

## THE ISSUE

As authorised under the CBDT Notification, the aggregate value of the Bonds issued (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) by the Company during the Fiscal 2016 through Public Issue and/or Private Placement shall not exceed ₹ 6,00,000 lakhs\*.

The Board of Directors, at their meeting held on March 11, 2015 have approved the Issue, in one or more tranche(s), of tax free bonds subject to direction issued by Ministry of Finance.

Our Company proposes to raise an amount of ₹ 1,00,000 lakhs with an option to retain oversubscription upto ₹ 3,53,200 lakhs aggregating upto ₹ 4,53,200 lakhs by present issue of Bonds.

\* *In terms of the CBDT Notification (defined hereinafter), our Company has raised ₹ 1,13,900 Lakhs and ₹ 32,900 Lakhs on a private placement basis through Private Placement Offer Letters dated July 31, 2015 and August 21, 2015 respectively. Further, the Company may also raise Bonds through private placement route in one or more tranches during the process of the present Issue, except the period from Issue Opening Date till allotment of Bonds for the relevant Tranche Issue. The aggregate amount raised through the private placement route shall not exceed ₹ 1,80,000 Lakhs, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2016, at its discretion. Our Company shall ensure that Bonds issued through the public issue route and private placement route in Fiscal 2016 shall together not exceed the allocated limit ₹ 6,00,000 lakhs. In case our Company raises funds through private placements, the Shelf Limit for the Issue shall get reduced by such amount raised.*

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 44 and 51 of this Prospectus Tranche-I respectively.

### COMMON TERMS FOR ALL SERIES OF THE BONDS

<b>Issuer</b>	Indian Railway Finance Corporation Limited
<b>Mode of Issue and Nature of instrument</b>	Public Issue by Indian Railway Finance Corporation Limited (“Company” or “Issuer”) 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, 1961, as amended, (“Bonds”), for an amount of ₹ 1,00,000 lakhs with an option to retain oversubscription upto ₹ 3,53,200 lakhs aggregating upto ₹ 4,53,200 lakhs (the “Issue”) to be issued at par in one or more tranches in the fiscal 2016, on the terms and conditions as set out in this Prospectus Tranche-I read with Shelf Prospectus.  * <i>In terms of the CBDT Notification (defined hereinafter), our Company has raised ₹ 1,13,900 Lakhs and ₹ 32,900 Lakhs on a private placement basis through Private Placement Offer Letters dated July 31, 2015 and August 21, 2015 respectively. Further, the Company may also raise Bonds through private placement route in one or more tranches during the process of the present Issue, except the period from Issue Opening Date till allotment of Bonds for the relevant Tranche Issue. The aggregate amount raised through the private placement route shall not exceed ₹ 1,80,000 Lakhs, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2016, at its discretion. Our Company shall ensure that Bonds issued through the public issue route and private placement route in Fiscal 2016 shall together not exceed the allocated limit ₹ 6,00,000 lakhs. In case our Company raises funds through private placements the Shelf Limit for the Issue shall get reduced by such amount raised.</i>
<b>Listing</b>	The Bonds are proposed to be listed on BSE and NSE within 12 Working Days of the Issue Closing Date of the Tranche-I Issue.  BSE is the Designated Stock Exchange for the Issue.
<b>Type of Instrument</b>	Tax free, secured, redeemable and non-convertible bonds in the nature of debentures.
<b>Seniority</b>	Secured
<b>Mode of Issue</b>	Public Issue
<b>Face Value</b>	₹ 1,000 per Bond
<b>Issue Price</b>	₹ 1,000 per Bond
<b>Credit Ratings</b>	1. CRISIL has reaffirmed the credit rating of “CRISIL AAA/Stable” to the debt program of Company (“Debt Programme”) vide its letter No. MB/FSR/IRFC/2015-16/1276 dated November 2, 2015 revalidated the said rating vide its letter No. VR/FSR/IRFC/2015-16/1377 dated November 27,

	<p>2015. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</p> <p>2. ICRA has assigned the credit rating of “[ICRA] AAA” (pronounced as “ICRA Triple A”) to the long term borrowing programme of the Company vide its letter no. D/RAT/2015-16/11/7 dated October 13, 2015 and revalidated the said rating vide its letter No. D/RAT/2015-16/11/8 dated November 17, 2015. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</p> <p>3. CARE has assigned the credit rating of “CARE AAA (pronounced as Triple A)” to the long term market borrowing programme vide its letter no. CARE/DRO/RL2015-16/1859 dated October 14, 2015 revalidated the said rating vide its letter No. CARE/DRO/RL/2015-16/2000 dated November 18, 2015. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.</p> <p><b>Note:</b> These credit ratings are not a recommendation to buy, sell or hold securities and Investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Appendix III of the Shelf Prospectus.</p>
<p><b>Eligible Investors</b></p>	<p><b>Category I*:</b></p> <p>Qualified Institutional Buyers as defined in SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 as amended including:</p> <ul style="list-style-type: none"> <li>• Eligible Foreign Portfolio Investors (“FPI”), Foreign Institutional Investor (“FII”) and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI, Qualified Foreign Investor (“QFI”), not being an individual and registered with SEBI;</li> <li>• Public Financial Institutions, scheduled commercial banks, state industrial development corporations, multilateral and bilateral development financial institutions which are authorised to invest in the Bonds;</li> <li>• Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• 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;</li> <li>• 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;</li> <li>• Mutual funds registered with SEBI; and</li> <li>• Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.</li> </ul> <p><i>* As per Section 186(7) of the Companies Act, 2013 a company shall not provide loan at a rate of interest lower than the prevailing yield of Government Security closest to the tenor of the loan. However, MCA through its General Circular No. 06/2015 dated April 9, 2015, has clarified that companies investing in tax-free bonds wherein the effective yield (effective rate of return) on the bonds is greater than the prevailing yield of one year, three year, five year and ten year Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</i></p> <p><b>Category II*:</b></p> <ul style="list-style-type: none"> <li>• Companies within the meaning of sub-section 20 of Section 2 of the Companies Act, 2013;</li> </ul>

	<ul style="list-style-type: none"> <li>• Statutory bodies/corporations;</li> <li>• Cooperative banks;</li> <li>• Trusts including Public/ private/ charitable/religious trusts;</li> <li>• Limited liability partnership;</li> <li>• Regional rural banks;</li> <li>• Partnership firms in the name of partners;</li> <li>• QFIs and FPIs not being individuals</li> <li>• Association of Persons;</li> <li>• Societies registered under the applicable law in India and authorized to invest in Bonds; and</li> <li>• Any other domestic legal entities authorised to invest in the Bonds, subject to compliance with the relevant regulations applicable to such entities.</li> </ul> <p><i>* As per Section 186(7) of the Companies Act, 2013 a company shall not provide loan at a rate of interest lower than the prevailing yield of Government Security closest to the tenor of the loan. However, MCA through its General Circular No. 06/2015 dated April 9, 2015, has clarified that companies investing in tax-free bonds wherein the effective yield (effective rate of return) on the bonds is greater than the prevailing yield of one year, three year, five year and ten year Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.</i></p> <p><b>Category III:</b></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"> <li>• Resident Indian individuals;</li> <li>• Eligible NRIs on a repatriation or non – repatriation basis;</li> <li>• Hindu Undivided Families through the Karta; and</li> <li>• Eligible QFIs and FPIs being individuals.</li> </ul> <p><b>Category-IV:</b></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"> <li>• Resident Indian individuals;</li> <li>• Eligible NRIs on a repatriation or non – repatriation basis;</li> <li>• Hindu Undivided Families through the Karta; and</li> <li>• Eligible QFIs and FPIs being individuals.</li> </ul>
<b>Issue Size and Option to retain over subscription</b>	₹ 1,00,000 lakhs with an option to retain oversubscription upto ₹ 3,53,200 lakhs aggregating to ₹ 4,53,200 lakhs
<b>Put / Call</b>	Not applicable
<b>Objects of the Issue and details of utilisation of proceeds</b>	Please refer to Section “ <b>Objects of the Issue</b> ” on page 27 of this Prospectus Tranche-I.
<b>Interest Payment Date</b>	First Interest Payment date is on October 15, 2016 and subsequently on October 15 of every year except the last interest payment along with the redemption amount.
<b>Interest on application money</b>	See “ <b>Terms of the Issue-Interest on Application Amount</b> ” on page 57 of this Prospectus Tranche-I.
<b>Interest on refund money</b>	5% p.a.
<b>Default interest rate</b>	As specified in the Debenture Trust Deed to be executed between the Company and the Trustee.
<b>Day count basis</b>	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.
<b>Working Day</b>	All days, excluding Sundays or a holiday of commercial banks or a public holiday

<b>Convention</b>	in Delhi or Mumbai, except with reference to Issue Period and Record Date, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post Issue Period, i.e. period beginning from Issue Closing Date to listing of the Bonds, Working Days shall mean all days excluding Sundays or a holiday of commercial banks in New Delhi/Mumbai or a public holiday in India.
<b>Effect of holidays on payments</b>	If the date of payment of coupon/ interest rate specified does not fall on a Working Day, the coupon payment shall be made on the immediately succeeding Working Day along with the interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next coupon/ Interest Payment Date. If the Redemption Date/ Maturity Date (also being the last Coupon/ Interest Payment Date) of any Series of Bonds falls on a day which is not a Working Day, the redemption proceeds shall be paid on the immediately preceding Working Day along with the interest accrued on the Bonds until but excluding the date of such payment.
<b>Step up/ step down coupon rate</b>	Not Applicable
<b>Discount at which Bond is issued and the effective yield as a result of such discount</b>	Not Applicable
<b>Minimum Application Size and in multiples thereof</b>	5 bonds (₹ 5,000), individually or collectively across all Series of Bonds and in multiples of 1 Bond (₹ 1,000) thereafter.
<b>Terms of Payment</b>	Full amount is payable on application
<b>Market Lot/Trading Lot</b>	One Bond
<b>Pay-in Date</b>	Application Date (Full Application Amount is payable on Application)
<b>Security</b>	<p>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 by a first <i>pari passu</i> charge, 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.</p> <p>Further details pertaining to the Security are more particularly specified in the Debenture Trust Deed.</p>
<b>Security cover</b>	At least one time of the value of the total outstanding Bonds and interest accrued thereon.
<b>Transaction Documents</b>	<p>The Draft Shelf Prospectus, Shelf Prospectus, the Prospectus Tranche-I, Application Form, Abridged Prospectus 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 Agreement with the Registrar and the MoU with the Lead Managers and the Consortium Agreement.</p> <p>Refer to section titled “<b>Material Contracts and Documents for Inspection</b>” on page 99 of this Prospectus Tranche-I.</p>
<b>Nature of Indebtedness and Ranking/Seniority</b>	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.
<b>Conditions Precedent to Disbursement</b>	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement.
<b>Condition Subsequent to Disbursement</b>	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.

<b>Depositories</b>	NSDL and CDSL
<b>Debenture Trustee and its responsibilities</b>	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.
<b>Registrar</b>	Karvy Computershare Private Limited
<b>Modes of payment of application money</b>	1. At par cheques 2. Demand Drafts 3. ASBA
<b>Modes of Payment of Interest Money / Settlement mode</b>	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 61 of this Prospectus Tranche-I.
<b>Issuance mode</b>	In dematerialized form or in physical form (except for Eligible QFIs, eligible FIIs and eligible FPIs, who will be allotted bonds only in dematerialized form), at the option of Applicants.
<b>Trading mode</b>	In dematerialized form only
<b>Issue Opening Date</b>	December 8, 2015
<b>Issue Closing Date</b>	December 21, 2015  The 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 the Issue Closing Date, as the case may be, through advertisement/s in at least one leading national daily newspaper with wide circulation.
<b>Deemed Date of Allotment</b>	Deemed Date of Allotment shall be the date on which the Directors of the Company or Bond Committee thereof approves the Allotment of the Bonds for Tranche-I Issue or such date as may be determined by the Board of Directors or Bond Committee thereof and notified to the stock exchanges. All benefits relating to the Bonds including interest on Bonds (as specified for each tranche by way of Tranche Prospectus) shall be available to the Investors from the Deemed Date of Allotment of the respective Tranche Issue. The actual Allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
<b>Record Date</b>	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 second or fourth Saturday, Sunday or a Public Holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as the Record Date for the payment of interest and the preceding Working Day shall be considered as Record Date for redemption of Bonds.
<b>Cross Default</b>	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
<b>Lead Managers</b>	SBI Capital Markets Limited, A.K. Capital Services Limited, ICICI Securities Limited, Edelweiss Financial Services Limited and RR Investors Capital Services Private Limited.
<b>Consortium Members for the Issue</b>	SBI Capital Markets Limited, A.K. Capital Services Limited, Edelweiss Financial Services Limited, ICICI Securities Limited, RR Investors Capital Services Private Limited., SBICAP Securities Limited, A. K. Stockmart Private Limited, Edelweiss Securities Limited and RR Equity Brokers Private Limited.
<b>Governing law</b>	The laws of the Republic of India
<b>Jurisdiction</b>	The courts of New Delhi shall have exclusive jurisdiction for the purposes of the Issue

<b>Event of Default</b>	As provided in Debenture Trust Deed to be executed between the Company and the Debenture Trustee.
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**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 <sup>#</sup>		
	Tranche I Series IA	Tranche I Series IIA	Tranche I Series IIIA
<b>Coupon Rate (%) p.a.</b>	7.07	7.28	7.25
<b>Annualized Yield (%)</b>	7.07	7.28	7.25
Options	Series of Bonds Category IV <sup>#</sup>		
	Tranche I Series IB	Tranche I Series IIB	Tranche I Series IIIB
<b>Coupon Rate (%) p.a.</b>	7.32	7.53	7.50
<b>Annualized Yield (%)</b>	7.32	7.53	7.50
Common Terms	Series of Bonds Category I, II, III & IV <sup>#</sup>		
<b>Tenor</b>	10 Years	15 Years	20 Years
<b>Redemption Date</b>	At the end of 10 Years from the Deemed Date of Allotment	At the end of 15 Years from the Deemed Date of Allotment	At the end of 20 Years from the Deemed Date of Allotment
<b>Redemption Amount (₹/ Bond)</b>	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date		
<b>Redemption Premium/ Discount</b>	Not applicable		
<b>Frequency of Interest Payment</b>	Annual		
<b>Minimum Application Size and in multiple thereof</b>	5 bonds (₹ 5,000), individually or collectively across all Series of Bonds and in multiples of 1 Bond (₹ 1,000) thereafter.		
<b>Face Value (₹/Bond)</b>	₹ 1,000		
<b>Issue Price (₹/Bond)</b>	₹ 1,000		
<b>Mode of Interest Payment</b>	For various modes of interest payment, see “ <i>Terms of the Issue – Modes of Payment</i> ” on page 61 of this Prospectus Tranche - I.		
<b>Coupon Payment Date</b>	First Interest Payment date is on October 15, 2016 and subsequently on October 15 of every year except the last interest payment along with the redemption amount.		
<b>Reset Process</b>	Not Applicable		
<b>Coupon Type</b>	Fixed		
<b>Interest on Application Money</b>	See <i>Terms of the Issue-Interest on Application Amount</i> ” on page 57 of this Prospectus Tranche-I.		
<b>Discount at which Bonds are issued and effective yield as a result of such discount</b>	Not applicable		
<b>Nature of Indebtedness and Ranking</b>	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.		

<sup>#</sup> In pursuance of CBDT Notification and for avoidance of doubts, it is clarified as under:

- The coupon rates indicated under Tranche I Series IB, Tranche I Series IIB and Tranche I Series IIIB 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 I Series IB, Tranche I Series IIB and Tranche I Series IIIB 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 I Series IA, Tranche I Series IIA and Tranche I Series IIIA respectively.

- c. *If the Bonds allotted against Tranche I Series IB, Tranche I Series IIB and Tranche I Series IIIB are sold/ transferred by the RIIs to investor(s) who fall under the RII category as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*
- d. *Bonds allotted against Tranche I Series IB, Tranche I Series IIB and Tranche I Series IIIB 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 I Series IB, Tranche I Series IIB and Tranche I Series IIIB 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 I Series IB, Tranche I Series IIB and Tranche I Series IIIB shall stand at par with coupon rate applicable on Tranche I Series IA, Tranche I Series IIA and Tranche I Series IIIA respectively;*
- f. *Bonds allotted under Tranche I Series IA, Tranche I Series IIA and Tranche I Series IIIA 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 Tranche-I Issue shall be clubbed and taken together on the basis of PAN.*

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

*The MCA has, through its circular (General Circular No. 06/2015) dated April 9, 2015, clarified that in such cases wherein the effective yield(effective rate of return) on the bonds is greater than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013*