

Frequently Asked Questions – PFC’s 54EC 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 54EC Bonds ?

You may invest in PFC’s 54EC 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 54EC 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 54EC Bond?

Currently, PFC’s 54EC Bonds have maturity period of 5 years.

5. Can I transfer or sell PFC’s 54EC Bonds? Are these bonds listed on the stock exchange?

No. 54EC 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 54EC Bonds in its DEMAT Account.

Yes, you can opt for PFC's 54EC 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 54EC Bonds?

PFC's 54EC 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. 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 54EC Bonds?

Yes, nomination facility is available on PFC's 54EC 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 54EC Capital Gain Bonds and in whose favour should I make payment for investment in PFC's 54EC 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.com/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/VII/Arranger Contact List.pdf](https://pfcindia.com/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/VII/Arranger%20Contact%20List.pdf)) **or** Download the same directly from [https://pfcindia.com/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/VII/Application%20Form%2054EC%20Bonds\(1\).pdf](https://pfcindia.com/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/VII/Application%20Form%2054EC%20Bonds(1).pdf)
- (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.com/ensite/DocumentRepository/ckfinder/files/Investors/Bonds/54EC/VII/List%20of%20Collection%20Centres%20-%20PFC%2054EC%20Bonds%20-%20Series%20VII.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 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" 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. When will I get delivery of my physical bond certificate / credit of bonds in Demat account.

The credit of bonds in demat account of the investor / physical bond certificates is issued within a period of 1 (one) month from the deemed date of allotment.

Last day of the month in which the subscription money is credited in PFC's collection account shall be deemed date of allotment of 54EC Bonds. However, it may be stated that the interest on the allotted bonds will be payable to the investor with effect from the date of credit of subscription money in PFC's said account. *(For example, in case, you have applied for bonds and subscription money has been credited in PFC's collection account on say 16th April. In such case, the deemed date of allotment shall be 30th April. However, the interest on the allotted bonds shall be payable w.e.f. 16th April only)*

In case you do not receive the physical certificate or credit of bonds in your demat account by the said period (i.e. within one month from deemed date of allotment), you may contact Registrar to the Issue at the following address :-

Registrar to the Issue :

KFIN TECHNOLOGIES LTD.
(Unit : PFC 54EC 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 : 54ECAllotment@pfcindia.com

For **Servicing** related matters : 54ECinvestorcell@pfcindia.com

12. Would you please give me an example 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 54EC Bonds?

A broad example of various event dates in normal course in respect of PFC's 54EC Bonds is as follows:-

Event	Date	
Date of credit of Subscription Money in PFC's Collection Account	(assumed date)	18.06.2021
Deemed Date of Allotment	Last date of credit of subscription money in PFC's Collection Account	30.06.2021
Likely Date of Delivery of Physical Bond Certificate / Credit of Bonds in demat account	Maximum by End of subsequent month of deemed date of allotment	Latest by 31.07.2021
First Due Date of Interest Payment (for period from 18.06.2021 to 30.07.2021)	31 st July (falling after deemed date of allotment)	31.07.2021
Interest Payment / Maturity Date(s) :		
Next Due Date of Interest Payment (for period from 31.07.2021 to 30.07.2022)	31 st July of Next Year	31.07.2022
Next Due Date of Interest Payment (for period from 31.07.2022 to 30.07.2023)	31 st July of Next Year	31.07.2023
Next Date of Interest Payment (for period from 31.07.2023 to 30.07.2024)	31 st July of Next Year	31.07.2024
Next Due Date of Interest Payment (for period from 31.07.2024 to 30.07.2025)	31 st July of Next Year	31.07.2025
Next Due Date of Interest Payment (for period from 31.07.2025 to 29.06.2026)	End of 5 th year from the deemed date of allotment	30.06.2026
Due Date of Maturity/Redemption of Bonds		

Note : 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.

13. When will I get the interest on PFC's 54EC Bonds ?

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 54EC Bonds. Redemption/Maturity date would be 5 years (presently) from the deemed date of allotment of 54EC Bonds.

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 54EC 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 54EC 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 54EC 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.com/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 54EC 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 54EC 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 –54EC Capital Gain Tax Exemption Bonds

1. What are long term specified assets specified for benefits u/s 54EC of the Income Tax Act 1961?

The long term specified assets under section 54EC 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 54EC of the Act?

Yes. There is a ceiling of Rs. 50 lakhs in a financial year on the investment in 54EC Bonds.

3. What is the time limit within which one has to make investment in 54EC Bonds?

One has to invest in the 54EC 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 54EC 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 54EC bonds?

No. There is a limit of Rs 50 lakh for investment in the 54EC Bonds for availing benefit under Section 54EC 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.