

Frequently Asked Questions – PFC’s 85 Capital Gain Tax Exemption Bonds

1. Who can apply (Eligibility to invest) in PFC’s Capital Gain Bonds?

Following are eligible for issuance of PFC’s Capital Gain Bonds

- i. Individuals
- ii. Hindu Undivided Families (HUF)
- iii. Partnership firm
- iv. Insurance Companies
- v. Companies and Body Corporates
- vi. Provident Funds, Superannuation Funds and Gratuity Funds
- vii. Banks
- viii. Mutual Funds
- ix. Financial Institutions (FIs)
- x. Foreign Portfolio Investors (Subject to existing regulations)
- xi. Regional Rural Banks
- xii. NRIs/other foreign eligible investor investing out of NRO A/c on non-repatriable basis
- xiii. Co-operative Banks
- xiv. Limited Liability Partnership

2. How much amount can I invest in PFC’s 85 Bonds ?

You may invest in PFC’s 85 Bonds in multiple of Rs 10,000/- each, subject to the following ceilings :

- Minimum : 2 Bonds of Rs 10,000/- each (i.e. Rs 20,000)
Maximum : 500 Bonds of Rs 10,000/- each (i.e. Rs 50 Lakh)

3. What is the Interest Rate on PFC’s 85 Bonds?

Currently, the interest rate being offered on PFC’s Capital Gain Bonds is 5.25% p.a. payable annually.

4. What is the tenure of PFC’s 85 Bond?

Currently, PFC’s 85 Bonds have maturity period of 5 years.

5. Can I transfer or sell PFC’s 85 Bonds? Are these bonds listed on the stock exchange?

No. 85 Bonds are Non-transferable, Non-Marketable, Non-negotiable and cannot be offered as security for any loan or advance. Due to non-transferability, the bonds have not been listed on any stock exchange for purchase/sale.

However, transmission of the Bonds to the legal heirs in case of death of the Bondholder/Beneficiary to the Bonds is allowed.

6. Whether I can get PFC's 85 Bonds in its DEMAT Account.

Yes, you can opt for PFC's 85 Bonds for credit in Demat account or have the physical bond certificate.

7. To enable to understand the risk, please tell what is the credit rating and security of PFC's 85 Bonds?

PFC's 85 Bonds are AAA rated by domestic credit rating agency(ies) (AAA/Stable' by CRISIL, 'AAA (Stable)' by ICRA, & 'AAA/Stable' by CARE) and are secured by a charge on the total receivables of the Company and/ or identified movable property by a first/pari pasu charge as may be agreed between the Company and the debenture trustee, pursuant to the terms of the Debenture Trust Deed excluding the Receivables on which specific charge has already been created by the Company.

8. Can the bonds be owned jointly?

Individuals / NRI can apply in joint names and maximum three individuals can apply through a Joint Application as first, second and third applicant. In case of application with Demat option, the sequence of joint applicants name must be same as mentioned in the Demat Account.

9. Can I avail nomination facility on PFC's 85 Bonds?

Yes, nomination facility is available on PFC's 85 Bonds.

The sole Individual/NRI bondholder [or where the Bonds are held by more than one person, first bondholder along with other joint Bondholders being individual(s)] may nominate any one person (being an individual) who shall be entitled to bonds in the event of death of sole holder or all the joint holders, as the case may be. When the bonds are held by two or more persons, the nominee shall become entitled to receive the amount (on maturity) only on the demise of all the bondholders in succession.

However, in case bonds are in Demat form, demographic and nominee details will be picked up from DP ID/CLIENT ID and the details of the nominee, if any, as mentioned in the application form will be invalid.

10. What are the steps to apply PFC's 85 Capital Gain Bonds and in whose favour should I make payment for investment in PFC's 85 Capital Gain Tax Exemption Bonds ?

(I) Payment by Cheque/Demand Draft

- (i) Obtain the Application Form from the arranger (list of arrangers at [https://pfcindia.co.in/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/IX/Arranger%20contact%20details%20Series%20IX\(1\).pdf](https://pfcindia.co.in/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/IX/Arranger%20contact%20details%20Series%20IX(1).pdf)) or Download the same directly from https://kosmic.kfintech.com/PFC/download_applns.aspx
- (ii) Fill the Application Form and attach the self-attested requisite KYC documents as mentioned in the form.
- (iii) Draw a cheque or obtain Demand Draft of requisite amount in favour of "PFC Capital Gain Bonds". (*Demand Draft charges to be borne by investor*)
- (iv) Indicate Cheque/Demand Draft details in the Application Form.
- (v) Deposit the duly filled in original Application Form along with requisite documents and cheque/demand draft in the authorized bank branches. A list of authorized bank branches is available at (<https://pfcindia.co.in/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/IX/List%20of%20Collection%20Centres%20-%20PFC%2054EC%20Bonds%20-%20Series%20IX.pdf>)

[It would be appreciated that a scanned copy of the documents may also be e-mailed at 54ECAllotment@pfcindia.com as advance copy]

Option II : Payment through RTGS/NEFT/Direct Credit

Under this option, the investor should have the following information and documents:

- a. E-mail ID
- b. Mobile Number
- c. Self-attested CML copy in case of DEMAT mode (*in PDF format*)
- d. Self-attested ID Proof (*in PDF format*)
- e. Self-attested Address Proof (*in PDF format*)
- f. Cancelled Cheque for applications with physical bond certificate (*in PDF Format*)

Step 1:

1. Click the "Fill Application Form" button- https://kosmic.kfintech.com/PFC/offline_applicationform.aspx
2. After filling up the application form online, Click the "Submit" button at the bottom of the page.
3. SMS will be sent on the mobile number filled up in the application form on successful submission of the application.
4. Download the duly filled up application form.
5. Take a print of the application form and sign the application at the relevant places.
6. Make payment through RTGS / NEFT and get UTR Number. Please note that transaction number and UTR Number are different.
7. Mention the UTR Number in the application form in the relevant box.

8. Scan the application copy duly signed by all applicant(s) and save it in PDF format.

Step 2:

9. Click the “Upload Application & KYC documents” button.
10. Enter the application details (Application No, Email ID & Mobile No.) as submitted while filling up the application form to validate the application form.
11. Click “Get OTP” button to receive an OTP on your e-mail and mobile number.
12. Enter the OTP received on mobile / E-mail ID and click “Validate”.
13. On validation, the application information will be displayed on the screen.

Step 3:

14. Upload the following in PDF format to proceed to payment window
 - a. Scan of Signed Application Form *(in PDF format)*
 - b. Scan of Self Attested ID proof *(in PDF format)*
 - c. Scan of Self Attested Address Proof *(in PDF format)*
 - d. Scan of Cancelled Cheque (self-attested) for applicants applying for bonds in physical mode *(in PDF format)*
15. Upon uploading the above documents, it will enable the “Submit” button.
16. Click on “Submit” button. A success message will be displayed on successful submission.

[It would be appreciated that a scanned copy of the documents may also be e-mailed at 54EAllotment@pfcindia.com as advance copy]

Option III : Payment through Net Banking / Debit Card

The applicant may utilize the online system available through PFC’s website https://kosmic.kfintech.com/PFC/online_applicationform.aspx to apply for the bonds. An investor can fill up and submit online application form and make payment through Net Banking / Debit Card using the provided payment gateway. Steps involved in the process are as follows :

To fill the application form under this option, an investor should have the following information and documents:

- a. E-mail ID
- b. Mobile Number
- c. Self-attested ID Proof *(in PDF format)*
- d. Self-attested Address Proof *(in PDF format)*
- e. Cancelled Cheque for applications with physical bond certificate *(in PDF Format)*

Step 1:

1. Click the “Fill Application Form online” button.

2. After filling up the application form online, Click the “Submit” button at the bottom of the page.
3. SMS will be sent on the mobile number filled up in the application form on successful submission of the application.
4. Download the duly filled up application form.
5. Take a print of the application form and sign the application at the relevant places.
6. Scan the application copy duly signed by all applicant(s) and save it in PDF format.

Step 2:

7. Click the “Upload Application/KYC documents and Proceed for Online Payment” button.
8. Enter the application details (Application No, Email ID& Mobile No.) as submitted while filling up the application form to validate the application form.
9. Click “Get OTP” button to receive an OTP on your e-mail and mobile number.
10. Enter the OTP received on mobile / E-mail ID and click “Validate”.
11. On validation, the application information will be displayed on the screen.

Step 3:

12. Upload the following in PDF format to proceed to payment window
 - a. Scan of Signed Application Form *(in PDF format)*
 - b. Scan of Self Attested ID proof *(in PDF format)*
 - c. Scan of Self Attested Address Proof *(in PDF format)*
 - d. Scan of Cancelled Cheque (self-attested) for applicants applying for bonds in physical mode *(in PDF format)*
13. Upon uploading the above documents, the payment gateway will get enabled.
14. Click on “Proceed to Payment” button to make online payment through Net Banking / Debit Card.

Step 4:

15. Make Payment through Net Banking / Debit Card.
16. On successful / failed payment, an acknowledgement will be generated and sent to the e-mail provided in the application form.

[It would be appreciated that a scanned copy of the documents may also be e-mailed at 54ECAllotment@pfcindia.com as advance copy]

11. **Would you please give me a schedule of various event dates like allotment date, date of delivery of bonds certificate / credit in demat account, interest payment dates and maturity date for PFC’s 85 Bonds?**

The investment under PFC's Capital Gain Tax Exemption bonds would be effective from the date on which PFC's account is credited.

The allotment process is standard and is executed fortnightly only in lots for all the subscription during the given period. Date of fund realisation and deemed date of allotment, both would be mentioned on the allotment advice. Indicative time lines are as below:

| Description | Time lines for PFC Capital Gian Tax Exemption Bonds |
|--|---|
| Amount realised in PFC A/c during 01st - 15th | Allotment last day of that month |
| Amount realised in PFC A/c during 16th - last day of the month | Allotment 15 th of following month |
| Demat Credit of Bonds (in case Demat mode selected) | Bonds will be credited in Demat a/c within 10 days after allotment |
| Dispatched (Physical certificate or allotment advice) | Certificates will be dispatched within 10-25 days after allotment |
| Deemed date of Allotment | Last day of the month in which funds realised in PFC account |
| Interest payment | Interest is paid annually on 31 st July every year (actual days basis). Interest is effective from the date of fund realisation. (First Interest in respect of the allotments made up to May 31st of a year will be made on July 31st of the same year. First Interest on subsequent allotment would be made on July 31st of following year.) |
| Note: | |
| <ol style="list-style-type: none"> 1. Deemed date of allotment will be last day of that month in which amount realised in PFC's account. 2. Interest will be effective from the date of amount realisation in PFC's account. 3. Interest would be payable annually on 31st July every year till maturity and remaining on maturity. 4. In case due date of interest/maturity falls on a holiday, the same shall be suitably changed as explained in the Information Memorandum available on website of PFC and Registrar to the Issue. | |
| The allotment and the dispatch details may be checked at the below mentioned link: https://kosmic.kfintech.com/PFC/pfc_query_window.aspx | |
| Email id: 54ECAllotment@pfcindia.com | |

12. When will I get delivery of my physical bond certificate / credit of bonds in Demat account.

Please refer the indicative timelines as described in query 11 above.

In case you do not receive the physical certificate or credit of bonds in your DEMAT account by the said period, you may contact PFC through email @

54EAllotment@pfcindia.com or the Registrar to the Issue through email @ Einward.ris@kfintech.com or through post at the following address :-

Registrar to the Issue :

KFIN TECHNOLOGIES LTD.
(Unit : PFC 85 Bonds)
Selenium Tower B,
Plot Number 31 & 32,
Financial District, Nanakramguda,
Serilingampally
Hyderabad Rangareddy,
Telengana- 500 032

Tel: +91 40 67162222
Fax:+91 40 2343 1551

Email : einward.ris@kfintech.com
Website : www.kfintech.com

A copy of your communication may also be endorsed to the PFC at the following address :-

Issuer / Company :

POWER FINANCE CORPORATION LTD
(54EC Unit)
Urjanidhi, 1, Barakhamba Lane,
Connaught Place,
New Delhi - 110001.

Tel: +91 11 23456000

E-mails : For **Allotment** related matters : 54EAllotment@pfcindia.com
For **Servicing** related matters : 54ECinvestorcell@pfcindia.com

Your email is recommended to be sent from your registered email id.

13. When will I get the interest on PFC's 85 Bonds?

Please refer the indicative timelines as described in query 11 above.

Interest on allotted bonds will be paid every year on 31st July (falling after deemed date of allotment) till redemption of the said bonds and balance along with redemption/maturity amount of 85 Bonds. Redemption/Maturity date would be 5 years (presently) from the deemed date of allotment of 85 Bonds.

First Interest in respect of the allotments made up to May 31st of a year will be made on July 31st of the same year. First Interest on subsequent allotment would be made on July 31st of following year. Record date is 15 days prior to interest payment date.

14. How is the interest earned on these bonds taxed for me?

There is no deduction of tax at source on the interest payable to the Resident Indian investors on PFC's 85 Bonds. However, such investor may be required to pay tax on the interest income as advance tax as per applicable law.

15. I have PFC's 85 Capital Gain Bonds in physical mode. Do I need to surrender the Physical Bond Certificate on its maturity/redemption after 5 years?

You are not required to surrender the physical Bond Certificate of PFC's 85 Bonds on its redemption/maturity. The bonds will be automatically redeemed by PFC on maturity (i. e. on the expiry of 5 years from the deemed date of allotment) and the redemption proceeds would be paid to the registered bondholders.

16. How should I intimate any change in the Bank account details / address/ nomination detail/etc.?

All the Forms for modification request in the bank account detail/address/nomination/etc. are available at <https://pfcindia.co.in/ensite/Home/VS/10246>

The link also takes care of requirement for transmission, indemnity form in case of request for issuance of duplicate bond certificate.

Disclaimer :

Various features given in above FAQs in respect of PFC's 85 Capital Gain Bonds have been explained in the Information Memorandum, which are available on websites of PFC as well as Registrar to the Issue. Investors are advised to read the same alongwith related documents carefully before making any investment in PFC's 85 Capital Gain Bonds. In case of any discrepancy between above FAQs and Information Memorandum, the paragraph stated in the Information Memorandum will prevail.

Frequently Asked Questions –85 Capital Gain Tax Exemption Bonds

1. What are long term specified assets specified for benefits u/s 85 of the Income Tax Act, 2025 (erstwhile section 85 of Income Tax Act, 1961)?

The long term specified assets under section 85 of the Income Tax Act are any bonds redeemable after 5* (Five) years issued by notified companies (presently 4), which also includes Power Finance Corporation Ltd (PFC), a Government of India Enterprise under the administrative control of Ministry of Power and is classified as an Infrastructure Finance Company (NBFC-IFC) by the Reserve Bank of India.

** The period was 3 (three) years for bonds issued by the then eligible companies between 01.04.2007 to 31.03.2018*

2. Is there a ceiling on the amount of exemption to be claimed under section 85 of the Act?

Yes. There is a ceiling of Rs. 50 lakhs in a financial year on the investment in 85 Bonds.

3. What is the time limit within which one has to make investment in 85 Bonds?

One has to invest in the 85 Bonds within a period of 6 months from the date of sale of original asset.

4. Is the benefit available against Short Term Capital Gains?

No. This benefit can only be claimed against long term capital gains.

5. Whether 85 Bonds can be redeemed before the maturity period of five years?

No. These bonds can not be redeemed before the specified maturity period.

6. Can a person invest more than Rs. 50 lakh in 85 Bonds?

No. There is a limit of Rs 50 lakh for investment in the 85 Bonds for availing benefit under Section 85 of the Act.

Disclaimer :

PFC does not provide tax, investment, legal, or accounting advice. The above material has been prepared for informational purposes only and is based on our understanding. The above is not intended to provide, and should not be relied on for tax, investment, legal or accounting etc. advice. PFC does not assume any responsibility/liability for any rejection of tax benefit, penalty, loss or any other kind of adverse outcome in any way for actions taken based on the above material. One should consult own tax, investment, legal and accounting etc. advisors before engaging in any transaction.