



Eastern Financiers Ltd.

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RURAL ELECTRIFICATION CORPORATION LIMITED

Issues Long-Term Infrastructure Bonds-Series (2011-2012) (u/s 80CCF of Income Tax Act, 1961)

Issue Highlights:

Issue Size: Rs 100 Cr with green-shoe option to retain over subscription
Face Value: Rs. 5000
Minimum Application: Rs 5000 or 1 bond
Lock-in Period: 5 years

Issue Summary:

Issue Opens: December 19, 2011
Issue Closes: February 10, 2012
Depository: NSDL & CDSL
Registrar: Beetal Financial & Computer Services Ltd.
Debenture Trustees: IL & FS Trust Co. Ltd.

Company Profile:

Rural Electrification Corporation Limited (REC) was incorporated on July 25, 1969 under Companies Act 1956. REC is a Government of India (GOI) Public Sector Enterprise with Net worth of over 1, 05,290.44 million as on March 31, 2010. REC was declared as Public Financial Institution under Section 4-A of the Companies Act, 1956, in February 1992 and was registered as Non Banking Financial Company under Section 45-IA of the RBI Act 1934 in , February, 1998. REC has been classified as Infrastructure Finance Company by the Reserve bank of India.

Salient Features of the Issue:

- ✦ Public issue of Long Term Infrastructure Bonds-Series (2011-2012) having tax benefits under **Sec 80 CCF of Income Tax Act, 1961.**
- ✦ **Security:** Redeemable, Non-Convertible, Unsecured Bonds.
- ✦ These are **ten & fifteen year** bonds, of face value **Rs. 5000** each
- ✦ Only **Resident Indian Individuals (Major)** and **HUFs** through **Karta of the HUF** are eligible to apply for these bonds.
- ✦ REC Infrastructure bonds will be issued either in **physical** or **dematerialized** form at the option of the bondholders and the documents that need to be provided with the application are **Self attested** copy of **PAN Card** and proof of **Address.**
- ✦ There are **4 investment options across Series 1, II, III & IV**, suiting the needs of different categories of investors and the application shall be for a minimum number of 1 Bonds with a maturity period of 10 or 15 years as the case may be.
- ✦ The bond provides a lucrative **coupon rate of 8.95% p.a. for Series 1 & II & 9.15% p.a. for Series III & IV** coupled with tax benefits of upto Rs 20000 under Sec 80 CCF.
- ✦ **Buyback** option is **available** to the investors after **5 & 7 Years.**
- ✦ The bonds propose to be listed on **BSE/NSE or both** and are tradable only in Dematerialized mode only post lock-in period of 5 years.



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Issue Structure:

- ✚ The **REC Infrastructure Bonds**, with a maturity of 10 & 15 years, will be issued in Four series namely:
 - ❖ **Series I:** Cumulative option, 8.95% coupon with buyback option, compounded annually with 10 years maturity.
 - ❖ **Series II:** Carry a 8.95% coupon with buyback option, payable annually with 10 years maturity.
 - ❖ **Series III:** Cumulative option, 9.15% coupon with buyback option, compounded annually with 15 years maturity.
 - ❖ **Series IV:** Carry a 9.15% coupon with buyback option, payable annually with 15 years maturity.
- ✚ **Face Value:** Each Bond has face value of Rs. 5000 each
- ✚ **Minimum Application:** Rs. 5000 or 1 bond
- ✚ **Lock-in Period:** 5 years from the deemed date of allotment
- ✚ **Buyback Facility:** Available for all the Series.

Bond Issue Profile:

| Options | I | II | III | IV |
|---|---|---|--|---|
| Interest Payment | Cumulative | Annual | Cumulative | Annual |
| Issue Price/Bond | At par (Rs. 5000/- per bond) | | | |
| Coupon (%) p.a. | 8.95%p.a. (Annual Compounding) | 8.95%p.a. (Payable Annually) | 9.15% p.a. (Annual Compounding) | 9.15%p.a. (Payable Annually) |
| Maturity | 10 years | 10 years | 15 years | 15 years |
| Coupon Payment Date | At the time of Maturity | 15th February every year | At the time of Maturity | 15th February every year |
| BuyBack Option | At the end of 5 years + 1 day | At the end of 5 years + 1 day | At the end of 7 years + 1 day | At the end of 7 years + 1 day |
| Maturity Amount in case of Buyback Option | | | | |
| Buyback Date | 16 February, 2017 | 16 February, 2017 | 16 February, 2019 | 16 February, 2019 |
| Maturity Amt. after 5 yrs+ 1 day | Rs. 7677/-* | Rs. 5000/- | Not Applicable | Not Applicable |
| Maturity Amt. after 7 yrs+ 1 day | Not Applicable | Not Applicable | Rs. 9231/-* | Rs. 5000/- |
| Maturity Date/Maturity Amt in case of without buyback option | | | | |
| Maturity Date | 15 February, 2022 | 15 February, 2022 | 15 February, 2027 | 15 February, 2027 |
| Maturity Amt after 10 yrs | Rs. 11783/-* | Rs. 5000/- | Not Applicable | Not Applicable |
| Maturity Amt after 15 yrs | Not Applicable | Not Applicable | Rs. 18592/-* | Rs. 5000/- |
| Lock-in Period | 5 years from the deemed date of allotment | | | |

Benefits to Investors:

- ✚ Bonds offer an additional window of tax deduction of investments of up to Rs. 20000 which result in attractive yield to investors.
- ✚ The deduction is over and above the Rs. 100000 deduction available under section 80C, 80CCC & 80CCD read with Section 80CCE.

Kindly note that Cheque / DD should be drawn in favour of "REC Infra Bond" by all applicants