 2014
Issue Closes on*	March 7, 2014

Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres or with the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. and shall be uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. on the Issue Closing Date. All times mentioned in this Prospectus Tranche - II are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not be uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation

under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, Consortium Members or Trading Members of the Stock Exchanges is liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

The subscription list for the Tranche - II Issue shall remain open for subscription, from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Directors or the Bond Committee. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading National daily newspaper.

7.2. **Underwriting**

The Issue is not underwritten

7.3. **Minimum Subscription**

Under 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 in the Issue in the offer document. Our Company has decided not to set any minimum subscription for the Issue.

8. **Interest**

8.1. **Interest**

For Bondholders falling under Category I, II and III, the Bonds under Tranche - II Series IA and Tranche - II Series IIA shall carry interest at the coupon rate of 8.19% p.a. and 8.63% p.a. respectively payable from and including the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the "Interest Payment Date" to the Bondholders as of the relevant Record Date. The effective yield to Category I, II and III Bondholders would be 8.19% p.a. and 8.63% p.a. for the Tranche - II Series IA and Tranche - II Series IIA respectively.

For Bondholders falling under Category IV, the Bonds under Tranche - II Series IB and Tranche - II Series IIB shall carry interest at the coupon rate of 8.44% p.a. and 8.88% p.a. respectively payable from and including the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the "Interest Payment Date" to the Bondholders as of the relevant Record Date. The effective yield to Category IV Bondholders would be 8.44% p.a. and 8.88% p.a. for the Tranche - II Series IB and Tranche - II Series IIB respectively.

The coupon rates indicated under Tranche - II Series IB and Tranche - II Series IIB shall be payable only on the Portion of Bonds allotted to Category IV in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under Category IV.

In case the Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB are transferred by Category IV to Category I, Category II and/or Category III, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Tranche - II Series IA and Tranche - II Series IIA respectively.

If the Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB are sold/ transferred by Category IV to investor(s) who fall under the Category IV as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;

Bonds allotted against Tranche - II Series IB and Tranche - II Series IIB shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under Category IV;

If on any Record Date, the original Category IV allottee(s)/ transferee(s) hold the Bonds under Tranche - II Series IB, Tranche - II Series IIB, Tranche - II Series IA and Tranche - II Series IIA for an aggregate face value amount of over ₹ 10 lakhs, then the coupon rate applicable to such Category IV

allottee(s)/transferee(s) on Bonds under Tranche - II Series IB and Tranche - II Series IIB shall stand at par with coupon rate applicable on Tranche - II Series IA and Tranche - II Series IIA, respectively;

Bonds allotted under Tranche - II Series IA and Tranche - II Series IIA shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;

For the purpose of classification and verification of status of the Category IV of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the relevant Tranche Issue shall be clubbed and taken together on the basis of PAN.

8.2. **Day count convention**

Interest on the Bonds shall be computed on an actual/ actual basis i.e. interest will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the interest period (start date to end date) includes February 29, interest will be computed on 366-a-year basis, on the principal amount outstanding on the Bonds.

8.3. **Interest on Application Amounts**

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

We shall pay interest on Application Amounts on the amount Allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment, at the rate of 8.19% p.a., and 8.63% p.a. on Tranche - II Series IA and Tranche - II Series IIA respectively for Allottees under Category I, Category II and Category III Portion, and at the rate of 8.44% p.a., and 8.88% p.a. on Tranche - II Series IB and Tranche - II Series IIB respectively for Allottees under Category IV Portion. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rate.

A tax deduction certificate will be issued for the amount of income tax so deducted.

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, interest warrants 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 Amounts which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, from the date of realization of the cheque(s)/demand draft(s)/any other mode upto one day prior to the Deemed Date of Allotment, at the rate of 5% per annum. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts which are liable to be refunded from three Working Days from the date of upload of each Application on the electronic Application platform of the Stock Exchanges upto one day prior to the Deemed Date of Allotment, at the aforementioned rate. 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.

A tax deduction certificate will be issued for the amount of income tax so deducted.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid Applications or Applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant, and/or (c) monies paid in excess of amount of the Bonds applied for in the Application Form. See the section titled “*Issue Procedure - Rejection of Applications*” on page 90 of this Prospectus Tranche - II.

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 our Company on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s). However, our 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. Our Company shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with our Company.

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/List of beneficial owners maintained by the Depositories and/or our 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. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the preceding Working Day shall be considered as Record Date.

10.3. **Effect of holidays on payments**

If the date of payment of interest or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as due date. Interest or other amounts, if any, will be paid on the succeeding Working Day. If the date of payment principal or redemption or any date specified does not fall on a Working Day, the immediately preceding Working Day will be considered as the due date.

Set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments. For the purpose of this Illustration, we have considered effect of holidays on cash flows only for

Tranche - II Series IA and Tranche - II Series IB Bonds. The effect of holidays on cash flows for the other Series of Bonds shall be similar. **INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE.**

Illustration 1

Name of Issuer	Indian Railway Finance Corporation
Face Value of the Bonds (in ₹)	1000
Series of Bonds	IA
Deemed Date of Allotment	Tuesday, March 18, 2014
Redemption/Maturity Date	Monday, March 18, 2024
Coupon/Interest Rate	8.19%
Frequency of Coupon/Interest Payment with specified dates	First Interest on April 15, 2014 and subsequently on April 15 every year except the last interest payment along with the redemption amount which will happen on March 18, 2024
Day Count Convention	Actual / Actual

Cash Flows	Interest Payment Date	Actual No. of days between two interest payments	Amount (in ₹) (Round Figures)
1	Tuesday, April 15, 2014	28	6
2	Wednesday, April 15, 2015	365	82
3	Friday, April 15, 2016	366	82
4	Saturday, April 15, 2017	365	82
5	Monday, April 16, 2018	366	82
6	Monday, April 15, 2019	364	82
7	Wednesday, April 15, 2020	366	82
8	Thursday, April 15, 2021	365	82
9	Friday, April 15, 2022	365	82
10	Saturday, April 15, 2023	365	82
11	Monday, March 18, 2024	338	76
Principal	Monday, March 18, 2024		1000
Total			1820

Illustration 2

Name of Issuer	Indian Railway Finance Corporation
Face Value of the Bonds (in ₹)	1000
Series of Bonds	IB
Deemed Date of Allotment	Tuesday, March 18, 2014
Redemption/Maturity Date	Monday, March 18, 2024
Coupon/Interest Rate	8.44%
Frequency of Coupon/Interest Payment with specified dates	First Interest on April 15, 2014 and subsequently on April 15 every year except the last interest payment along with the redemption amount which will happen on March 18, 2024
Day Count Convention	Actual / Actual

Cash Flows	Interest Payment Date	Actual No. of days between two interest payments	Amount (in ₹) (Round Figures)
1	Tuesday, April 15, 2014	28	6
2	Wednesday, April 15, 2015	365	84
3	Friday, April 15, 2016	366	84
4	Saturday, April 15, 2017	365	84
5	Monday, April 16, 2018	366	85
6	Monday, April 15, 2019	364	84
7	Wednesday, April 15, 2020	366	84
8	Thursday, April 15, 2021	365	84
9	Friday, April 15, 2022	365	84
10	Saturday, April 15, 2023	365	84
11	Monday, March 18, 2024	338	78
Principal	Monday, March 18, 2024		1000
Total			1841

Notes:

1. If the date of interest payment falls on a Sunday or a public holiday in Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Business Day will be considered as the effective date.
2. In case the date of payment of redemption amount falls on a Sunday or a public holiday, the preceding Business Day will be considered as the effective date for payment of redemption proceeds.
3. The 3rd, 7th and 11th coupon payment has been calculated based on a year consisting of 366 days.

Assumptions

1. We have not considered the effect of public holidays as it is difficult to ascertain for future dates.
2. The Deemed Date of Allotment is assumed to be March 18, 2014; and
3. For Cash Flows under Series IB, it is assumed that on all the Record Dates, the Bondholder falls in the Retail Individual Investor Category/Category IV and the Coupon rate remains unchanged at 8.44% per annum.

THE AGGREGATE COUPON/INTEREST PAYABLE TO EACH BONDHOLDER SHALL BE ROUNDED OFF TO THE NEAREST RUPEE AS PER THE FIXED INCOME MONEY MARKET AND DERIVATIVES ASSOCIATION HANDBOOK ON MARKET PRACTICES.

- 10.4. Whilst our 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, our 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 maintained by the Depositories and/or our 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), our 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). Our Company shall pay interest in accordance with the 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 our Company becomes liable to pay such amounts (except if such delays are on account of delay in postal channels of the country).

- 10.5. Our 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, our 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 our 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 our 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 by the Registrar to the Issue from the Application Form or cancelled cheque copy attached for effecting payments.

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

11.2. Modes of Payment

- i. **Direct Credit** – Applicants having bank accounts with the Refund Bank shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- ii. **NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the centres as notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
- iii. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- iv. **RTGS** – If the refund amount exceeds ₹ 2.00 lakhs, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) 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.
- v. For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post/ registered post, at Applicants' own risk. Such refunds will be made by

cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

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

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 the section titled "*Statement of Tax Benefits*" on page 35 of this Prospectus Tranche - II.

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 the section titled "*Statement of Tax Benefits*" on page 35 of this Prospectus Tranche - II.

14. Security

The Bonds proposed to be issued are proposed to be secured by creating a first pari-passu charge on the movable assets of the Company comprising of rolling stock such as wagons, locomotives and coaches, present and future, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed and applicable laws. The Company undertakes that it has obtained the consent/no objection certificate from the lenders/trustee for ceding pari passu charge on the assets proposed to be charged as security for the Bonds of the Company.

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 our 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, among other things, 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 our 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, our Company shall also pay interest on the defaulted amounts.

16. **Bondholders' rights, nomination, etc.**

16.1. **Rights of Bondholders**

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

- a) Bondholder not a shareholder: The Bondholders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company
- b) The Bonds shall not, except as provided in the Companies Act, confer on Bondholders any rights or privileges available to members of our 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.
- c) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the Bondholders 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. However, such consent or resolution shall not be operative against our Company in the event that such consent or resolution is not acceptable to the Company.
- d) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such 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.
- e) 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. Our 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 rights of the Bondholders will be as per the terms of the Shelf Prospectus, Prospectus Tranche - II and Debenture Trust Deed to be executed by our 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.

16.2. **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 our Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on our 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, our 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 our 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.

16.3. **Nomination Facility to Bondholder**

- 16.3.1. 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 our Company's administrative office or at such other addresses as may be notified by our Company.
- 16.3.2. The Bondholders are advised to provide the specimen signature of the nominee to our 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.
- 16.3.3. Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by our Company's Board or the Bond Committee, 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.
- 16.3.4. Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialised form need not make a separate nomination with our 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.
- 16.3.5. Further, our Company's Board or the Bond Committee 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, our Company's Board or the Bond Committee, 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 Our Company has appointed SBICAP Trustee Company Limited to act as the Trustee for the Bondholders. Our 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, our 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 under Prospectus Tranche - II 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 their 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 their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by our Company to the Debenture Trustee on behalf of the Bondholders shall discharge our 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 our 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 our Company in regard to timely payment of interest and repayment of principal and they will take necessary action at our Company's cost. Further, the Debenture Trustee shall ensure that the assets of our Company are sufficient to discharge the principal amount at all time under this Issue.

18. **Miscellaneous**

18.1 **Loan against Bonds**

The Bonds can be pledged or hypothecated for obtaining loans from lending institutions in accordance with the lending policies of the concerned institutions. However, as per the RBI Circular dated June 27, 2013 the Company is not permitted to extend loan against the security of its debentures issued by way of private placement or public issue.

18.2 **Lien**

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

18.3 **Lien on pledge of Bonds**

Subject to applicable laws, our 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**

Our 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 our Company and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither our Company nor its 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 our Company or the Trustee shall be published in at least 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 our 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 it 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**

Our 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 our Company may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Debenture Trustee in this connection.

18.9 **Jurisdiction**

The Bonds, the Debenture 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

This section applies to all Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involves application procedures that are different from the procedure applicable to all other Applicants. However, there is a common Application Form for all Applicants except eligible FPIs and eligible NRIs for whom there will be separate Application Form. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate will be mentioned in the Application Form) or make online Applications using the online payment gateway of the Stock Exchanges.

Applicants are advised to make their independent investigations and ensure that their Applications does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in the Shelf Prospectus and Prospectus Tranche - II.

PLEASE NOTE THAT ALL TRADING MEMBERS WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE(S) WILL NEED TO APPROACH STOCK EXCHANGE (S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY STOCK EXCHANGE(S).

Please note that this section has been prepared based on the circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (“Debt Application Circular”). The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchanges and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

More specifically, pursuant to Company letter dated October 17, 2013 the Lead Managers had sought an exemption/clarification from SEBI from complying with paragraph 3.2.3 of the aforementioned circular in connection with this Issue and to allow the Company to effect Allotments of Bonds through the Issue on the basis of the date of uploading of Applications on the online platform of the stock exchange(s) and not on a date and time priority basis. Accordingly, SEBI vide its letter no. IMD/DOF-1/BM/VA/OW/27525/2013 dated October 28, 2013 has stated to make allotment in the Issue on the basis of date of upload of each Application on the online platform of the stock exchange. Further, SEBI has also advised that on the date of oversubscription, the allotment to applicants should be on proportionate basis. Accordingly, the Basis of Allotment as described herein is based on the date of upload of the Application on the online platform of the stock exchange(s). In case of oversubscription, on the date of oversubscription the allotment to applicants shall be on proportionate basis.

Please note that all trading members of the Stock Exchange(s) who wish to collect and upload application forms in this issue on the electronic application platform provided by the Stock Exchange(s) will need to approach the Stock Exchange(s) and follow the requisite procedures as may be prescribed by the relevant Stock Exchange(s).

The Members of the Syndicate and the Company shall not be responsible or liable for any errors or omissions on the part of trading members in connection with the responsibility of Trading Members in relation to collection and upload of Applications in this issue on the electronic application platform provided by Stock Exchanges. Further, Stock Exchanges will be responsible for addressing Investor grievances arising from applications through Trading Members.

Who can apply?

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

Category I*

Qualified Institutional Buyers as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended including:

- Foreign Portfolio Investors (other than Category III FPIs) including Sovereign Wealth Funds, Pension and Gratuity Funds registered with SEBI as Foreign Portfolio Investors;
- Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Category II *

- Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013;
- Statutory bodies/corporations;
- Co-operative banks;
- Trusts including Public/ private/ charitable/religious trusts;
- Limited liability partnership;
- Regional Rural Banks;
- Partnership firms;
- Category III FPIs;
- Association of Persons;
- Societies registered under the applicable law in India and authorized to invest in Bonds; and
- Any other legal entities authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities.

Category III

The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:

- Resident Indian individuals;
- Eligible NRIs on a repatriation or non – repatriation basis;
- Hindu Undivided Families through the Karta; and
- Eligible FPIs being an individual.

Category IV

The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:

- Resident Indian individuals;

- Eligible NRIs on a repatriation or non – repatriation basis;
- Hindu Undivided Families through the Karta; and
- Eligible FPIs being an individual.

** With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 by Ministry of Corporate Affairs, GoI, which clarifies that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on the prevailing bank rate, there is no violation of Section 372A(3) of the Companies Act, 1956.*

Participation of any of the aforementioned categories of 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.

The Investor must ensure that in case it is an eligible FPI and/ or Eligible NRI, it is not (i) based in the United States of America, (“USA”), and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA.

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.

The information below is given for the benefit of Applicants. Our Company and 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 the Shelf Prospectus and Prospectus Tranche - II.

How to apply?

Availability of the Shelf Prospectus, Tranche Prospectus, Abridged Prospectus and Application Forms

Please note that there is a single Application Form for ASBA Applicants as well as non-ASBA Applicants who are persons resident in India. There is a separate Application Form for Applicants (ASBA Applicants and non-ASBA Applicants) who are eligible FPIs and Eligible NRIs applying for Bonds on repatriation or a non-repatriation basis.

Copies of the Abridged Prospectus containing the salient features of the Prospectus Tranche - II (for Tranche - II Issue) together with Application Forms may be obtained from our Registered and Corporate Office, the Lead Managers, the Consortium Members and the Designated Branches of the SCSBs. Additionally the Shelf and Prospectus Tranche - II (for Tranche - II Issue) and the Application Forms will be available for download on the websites of Stock Exchanges at www.nseindia.com and www.bseindia.com.

Electronic Application Forms will also be available on the websites of the Stock Exchanges.

Trading Members can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will also be provided to Trading Members at their request.

A unique application number will be generated for every Application Form downloaded from the websites. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, online demat account portals may also provide the facility of submitting the Application Forms online to their account holders’.

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

Category	Colour of the Application Form
Resident Indians – ASBA Applicants as well as Non-ASBA Applicants	White
Eligible FPIs and Eligible NRIs (applying on a repatriation as well as non-repatriation basis) – ASBA Applicants as well as Non-ASBA Applicants	Blue

Methods of Application

An eligible Investor desirous of applying in the Issue can make Applications by one of the following methods:

1. Applications through the ASBA process; and
2. Non-ASBA Applications.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by Investors to a public issue of their debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that the Stock Exchanges put in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible Investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.

If such systems, infrastructures or processes are put in place by the Stock Exchanges prior to the filing of the Shelf Prospectus or the Prospectus Tranche - II, the methods and procedure for relating to the Direct Online Application Mechanism shall be suitably updated in the Shelf Prospectus or the Prospectus Tranche - II, as the case may be. However, if such systems, infrastructures or processes are put in place by the Stock Exchanges after filing of the Shelf Prospectus and the Prospectus Tranche - II but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a reputed national daily newspaper.

Applications through the ASBA process

Please note that application through ASBA is optional for all categories of Applicants.

Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. Applicants can submit their Applications through the ASBA process by submitting the Application Forms to the Designated Branch of the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the “**Syndicate ASBA**”), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat).** Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Members of the Syndicate and Trading Members shall, upon receipt of Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the Stock Exchanges and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

ASBA Applications in electronic mode will only be available with such SCSBs who provide such an electronic facility. In case of ASBA Applications in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application Amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs,

Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to Stock Exchanges.

Please note that you cannot apply for the Bonds through the ASBA process if you wish to be Allotted the Bonds in physical form.

Non-ASBA Applications

(i) *Non- ASBA Applications for Allotment of the Bonds in dematerialised form*

Applicants may submit duly filled in Application Forms either in physical or downloaded Application Forms to the Members of the Syndicate or the Trading Members accompanied by account payee cheques/ demand drafts prior to or on the Issue Closing Date. The Members of the Syndicate and Trading Members shall, upload the non-ASBA Application on the online platform of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any grievances relating to their Applications.

Upon uploading the Application on the online platform of Stock Exchanges, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application details to the Registrar. The Members of the Syndicate/ Trading Members are requested to note that all payment instruments are required to be banked with only the banking branches of the Escrow Collection Banks, details of which will be available at the websites of the NSE and BSE at www.nseindia.com and www.bseindia.com, respectively). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities which have at least one banking branch of the Escrow Collection Banks. The Registrar shall match the Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. Upon Allotment, the Registrar will credit the Bonds in the demat accounts of the successful Applicants as mentioned in the Application Form.

Please note that neither our Company, nor the Members of the Syndicate, nor the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the relevant Stock Exchange.

(ii) *Non-ASBA Applications for Allotment of the Bonds in physical form*

Applicants (except for eligible FPIs) can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members, along with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified in the sections titled “***Issue Procedure – Applications by various Applicant Categories***” and “***Issue Procedure - Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form***” at pages 74 and 87, respectively. The Members of the Syndicate and Trading Members shall, upon submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platform of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant shall preserve this and should provide the same for any queries relating to non-Allotment of Bonds in the Issue.

Upon uploading of the Application details, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of Stock Exchanges with the Application Amount details received from the Escrow Collection Banks for

reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of Stock Exchanges will prevail. The Members of the Syndicate/ Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the NSE and BSE at www.nseindia.com and www.bseindia.com, respectively). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form. **Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest.**

Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant's sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, our Company will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.

Members of the Syndicate or Trading Members are also required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 including minors applying through guardians, at the time of acceptance of the Application Forms.

Further, please note that eligible FPIs cannot apply for Allotment of the Bonds in physical form.

Please note that allotment of bonds in physical form can be done only if applicant does not hold any Demat account.

To supplement the foregoing, the mode and manner of Application and submission of Application Forms is illustrated in the following chart.

Mode of Application*	To whom the Application Form has to be submitted
ASBA Applications	i) to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or ii) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or iii) to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	i) to the Members of the Syndicate; or ii) to Trading Members.

** Please note that eligible FPIs cannot make Applications for Allotment of the Bonds in physical form.*

Application Size

Five bonds (₹ 5000) across all Series of Bonds and in multiples of 1 bond thereafter.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by FPIs[#]

SEBI has recently notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (“**FPI Regulations**”) whereby FIIs, sub-accounts and QFIs as categories of investors were merged to form a new category termed ‘Foreign Portfolio Investors’. Prior to the notification of the FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (“**FII Regulations**”) and portfolio investments by QFIs were governed by various circulars and guidelines issued by SEBI from time to time (the

“**QFI Circulars**”). Pursuant to the notification of the FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the FPI Regulations, FPIs can invest in listed or ‘to be listed’ debentures of Indian companies, and listed or unlisted non-convertible debentures issued by an Indian company in the infrastructure sector. However, FPIs can hold, deliver, or caused to be delivered securities only in dematerialised form.

The RBI under FEMA and regulations issued thereunder also governs portfolio investments by FIIs and QFIs, and the RBI has not yet notified the corresponding amendments to the relevant regulations under FEMA. In light of the absence of any such correspondence by RBI upon the notification of the FPI Regulations by SEBI, FPIs, existing FIIs and Eligible QFIs should consult their advisors relating to investment in the present Issue.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Applications by Category III FPIs[#]

SEBI has recently notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (“**FPI Regulations**”) whereby FIIs, sub-accounts and QFIs as categories of investors were merged to form a new category termed ‘Foreign Portfolio Investors’. Prior to the notification of the FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (“**FII Regulations**”) and portfolio investments by QFIs were governed by various circulars and guidelines issued by SEBI from time to time (the “**QFI Circulars**”). Pursuant to the notification of the FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

In terms of the FPI Regulations, FPIs can invest in listed or ‘to be listed’ debentures of Indian companies, and listed or unlisted non-convertible debentures issued by an Indian company in the infrastructure sector. However, FPIs can hold, deliver, or caused to be delivered securities only in dematerialised form.

The RBI under FEMA and regulations issued thereunder also governs portfolio investments by FIIs and QFIs, and the RBI has not yet notified the corresponding amendments to the relevant regulations under FEMA. In light of the absence of any such correspondence by RBI upon the notification of the FPI Regulations by SEBI, FPIs, existing FIIs and Eligible QFIs should consult their advisors relating to investment in the present Issue.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Applications by NRIs[#]

We propose to issue Bonds to Eligible NRIs on a repatriable as well as non-repatriable basis. Eligible NRI Applicants should note that only such Applications as are accompanied by payment in Indian Rupees only shall be considered for Allotment. An Eligible NRI can apply for Bonds offered in the Issue subject to the conditions

and restrictions contained in the Foreign Exchange Management (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 Eligible NRIs shall be subject to the Application Amounts paid by the NRI as described below:

1. **In case of Eligible NRIs applying on repatriation basis:** The Application Amounts are to be paid either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/cheques drawn on a bank in India or by transfer of funds held in the Investor's Non Resident External ("NRE") Account/ Foreign Currency Non Resident ("FCNR") Account maintained with an RBI authorised dealer or a RBI authorised bank in India.
2. **In case of Eligible NRIs applying on non-repatriation basis:** The Application Amounts are to be paid either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/cheques drawn on a bank in India or by transfer of funds held in the Investor's Non Resident Ordinary ("NRO") account/ NRE Account/ FCNR Account/ Non Resident Non Repatriable ("NRNR") Account/ Non Resident Special Rupee ("NRSR") Account/any other permissible account in terms of FEMA, maintained with an RBI authorised dealer or a RBI authorised bank in India.

Applications by Eligible NRIs (applying either on a repatriation or a non-repatriation basis) should be accompanied by (i) a bank certificate confirming that the demand draft in lieu of the Application Money has been drawn on an NRE/ NRO/ FCNR/ NRNR/ NRSR account; and (ii) if such Eligible NRI is a Person of Indian Origin ("PIO"), a PIO card.

#The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including, *inter alia*, eligible FPIs Eligible NRIs 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 notifications issued by the RBI and extant guidelines as well as all relevant and applicable guidelines, notifications and circulars issued by SEBI pertaining to their eligibility to invest in the Bonds at the stage of investment in every Tranche Issue, 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 in the Issue.

Issue and Allotment of Bonds to NRI Applicants

Our Company confirms 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 will not be less than 3 years;
- (iii) we do not and shall not carry on agricultural /plantation /real estate business/ trading in Transferable Development Rights and do 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 of India, not later than 30 days from the date:
 - (a) of receipt of remittance of consideration received from Eligible NRIs in connection with the Issue, full details of the remittances received, namely:
 - (i) 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;
 - (ii) amount and date of receipt of remittance and its rupee equivalent; and
 - (iii) names and addresses of Authorised Dealers through whom the remittance has been received; Please note that Application Amounts for the Bonds has to be paid in cheques 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:
 - (i) 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
 - (ii) a certificate from our Company Secretary that all provisions of the FEMA, and rules and regulations made thereunder in connection with the issue of the Bonds have been duly complied with.

We further confirm that the monies received from non-resident investors 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 lending to persons and entities that are not in the infrastructure sector. For further details, including details of utilization of funds, see the section titled “*Objects of the Issue*” on page 32 of this Prospectus Tranche - II.

Applications by Mutual Funds

A mutual fund scheme cannot invest more than 15.00% 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 20.00% 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 the Application is being made. An Applications Forms by a mutual fund registered with SEBI for Allotment of the Bonds in physical form must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (iii) a resolution authorising investment and containing operating instructions and (iv) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Commercial Banks

Scheduled Commercial Banks can apply in this Issue based upon their own investment limits and approvals. Applications by them for Allotment of the Bonds must be accompanied by certified true copies of (i) a board resolution authorizing investments; (ii) a letter of authorization (iii) charter documents; and (iv) PAN card. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.

Application by Insurance Companies

In case of Applications made by an Insurance Company, a certified copy of its certificate of registration issued by IRDA must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) its Memorandum and Articles of Association; (ii) a power of attorney (iii) a resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (ii) a resolution authorising the investment and containing operating instructions; and (iii) specimen signatures of authorised persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

Applications by Public Financial Institutions authorized to invest in the Bonds

Applications by Public Financial Institutions must be accompanied by certified true copies of (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications made by Regional Rural Banks and Co-operative Banks under applicable laws in India

Applications made by for Allotment of the Bonds must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) certificate of registration/ incorporation (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof.

Applications made by Trusts including private/public charitable and religious trust

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.

Failing this, our Company 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 authorizations, 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.

Applications made by companies and bodies corporate registered under applicable laws in India

Applications made by companies and bodies corporate must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, 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 must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Manager, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Applications by provident funds and pension funds which are authorized to invest in the Bonds

Applications by provident funds and pension funds which are authorised to invest in the Bonds, must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason therefor.

Applications cannot be made by:

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

In case of Applications for Allotment of the Bonds in dematerialised form, the Registrar shall verify the above and the category of Investors on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic Application platform of the stock exchanges by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.

Payment instructions

Payment mechanism for ASBA Applicants

An ASBA Applicant shall specify details of the ASBA Account in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of intimation from the Registrar, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Escrow Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

Payment mechanism for non ASBA Applicants

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

Accordingly, the Company will open and maintain separate escrow accounts with the Escrow Collection Bank(s) in connection with all Application Amounts received from Eligible NRIs, eligible FPIs and other non resident Applicants across all categories (“**Non Resident Escrow Account**”). All Application Amounts received from Eligible NRIs, eligible FPIs and other non resident Applicants shall be deposited in the Non Resident Escrow Account maintained with each Escrow Collection Bank(s). Upon creation of security as disclosed in this Prospectus Tranche - II, the Escrow Collection Bank(s) shall transfer the monies from the Non Resident Escrow Accounts to a separate bank account (“**Non Resident Public Issue Account**”) which shall be different from the Public Issue Account. The Company shall at all times ensure that any monies kept in the Non Resident Public Issue 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.

Each Applicant (except for ASBA Applicants) 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 at the time of the submission of the Application Form other than ASBA Applicants.
- (b) The Applicants shall, with the submission of the Application Form, draw a cheque or demand draft for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application will be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.
- (c) The payment instruments from all resident Applicants shall be payable into the Escrow Accounts drawn in favour of “**IRFC Tax Free Bonds 2013 – Escrow Account – R**”.
- (d) The payment instruments from eligible FPIs and Eligible NRI Applicants and other non resident Applicants across all Categories shall be payable in the Non Resident Escrow Accounts drawn in favour of:
If on Repatriation basis: “**IRFC Tax Free Bonds 2013 – Escrow Account – NR Repat**”;
If on Non-Repatriation basis: “**IRFC Tax Free Bonds 2013 – Escrow Account – NR Non-Repat**”.
- (e) 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.
- (f) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants until the Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts and the Non Resident Escrow Accounts (Repatriation and Non-Repatriation) as per the terms of the Escrow Agreement, the Shelf Prospectus and the Prospectus Tranche - II into the Public Issue Account and the Non Resident Public Issue Account (Repatriation and Non-Repatriation), respectively. The Escrow Collection Bank shall also, upon receipt of instructions from the Lead Managers and the Registrar, transfer all amounts payable to Applicants, who have not been allotted Bonds to the Refund Accounts.

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

Please note that Applications accompanied by Application Amounts in cash/ stock invest/ money orders/ postal orders will not be accepted.

The Escrow Collection Banks will act in terms of the Shelf Prospectus, the Prospectus Tranche - II and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein. It is mandatory for our Company to keep the proceeds of the Issue in an escrow account until the documents for creation of security as stated in the Shelf Prospectus and Prospectus Tranche - II are executed.

Additional information for Applicants

1. Application Forms submitted by Applicants (except for Applicants applying for the Bonds in physical form) whose beneficiary accounts are inactive shall be rejected.
2. For ASBA Applicants, no separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Members of the Syndicate or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Members of the Syndicate/ Trading Member or the relevant Designated Branch, they are liable to be rejected.

Applicants are advised not to submit Application Forms to Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB) and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date, in atleast one national daily newspaper with nation wide circulation. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the Prospectus Tranche - II with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

- (a) Applications must be made in the prescribed Application Form.
- (b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Prospectus Tranche - II and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c) Applications are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in this Prospectus Tranche - II.
- (d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialized form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.
- (f) Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client

ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchanges by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.

- (g) ASBA Applicants utilising physical Application Forms must ensure that the Application Forms are completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Prospectus Tranche - II and in the Application Form.
- (h) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- (i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.
- (j) Applications for all the Series of the Bonds may be made in a single Application Form only.
- (k) All Applicants are required to tick the relevant box of the "Mode of Application" in the Application Form, choosing either the ASBA or Non-ASBA mechanism.
- (l) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch; otherwise the Application is liable to be rejected.
- (m) It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.
- (n) Where minor applicant is applying through guardian, it shall be mandatory to mention the PAN of the minor in the Application.

We shall allocate and Allot Bonds of Tranche - II Series IA/IB (depending upon the category of Applicant) maturity to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series of Bonds applied for.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALIZED FORM SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds (for non-ASBA Applicants), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Syndicate nor the Trading Members, nor the Registrar, nor the Escrow Collection Banks, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants applying for Allotment of the Bonds in dematerialized form may note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic

Application system of Stock Exchanges by the Members of the Syndicate, the Trading Members or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, and the Members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Application Form, Applicants applying for the Bonds in dematerialised form would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ Allotment Advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Escrow Collection Banks, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Shelf Prospectus and Prospectus Tranche - II, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund orders/Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Electronic registration of Applications

- (a) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the on-line facilities of Stock Exchanges. The Lead Managers, our Company, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.
- (b) The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Members of the Syndicate, Trading Members and their authorised agents and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches shall upload Applications till such time as may be permitted by Stock Exchanges. This information will be available with the Members of the Syndicate and Trading Members on a regular basis. Applicants are cautioned that a high inflow of Applications on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for Allotment.
- (c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand for the Bonds, as available on the websites of Stock Exchanges, would be made available at the Application centres as provided in the Application Form during the Issue Period.
- (d) At the time of registering each Application, the Members of the Syndicate, SCSBs and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form

number, PAN (of the first Applicant, in case of more than one Applicant), Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, details of payment instruments (for non – ASBA Applications), Bank code for the SCSB where the ASBA Account is maintained (for ASBA Applications), Bank account number (for ASBA Applications) and any other details that may be prescribed by the online uploading platform of the Stock Exchanges.

- (e) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the Bonds shall be allocated/ Allotted by our Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (f) The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Shelf Prospectus and Prospectus Tranche - II; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.
- (g) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Stock Exchanges.
- (h) Only Applications that are uploaded on the online system of the Stock Exchanges shall be considered for Allotment.

General Instructions

Do's

- **Check if you are eligible to apply;**
- **Read all the instructions carefully and complete the Application Form;**
- If the Allotment of the Bonds 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 Applications are submitted to the Members of the Syndicate, Trading Members or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date;
- Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be;
- Ensure that the Applicant's names (for Applications for the Bonds in dematerialised form) given in the Application Form is exactly the same as the names 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 have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for ASBA Applications;
- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be mentioned, and for HUFs, PAN of the HUF should be provided. For minor applicants, applying through the guardian, it is mandatory to mention the PAN of the minor applicant. Any Application Form without the PAN is liable to be rejected. In case of Applications for Allotment in physical form, Applicants should submit a self-certified copy of their PAN card as part of the KYC documents. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;
- Ensure that the Demographic Details (for Applications for the Bonds in dematerialised form) as provided in the Application Form are updated, true and correct in all respects;
- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;
- 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 the Bonds;
- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- **Applicants (other than ASBA Applicants) are requested to write their names and Application 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; and
- Tick the Series of Bonds in the Application Form that you wish to apply for.

The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only on three days of the week.

SEBI Circular No.CIR/CFD/DIL/3/2010 dated April 22, 2010 fixes the time between issue closure and listing at 12 days. In order to enable compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment.

Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond 6 working days from the date of the closure of the issue, in terms of the aforesaid SEBI Circular.

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 send the Application Forms by post; instead submit the same to the Members of the Syndicate and Trading Members or the SCSBs (as the case may be) only;
- Do not submit Application Forms to the Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB);
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;
- 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 Applications on plain paper or on incomplete or illegible Application Forms;
- Do not submit an Application in case you are not eligible to acquire the Bonds under applicable law or your relevant constitutional documents or otherwise;
- Do not submit the Application Forms without the Application Amount; and
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

Additional instructions specific for ASBA Applicants

Do's

- Before submitting the physical Application Form with the Member of the Syndicate at the Syndicate ASBA Application Locations ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;
- For ASBA Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Members of the Syndicate at the Syndicate ASBA Application Locations or the Trading Members and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Registrar or Trading Members;
- For ASBA Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Registrar or the Members of the Syndicate or Trading Members.
- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, or to the Members of the Syndicate at the Syndicate ASBA Application Locations, or to the Trading Members, as the case may be;
- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, or the Trading Member, as the case may be, for the submission of the Application Form.

Don'ts

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts;
- Do not submit the Application Form with a Member of the Syndicate or Trading Member at a location other than the Syndicate ASBA Application Locations;

- Do not send your physical Application Form by post. Instead submit the same with a Designated Branch or a member of the Syndicate at the Syndicate ASBA Application Locations, or a Trading Member, as the case may be; and
- Do not submit more than five Application Forms per ASBA Account.

Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time), or such extended time as may be permitted by the Stock Exchanges during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Syndicate ASBA Application Location or with the Members of the Syndicate or Trading Members and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. and shall be uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchanges. It is clarified that the Applications not uploaded in the electronic application system of the Stock Exchanges would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. on the Issue Closing Date. All times mentioned in the Prospectus Tranche - II are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, Consortium Members or Trading Members are liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form

Any Applicant who wishes to subscribe to the Bonds in physical form (except for eligible FPIs) shall undertake the following steps:

- **Please complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide the Depository Participant details in the Application Form.** The requirement for providing Depository Participant details shall be mandatory only for the Applicants who wish to subscribe to the Bonds in dematerialised form.
- Please provide the following documents along with the Application Form:
 - (a) Self-attested copy of the PAN card;
 - (b) Self-attested copy of your proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
 - ration card issued by the GoI; or
 - valid driving license issued by any transport authority of the Republic of India; or
 - electricity bill (not older than three months); or
 - landline telephone bill (not older than three months); or
 - valid passport issued by the GoI; or
 - voter's identity card issued by the GoI; or
 - passbook or latest bank statement issued by a bank operating in India; or
 - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
 - AADHAR letter issued by Unique Identification Authority of India (UIDAI).
- Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

In absence of the cancelled cheque, our Company may reject the Application or it may consider the bank details as given on the Application Form at its sole discretion. In such case the Company, Lead Managers and Registrar shall not be liable for any delays/ errors in payment of refund and/ or interest.

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 our Company 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 our Company

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

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.
2. Eligible FPIs cannot apply for the Allotment of Bonds in physical form.
3. In case of Bonds that are being issued in physical form, our Company will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate a “**Consolidated Bond Certificate**”).
4. **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.**
5. Our Company shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

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.

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 Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Documents to be submitted with application form (in addition to the KYC documents, which shall be additionally required for applications for Allotment of Bonds in physical form)
Public Financial Institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013 and societies registered under the applicable laws in India and authorized to invest in the Bonds; multilateral and bilateral development financial institutions and 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 authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The Application 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 authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds 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 authorizing investments • Specimen signature of authorized person
Mutual Funds	The Application must be also accompanied by certified true copies of: <ul style="list-style-type: none"> • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person

Type of Investors	Documents to be submitted with application form (in addition to the KYC documents, which shall be additionally required for applications for Allotment of Bonds in physical form)
Applicants through a power of attorney under Category I and II	<p>The Application must be also accompanied by certified true copies of:</p> <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. • Specimen signature of power of attorney holder/ authorized signatory as per the relevant resolution.
Resident Indian individuals under Categories III and IV	N.A.
HUF through the Karta under Categories III and IV	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • Self-attested copy of PAN card of HUF. • Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. • Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category III and Category IV	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • A certified copy of the power of attorney has to be lodge with the Application Form
Eligible NRIs	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> • A certificate from the issuing bank confirming that the demand draft has been drawn on an NRE/ NRO/ FCNR/ NRNR/ NRSR account. • A PIO Card (if the Eligible NRI is a PIO).

Submission of Application Forms

For details in relation to the manner of submission of Application Forms, see the section titled “*Issue Procedure – Methods of Application*” at page 72 of this Prospectus Tranche - II.

OTHER INSTRUCTIONS

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. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be assumed to have given confirmation to this effect in the Application Form.

Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the Bonds for the same or different Series of Bonds, subject to a minimum Application size of 5 Bonds (₹ 5,000), across any Series of Bonds or combination thereof and in multiples of 1 Bond ₹ (1,000) 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, multiple Applications by the same Applicant belonging to Category IV aggregating to a value exceeding ₹ 10,00,000 shall be grouped in Category III, for the purpose of determining the basis of allotment to such Applicant. 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 an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be a multiple Application.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. In this context:

- (i) the tripartite agreement dated May 8, 2003 was entered amongst our Company, the Registrar and CDSL and the tripartite agreement dated January 23, 2002 was entered amongst our Company, the Registrar and NSDL, for offering depository option to the Applicants.
- (ii) It may be noted that Bonds in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges has connectivity with NSDL and CDSL.
- (iii) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (iv) The trading of the Bonds shall be in dematerialized form only.

For further information relating to Applications for Allotment of the Bonds in dematerialised form, see the sections titled “*Issue Procedure – Methods of Application*” and “*Issue Procedure – General Instructions*” on pages 72 and 84, respectively of this Prospectus Tranche - II.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of our Company/ Lead Managers or the Registrar 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 our Compliance Officer as well as the contact persons of our Company/Lead Managers or Registrar. Please note that Applicants who have applied for the Bonds through Trading Members should contact the Stock Exchanges in case of any Post-Issue related problems, such as non-receipt of Allotment Advice/ credit of Bonds in depository’s beneficiary account/ refund orders, etc.

Rejection of Applications

The Board of Directors and/or the Bond Committee 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 may be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for being less than the minimum Application size;
- Applications not being signed by the sole/joint Applicants;
- Applications submitted without payment of the Application Amount;
- Applications submitted without payment of the full Application Amount. However, in cases where the Application Amount paid, exceeds the number of Bonds applied for, the Applicant may be given full allotment provided the number of Bonds applied for is greater than or equal to the minimum Application Size;
- In case of Applicants applying for Allotment in physical form, date of birth of the sole/ first Applicant not mentioned in the Application Form;
- Investor Category in the Application Form not being ticked;
- In case of Applications for Allotment in physical form, bank account details not provided in the Application Form;

- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- In case of partnership firms, Application Form submitted in the name of the partnership firm;
- Applications by stock invest or accompanied by cash/money order/postal order;
- Applications made without mentioning the PAN of the Applicant;
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- GIR number mentioned in the Application Form 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 submitted directly to the Escrow Collection Banks (if such Escrow Collection Bank is not an SCSB);
- ASBA Applications submitted to the Members of Syndicate or a Trading Members at locations other than the Syndicate ASBA Application Locations or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- For Applications for Allotment in dematerialised form, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the depositories;
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form;
- Application Forms from ASBA Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- Applications for an amount below the minimum Application size;
- ASBA Applications not having details of the ASBA Account to be blocked;
- Applications (except for ASBA Applications) where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Non- ASBA Applications accompanied by more than one payment instrument;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- With respect to ASBA Applications, the ASBA Account not having credit balance to meet the Application Amounts or no confirmation is received from the SCSB for blocking of funds; and
- Applications by eligible FPIs for Allotment of Bonds in physical form;
- Non-Resident Investors who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- Bank certificate not provided along with demand draft for NRI Applicants;
- PIO Applications without the PIO Card; and
- In case of Eligible NRIs applying on non repatriation basis if: (i) in case of application for allotment in physical form, the account number mentioned in the application form where the sale proceeds/ maturity proceeds/ interest on Bonds is to be credited is a repatriable account; or (ii) in case of application for allotment in demat form, the status of the demat account mentioned is repatriable.

- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges;

For further instructions regarding Application for the Bonds, Applicants are requested to read the Application Form.

Allotment Advice/ Refund Orders

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

- Direct Credit** – Applicants having bank accounts with the Refund Banks shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the centres which have been notified by RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
- NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- RTGS** – If the refund amount exceeds ₹ 200,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) 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.
- For all other Applicants (not being ASBA Applicants), refund orders will be dispatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

In the case of Applicants other than ASBA Applicants, applying for the Bonds in dematerialised form, the Registrar will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Applicant's sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 (twelve) Working Days of the Issue Closing Date.

Our Company and the Registrar shall credit the allotted Bonds to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret/ Refund Orders by registered post/speed post/ordinary post at the Applicant's sole risk, within 12 Working Days from the Issue Closure Date. 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.

Further,

- a) Allotment of Bonds in the Issue shall be made within a time period of 12 Working Days from the Issue Closure Date;
- b) Credit to dematerialised accounts will be given within two Working Days from the Date of Allotment;
- c) Interest at a rate of 15% 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 12 Working Days from the Issue Closure Date, for the delay beyond 12 Working Days; and
- d) Our Company will provide adequate funds to the Registrar for this purpose.

Grouping of Applications and allocation ratio

For the purposes of the Basis of Allotment:

- A. Applications received from Category I Applicants: Applications received from Applicants belonging to Category I shall be grouped together, (“**QIB Portion**”);
- B. Applications received from Category II Applicants: Applications received from Applicants belonging to Category II, shall be grouped together, (“**Corporate Portion**”);
- C. Applications received from Category III Applicants: Applications received from Applicants belonging to Category III shall be grouped together, (“**High Net Worth Individual Portion**”); and
- D. Applications received from Category IV Applicants: Applications received from Applicants belonging to Category IV shall be grouped together, (“**Retail Individual Investor Portion**”).

For removal of doubt, the terms “**QIB Portion**”, “**Corporate Portion**”, “**High Net Worth Individual Portion**” and “**Retail Individual Investor Portion**” are individually referred to as a “**Portion**” and collectively referred to as “**Portions**”.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue upto ₹ 1,41,687.85 lakhs aggregating to ₹ 2,91,687.85 lakhs. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case our Company 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 “**Issue Size**”.

Allocation ratio

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

QIB Portion	Corporate Portion	High Net Worth Individual Portion	Retail Individual Investor Portion
10% of the Issue Size	30% of the Issue Size	20% of the Issue Size	40% of the Issue Size

Basis of Allotment

- (a) Allotments in the first instance:
 - i) Applicants belonging to the Category I, in the first instance, will be allocated Bonds upto 10% of the Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
 - ii) Applicants belonging to the Category II, in the first instance, will be allocated Bonds upto 30% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);

- iii) Applicants belonging to the Category III, in the first instance, will be allocated Bonds upto 20% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges);
- iv) Applicants belonging to the Category IV, in the first instance, will be allocated Bonds upto 40% of Issue Size on first come first serve basis (determined on the basis of date of upload of the Applications on the electronic Application platform of the relevant stock exchanges).

(b) Under subscription

If there is any under subscription in any Portion (while other Portions are oversubscribed), priority in Allotments will be given in the following order (in decreasing order of priority):

- i) Category IV Portion;
- ii) Category III Portion;
- iii) Category II Portion; and
- iv) Category I Portion.

Within each Portion, priority in Allotment will be given on a first-come-first-serve basis, based on the date of the upload of each Application into the electronic Application platform of the Stock Exchanges.

- (c) For all Portions, all Applications uploaded on the same day on the electronic Application platform of the relevant stock exchanges would be treated at par with each other.
- (d) Minimum allotments of one Bond would be made in case of each valid Application.
- (e) Allotments in case of oversubscription:

In case of an oversubscription in any of the Portions, Allotments to the maximum extent, as 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 basis up to 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 upload of each Application on the electronic Application platform of the relevant stock exchanges, in each Portion). The method of proportionate allotment is as described below:

1. Allotments to the applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer,
2. 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;

Our Company would allot Tranche - II Series IA/IB Bonds (depending upon the category of Applicant) to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

Further, pursuant to the exemption received by our Company from SEBI by its letter (IMD/DOF/BM/VA/OW/27525/2013) dated October 28, 2013, the Allotment in the Issue shall be made on the basis of date of upload of each Application into the electronic book of the Stock Exchanges. However, on the date of over subscription, Allotment shall be made on proportionate basis.

Investor Withdrawals and Pre-closure

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same

to the Member of the Syndicate, Trading Member or Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been made. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchanges. In case of ASBA Applications submitted directly to a Designated Branch of an SCSB, upon receipt of the request for withdrawal from an ASBA Applicant, the relevant Designated Branch shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchanges and un-blocking of the funds in the ASBA Account directly.

Withdrawal of non – ASBA Applications

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate or Trading Member, as the case may be, through whom the Application had been made. Upon receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn Application Form from the electronic platform of the Stock Exchanges.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Pre-closure: The Tranche - II Issue shall remain open for subscription from 10:00 A.M. to 5:00 P.M during the period indicated above, with an option for early closure or extension, as may be decided by the Board of Directors or the Bond Committee. In the event of such early closure or extension of the subscription period of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or extension, as the case may be, through advertisement/s in at least one leading national daily newspaper.

Utilisation of Application Amounts

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of the proceeds of the Issue

- (a) All monies received pursuant to the Issue of Bonds to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised.
- (c) Details of all unutilised monies out of issue of Bonds, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) We shall utilize the Issue proceeds only upon creation of security as stated in the Shelf Prospectus and Prospectus Tranche - II, receipt of the listing and trading approval from the Stock Exchanges.
- (e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.
- (f) All subscription monies received from eligible FPIs and Eligible NRIs (and other non resident Applicants across all Categories) through the Issue shall be kept in a separate account opened and maintained by the Company, the proceeds of which account shall not be utilised for lending to persons or entities that are not in the infrastructure sector.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who—

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.*

shall be liable for action under Section 447.”

Listing

The Bonds are proposed to be listed on the Stock Exchanges. Our Company has applied for an in-principle approval to the Stock Exchanges for permission to deal in and for an official quotation of our Bonds. The application for listing of the Bonds will be made to the Stock Exchanges at an appropriate stage.

If permissions to deal in and for an official quotation of our Bonds are not granted by the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Shelf Prospectus and Prospectus Tranche - II. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at Stock Exchanges are taken within 12 Working Days from the Issue Closure Date.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series of Bonds, with Series of Bonds shall not be listed.

Undertaking by the Issuer

We undertake that:

- (a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) 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 by our Company;
- (d) necessary cooperation to the credit rating agencies 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 Debenture Trustee at the end of each half year;
- (f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;
- (g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the Shelf Prospectus and this Prospectus Tranche - II;

- (h) we have obtained the consent/no objection certificate from the lenders/trustee for ceding pari passu charge on the assets proposed to be charged as security for the Bonds of the Company; and
- (i) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

**SECTION IV – OTHER INFORMATION
RECENT DEVELOPMENTS**

Except as mentioned below and the relevant chapters included in the Prospectus Tranche - II, there are no recent developments in relation to the Company as disclosed in the Shelf Prospectus, which would make them misleading in any material respect.

I. TAX FREE BONDS ISSUE

A. Public Issue of Tax Free Bonds through Prospectus Tranche – I

1. Our Company had made a public issue 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 for an amount of ₹ 1,50,000 lakhs with an option to retain oversubscription upto ₹ 7,16,300 lakhs aggregating to ₹ 8,66,300 lakhs through the Shelf Prospectus and Prospectus Tranche – I both dated December 19, 2013. The issue had opened on January 6, 2014 and closed on February 07, 2014. The allotment of bonds under Tranche - I was made on February 18, 2014. Our Company has raised an amount aggregating to ₹ 4,08,312.15 lakhs through Tranche - I Issue. The trading in bonds issued through Tranche-I has commenced at BSE and NSE w.e.f. February 20, 2014.

B. Private Placement of Tax Free Bonds through Disclosure Document dated February 8, 2014 and February 11, 2014

1. Private placements of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 10 lakh each and tenure of 15 years with a coupon rate of 8.55% p.a vide disclosure documents dated February 8, 2014 (Series 93A) and raised an amount of ₹ 1,65,000 lakhs. The allotment of bonds issued under Series 93A has been made on February 10, 2014.
2. Private placements of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of ₹ 10 lakh each and tenure of 15 years with a coupon rate of 8.55% p.a vide disclosure documents dated February 11, 2014 (Series 94A) raised an amount of ₹ 1,300 lakhs. The allotment of bonds issued under Series 94A has been made on February 12, 2014.

II. FOREIGN CURRENCY LOAN

The Company has signed an agreement for availment of an unsecured loan by way of External Commercial Borrowing of US\$500.00 millions (equivalent to ₹ 31390.00 millions, converted at the ₹ 62.78 per US \$) at coupon rate of 3.917% p.a. and repayable in single bullet payment, due after 5 years in 2019. However, as on date the amount has not been drawn the Company.

MATERIAL UPDATES

I. CAPITAL STRUCTURE

Details of Share Capital

Our share capital as on the date of this Prospectus Tranche – II is set forth below:

(₹ in lakhs)

	Aggregate value
Authorised share capital	
50,000,000 Equity Shares of ₹1,000 each	500,000.00
Issued, subscribed and paid up share capital	
29,520,000 Equity Shares of ₹ 1,000 each	295,200.00
Securities premium account*	40.52

* The securities issued on premium through private placement of bonds.

- a. There has been no change in the authorised capital of the Company as on December 31, 2013.

- b. There has been no changes in the Shareholding pattern and the list of top 10 holders of equity shares of the Company as on December 31, 2013.
- c. Our Company has not undertaken any acquisition or amalgamation in the last one year preceding December 31, 2013.
- d. Our Company has received share application money of ₹ 40,000.00 lacs from Government of India on February 11, 2014 which is pending allotment
- e. Our Company has not undergone any reorganisation or reconstruction in the last one year preceding December 31, 2013.
- f. As on December 31, 2013, none of the Equity Shares are pledged or otherwise encumbered.
- g. The details of top 10 holder of non-convertible debentures/bonds of our Company is as under:

(₹ in lakhs)

Sr. No.	Name of bondholder*	Total amount of bonds held
1.	Life Insurance Corporation of India	539223.38
2.	CBT EPF-05-C-DM	147530.00
3.	Coal Mines Provident Fund Organisation	129810.00
4.	Punjab National Bank	87949.22
5.	Mahanadi Coalfields Limited	80865.37
6.	Hindustan Zinc Limited	72375.37
7.	Oil and Natural Gas Corporation Limited Employees	67890.00
8.	HDFC Standard Life Insurance Company Limited	59000.00
9.	Axis Bank Limited	56264.32
10.	Cairn India Limited	50000.00

* Top 10 holders' of bonds have been shown on a cumulative basis for all outstanding debentures issued by our Company as on February 7, 2014

II. OUR MANAGEMENT

In terms of letter no. 2003/PL/61/1 dated December 31, 2013, by Ministry of Railways, Government of India, Mr. Satish Kumar Goel has been appointed as Part Time Non-Official Director of the Company for a period 3 years from the date of notification of appointment or until further orders, whichever is earlier. The details of Mr. Satish Kumar Goel are as provided below:

S. No.	Name, Designation, Father's name, Date of Appointment, DIN, Nationality & Age	Address	Other Directorships
1.	Mr. Satish Kumar Goel <i>Independent Director</i> Father's name: Mr. Satya Prakash Goel Date of Appointment: December 31, 2013 DIN: 06742476 Nationality: Indian Age: 61	C-164, Savodaya Enclave, New Delhi – 110017.	Infomeric Valuation and Ratings Private Limited.

Brief Profile of the Director:

Mr. Satish Kumar Goel, 61 years, is an Independent Director of our Company. He holds Bachelors' Degree in Arts and Law and Masters Degree in English. Mr. Goel was the Chairman of Central Board of Excise and Customs (CBEC) and has also been the Special Secretary of the Government of India in Department of Revenue, Ministry of Finance. Mr. Goel has experience in handling Indirect Tax Administration including Union Budget formulation, revenue intelligence, tax policies and legal functions of CBEC.

Details of Appointment and Term

S. No.	Name of Director	MoR Order No.	Term
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S. No.	Name of Director	MoR Order No.	Term
1.	Mr. Satish Kumar Goel	No. 2003/PL/61/1 dated December 31, 2013	3 years from the date of notification of appointment or until further orders, whichever is earlier.

Corporate Governance

In terms of Office Memorandum No. 2(70)/08-DPE (WC) dated November 26, 2008 (“Office Memorandum”) issued by DPE, two-thirds of the members of the Audit Committee of the Company are required to be independent directors and all the members of the Remuneration Committee of the Company are required to be independent directors or nominee directors. Accordingly, the Company has *vide* board resolution dated January 10, 2014 reconstituted the following committees:

- a. **Audit Committee:** The audit committee is reconstituted and comprises of Mr. S.K. Goel (*Independent Director*) as Chairman and Ms. Sharmila Chavaly (*Nominee Director*) and Mr. Rajiv Datt (*Managing Director*) as members.
- b. **CSR Committee:** A CSR Committee has been constituted to select, approve, plan, implement, steer, oversee, monitor, internally & externally review, evaluate etc.. the activities under Corporate Social Responsibility (CSR) and Sustainable Development (SD). The committee comprises of Mr. S.K. Goel (*Independent Director*) as Chairman and Mr. Rajiv Datt (*Managing Director*) and Mr. D.C. Arya (Director, Finance) as members. Mr. Sanjeev Jain, General Manager (Fin. & Admn.) is appointed as Nodal Officer for coordinating the activities.
- c. **Remuneration Committee:** The committee is responsible for the annual bonus/variable pay pool/ performance related pay and policy for its distribution across the executives and non-unionised supervisors, within the prescribed limits and other matters as per the extant DPE Guidelines and also as per the applicable laws. The committee comprises of Mr. S.K. Goel (*Independent Director*) as Chairman and Mr. R. Kashyap (Chairman) and Ms. Sharmila Chavaly (*Nominee Director*) as members.

III. FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company’s aggregate borrowing outstanding as on December 31, 2013:

(₹ in lakhs)

Sl. No	Nature of Borrowing	Amount
I. Secured Borrowings		
A.	Term loans	
(i)	Domestic	24,544.23
(ii)	Foreign currency	14,846.40
B.	Bonds (Domestic)	43,45,606.83
	Total	43,84,997.46
II. Unsecured Borrowings		
A.	Term Loans	
(i)	Domestic	1,02,701.94
(ii)	Foreign currency term loans	9,79,202.78
B.	Foreign currency bonds	3,86,625.00
	Total	14,68,529.72
	Total I+II	58,53,527.18

I. Secured Loans

A. Term loans

(i) Domestic term loans availed by our Company

We avail domestic term loans from time to time for acquisition of rolling stock assets, which have been secured

by way of pari-passu first charge over the rolling stock assets of the Company. The details of domestic term loans availed by us are set forth below:

(₹ in lakhs)

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of December 31, 2013)
1.	United Bank of India	Repayable in thirty equal half yearly instalments commencing from April 1, 2001	October 1, 2015	10,000.00	1342.00
2.	United Bank of India	Repayable in thirty equal half yearly instalments commencing from April 1, 2002	October 1, 2016	10,000.00	2008.00
3.	Central Bank of India	Repayable in thirty equal half yearly instalments commencing from October 1, 1999	April 1, 2014	20,000.00	657.00
4.	Central Bank of India	Repayable in thirty equal half yearly instalments commencing from April 1, 2002	October 1, 2016	10,000.00	1984.00
5.	Central Bank of India	Repayable in thirty equal half yearly instalments commencing from April 1, 2002	October 1, 2016	10,000.00	1984.00
6.	HDFC Bank ¹	Repayable in thirty equal half yearly instalments commencing from October 1, 1999	April 1, 2014	3,000.00	100.00
7.	ICICI Bank	Repayable in twenty six equal half yearly instalments commencing from October 1, 2002	April 1, 2015	50,000.00	5769.23
8.	The Bank of Tokyo Mitsubishi UFJ Limited	Repayable in five equal yearly instalments commencing from 17 th May 2011	May 15, 2015	20,000.00	8000.00
9.	Andhra Bank	Bullet repayment at the end of One year and one month from the date of disbursement i.e. March 28, 2013.	April 28, 2014	2500.00	2500.00
10.	Corporation Bank	Short Term Loan against the Fixed Deposit.	January 1, 2014 ²	810.00	200.00
Total					24,544.23

1. The loan was sanctioned by erstwhile Centurion Bank of Punjab.

2. The loan is secured against the pledge of Fixed Deposit.

(ii) Foreign currency term loans availed by our Company

We have availed foreign currency term loans for acquisition of rolling stock assets, which has been secured by way of pari-passu first charge over the present and future rolling stock assets / lease receivables of the Company. The details of the foreign currency term loans availed by us are set forth below:

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of December 31, 2013) (₹ in lakhs)
1.	Bank of India	Repayable in 40 equal half yearly instalments commencing from April 30, 2002 after a moratorium period of 4 years from the date of availment i.e. March 31, 1998	October 30, 2021	USD 60 Million	14,846.40
Total					14,846.40

B. Domestic bonds issued by our Company

Our Company issues secured bonds on a private placement basis/ public issue from time to time which are listed on the wholesale debt market segment of the NSE and/or the BSE and in this regard, Indian Bank was appointed as the trustee upto 80th series of bonds.

Set forth below is a brief summary of our outstanding bonds as on December 31, 2013 together with a brief description of certain significant terms of such financing arrangements.

- (a) Redeemable, non-convertible, non-cumulative taxable bonds secured by way of pari-passu first charge over the rolling stock assets of the Company:

(₹ in lakhs)

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
1.	13 – AA Series	March 31, 1999	<i>Coupon Rate:</i> 10% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in fifteen equal yearly instalments from the deemed date of allotment. The first thirteen instalments have been accordingly redeemed and the fourteenth and fifteenth instalments are to be redeemed at the end of fifteenth year from the deemed date of allotment i.e. March 31, 2014 .	CRISIL: AAA ICRA: LAAA	20,000.00	1,333.38
2.	15 (A to O) Series ¹	June 22, 1999	<i>Coupon Rate:</i> 12.9% per annum payable quarterly. <i>Maturity and Redemption:</i> 15 (O) Series are redeemable at par at the end of fifteenth year from the deemed date of allotment i.e. June 22, 2014.	CRISIL: AAA ICRA: LAAA	15,000.00	1,000.00
3.	16 (A to O) Series ²	July 15, 1999	<i>Coupon Rate:</i> 12.8% per annum payable quarterly. <i>Maturity and Redemption:</i> 16 (O) Series are redeemable at par at the end of fifteenth year from the deemed date of allotment i.e. on July 15, 2014.	CRISIL: AAA ICRA: LAAA	15,000.00	1,000.00
4.	22 nd Series	July 28, 2000	<i>Coupon Rate:</i> 11.5% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in fourteen yearly instalments after an initial moratorium of two years from the deemed date of allotment. The first twelve instalments have been accordingly redeemed and the thirteenth and fourteenth instalments are to be redeemed at the end of thirteenth and fourteenth year from the deemed date of allotment i.e. July 28, 2014 and July 28, 2015 respectively.	CRISIL: AAA ICRA: LAAA	1,000.00	160.00
5.	42 (A to O) Series ³	August 29, 2002	<i>Coupon Rate:</i> 8% per annum payable semi-annually. <i>Maturity and Redemption:</i> 42 (L to O) Series are redeemable at par at the end of twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on August 29, 2014, August 29, 2015, August 29, 2016 and August 29, 2017, respectively.	CRISIL: AAA ICRA: LAAA	15,000.00	4,000.00
6.	43 (AA to OO)	October 29, 2002	<i>Coupon Rate:</i> 7.63% per annum payable semi-annually.	CRISIL: AAA	45,000.00	12,000.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
	Series ⁴		<i>Maturity and Redemption:</i> 43 (LL to OO) Series are redeemable at par at the end of eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on October 29, 2014, October 29, 2015, October 29, 2016 and October 29, 2017, respectively.	ICRA: LAAA		
7.	45 (AA to OO) Series ⁷	May 13, 2003	<i>Coupon Rate:</i> 6.39% per annum payable semi-annually. <i>Maturity and Redemption:</i> 45 (KK to OO) Series are redeemable at par at the end of eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on May 13, 2014, May 13, 2015, May 13, 2016, May 13, 2017 and May 13, 2018, respectively.	CRISIL: AAA/Stable ICRA: LAAA	10,500.00	3,500.00
8.	46 (A to O) Series ⁸	August 12, 2003	<i>Coupon Rate:</i> 6.25% per annum payable semi-annually. <i>Maturity and Redemption:</i> 46 (K to O) Series are redeemable at par at the end of eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on August 12, 2014, August 12, 2015, August 12, 2016, August 12, 2017 and August 12, 2018, respectively.	CRISIL: AAA/Stable ICRA: LAAA	19,500.00	6,500.00
9.	46 (AA to EE) Series ⁹	August 12, 2003	<i>Coupon Rate:</i> 6.2% per annum payable semi-annually. <i>Maturity and Redemption:</i> 46 (EE) Series are redeemable at par at the end of fifteenth year from the deemed date of allotment i.e. on August 12, 2018 respectively.	CRISIL: AAA/Stable ICRA: LAAA	12,500.00	2,500.00
10.	47 (A to O) Series ¹¹	March 26, 2004	<i>Coupon Rate:</i> 5.99% per annum payable semi-annually. <i>Maturity and Redemption:</i> 47 (J to O) Series are redeemable at par at the end of tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on March 26, 2014, March 26, 2015, March 26, 2016, March 26, 2017, March 26, 2018 and March 26, 2019, respectively.	CRISIL: AAA/Stable ICRA: LAAA	15,000.00	6,000.00
11.	48 (A to H) Series ¹²	September 14, 2004	<i>Coupon Rate:</i> 6.85% per annum payable semi-annually. <i>Maturity and Redemption:</i> 48 (H) Series are redeemable at par at the end of tenth year from the deemed date of allotment i.e. September 14, 2014 respectively.	CRISIL: AAA/Stable ICRA: LAAA	23,680.00	2960.00
12.	48 (AA to JJ) Series ¹³	September 17, 2004	<i>Coupon Rate:</i> 6.85% per annum payable semi-annually.	CRISIL: AAA/Stable	50,000.00	30,000.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			<i>Maturity and Redemption:</i> 48 (EE to JJ) Series are redeemable at par at the end of tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on September 17, 2014, September 17, 2015, September 17, 2016, September 17, 2017, September 17, 2018 and September 17, 2019, respectively.	ICRA: LAAA		
13.	49 (A to O) Series ¹⁴	June 22, 2005	<i>Coupon Rate:</i> Reuter's Indian Benchmark (INBMK) Rate (floating) minus 0.1% i.e. 7.89, 7.78%, 7.94%, 7.96%, 7.85%, 7.86%, and 7.97%, payable semi-annually for 49 (I to O) Series respectively. <i>Maturity and Redemption:</i> 49 (I to O) Series are redeemable at par at the end of ninth, tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on June 22, 2014, June 22, 2015, June 22, 2016, June 22, 2017, June 22, 2018, June 22, 2019 and June 22, 2020, respectively.	CRISIL: AAA/Stable ICRA: LAAA	15,000.00	7,000.00
14.	51 st Series	December 22, 2005	<i>Coupon Rate:</i> 7.74% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on December 22, 2020.	CRISIL: AAA/Stable ICRA: LAAA	45,000.00	45,000.00
15.	52 – A Series	May 17, 2006	<i>Coupon Rate:</i> 8.41% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on May 17, 2016.	CRISIL: AAA/Stable ICRA: LAAA	11,000.00	11,000.00
16.	52 – B Series	May 17, 2006	<i>Coupon Rate:</i> 8.64% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on May 17, 2021.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	70,000.00	70,000.00
17.	53 – A Series	November 29, 2006	<i>Coupon Rate:</i> 8.57% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on November 29, 2016.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	12,500.00	12,500.00
18.	53 – B Series	November 29, 2006	<i>Coupon Rate:</i> 8.68% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on	CRISIL: AAA/Stable CARE: AAA	22,500.00	22,500.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			November 29, 2021.	ICRA: LAAA		
19.	53 – C Series	November 29, 2006	<i>Coupon Rate:</i> 8.75% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of twenty years from the deemed date of allotment i.e. on November 29, 2026.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	41,000.00	41,000.00
20.	54 th Series	June 7, 2007	<i>Coupon Rate:</i> 9.81% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on June 7, 2017.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	22,000.00	22,000.00
21.	54 – A Series	June 7, 2007	<i>Coupon Rate:</i> 9.95% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on June 7, 2022.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	15,000.00	15,000.00
22.	54 – B Series	June 7, 2007	<i>Coupon Rate:</i> 10.04% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of twenty years from the deemed date of allotment i.e. on June 7, 2027.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	32,000.00	32,000.00
23.	55 (A to O) Series ¹⁵	June 7, 2007	<i>Coupon Rate:</i> 9.86% per annum payable semi-annually. <i>Maturity and Redemption:</i> 55 (G to O) Series are redeemable at par at the end of seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on June 7, 2014, June 7, 2015, June 7, 2016, June 7, 2017, June 7, 2018, June 7, 2019, June 7, 2020, June 7, 2021 and June 7, 2022, respectively.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	50,000.00	29,700.00
24.	57 th Series	September 28, 2007	<i>Coupon Rate:</i> 9.66% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in five equal annual instalments at the end of eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on September 28, 2018, September 28, 2019, September 28, 2020, September 28, 2021 and September 28, 2022, respectively.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	1,00,000.00	1,00,000.00
25.	58 – A Series	October 29, 2007	<i>Coupon Rate:</i> 9.2% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from	CRISIL: AAA/Stable CARE: AAA	50,000.00	50,000.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			the deemed date of allotment i.e. on October 29, 2022.	ICRA: LAAA		
26.	60 th Series	May 23, 2008	<i>Coupon Rate:</i> 9.43% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on May 23, 2018.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	60,400.00	60,400.00
27.	61 st Series	September 11, 2008	<i>Coupon Rate:</i> 10.6% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on September 11, 2018.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	85,500.00	85,500.00
28.	61 - A Series	September 11, 2008	<i>Coupon Rate:</i> 10.7% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on September 11, 2023.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	61,500.00	61,500.00
29.	62 - A Series	December 26, 2008	<i>Coupon Rate:</i> 8.45% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on December 26, 2018.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	50,000.00	50,000.00
30.	62 - B Series	December 26, 2008	<i>Coupon Rate:</i> 8.5% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on December 26, 2023.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	28,500.00	28,500.00
31.	63 rd Series	January 15, 2009	<i>Coupon Rate:</i> 8.46% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on January 15, 2014.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	83,000.00	83,000.00
32.	63 - A Series	January 15, 2009	<i>Coupon Rate:</i> 8.55% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on January 15, 2019.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	1,70,500.00	1,70,500.00
33.	63 - B	January 15,	<i>Coupon Rate:</i> 8.65% per annum	CRISIL:	31,500.00	31,500.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
	Series	2009	payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on January 15, 2024.	AAA/Stable CARE: AAA ICRA: LAAA		
34.	64 th Series	March 30, 2009	<i>Coupon Rate:</i> 8.49% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on March 30, 2014.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	18,200.00	18,200.00
35.	65 th Series	April 27, 2009	<i>Coupon Rate:</i> 7.45% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on April 27, 2014.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	35,100.00	35,100.00
36.	65 – AA Series	April 27, 2009	<i>Coupon Rate:</i> 8.19% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on April 27, 2019.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	56,000.00	56,000.00
37.	65 (A to O) Series ¹⁶	April 27, 2009	<i>Coupon Rate:</i> 8.2% per annum payable semi-annually. <i>Maturity and Redemption:</i> 65 (E to O) Series are redeemable at par at the end of fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth, fourteenth and fifteenth year from the deemed date of allotment i.e. on April 27, 2014, April 27, 2015, April 27, 2016 April 27, 2017, April 27, 2018, April 27, 2019, April 27, 2020, April 27, 2021, April 27, 2022, April 27, 2023 and April 27, 2024, respectively.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	90,000.00	66,000.00
38.	66 th Series	June 11, 2009	<i>Coupon Rate:</i> 8.6% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on June 11, 2019.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	50,000.00	50,000.00
39.	67 th Series	February 3, 2010	<i>Coupon Rate:</i> 8.55% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on February 3, 2020.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	17,500.00	17,500.00
40.	67 - A Series	February 3, 2010	<i>Coupon Rate:</i> 8.65% per annum payable semi-annually.	CRISIL: AAA/Stable	20,000.00	20,000.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			<i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on February 3, 2025.	CARE: AAA ICRA: LAAA		
41.	67 - B Series	February 3, 2010	<i>Coupon Rate:</i> 8.8% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of twenty years from the deemed date of allotment i.e. on February 3, 2030.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	38,500.00	38,500.00
42.	69 th Series	March 10, 2010	<i>Coupon Rate:</i> 8.95% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on March 10, 2025.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	60,000.00	60,000.00
43.	70 th Series	May 4, 2010	<i>Coupon Rate:</i> 7.845% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on May 4, 2015.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	7,000.00	7,000.00
44.	70 - AA Series	May 4, 2010	<i>Coupon Rate:</i> 8.79% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of twenty years from the deemed date of allotment i.e. on May 4, 2030.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	1,41,000.00	1,41,000.00
45.	70 (A to E) Series ¹⁷	May 4, 2010	<i>Coupon Rate:</i> 8.72% per annum payable semi-annually. <i>Maturity and Redemption:</i> 70 (A to E) Series are redeemable at par at the end of twenty first, twenty second, twenty third, twenty fourth and twenty fifth year from the deemed date of allotment i.e. on May 4, 2031, May 4, 2032, May 4, 2033, May 4, 2034 and May 4, 2035 respectively.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	7,500.00	7,500.00
46.	71 (A to E) Series ¹⁸	May 14, 2010	<i>Coupon Rate:</i> 8.83% per annum payable semi-annually. <i>Maturity and Redemption:</i> 71 (A to E) Series are redeemable at par at the end of twenty first, twenty second, twenty third, twenty fourth and twenty fifth year from the deemed date of allotment i.e. on May 14, 2031, May 14, 2032, May 14, 2033, May 14, 2034 and May 14, 2035 respectively.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	1,10,000.00	1,10,000.00
47.	72 nd Series	June 22, 2010	<i>Coupon Rate:</i> 8.50% per annum payable semi-annually.	CRISIL: AAA/Stable	80,000.00	80,000.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			<i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on June 22, 2020.	CARE: AAA ICRA: LAAA		
48.	74 th Series	March 29, 2011	<i>Coupon Rate:</i> 9.09% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in fifteen years from the deemed date of allotment i.e. on March 29, 2026.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	1,07,600.00	1,07,600.00
49.	75 th Series	March 31, 2011	<i>Coupon Rate:</i> 9.09% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in fifteen years from the deemed date of allotment i.e. on March 31, 2026.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	15,000.00	15,000.00
50.	76 th Series	May 10, 2011	<i>Coupon Rate:</i> 9.27% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in ten years from the deemed date of allotment i.e. on May 10, 2021.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	39,000.00	39,000.00
51.	76 - A Series	May 10, 2011	<i>Coupon Rate:</i> 9.33% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in fifteen years from the deemed date of allotment i.e. on May 10, 2026.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	25,500.00	25,500.00
52.	76 - B Series	May 10, 2011	<i>Coupon Rate:</i> 9.47% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in twenty years from the deemed date of allotment i.e. on May 10, 2031.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	99,500.00	99,500.00
53.	77 th Series	May 31, 2011	<i>Coupon Rate:</i> 9.57% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in ten years from the deemed date of allotment i.e. on May 31, 2021.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA	1,24,500.00	1,24,500.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Rating	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
				ICRA: [ICRA] AAA		
54.	78 th Series	July 28, 2011	<i>Coupon Rate:</i> 9.41% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in ten years from the deemed date of allotment i.e. on July 28, 2021.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	1,50,000.00	1,50,000.00
55.	88 th Series	March 25, 2013	<i>Coupon Rate:</i> 8.83% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par in ten years from the deemed date of allotment i.e. on March 25, 2023.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	1,10,000.00	1,10,000.00
Total						24,77,453.38

- 15 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 15 (A to N) Series have been redeemed on June 22, 2000, June 22, 2001, June 22, 2002, June 22, 2003, June 22, 2004, June 22, 2005, June 22, 2006, June 22, 2007, June 22, 2008, June 22, 2009, June 22, 2010, June 22, 2011, June 22, 2012 and June 22, 2013 respectively.
- 16 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 16 (A to N) Series have been redeemed on July 15, 2000, July 15, 2001, July 15, 2002, July 15, 2003, July 15, 2004, July 15, 2005, July 15, 2006, July 15, 2007, July 15, 2008, July 15, 2009, July 15, 2010, July 15, 2011, July 15, 2012 and July 15, 2013 respectively.
- 42 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 42 (A to K) Series have been redeemed on August 29, 2003, August 29, 2004, August 29, 2005, August 29, 2006, August 29, 2007, August 29, 2008, August 29, 2009, August 29, 2010, August 29, 2011, August 29, 2012 and August 29, 2013 respectively.
- 43 (AA to OO) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as AA, BB, CC, DD, EE, FF, GG, HH, II, JJ, KK, LL, MM, NN and OO. Further, 43 (AA to II) Series have been redeemed on October 29, 2003, October 29, 2004, October 29, 2005, October 29, 2006, October 29, 2007, October 29, 2008, October 29, 2009, October 29, 2010, October 29, 2011, October 29, 2012 and October 29, 2013 respectively.
- 45 (AA to OO) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as AA, BB, CC, DD, EE, FF, GG, HH, II, JJ, KK, LL, MM, NN and OO. Further, 45 (AA to KK) Series have been redeemed on May 13, 2004, May 13, 2005, May 13, 2006, May 13, 2007, May 13, 2008, May 13, 2009, May 13, 2010 and May 13, 2011, May 13, 2012 and May 13, 2013 respectively.
- 46 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 46 (A to J) Series have been redeemed on August 12, 2004, August 12, 2005, August 12, 2006, August 12, 2007, August 12, 2008, August 12, 2009, August 12, 2010, August 12, 2011, August 12, 2012 and August 12, 2013 respectively.
- 46 (AA to EE) Series' bonds are redeemable in five detachable separately transferrable redeemable principal parts, which have been designated and named as AA, BB, CC, DD and EE. Further, 46 (AA to DD) Series have been redeemed on August 12, 2006, August 12, 2008 and August 12, 2010, August 12, 2013 respectively.
- 47 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 47 (A to I) Series have been redeemed on March 26, 2005, March 26, 2006, March 26, 2007, March 26, 2008, March 26, 2009, March 26, 2010, March 26, 2011, March 26, 2012 and March 26, 2013 respectively.
- 48 (A to H) Series' bonds are redeemable in eight detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D, E, F, G and H. Further, 48 (A to G) Series have been redeemed on September 14, 2007,

September 14, 2008, September 14, 2009, September 14, 2010, September 14, 2011, September 14, 2012 and September 14, 2013 respectively.

10. 48 (AA to JJ) Series' bonds are redeemable in ten detachable separately transferrable redeemable principal parts, which have been designated and named as AA, BB, CC, DD, EE, FF, GG, HH, II and JJ. Further, 48 (AA, toDD) Series have been redeemed on September 17, 2010, September 17, 2011, September 17, 2012 and September 17, 2013 respectively.
11. 49 (A to O) Series bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 49 (A to H) Series have been redeemed on June 22, 2006, June 22, 2007, June 22, 2008, June 22, 2009, June 22, 2010, June 22, 2011, June 22, 2012 and June 22, 2013 respectively.
12. 55 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 55 (A to F) Series have been redeemed on June 7, 2008, June 7, 2009, June 7, 2010, June 7, 2011, June 7, 2012 and June 7, 2013 respectively.
13. 65 (A to O) Series' bonds are redeemable in fifteen detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D, E, F, G, H, I, J, K, L, M, N and O. Further, 65 (A, to D) Series have been redeemed on April 27, 2010, April 27, 2011, April 27, 2012 and April 27, 2013 respectively.
14. 70 (A to E) Series' bonds are redeemable in five detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D and E.
15. 71 (A to E) Series' bonds are redeemable in five detachable separately transferrable redeemable principal parts, which have been designated and named as A, B, C, D and E.

- (b) Redeemable, non-convertible, non-cumulative tax-free bonds secured by way of pari-passu first charge over the rolling stock assets of the Company:

(₹ in lakhs)

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
1.	17 th Series	February 28, 2000	<i>Coupon Rate:</i> 9% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on February 28, 2015.	CRISIL: AAA ICRA: LAAA	20,000.00	20,000.00
2.	68 th Series	March 8, 2010	<i>Coupon Rate:</i> 6% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on March 8, 2015.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	35,011.00	35,011.00
3.	68 - A Series	March 8, 2010	<i>Coupon Rate:</i> 6.30% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of seven years from the deemed date of allotment i.e. on March 8, 2017.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	64,262.00	64,262.00
4.	68 - B Series	March 8, 2010	<i>Coupon Rate:</i> 6.70% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on March 8, 2020.	CRISIL: AAA/Stable CARE: AAA ICRA: LAAA	92,721.00	92,721.00
5.	73 rd Series	December 20, 2010	<i>Coupon Rate:</i> 6.05% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed	CRISIL: AAA/Stable CARE: CARE AAA ICRA:	18,808.00	18,808.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			date of allotment i.e. on December 20, 2015.	LAAA		
6.	73 - A Series	December 20, 2010	<i>Coupon Rate:</i> 6.32% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of seven years from the deemed date of allotment i.e. on December 20, 2017.	CRISIL: AAA/Stable CARE: CARE AAA ICRA: LAAA	28,456.00	28,456.00
7.	73 - B Series	December 20, 2010	<i>Coupon Rate:</i> 6.72% per annum payable semi-annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on December 20, 2020.	CRISIL: AAA/Stable CARE: CARE AAA ICRA: LAAA	83,591.00	83,591.00
8.	79 th Series ¹	November 8, 2011	<i>Coupon Rate:</i> 7.55% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on November 8, 2021.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	53,960.00	53,960.00
9.	79 - A Series ¹	November 8, 2011	<i>Coupon Rate:</i> 7.77% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on November 8, 2026.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	19,151.00	19,151.00
10.	80 th Series (Institutional, Corporates & HNIs)	February 23, 2012	<i>Coupon Rate:</i> 8% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on February 23, 2022	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	2,78,708.00	2,78,708.00
11.	80 th Series (Retail Category)	February 23, 2012	<i>Coupon Rate:</i> 8.15% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on February 23, 2022	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	39,013.51	39,013.51
12.	80 th A Series (Institutional, Corporates & HNIs)	February 23, 2012	<i>Coupon Rate:</i> 8.10% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA	2,71,523.01	2,71,523.01

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			on February 23, 2027	ICRA: [ICRA] AAA		
13.	80 th A Series (Retail Category)	February 23, 2012	<i>Coupon Rate:</i> 8.30% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on February 23, 2027	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	37,644.48	37,644.48
14.	81 st Series^	November 26, 2012	<i>Coupon Rate:</i> 7.21% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on November 26, 2022.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	25,600.00	25,600.00
15.	81 st A Series^	November 26, 2012	<i>Coupon Rate:</i> 7.38% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on November 26, 2027.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	6,670.00	6,670.00
16.	82 nd Series^	November 30 2012	<i>Coupon Rate:</i> 7.22% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on November 30, 2022.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	4,100	4,100.00
17.	82 nd A Series^	November 26, 2012	<i>Coupon Rate:</i> 7.38% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on November 30, 2027.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	3,000	3,000.00
18.	83 rd Series^	December 6, 2012	<i>Coupon Rate:</i> 7.22% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on December 6, 2022.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	3,000	3,000.00
19.	83 rd A Series^	December 6, 2012	<i>Coupon Rate:</i> 7.39% per annum payable annually respectively.	CRISIL: CRISIL AAA/Stable	9,500	9,500.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			<i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on December 6, 2027.	CARE: CARE AAA ICRA: [ICRA] AAA		
20.	84 th Series [^]	December 7, 2012	<i>Coupon Rate:</i> 7.22% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on December 7, 2022.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	49,990	49,990.00
21.	85 th Series [^]	December 14, 2012	<i>Coupon Rate:</i> 7.19% per annum payable annually respectively. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on December 14, 2022.	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	9,500	9,500.00
22.	86 th Series (Retail Category)	February 19, 2013	<i>Coupon Rate:</i> 7.68% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on February 19, 2023	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	16512.97	16512.97
23.	86 th Series (Institutional, Corporates & HNIs)	February 19, 2013	<i>Coupon Rate:</i> 7.18% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on February 19, 2023	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	2,64,955.07	2,64,955.07
24.	86 th A Series (Retail Category)	February 19, 2013	<i>Coupon Rate:</i> 7.84% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on February 19, 2028	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	27,588.31	27,588.31
25.	86 th A Series (Institutional, Corporates & HNIs)	February 19, 2013	<i>Coupon Rate:</i> 7.34% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on February 19, 2028	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	2,28,282.72	2,28,282.72
26.	87 th Series (Retail Category)	March 23, 2013	<i>Coupon Rate:</i> 7.38% per annum payable annually.	CRISIL: CRISIL AAA/Stable	3,072.94	3,072.94

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
			<i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on March 23, 2023	CARE: CARE AAA ICRA: [ICRA] AAA		
27.	87 th Series (Institutional, Corporates & HNIs)	March 23, 2013	<i>Coupon Rate:</i> 6.88% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on March 23, 2023	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	13,444.06	13,444.06
28.	87 th A Series (Retail Category)	March 23, 2013	<i>Coupon Rate:</i> 7.54% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on March 23, 2028	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	4,698.90	4,698.90
29.	87 th A Series (Institutional, Corporates & HNIs)	March 23, 2013	<i>Coupon Rate:</i> 7.04% per annum payable annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of fifteen years from the deemed date of allotment i.e. on March 23, 2028	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	2,1689.48	2,1689.48
30.	89 th Series	November 21, 2013	<i>Coupon Rate:</i> 8.35% per annum payable annually <i>Maturity and Redemption:</i> Redeemable at par at the end of 10 years from the deemed date of allotment i.e. on November 21, 2023	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	48700.00	48700.00
31.	89 th A Series	November 21, 2013	<i>Coupon Rate:</i> 8.48% per annum payable annually <i>Maturity and Redemption:</i> Redeemable at par at the end of 15 years from the deemed date of allotment i.e. on November 21, 2028	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	73800.00	73800.00
32.	90 th Series	November 27, 2013	<i>Coupon Rate:</i> 8.35% per annum payable annually <i>Maturity and Redemption:</i> Redeemable at par at the end of 10 years from the deemed date of allotment i.e. on November 27, 2023	CRISIL: CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA	5700.00	5700.00
33.	90 th A Series	November 27,	<i>Coupon Rate:</i> 8.48% per	CRISIL:	5500.00	5500.00

S. No.	Series of Bonds	Deemed date of Allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013)
		2013	<i>annum payable annually</i> <i>Maturity and Redemption:</i> Redeemable at par at the end of 15 years from the deemed date of allotment i.e. on November 27, 2028	CRISIL AAA/Stable CARE: CARE AAA ICRA: [ICRA] AAA		
Total						18,68,153.45

1. Series 79 and Series 79th "A" bonds have been secured by way of pari-passu first charge over the infrastructure assets of the Company.
^ Series 81 to Series 85 Bonds are issued at a premium aggregating to ₹ 11.34 lakhs.
Series 89th to Series 90th A are issued at premium aggregating to ₹ 29.18 lakhs

II. Unsecured Loans

(i) Domestic Term Loans availed by the Company

The details of the unsecured term loan availed by us is set forth below:

(₹ in lakhs)

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Amount Outstanding (as of December 31, 2013)
1	IDBI Ltd.	Repay able in equal quarterly instalments commencing from January 1, 2004	October 1, 2015	22,301.94	3701.94
2.	Bank of Baroda	Repayable at the end of 13 months from the date of availment i.e. March 26, 2013	April 26, 2014	24,000.00	24,000.00
3.	Union Bank of India	Repayable at the end of 13 months from the date of availment i.e. March 15, 2013	April 15, 2014	25,000.00	25,000.00
4.	Bank of India	Repayable at the end of 14 months from the date of availment i.e. February 28, 2013.	April 15, 2014	50,000.00	50,000.00
Total					102,701.94

(iii) Foreign currency term loans availed by our Company

The details of the unsecured foreign currency term loans availed by us are set forth below:

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Amount Outstanding (as of December 31, 2013) (₹ in lakhs)
1.	Syndicated Foreign Currency Loan	Repayable at the end of 5 years from the date of availment i.e. September 23, 2011	September 23, 2016	USD 200 million	1,23,720.00
2.	Syndicated Foreign Currency Loan	Repayable at the end of 5 years from the date of availment i.e. September 28, 2010	September 28, 2015	USD 350 million	2,16,510.00
3.	Syndicated Foreign Currency Loan	Repayable at the end of 5 years from the date of availment i.e. September 29, 2009	September 29, 2014	USD 450 million	2,78,370.00
4.	Syndicated Foreign	Repayable at the end of 5 years	December 3,	USD 400	2,47,440.00

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Amount Outstanding (as of December 31, 2013) (₹in lakhs)
	Currency Loan	and 1 day from the date of availment i.e. December 2, 2013	2018	million	
5.	American Family Life Assurance Company of Columbus	Repayable at the end of 15 years from the date of availment i.e. March 10, 2011	March 10, 2026	JPY 12 Billion	90,251.67
6.	American Family Life Assurance Company of Columbus	Repayable at the end of 15 years from the date of availment i.e. March 30, 2011	March 30, 2026	JPY 3 Billion	22,911.11
Total					9,79,202.78

(iv) **Foreign currency bonds issued by our Company**

Our Company has issued foreign currency bonds which have been listed in the international debt market. Set forth below is a brief summary of significant terms of the foreign currency bonds issued by our Company:

S. No.	Series of Bonds	Deemed date of allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of December 31, 2013) (₹in lakhs)
1.	United States Private Placement Bonds	March 27, 2007	<i>Coupon Rate:</i> 5.94% per annum payable semi annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on March 27, 2017.	Standard & Poor's: BBB- Fitch: BBB- (stable) Moody's: Baa3 (stable)	USD 125 Million	77,325.00
2.	Euro Dollar Bonds	March 30, 2011	<i>Coupon Rate:</i> 4.406% per annum payable semi annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on March 30, 2016.	Standard & Poor's: BBB- (stable) Fitch: BBB- (stable) Moody's: Baa3 (stable)	USD 200 Million	1,23,720.00
3.	Euro Dollar Bonds	October 10, 2012	<i>Coupon Rate:</i> 3.417% per annum payable semi annually. <i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on October 10, 2017.	Standard and Poor's: BBB- (negative outlook) Fitch: BBB- (negative outlook) Moody's: Baa3 (stable outlook)	USD 300 Million	1,85,580.00
Total						3,86,625.00

Commercial Papers

As on December 31, 2013 our Company has not raised any Commercial Papers.

Corporate Guarantee

As on December 31, 2013 our company has not issued any corporate guarantee.

Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities

As on the date of this Prospectus Tranche - II, there have been no defaults in payment of principal or interest on any term loan or debt securities issue by the Company in the past.

Further, as on date of this Prospectus Tranche - II, other than as disclosed herein above there are no other outstanding borrowings taken/ debt securities issued by our Company (i) for consideration other than cash, (ii) at a premium or discount, or (iii) in pursuance of an option.

For more information in respect of the aforesaid bonds please, see the material developments highlighted in the section titled “*Outstanding Litigation and Material Developments*” on page 114 of the Shelf Prospectus.

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 - II) 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/Corporate 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 Prospectus Tranche - II.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated October 29, 2013, between the Company and the Lead Managers.
2. Agreement dated October 29, 2013, between the Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated November 11, 2013 for the appointment of Debenture Trustee for the Bondholders.
4. Escrow Agreement dated December 17, 2013 and the Amendment to Escrow Agreement dated December 26, 2013 between the Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Consortium Agreements dated December 17, 2013 and February 13, 2014 between the Company and the Lead Managers, Consortium Members for marketing of 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.
3. Board resolution dated August 6, 2013 approving the Issue and related matters.
4. Bond Committee's resolution dated November 11, 2013 approving the Draft Shelf Prospectus and related matters.
5. Bond Committee's resolution dated December 19, 2013 approving the Shelf Prospectus;
6. Bond Committee's resolution dated February 24, 2014 approving the Prospectus Tranche - II and related matters.
7. CRISIL Limited ("CRISIL") has revalidated the credit rating of "CRISIL AAA/Stable" (pronounced as "CRISIL Triple A with stable outlook") for ₹ 15,10,300 lakhs long term borrowing programme of the Company ("**Debt Programme**") vide its letter no. VR/FSR/IRFC/2013-14/1536 dated February 7, 2014. ICRA Limited ("ICRA") has revalidated the credit rating of "[ICRA] AAA" (pronounced as "ICRA Triple A") for the Debt Programme of the Company vide its letter no. D/RAT/2013-14/11/10 dated February 7, 2014. Credit Analysis & Research Limited ("CARE") has revalidated the rating of "CARE AAA (pronounced as Triple A)" for the Debt Programme of the Company vide its letter dated February 7, 2014.
8. Consents of each of the Compliance Officer, Company Secretary, Directors, Lead Managers, Legal Advisors to the Issue, Registrar to the Issue, Bankers to the Company, Bankers to the Issue/Escrow Collection Banks, Refund Bank, the Debenture Trustee for the Bondholders and the Credit Rating Agencies to include their names, in their respective capacities have been obtained and shall be filed with RoC.
9. Consent of the Auditors, for inclusion of their name and the report on the Accounts in the form and context in which they appear and their statement on tax benefits mentioned herein.

10. Auditor's report dated November 8, 2013 on our audited financial statements for the financial year ending March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013 and for the half year ended September 30, 2013.
11. Statement of tax benefits dated November 8, 2013 issued by Bansal Sinha & Co., Statutory Auditors of the Company.
12. Notification No. 61/2013/ F. No. 178/37/2013-(ITA.I) dated August 8, 2013 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).
13. Lease agreement dated August 06, 2013 entered between the Company and the President of India, through the Adviser, Railway Stores (P), Ministry of Railways (Railway Board) for lease of Rolling Stock (acquired during the period starting from April 1, 2012 to March 31, 2013).
14. Annual report of the Company for the last five years.
15. In-principle listing approval from NSE and BSE *vide* their letters no. NSE/LIST/222172-2 dated November 20, 2013 read with NSE/LIST/230468-2 dated February 14, 2014 and letter no. DCS/SP/PI-BOND/10/13-14 dated November 20, 2013, respectively.
16. Due Diligence Certificate dated February 24, 2014 filed by the Lead Managers with SEBI.
17. A Copy of Company Letter dated October 17, 2013 filed with SEBI in respect of directions/advise sought on date time priority, issue of bonds in physical form and filing of Shelf and Tranche Prospectus.
18. SEBI letter no. IMD/DOF-1/BM/VA/OW/27525/2013 dated October 28, 2013 on permission to file Shelf and Tranche Prospectus and issue of bonds in physical form and allotment of bonds on date priority.

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 undersigned Directors of the Company, hereby certify that all applicable legal requirements in connection with the Issue, including the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified), Securities and Exchange Board of India (Issue and Listing of Debt) Regulations, 2008 (as amended) and the guidelines issued by Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, and all applicable guidelines issued by GoI and any other competent authority in this behalf, have been complied with and no statement made in this Prospectus Tranche - II is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified), the Securities and Exchange Board of India Act, 1992 or rules and regulations made thereunder, as the case may be and any other applicable legal requirements.

We further certify that Prospectus Tranche - II which is to be read with the Shelf Prospectus 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 the Prospectus Tranche - II are false, untrue or misleading, and that Prospectus Tranche - II does not contain any mis-statements.

Signed by all the Directors of the Company

1. Mr. Rajendra Kashyap
Chairman

2. Mr. Rajiv Datt
Managing Director

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

4. Ms. Sharmila Chavaly
Nominee Director

5. Mr. Satish Kumar Goel
Independent Director

Place: New Delhi

Date: February 24, 2014