

IRFC tax free bonds issue to open on Jan 27

Indian Railway Finance Corporation (IRFC), the financing arm of Indian Railways, is proposing to issue tax free, secured, redeemable, non-convertible bonds of face value of Rs 1,000 each in the nature of debentures, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended (bonds) aggregating to Rs 3,000 crore with an option to retain oversubscription of upto the shelf limit of Rs 6,300 crore.

The application for subscription of bonds should be for a minimum of 10 bonds and in multiples of 5 bonds thereafter. The issue will open for subscription on January 27, 2012, and close on February 10, 2012, or earlier (subject to the issue being open for a minimum period of 3 days), or extension by such period, upto a period of 30 days from the date of opening of the issue, as may be decided by the board of directors or by a duly constituted committee of the company.

The bonds shall carry a coupon rate of 8.00% p.a for 10 years (ISEC Comment: Series I) and 8.10% p.a for 15 years (ISEC Comment: Series II). An additional coupon rate of 0.15% p.a. and 0.20% p.a. on series 1 and series 2 respectively shall be available to Resident Indian Individuals, Hindu Undivided Families through the Karta and Non Resident Indians on repatriation as well as non-repatriation basis, applying for an amount aggregating upto and including Rs 5 lakh across all series in the tranche (available only to the original allottees). The bonds are proposed to be listed on NSE and BSE.

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

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

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

(Source: moneycontrol.com)