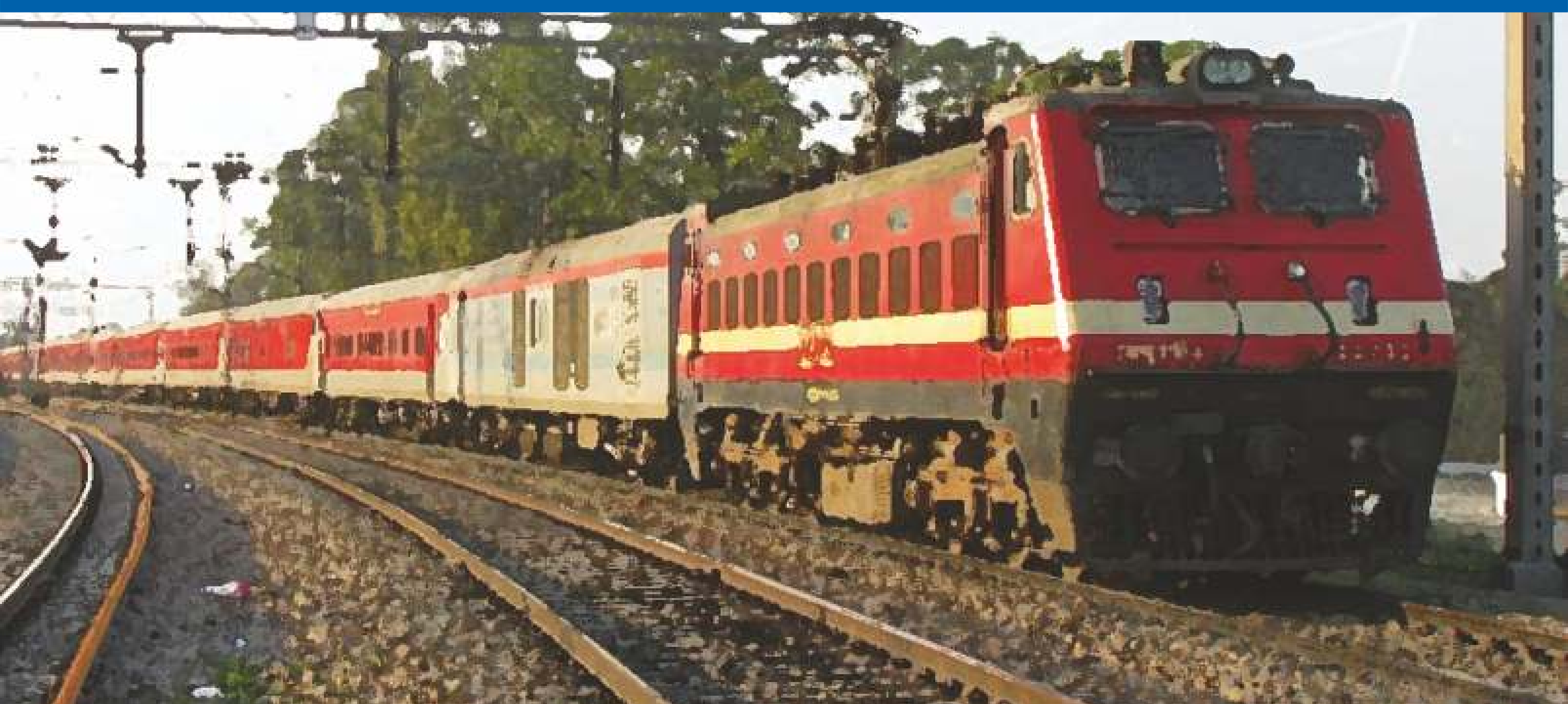
Annual Report
2011-12



INDIAN RAILWAY FINANCE CORPORATION LTD.
(A GOVERNMENT OF INDIA ENTERPRISE)

Shareholders – Annual General Meeting - August, 2012

Company Management – Annual General Meeting - August, 2012

Managing Director and Secretary, Railway Board exchanging the MOU for 2012-13

ANNUAL REPORT 2011-12

Indian Railway Finance Corporation Ltd.

(A Government of India Enterprise)

Corporate Vision

To establish IRFC as a premier Financial Services Company, create synergies with the Ministry of Railways, select CPSEs & other entities for sustained growth in creation of Rail infrastructure and enhance Shareholders value through optimization of profitability, retaining a risk profile consistent with its symbiotic relationship with the Ministry.

Corporate Mission

To make IRFC one of the leading financial services companies in the country, for raising funds from the Capital Market at competitive cost for augmenting Railway Plan finances, duly ensuring that the Corporation makes optimum profits from its operations.

Corporate Objectives

In furtherance of the Mission, the Objectives of the Corporation are :-

i) To mobilise resources through market borrowings from Domestic as well as Overseas Capital Markets at the most competitive rates & terms as per annual targets given by the Ministry of Railways.

ii) To explore use of innovative and diverse instruments for raising funds so as to reduce the cost of borrowings to the Company.

iii) To provide timely funding for acquisition of Rolling Stock Assets for use by MOR.

iv) To leverage to the Company's business advantage the large size and diverse activities of MOR by efficiently providing customised professional services at competitive cost.

v) To explore the possibility of financing CPSEs and other entities for creation of Rail infrastructure so as to sustain future growth and profitability.

vi) To make judicious use of derivatives and other emerging products for risk mitigation at opportune time and optimum cost.

vii) To strive for high quality service to the investors, lenders and other financial intermediaries and to effect prompt redressal of their grievances/problems.

viii) To ensure optimum utilization of resources.

ix) To enhance professionalism amongst the employees of the Company through training and other human resource tools.

Contents

BOARD OF DIRECTORS

Smt. Vijaya Kanth
Chairperson
(From 11.01.2012)

Smt. Pompa Babbar
Chairperson
(Upto 30.11.2011)

Shri Rajiv Datt
Managing Director
(From 14.11.2011)

Shri R. Kashyap
Managing Director
(Upto 31.08.2011)

Shri D.C. Arya
Director Finance
(From 31.12.2011)

Shri Rajesh Khullar
Director
(From 13.05.2011)

Shri Govind Mohan
Director
(Upto 13.05.2011)

Prof. R. Narayanaswamy
Director
(Upto 15.10.2011)

Shri P.K. Choudhury
Director
(Upto 15.10.2011)

CHIEF VIGILANCE OFFICER

Shri Naresh Salecha

Shri Sanjeev K. Ajmani
Company Secretary

Bankers
Corporation Bank • Vijaya Bank

Internal Auditors
M/s Shiv & Associates
Chartered Accountants
204/H-2, Shivaji Park
Punjabi Bagh
New Delhi-110026

Statutory Auditors
M/s Dhawan & Co.
Chartered Accountants
312, Wegmans House
21, Veer Savarkar Block
Shakarpur, Vikas Marg
Delhi-110092

Chairperson's Statement

Dear Shareholders,

I am extremely happy to welcome you all to the Twenty Fifth Annual General Meeting of the Indian Railway Finance Corporation Limited. The audited accounts of your Company for the year ended 31st March 2012, along with the Directors' Report and its accompaniments are with you.

Your Company was incorporated a little over twenty five years ago. The first balance sheet was prepared in 1988. From the time of its incorporation till today, your Company has taken giant steps and is a highly regarded name in the financial world. In these years, its paid up capital has gone up by 23 times, annual borrowings 15 times, profit before tax 200 times and balance sheet size nearly 60 times. Year on year, IRFC has met the borrowing targets assigned to it, ensured servicing of debt on time and has been consistently rated 'Excellent' by the Department of Public Enterprises. Your Company can look forward to the future with confidence and shall continually strive to fulfil the tasks assigned to it by the Ministry of Railways (MOR).

Before I present an account of your Company's performance in 2011-12 and its prospects in 2012-13, I would like to dwell briefly on developments in the global and domestic macroeconomic environment. These have a bearing on your Company's performance and prospects.

At the start of 2011, advanced economies seemed to be shaping well. Towards the end of 2011, growth in these economies faltered on account of a debt overhang and the Euro area problems persisting. The BRICS economies, which have been the key drivers of global economic growth, are showing signs of deceleration. As a result, global growth prospects have worsened further. In its latest update of the World Economic Outlook, the International Monetary Fund has revised its projections for 2012 marginally downwards to 3.5 per cent and has emphasized further downside risk to growth.

In 2011, the sovereign debt crisis in Greece threatened imminent risk of region wide spread of contagion. Intervention by the European Central Bank through liquidity infusion of more than one trillion Euro and policy initiatives by Sovereigns have temporarily reduced the stress in the Euro areas. A robust long term solution to the problems encountered by the Euro area has still to be found.

From the second half of 2011, subdued global economic prospects and increased risk aversion drove investors to safe havens such as US and German Government sovereign Bonds. In the latter half of 2011, as a result of risk aversion, spreads for emerging market paper widened considerably and issuance of new paper dropped sharply. The year 2012 has seen a reversal of this trend. In recent weeks, a number of Indian Banks have successfully tapped global debt markets.

Between 2003 and 2011, barring 2008-09, the year of the global meltdown, the Indian economy grew over 8 per cent. For 2011-12 the Economic Survey expected growth at 9 per cent. At the time of the mid-year analysis, the figure was revised downwards to 7.5 per cent. As per latest estimates, growth during 2011-12 is expected to be 6.5 per cent. Prospects for 2012-13 continue to be subdued due to a combination of global and domestic factors. While the RBI expects growth to be 6.5 per cent, the Economic Advisory Council to the Prime Minister has estimated it at 6.7 per cent. In the global context India remains a high growth economy. Nevertheless there are some areas of concern - a difficult international environment, wide current account deficit, high inflation, slowdown in industrial activity, fiscal concerns, a depreciating Rupee and declining savings and investment rates. In addition, the progress of the monsoon this year has been below normal. As a result, the agricultural sector is likely to be impacted.

In order to contain inflation and moderate inflation expectations, the RBI's policy rate was increased by 3.75

per cent between March 2010 and October 2011. Subsequently, on account of declining growth and moderating inflation the Reserve Bank of India reduced the policy rate by half a per cent to 8 per cent. In order to provide liquidity to the banking system and stimulate growth, RBI has also reduced the Cash Reserve Ratio by 1.25 per cent between November 2011 and March 2012. In July 2012, the Statutory Liquidity Ratio of Banks was reduced from 24 per cent to 23 per cent. From time to time RBI has been carrying out open market operations to inject liquidity. As a result of these measures, during the first quarter of 2012-13, yields on Government Securities softened reflecting an improvement in liquidity and moderation in inflation. The yield on the benchmark 10 year Government Securities was significantly lower at 8.23 per cent in the third week of August as compared to 8.63 per cent at the end of March 2012.

Despite the uncertain global environment and a moderation in the growth of the Indian Economy, the Indian Railways continued to perform well in 2011-2012. Both freight and passenger earnings continued to grow year on year. While freight earnings increased by 10.7 per cent, passenger earnings went up by 9.5 per cent over the previous year. Total earnings of Indian Railways grew by a healthy 10.2 per cent. Indian Railways continue to play a critical role in the Country's growth. Since its inception over twenty five years ago, your Company has played a stellar role in supporting rolling stock acquisition by Indian Railways. To the end of March 2012, your Company had funded moving assets acquisition to the tune of ₹ 82,447 crore, besides providing funding support of ₹ 2,502 crore to other Railway entities such as Rail Vikas Nigam Limited, Rail Tel Corporation, etc. For the first time, in 2011-12, your Company provided funding to the tune of ₹ 2,078.49 crore for select capacity enhancement projects of Ministry of Railways.

Funding of Rolling Stock for the Ministry of Railways remains the core business of your Company. During 2011-12, your Company funded acquisition of 506 locomotives, 2,757 passenger coaches and 13,208 freight wagons valued at ₹ 12,604.21 crore. This is the highest ever funding of Rolling Stock by IRFC since it began operations in 1986. From its inception to the end of March 2012, your Company has funded acquisition of 6,073 locomotives, 36,613 passenger coaches and 1,62,238 freight wagons valued at ₹ 82,447 crore. This is a reflection of your Company's importance in the overall asset acquisition plans of the Ministry of Railways.

I would now like to share with you some of the highlights of your Company's performance since the last Annual General Meeting held in September 2011. You may recall that for the year 2011-12, your Company was set a borrowing target of ₹ 20,594.38 crore comprising of ₹ 11,800 crore for acquisition of Rolling Stock Assets and ₹ 140 crore by way of a further loan to Rail Vikas Nigam Limited (RVNL) for investment in bankable projects being executed by them for the Ministry of Railways. In addition, for the first time, the overall borrowing target included a sum of ₹ 8,654.38 crore for part financing of select capacity enhancement Projects of Ministry of Railways. The target in respect of Rolling Stock financing was revised upwards through the Revised Estimates of MOR to ₹ 12,600.10 crore. The requirement for RVNL was revised downward to ₹107.90 crore. The funding target for capacity enhancement projects was also revised downwards to ₹ 2,092 crore. Thus, the total mandate for borrowing was ₹ 14,800 crore. While ensuring that debt was serviced at the due date, the full amount raised was remitted by your Company to Ministry of Railways consistent with the stipulated schedule of ten days after receipt of demand. It is noteworthy that the quantum of fund raising achieved by IRFC in 2011-12 was the highest ever and was over 50 per cent more than the previous year, which also was a record year.

One of the most important developments in 2011-12 was that your Company launched a Public Issue of Tax Free Bonds after a decade and half. The issue met with overwhelming response and was oversubscribed nearly five times on the opening day. As an innovative financing step, the Company offered a higher coupon to retail investors to encourage widespread participation. As a result, the retail portion was oversubscribed and the Company retained a sum of ₹ 1,880.67 crore in this category. The offer of differential interest rates for retail investors was emulated by other issuers of Tax Free Bonds.

The year 2011-12 was yet another difficult year for the Debt Markets. Monetary tightening by the RBI in the form of upward revision of the policy rate resulted in borrowing costs going up. In spite of less than favourable market conditions, the weighted average cost of borrowing during the year was 8.73 per cent which was 0.57 per cent lower than the average cost achieved by all 'AAA' entities put together. This translates into a saving of Rs 946 crore in interest cost over the total tenor of borrowing during the year. Despite difficult conditions in the global markets your Company raised ₹ 957 crore by way of External Commercial Borrowings at a very attractive rate of 6M USD Libor + 1.25%. IRFC constantly monitors global markets to look for opportunities for fund raising at the most competitive rates.

I am happy to report that your Company continues to enjoy the highest credit rating from the three leading Credit Rating Agencies. IRFC was assigned "CRISIL AAA/Stable" rating by CRISIL, "CARE AAA" rating by CARE and "[ICRA] AAA" rating by ICRA. Your Company's international ratings were at par with India's sovereign rating and were investment grade. Your Company was assigned 'BBB -' (Negative) by Standard & Poor's and Fitch, 'Baa3' (stable) by Moody's and 'BBB+' (Stable) by the Japanese Credit Rating Agency.

I now turn to the financial performance of your Company. Profit before Tax at ₹ 1,013.19 crore showed a growth of 12.78 per cent over the previous financial year. In 2010-11, the Profit After Tax included a onetime gain from reversal of Deferred Tax Liability amounting to ₹ 57 crore on account of reduction in the effective corporate tax rate. After discounting the impact of this one time gain, the year to year growth in Profit After Tax shows an impressive increase of 12.28 per cent. As required under the relevant Accounting Standards, IRFC is required to provide for Deferred Tax Liability (DTL). Accordingly, a sum of ₹ 328.98 crore has been provided in the Accounts for 2011-12. As members are aware, besides paying Minimum Alternate Tax and fairly high dividend, year on year provision for DTL has had an adverse impact on the growth of net worth of the Company. Inspite of equity infusion of ₹ 2,120 crore during the last six years, the debt-to- equity ratio has moved up from a secure level of 6:1 a few years ago to an uncomfortable level of close to 10:1 at present for the reasons mentioned earlier. Besides prudential norms for Non-Banking Finance Companies, one of the covenants of the loan agreements entered with various overseas Lenders requires the Company to maintain the debt-to- equity ratio well within 10:1. Adverse movements in this ratio become a cause for concern for Investors and Rating Agencies. One of the steps taken by your Company to address the issue has been to peg the dividend for the year at ₹ 100 crore, which is 20.80 per cent of Profit After Tax but significantly lower than 20 per cent of paid up capital.

The Management of IRFC is constantly endeavouring to not only to deliver the most cost-competitive incremental borrowing year after year but also to regularly review the existing portfolio with a view to lowering costs. As a part of financial re-engineering/restructuring exercise, the Company had executed a currency swap on the Samurai Bonds of JPY 15 billion which matured during 2011-12. Gross Savings accruing on this transaction is ₹ 373.83 crore. Net of the cost of the swap, the savings work out to ₹ 196.59 crore. Besides, your Company maintained the tradition of deploying its surplus funds productively, and earned an average return of 1-Year SBI deposit rate plus 0.65 per cent on such funds during the year.

Your Company attaches high importance to activities related to Corporate Social Responsibility (CSR) and Sustainable Development (SD). While finalizing the Memorandum of Understanding to be signed with the Ministry of Railways for the year 2011-12, the Task Force constituted by the Department of Public Enterprises desired that your Company allocate ₹ 3 crore for CSR outside the Railway sector. In fulfilment of this objective your Company proposes to upgrade a Hospital run by the Baranagar Municipal Office, Kolkata. The Hospital is used mainly by the disadvantaged sections of society. This work is to be executed by Hindustan Prefab Limited, a Central Public Sector Undertaking, who has the expertise to execute this Project. I am happy to share with you that work on this Project has commenced and is expected to be completed by March 2013. As regards Sustainable Development, additional solar lighting was provided at Bahadurgarh Railway Station. The Project was executed by Northern Railway. In the coming years, your Company is committed to pursue these activities with greater vigour.

For the current fiscal year, your Company has been assigned a borrowing target of ₹ 15,000 crore which is higher than the final mandate of ₹ 14,800 crore for 2011-12. The target comprises of ₹ 14,896 crore for financing Rolling Stock acquisition and ₹ 104 crore as a loan to be given to RVNL for financing bankable projects. Unlike last year, Ministry of Railways has not assigned any borrowing targets for capacity enhancement projects. Recognizing the importance of creation of infrastructure as a pre-condition for boosting growth, the Honourable Finance Minister in his budget speech for 2012-13 announced issuance of Tax Free Bonds to the extent of ₹ 60,000 crore by select entities. IRFC has been assigned a share of ₹ 10,000 crore and this amount would form a part of the overall borrowing programme of your Company. Preparatory work for the issue of Tax Free Bonds has commenced and IRFC is awaiting the Government notification issued by the Ministry of Finance.

Despite the scale of operations and the challenging environment in which IRFC operates, your Company has functioned with a high degree of productivity and efficiency. With strength of only 19 Staff and Executives, IRFC is widely respected for its business skills, quick decision making and negotiating capabilities in raising large resources at benchmark pricing levels. The Company strives to maintain the highest standards of Corporate Governance and has adhered to the guidelines laid down by the Law and various Regulatory Bodies. Your Company is aware that the domestic and global environment is becoming increasingly complex and uncertain. To prepare the roadmap for the future and strengthen its managerial capabilities, your Company is in the process of engaging the services of a leading Management Institute.

Consistently high service to all Stakeholders has been ensured, partly by outsourcing some of the back office activities to professional agencies. There are no un-redressed investor grievances. The overhead ratio is an enviable 0.11 per cent. The standing earned by the Company in financial markets at home and overseas is the direct outcome of its deep understanding of business, ethical and transparent business practices and accumulation and nurturing of professional expertise over the last two and a half decades. The support it receives from the Ministry of Railways and the trust reposed by the Ministry in the Company's professional capabilities has enhanced its stature.

IRFC's outstanding performance year after year would not be possible without the unstinted support and cooperation of numerous individuals and organizations including my colleagues on the Board of Directors, officers and staff of Ministry of Railways, Ministry of Finance, Department of Public Enterprises, C&AG of India, Statutory Auditors, Banks, Financial Institutions, Securities and Exchange Board of India, Reserve Bank of India, National Securities Depository Limited and Central Depository Services (India) Limited. I wish to place on record gratitude to all of them. I also wish to place on record the highest appreciation for the hard work and sincere efforts put in by the small but highly effective team at IRFC. Their untiring commitment and application enabled the Company to deliver excellent results. The current year poses tough challenges for the Company. I am confident that the intellectual and managerial capabilities, the available skill sets and the ingenuity of the team shall prove equal to the task and ensure all round excellence in the coming years.

Smt. Vijaya Kanth
Chairperson

Place: New Delhi
Dated: 28th August, 2012

— Directors' Report

Dear Shareholders,

It gives me great pleasure to present, on behalf of the Board of Directors of your Company, their 25th Annual Report covering snapshot of the business and operations of your Company together with the audited accounts, Auditor's Report and review of the accounts by the Comptroller & Auditor General of India for the financial year ended 31st March 2012.

Financial Highlights

Summarised below is the position of key financial results of your Company for the year ended 31st March 2012 :

(₹ in Lakh)

	Particulars	Year ended 31-03-2012	Year ended 31-03-2011
I.	Revenue from operations	464194.17	383943.80
II	Other income	116.82	216.52
III.	**Total Revenue (I+II)**	**464310.99**	**384160.32**
IV.	Expenses:		
	Finance costs	362038.50	293673.82
	Depreciation and amortization expense	35.12	35.10
	Other expenses	918.44	616.89
	Total Expenses	**362992.06**	**294325.81**
V.	**Profit before tax (III-IV)**	**101318.93**	**89834.51**
VI.	Tax Expense:		
	(1) Current Tax	20342.90	17923.13
	(2) Tax For Earlier Years	0.00	(-)50.00
	(3) Deferred Tax	32897.86	23440.98
		53240.76	**41314.11**
VII.	**Profit (Loss) for the current year from continuing operations (V-VI)**	**48078.17**	**48520.40**

Your Company improved its Profit Before Tax (PBT) to ₹ 1,013.19 crore during 2011-12 as compared to ₹ 898.35 crore for the previous year, a growth of 12.78%.

Last year, Profit from continuing operations included gain from reversal of Deferred Tax Liability (DTL) amounting to about ₹ 57 crore on account of reduction in the effective Corporate Tax rate from 33.2175% to 32.445%. Discounting the impact of the aforesaid one time gain, the year to year growth in Profit from continuing operations shows an impressive increase of 12.28%.

Dividend

Your Company seeks to strike a judicious balance between the need for providing an appropriate return to the Shareholders and retaining a reasonable portion of the profit to maintain a healthy financial leverage with a view to supporting and sustaining future borrowings and growth consistent with MOR's expectations. The overriding requirement to maintain Debt-to-Equity ratio of the Company within the limits laid down by the Reserve Bank of India has driven the payment of dividend to the Shareholders being kept at ₹100 crore during 2011-12, which works out to 20.80% of the Profit from continuing operations, and which amount has already been paid as interim dividend. In the circumstances, no final dividend is proposed.

Reserves

After taking into consideration the dividend and dividend tax, a sum of ₹ 364.56 crore has been transferred to Bond Redemption Reserve. As the dividend being paid is below 10% of the Paid-up Share Capital of the Company, no transfer of fund to General Reserve is proposed, which is in line with the provisions of the Companies Act, 1956.

Share Capital

The entire paid up capital of the Company amounting to ₹ 2,352 crore continues to be held by the President of India and his nominees. This includes the recently infused equity of ₹ 250 crore, which lay in the form of Share Application money as on 31st March, 2012.

Independent Evaluators' Assessment

Credit Ratings

Domestic: During the financial year 2011-12, the Company's long term domestic borrowing programme was awarded the highest credit rating "CRISIL AAA/Stable" rating by CRISIL, "CARE AAA" rating by CARE and "[ICRA] AAA" rating by ICRA. With a view to complying with the requirements of Basel II norms, the Company also got its short term borrowing programme rated, obtaining the highest rating of "P1+", "A1+", and "PR1+" by CRISIL, ICRA and CARE respectively.

International: During the financial year 2011-12, three international Credit Rating Agencies - Standard & Poor's, Fitch and Moody's - have awarded to IRFC "BBB-(Negative)", "BBB-(Negative)" and "Baa3 (stable)" ratings respectively. Besides, the Company obtained an issue specific credit rating of "BBB+(Stable)" from Japanese Credit Rating Agency in respect of its Samurai Bond issuance of March 2007. Each of the four credit ratings is equivalent to India's sovereign rating, and is investment grade.

Memorandum of Understanding with Ministry of Railways, Government of India

Based on evaluation of its performance for the year 2010-11, the Company obtained 'Excellent' grading from the Department of Public Enterprises. The Company is committed to continuing all efforts to maintain high standards of performance in future as well.

The Company attaches high importance to suggestions made by the Task Force appointed by the Department of Public Enterprises each year to coordinate finalisation of MOU with the Ministry of Railways. During the MOU meeting held in February, 2011, the Task Force articulated the need for diversification of business activities of IRFC in a measured manner, while preserving the impeccable risk profile of the Company. In the emerged scenario, the Company was assigned responsibility of raising a sum of ₹ 2,092 crore for select capacity enhancement projects of the Ministry of Railways. The task was successfully accomplished by the Company.

The Task Force had also desired in the same meeting that with a view to ensuring measurability and reliability of achievements against the parameters set out in the MOU, the figures be either reflected in the Annual Report for the year 2011-12 or related information be made available in the public domain. Accordingly, some of the related information is given hereunder :-

(i) Necessary follow-up actions were taken by the Company in respect of all the decisions taken in the Board and Audit Committee Meetings.

(ii) A Committee headed by a person belonging to minority community was constituted to look into impact of International Financial Reporting Standards (IFRS) vis-à-vis Risk Management actions of the Company. The Committee has submitted its Report to the Company.

Other details are mentioned in the Annual Report in relevant paras.

Market Borrowings during 2011-12

For the year 2011-12, the Company was set a target of borrowing of ₹20,594.38 crore for creation of Rolling Stock Assets and funding of various projects for the Ministry of Railways. This also included a target of ₹140 crore to be given by way of loan to Rail Vikas Nigam Ltd. (RVNL) for investment in bankable Projects being executed by them for the MOR. Targets for Railways were revised downwards through Revised Estimates of Ministry of Railways to ₹14,692.10 crore and target for RVNL was scaled down to ₹107.90 crore. The revised borrowing target of ₹14,800 crore was the highest ever amount financed by IRFC to MOR in a single year, surpassing the previous record of ₹ 9,792 crore during 2010-11. The borrowing programme of your Company was judiciously executed after taking into account factors like favourable market conditions and interest rate movements in domestic and international markets. The weighted average cost of borrowing during the year was 8.73% which compares favourably with similar 'AAA' rated entities. The weighted average tenor of incremental borrowing during the year was 11.22 years which compares well with the weighted average tenor of the lease.

The Company raised ₹ 2,885 crore in the first quarter through Taxable Bonds by timely tapping the market. In the second quarter, the Company raised funds through different segments and from different markets. It raised ₹ 1,500 crore through Taxable Bonds, ₹ 2,000 crores as Term Loans from different Banks and $200 million from ECB route at a competitive rate of 6M USD Libor + 1.25% which translates to cost saving of about 1.85% vis-à-vis cost of borrowings from domestic market. In the third quarter, the Company was able to raise ₹ 731.11 crore through Tax-free Bonds at a competitive rate of 7.55 / 7.77% for 10 / 15 years. In the last quarter, your Company entered the capital market after a gap of 15 years, for Public Issue of Tax-Free Bonds, with an issue size of ₹ 3,000 crore with an option to retain oversubscription upto ₹ 3,300 crore. The issue was oversubscribed 4.70 times on the opening day of the issue and at the close, the total subscriptions were 6 times of the issue size. After checking up the requirements of MOR, it was decided to retain a sum of ₹ 6,268.69 crore. These funds carry a coupon of 8% and 8.10% with a tenor of 10 and 15 years respectively. As an innovative source of finance step, incentive of 15 bps and 20 bps for tenor of 10 years and 15 years respectively was offered to retail investors. This ensured overwhelming response from the investors under 'Retail Category' and all the Bonds under this quota were fully subscribed. Some of the other companies, who also issued Tax-free Bonds, could not match this feat and had to allot the unsubscribed Bonds to the investors under other categories.

In order to diversify its source of funding, a Foreign Currency Demand Loan in US Dollars equivalent to ₹ 150 crore was availed by the Company at the rate of one month USD LIBOR + 350 basis points. The same has since been repaid.

Out of the total remittance of ₹ 14,800 crore to MOR, the value of Rolling Stock Assets finally identified by MOR comes to ₹ 12,604.21 crore and value of the Projects financed is ₹ 2,078.49 crore. This apart, IRFC has funded ₹ 107.90 crore to RVNL as Term Loan. The remaining amount of about ₹ 9.40 crore with MOR would form opening balance for the year 2012-13 and would be utilised for funding of Rolling Stock.

Redemption of Bonds/Repayment of Loans

Your Directors are pleased to report that during the year under review, your Company successfully redeemed Bonds and discharged its other debt obligations amounting to ₹ 3,565.80 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at ₹ 564.43 crore, Term Loans worth ₹ 2,423.20 crore and External Commercial Borrowings (ECB) of ₹ 578.17 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs amounting to around ₹ 2,870.02 crore during the current financial year.

Risk Management

Effective risk management is central to ensure a robust and healthy finance Company. While management of credit risk is accorded high priority amongst various risk mitigation efforts of a business, this is virtually a non-issue in the case of your Company, inasmuch as an overwhelming segment of its assets is in the form of lease receivables from the Ministry of Railways, carrying zero risk. The Company's selective forays into other areas in the form of loans to other railway entities such as Rail Vikas Nigam Limited and Railtel Corporation of India Limited carry suitable protection as the same have either been granted under Presidential Directive or the cash flows constituting IRFC's receivables originate in the Ministry of Railways.

As regards the Operational Risk, the Company has in place adequate internal control systems commensurate with the nature and volume of its business. The same is commented upon periodically by the Internal Auditors. A multiple tier control mechanism is in place. Besides control exercised by and specific accountability assigned to executives and employees of the Company for various functions, efficient maintenance of accounts is facilitated by a professional and reputed firm of Chartered Accountants engaged as Retainers of Accounts. The function of Internal Audit has been assigned to another reputed firm of Chartered Accountants. The Statutory Auditors of the Company are appointed by Comptroller and Auditor General (C&AG) of India, and the appointment is rotated periodically. Besides, the accounts of the Company are subject to supplementary audit by the office of C&AG as required under the Companies Act. The C&AG also conducts Proprietary Audit of the Company. The track record of your Company in regard to handling its operational risk has been excellent.

Ordinarily, a company carrying out its business with predominantly single client features might be viewed as faced with a potential threat. However, in the case of your Company, the single client is the owner, who also happens to be the Government itself. By virtue of funding over one-fourth of plan outlay of the Ministry of Railways over its life, IRFC commands a position of strategic importance for the Ministry. Funding provided by IRFC has been consistently at competitive costs considered attractive by the Ministry. Consequently, the role assigned to your Company has logged an annual growth rate of over 20-25% over a sustained period of time. With strong indications of an even larger role being expected by the Ministry from IRFC in its efforts at augmenting rail infrastructure in the country, your Directors consider the Company as comfortably placed in the matter of Business Risk it is exposed to.

Given the carefully drafted provisions in the Lease Agreement signed by IRFC with MOR each year, there is a very good matching of the interest rate sensitivity profile of its assets and liabilities. In the circumstances, exposure of the Company to Interest Rate Risk is negligible.

The cash flows of your Company are highly predictable, shielding it largely against liquidity related issues even in a volatile market. Besides, with the quality of credit to it commanding high level of respect amongst investors, both domestic and international, the Liquidity Risk in the case of IRFC is perceived at a very low level.

Your Company has consistently been adopting prudent, efficient and cost-effective risk management strategies to safeguard its operations against exchange rate variation risk on its overseas borrowings. The Company strives to eliminate at opportune time the exchange rate variation risk in respect of principal repayments in all cases where bullet repayments are involved with tenor not exceeding five years. Timing is important in such hedging transactions. The Company recognises the fact that contracting a hedge at a time subsequent to the drawdown does not expose it to any undue immediate risk, as repayment of principal is scheduled only five years later. The Company finds it advantageous to enter into a hedging transaction at a time when market conditions are most opportune and cost thereof most optimum. This requires the Company to monitor the markets closely on an ongoing basis, and strike at the right time which ability it has consistently demonstrated in the past.

Some of the outstanding foreign currency borrowings of the Company with maturity profile longer than five years carry amortised half-yearly principal repayments. As a result, the risk gets significantly mitigated by virtue of repayments taking place progressively at different points in time. Hedging of principal repayment in such cases is considered only selectively in a need based manner, taking due note of the high hedging cost associated with longer dated debt. Keeping in view the current depreciation of INR vis-à-vis USD, the Company intends to watch the situation and would suitably hedge the transactions wherein its exposure is in USD terms, at appropriate times. Amongst transactions in which the Company has outstanding liability in USD terms, is the USPP transaction involving private placement of Bonds in US market in March 2007 carrying bullet repayment after ten years, Syndicated Foreign Currency Loan of USD 350 million availed in September, 2010 and Dollar Bonds of 200 million availed in March, 2011. Further, AFLAC loan of 15 Billion JPY borrowing, your Company has executed first leg of the swap and converted its JPY exposure into USD terms. The USD liability in these transactions has not been hedged so far. Further, as a hedging strategy, the Syndicated Loan of USD 200 Million (about ₹ 957 crore) raised in 2011-12 has been left unhedged for the time being and would be hedged at opportune time. Till such time, the Exchange Rate Variation (notional) and Interest Rate Variation risks would stand transferred to MOR in terms of the Lease Agreement. Besides measures for protection of principal against exchange rate risk, your Company also engages in safeguarding its position against interest rate variation on foreign currency borrowings in a prudent manner, taking a judicious view of all relevant factors. With a view to effectively supplementing its in-house expertise in the matter, your Company usually resorts to expert advice from reputable professional consultants while taking hedging decisions.

Classification of IRFC as NBFC

Your Company's classification by the Reserve Bank of India continues to be 'NBFC-Infrastructure Finance Companies (IFC)'. Such classification allows your Company to avail further leverage in respect of bank credit both in the form of lower provisioning and higher permissible exposure limits for banks. Further, IRFC's Bonds with residual maturity of at least seven years qualify for categorisation as held to maturity (HTM) instruments like SLR Bonds, with associated benefits. The Company also qualifies for External Commercial Borrowings under automatic route, not requiring prior approval of Reserve Bank of India, if the total outstanding foreign currency borrowings remains within 50% of its net worth.

Lease Arrangement with the Ministry of Railways 2011-12

As you are aware, the financial relationship of the Company with the Ministry of Railways is based on a Finance Lease arrangement which is regulated by a standard lease agreement. In respect of the incremental assets acquired during 2011-12 through IRFC funding, lease rentals have been fixed at ₹ 59.865 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 9.35% p.a. Viewed in the context of the relatively high interest rates ruling during most parts of the year, the pricing is considered attractive for the Ministry. As regards the cost to be charged from RVNL for the lending to them during the year, the same has been worked out based on the average cost of borrowings during the year other than the cost associated with External Commercial Borrowings and Tax-Free Bonds. The cost to RVNL has accordingly been fixed at 9.88% p.a. The funding for projects had been reserved through Tax-Free Bonds, for which MOU has been approved by MOR. The IRR shall be charged at actual weighted average cost of Tax-free Bonds plus 50 bps margin thereon.

Fixed Deposits

As in the past, the Company has not accepted any fixed deposits during the period under review.

Resource Mobilisation for 2012-13

The Ministry of Railways has decided that during 2012-13, Rolling Stock Assets with estimated value of ₹15,000 crore would be funded through extra budgetary resource to be provided by IRFC and major part of it i.e. ₹ 10,000 crore would be mobilised through Tax-Free Bonds as indicated in the General Budget of 2012-13. The aforementioned target includes a sum of ₹104 crore to meet the requirements of Rail Vikas Nigam Limited. No funds are to be raised for the railway projects this year.

Management Discussion and Analysis

Your Directors take pleasure in sharing with you their perception that business of the Company stands on a sound platform and is running well. The robust business model involving strong and mutually beneficial relationship with MOR has become its unique forte. However, the uncertainties in the global markets and the widening of corporate spreads, as well as by interventions of Reserve Bank of India to bring inflation under control, points to strong likelihood of the cost of raising financial resources being on the higher side. While the Company's operations have necessarily to be circumscribed by the conditions set out by the macroeconomic environment, the Company maintains its unflinching commitment to make funds available to the Railways at the most competitive pricing feasible.

In the Directors Report for 2010-11, a note of caution was sounded with regard to funding of select capacity enhancement Projects. It is their view that the existing business model of financing Rolling Stock Assets has served the Company well. This is reflected in the highest ratings being assigned to the Company. The Directors are of the considered view that all necessary steps need to be taken to ensure that the risk perception attached to lending to IRFC does not undergo any adverse change. For the year 2012-13, MOR has not assigned any borrowing target for Railway projects.

The business of the Company with the Ministry has grown considerably during the recent years. From an annual target of ₹ 2,510 crore in 2002-03, the borrowing target assigned for the current year stands at ₹ 15,000 crore, including the funding support to be provided to RVNL. The trend represented by this more than six-fold increase in annual borrowing target over a period of ten years is likely to continue. This is bound to further accentuate the problem of the Company's financial gearing coming under stress. Frequent instances of additional equity infusion - ₹ 300 crore in March 2009, ₹ 291 crore in November 2009, ₹ 511 crore in October 2010, ₹ 500 crore in January, 2012 and ₹ 250 crore in March, 2012 (pending allotment as on 31.03.2012) - did help to some extent, but the Company is already faced with a pressing need for further equity infusion to sustain its daunting borrowing programme during the current year. Given the nature of the problem, the Company would do well to explore all possible options for equipping itself appropriately to meet this challenge. It is in this context that the Authorised Capital was enhanced from ₹ 2,000 crore to ₹ 5,000 crore in June, 2011 with the approval of the Shareholders. Likewise, an appropriate increase in its Paid up Capital from the present ₹ 2,102 crore is also planned.

Switch by the Banks from their earlier practice of granting PLR linked loans to the new system of Base Rate linked loans has posed some difficulties for your Company in the sense that not only have the medium term bank loans become less price competitive as compared to cost obtaining in bonds market, but also the short term loans have become relatively costlier and unaffordable. While the share of Bonds has resultantly increased in its mix of medium and long term borrowing, the Company is also committed to monitoring the situation closely with a view to taking necessary steps including, but not limited to, raising a higher share of short term funding.

Ministry of Finance, in the current fiscal has allowed ten financial institutions, including your Company, to raise ₹ 60,000 crore from the market by issuance of Tax-free Bonds. IRFC's allocation in this is ₹ 10,000 crore. With increase in number of peers and also the total amount, it would become a daunting task. Still, IRFC is confident to meet the challenge and hopeful to raise the required amount during the year.

Making IRFC's Accounts IFRS and Revised Schedule VI compliant

Indian corporate entities would soon be required to prepare their accounts in conformity with International Financial Reporting Standards (IFRS). Accordingly, efforts towards bringing Indian Accounting Standards in line with IFRS have gained considerable momentum. The Company has also taken necessary preliminary action to present its accounts in IFRS compliant form. A roadmap for transition to IFRS has been approved by the Board of Directors. The Audit Committee and the Board of the Company have been reviewing the position in this regard in each of the meetings held in recent months, and the Company is confident that the transition to IFRS would be effected smoothly within the timeframe laid down by the Government. In compliance of a decision of the Board of Directors, the Company has been periodically preparing its accounts, including the Balance Sheet, beginning the accounting period 01-04-2010 onwards in conformity with requirements of IFRS, even though the revised timetable prescribed for NBFCs such as IRFC required this to be done from 01-04-2013 only.

As required under Notification issued by Ministry of Corporate Affairs, the financial statements for the year 2011-12 have been prepared and presented in this Annual Report under Revised Schedule VI of the Companies Act, 1956. Previous year's figures have also been regrouped accordingly so as to facilitate appropriate comparison.

Report on Corporate Governance

The Government considers good Corporate Governance practices a *sine qua non* for sustainable business that aims at generating long term value for its Shareholders and all other stakeholders. Accordingly, it has been laying increasing emphasis upon development of best Corporate Governance practices amongst CPSEs. In pursuance of this philosophy, your Company continues to comply with the 'Guidelines on Corporate Governance for 'Central Public Sector Enterprises' issued by Ministry of Corporate Affairs in the year 2007.

The Company also continues to comply with the 'Corporate Governance Voluntary Guidelines' issued in 2009. A few items in those Guidelines, which your Company is not in a position to adopt mainly because they do not apply to it, have been outlined together with reasons for non-compliance thereof, in the Report on Corporate Governance.

Report on Corporate Governance is enclosed as Annexure I forming part of this Report.

Directors Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, it is confirmed that :

a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, and proper explanation relating to material departures, if any, included;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud or other irregularities; and

d) The Directors have prepared the Annual Accounts on 'going concern' basis.

Internal Control Systems and their adequacy

The Company has established a sound system of Internal Controls, suited to accurate and timely financial reporting, and to ensure observance of statutory laws, regulations and company policies. In order to maintain efficacy and effectiveness of internal control systems, regular and detailed internal audits are conducted by a firm of experienced Chartered Accountants. The Internal Control Systems have also been considered adequate by the Statutory Auditors in their report to the Members.

Human Resource Development

Performance level of your Company has been consistently high despite the fact that it consciously maintains a very lean workforce. The small working strength of 19 personnel is complemented to an extent by outsourcing a few non-core activities to professional agencies.

Such high levels of efficiency would not be possible but for the Company laying deep emphasis on upgrading skills of its employees and keeping them abreast of latest developments and industry practices. The Company is committed to enhancing the professional expertise of all its employees. As a matter of general practice, the Company relies on training interventions involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes. In the year 2011-12, 8 (eight) employees and 6 (six) officers were sent for training to improve their knowledge and skills in their relevant areas of operations.

With a view to further increase the efficiency and to cater to growing business of your Company, MDI Gurgaon have been engaged to suggest staff restructuring in addition to a suitable business model to explore possibility of diversification.

Corporate Social Responsibility & Sustainable Development

Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, have issued in March, 2010 comprehensive 'Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises' (hereinafter referred to as CSR Guidelines). The CSR Guidelines envisage Public Corporations to serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and environment in all aspects of their operations. The CSR Guidelines also envisage measurement of performance against a company's responsibilities under economic impact, social impact and environmental impact - Triple Bottom Line. The said Guidelines, *inter alia*, require all Corporations to take up CSR activities in the periphery where a company carries out its commercial activities, as for as possible. However, companies operating in areas such as financial services, which have no specific geographical area, are permitted to adopt and define the areas of their choice for undertaking CSR activities.

The activities identified under CSR are to be implemented by specialised Agencies and not by staff of the company. The companies are also required to include in their Annual Report their activities in regard to implementation of CSR activities / projects including the facts relating to physical and financial progress.

In order to comply with the CSR Guidelines, it had been agreed in consultation with the Task Force appointed by Department of Public Enterprises, that the Company would spend ₹ 3 crore towards CSR for the year 2011-12 in non-Railway Sector. The Company has identified a project under which activities to improve facilities at the Hospital under Baranagar Municipal Office, an authority under Government of West Bengal, would be undertaken. The activities include dismantling of parts of the existing building, which are more than 100 years old and are in dilapidated condition, construction of new building, etc. The hospital is used by weaker sections of society. The project would be executed by Hindustan Prefab Limited, a Government Company. Work on the project is in progress.

Under the 'Sustainable Development' programme for the year 2011-12, the Company decided to provide more solar lighting systems at Bahadurgarh Railway Station. Northern Railway, who were entrusted with the execution of the programme, have confirmed that the work is at the stage of completion and a certificate in this behalf would be issued by them shortly.

In line with the MOU for the year 2012-13 signed with MOR, the Company is required to spend ₹ 3 crore on five CSR activities and half of the amount is required to be spent in non-Railway Sector. Besides, the Company is also required to spend ₹ 1 crore on five activities under Sustainable Development.

Official Language

The Company is committed to achieving exclusive use of Hindi in transaction of its official business, and in the process also bring about compliance with provisions of Official Language Act and Official Language Policy of the Government of India. Considerable efforts were made to achieve the targets set under Annual Programme issued by Department of Official Language, Government of India. Provisions of Section 3(3) of the Official Language Act were fully complied with. Effective measures were taken to bring about progressively higher use of Hindi in day-to-day working of the Company. Ensuring more intensive use of bilingual / Hindi software, purchase of sufficient number of Hindi books, periodicals and journals for the office library in keeping with improving readership, and holding workshops to promote awareness and use of Hindi as official language formed core of the approach in the matter, even as the biggest driver has been a sense of pride inculcated amongst constituents of the Company in transacting their official work in Hindi.

During the year under review, four quarterly meetings of the Official Language Implementation Committee of the Company were held. Also, four Hindi Workshops were organised to give hands-on exposure to participants on various facets of use of Hindi in discharge of their official duties. As in the previous years, Hindi Week was celebrated, carrying out a variety of activities. Competitions involving recitation of poems and essay writing were organised during the year. Awards were given to participants demonstrating best performance in the competitions, and also to employees making most extensive use of Hindi in their day-to-day official work.

The official website of your Company exists in fully bilingual form, and contains all information of interest to its stakeholders.

During the year, the Company for the first time published its in-house magazine in Hindi, named 'Rail Nidhi', which was widely appreciated by the readers. It is proposed to continue to publish the same annually.

Right to Information Act, 2005

The Company follows Government instructions issued in pursuance of Right to Information Act, 2005, and has designated Public Information Officer and Appellate Authority under the Act. All relevant information has been hosted on the Company's website also.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Provisions of section 217(1)(e) of the Companies Act, 1956 as amended by the Companies Amendment Act, 1988 in respect of Conservation of Energy and Technology absorption are not applicable to your Company.

The Company does not have any foreign exchange earnings. Details of foreign exchange outgo have been given in the Notes on Accounts.

Particulars of Employees receiving high remuneration

There was no employee of the Company who received remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975.

Women Employees

Your Company has a very small organizational setup, comprising 19 employees in all. Out of these, four employees are in Section Officers grade and two in Assistant Managers category. These include two women employees, one as Assistant Manager and one as Section Officer. The Company would endeavour to further improve the number as and when an opportunity offers.

Board of Directors

Since the last Annual General Meeting in September, 2011, a few changes have taken place in the composition of the Board of Directors. Shrimati Pompa Babbar, Chairperson, demitted Office on retirement on 30th November, 2011. Shrimati Vijaya Kanth has, thereafter, been appointed as Chairperson on 11th January, 2012. She holds a post graduate degree in Political Science. She has rich experience in finance in Railway Sector. Shri R. Kashyap, on completion of his tenure of 5 years as Managing Director, repatriated to MOR on 1st September, 2011. Government appointed Shri Rajiv Datt as new Managing Director of the Company, who assumed charge on 14.11.2011. Shri D.C. Arya, who was appointed Director Finance by the Government on 30.12.2011, assumed charge on 31.12.2011. Shri Datt holds post graduate degrees in Economics and Business Administration (Finance). He also holds post graduate diploma in Public Administration. He has over 30 years of rich and varied experience in Railway, Power and Social Sectors. Shri Arya is a qualified Cost Accountant and Company Secretary and has 36 years of rich experience in finance in Power and Co-operative Sectors.

Consequent upon completion of their term of 3 years as Independent Directors, Prof. R. Narayanaswamy and Shri P.K. Choudhury, ceased to be members of the Board on 16.10.2011. New Independent Directors in their place are likely to be appointed shortly by the Government.

The Board of Directors wishes to place on record its deep appreciation of the able leadership provided by Shrimati Pompa Babbar. Shri R. Kashyap led the Company with distinction during his tenure as Director Finance for about four years and as Managing Director for five years. The Board also wishes to place on record its appreciation for the extensive and constructive contribution made by Prof. R. Narayanaswamy and Shri P.K. Choudhury, in the deliberations in the meetings of the Board and Committees thereof during their tenure.

As required under the Corporate Governance Guidelines, the Board evaluates performance of its Directors and Committee(s) through a well laid down mechanism.

After repatriation of the erstwhile Managing Director to MOR on 01.09.2011, the number of Directors stood reduced to 4 (four), whereas Article 65 A of Articles of Association of the Company, prevalent at that time, prescribed minimum 5 (five) Directors. This situation got aggravated with completion of tenure by the Independent Directors on 15.10.2011. To overcome this situation, a directive was issued by the President on 03.01.2012, which stipulated that the number of Directors of the Company shall not be less than 3 (three) at any point in time. Accordingly, an Extra-ordinary General Meeting was convened and held on 10.01.2012 and the Directive was given effect to by amendment of the Article 65 A. Thus, during the aforesaid period, the Board as well as the Audit Committee did not have the requisite number of members. As required, a petition has already been filed with the Company Law Board to condone the non-compliance of the above provision of the relevant Article / Law, which was beyond the control of the Company.

Statutory Auditors

M/s Dhawan & Co., Chartered Accountants, were initially appointed as Statutory Auditors by Comptroller & Auditor General of India to audit the accounts of the Company for the year 2008-09. The same firm continues as Statutory Auditors for the year 2011-12 also. The Report of the Auditors contains no qualification on the Accounts.

Comments of the Comptroller & Auditor General of India

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2012 and have had no comments upon or supplements to the Auditors' Report under Section 619(4) of the Companies Act, 1956.

Acknowledgements

Your Company is grateful to the Ministry of Railways, Ministry of Finance, Department of Public Enterprises, National Informatics Centre, other Departments of the Government and the Reserve Bank of India, for their co-operation, assistance, active & timely support, and guidance rendered from time to time. The Company is also thankful to all its Bondholders, Banks, Financial Institutions, Arrangers, Life Insurance Corporation of India and General Insurance Corporation of India and its subsidiaries for reposing their confidence and trust in the Company. The Company looks forward to their continued support for sustaining its excellent performance levels. The Company expresses gratitude to the Comptroller & Auditor General of India, the Statutory Auditors and the Internal Auditors for their valuable support and guidance.

The Board of Directors express their deep appreciation of the valuable contribution made by the Company's small team of officers and employees, which has enabled the Company to successfully meet the increasingly more exacting targets set by the Ministry of Railways, concurrently consolidating its position as one of the most vibrant public financial institutions in the country. The Company also gratefully acknowledges the highly useful and substantive contribution of Retainer of Accounts and its Registrars and Transfer Agents.

For and on behalf of Board of Directors

Smt. Vijaya Kanth
Chairperson

Place: New Delhi
Dated: 31st July, 2012

Report on Corporate Governance

Indian Railway Finance Corporation Limited (IRFC) is a Central Public Sector Enterprise (CPSE). Its entire paid up share capital is held by the President of India and his nominees. It is also a listed Company in the sense that its Bonds are listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai.

IRFC is in compliance with relevant provisions contained in the Guidelines on Corporate Governance for Central Public Sector Enterprises (hereinafter referred to as Government Guidelines), issued by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India. In this connection, relevant details are furnished below :-

Company's Philosophy on the Code of Corporate Governance

The Company looks upon Corporate Governance as an enterprise-wide endeavour targeted at value creation in the form of striking optimum balance between the profit it earns for its Shareholders and the spread it charges from Ministry of Railways in the cost of funds transferred to them. This is sought to be achieved by conducting the business in a professional manner, using a combination of delegation and accountability amongst key executives in the Company; focussed attention and transparency in operations of the Company; skill upgrades through need-based training, etc.; and high level of investor / lender satisfaction through timely debt servicing.

To foster best Corporate Governance practices, the Company has formulated a "Code of Business Conduct and Ethics for its Board Members and Senior Management" in June, 2008, which seeks to bring high level of ethics and transparency in managing its business affairs. The same has also been posted on the website of the Company (www.irfc.in).

Affirmation by all Directors and senior Officers of the Company to the effect that they have complied with and not violated the Code is required to be obtained at the end of each year. The requirement stands fulfilled for 2011-12. A declaration to this effect, duly signed by the Managing Director (CEO), is at Annexure 'A' and forms part of this Report.

Board of Directors

As on the date of the Report, there are 4 Directors on the Board of the Company. Financial Commissioner (Railways) is the ex-officio Non-Executive Chairperson of the Company. Besides Managing Director and Director Finance, one Director is nominated by Ministry of Finance. Post of Independent Directors fell vacant on 16.10.2011 and are likely to filled up shortly by the Government. As provided in the Articles of Association of IRFC, the appointment of Directors and payment of their remuneration are determined by the President of India, except the remuneration of the Independent Director(s),which is determined by the Board of Directors subject to laws applicable from time to time.

Meetings of Board of Directors

The Board of Directors has been holding its meetings regularly. Six such meetings were held during the year under review, as listed below :-

Serial No.	Board Meeting No.	Date
1.	201	30.04.2011
2.	202	18.06.2011
3.	203	16.07.2011
4.	204	19.11.2011
5.	205	10.01.2012
6.	206	03.03.2012

Attendance at the Meetings of the Board of Directors during 2011-12

Name of the Director	Number of Meetings of BOD held during their tenure	Number of Meetings attended	Attendance at the AGM	Directorship In other Companies	No. of Committee positions held in Public Companies including IRFC
Smt. Pompa Babbar, Chairperson / IRFC (21.04.2011 to 30.11.2011)	4	4	Yes	None	None
Smt. Vijaya Kanth, Chairperson / IRFC From 11.01.2012	1	1	NA	None	1
Shri R. Kashyap Managing Director/IRFC (01.09.2006 to 31.08.2011)	3	3	Yes	None	None
Shri Rajiv Datt Managing Director/IRFC From 14.11.2011	3	3	Yes	None	1
Prof. R. Narayanaswamy Director / IRFC (16.10.2008 to 15.10.2011)	3	2	Yes	None	1
Shri Govind Mohan Director / IRFC (04.03.2009 to 13.05.2011)	1	None	No	2	None
Shri Rajesh Kumar Khullar Director / IRFC From 13.05.2011	5	4	No	4	1
Shri P.K. Choudhury Director / IRFC (16.10.2008 to 15.10.2011)	3	2	No	9	5
Shri D.C. Arya Director Finance / IRFC From 31.12.2011	2	2	NA	None	None

Notes :

1. Only Audit Committee and Shareholders' Grievance Committee have been reckoned while considering Committee positions.
2. Shri P.K. Choudhury was not Chairman of any Committee in any Company.
3. Consequent upon his transfer out of Ministry of Finance, Shri Govind Mohan ceased to be Director of the Company w.e.f. 09.01.2011. However, official communication in this behalf was received by the Company only on 13.05.2011.
4. Smt. Vijaya Kanth has been appointed Chairperson / IRFC vide Government of India Orders issued by Ministry of Railways on 11.01.2012.
5. Both Shri R. Kashyap and Shri Rajiv Datt, attended the 24th AGM held on 15.09.2011 as Special Invitee(s).
6. Shri Rajesh Kumar Khullar has been appointed Director of the Company vide Government of India Orders issued by Ministry of Railways on 13.05.2011.
7. Shri Rajiv Datt has been appointed Managing Director / IRFC vide Government of India Orders dated 19.10.2011 issued by Ministry of Railways. However, he assumed charge on 14.11.2011 after being relieved by his erstwhile employer viz. Employees State Insurance Corporation.
8. Shri D.C. Arya has been appointed Director Finance / IRFC vide Government of India Orders dated 30.12.2011 issued by Ministry of Railways.

Remuneration paid to Managing Director and Director Finance

Salary in the following scales, togetherwith the usual allowances and perks, was paid by the Company :-

(i) ₹ 75,000 - ₹ 90,000 to Shri Rajiv Datt, Managing Director

(ii) ₹ 65,000 - ₹ 75,000 to Shri D.C. Arya, Director Finance

The Directors are neither related to each other, nor have pecuniary relationship with the Company. A Sitting Fee of ₹ 5,000/- per Meeting was paid to Independent Director(s) for attending Board meetings or meetings of Committees of the Board during the year under review.

Information placed before the Board

Information placed before the Board of Directors from time to time broadly includes items specified in the Government Guidelines and any other information considered relevant and useful in facilitating meaningful and focused deliberations on issues concerning the Company and taking decisions in an informed and efficient manner. Additionally, Directors on the Board are free to seek and access all information pertaining to the business of the Company, as and when required.

Constitution of Audit Committee

In accordance with provisions of Section 292-A of the Companies Act, 1956 read together with the Government Guidelines, the Company has an Audit Committee. At present, the Audit Committee comprises three members - Smt. Vijaya Kanth, Financial Commissioner (Railways) and Chairperson / IRFC, Shri Rajesh Kumar Khullar, Director / IRFC and Shri Rajiv Datt, Managing Director / IRFC. Smt. Vijaya Kanth is the Chairperson of the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

In line with the Resolution passed by the Board, Smt. Vijaya Kanth and Shri Rajesh Kumar Khullar shall immediately cease to be the members of the Committee on appointment of the Independent Directors by the Government.

During the financial year 2011-12, four Meetings of the Committee were held on 29th April, 2011, 16th July, 2011, 15th October, 2011 and 3rd March, 2012. Participation of the Members in these Meetings is outlined below :-

SL. No.	Name of the Member of the Audit Committee	Number of Meetings held during their tenure	Number of Meeting attended
1.	Smt. Vijaya Kanth, Financial Commisioner (Railways)/Chairperson (IRFC)	1	1
2.	Prof. R. Narayanaswamy Independent Director	3	3
3.	Shri P.K. Choudhury Independent Director	3	2
4.	Shri Rajesh Kumar Khullar Director	1	1
5.	Shri R. Kashyap Managing Director	2	2
6.	Shri Rajiv Datt Managing Director	1	1

Note :- Shri R. Kashyap and Shri Rajiv Datt have also attended one Meeting of Audit Committee held on 15.10.2011 as Special Invitee(s).

After adoption of the Government Guidelines, role of Audit Committee covers the list of functions stated in the said Guidelines which, *inter alia*, include the following:-

❒ To hold discussion with Auditors periodically about :-
  - Internal control systems and compliance thereof.
  - Scope of audit including observations of the auditors.
  - Review of the quarterly, half yearly and annual financial statements before submission to the Board.
  - Any other matter as may be referred to it by the Board.

❒ To perform the following functions :-
  - Overseeing the Company's financial reporting process and system for disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - Reviewing with the management the annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries,

- qualifications in draft audit reports, related party transactions & the going concern assumption.
- Holding discussions with external Auditors to ascertain any area(s) of concern.
- Reviewing the Company's financial and risk management strategies.

Remuneration Committee & Shareholders' Grievance Committee

In terms of Office Memorandum No. 2(70)/08-DPE(WC) dated 26th November, 2008 issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India, all Central Public sector Enterprises are required to constitute a Remuneration Committee headed by an Independent Director. The Committee will approve disbursement of Performance Related Pay together with the variable pay for constituents of the Company, including distribution thereof across the executives and staff, consistent with guidelines and limits prescribed by the Government.

In compliance with the above, the Board of Directors had constituted a Remuneration Committee of the Company. However, due to completion of tenure of Independent Directors, the Remuneration Committee has ceased to exist from 16.10.2011. Due to non-appointment of the Independent Directors, no meeting of the Remuneration Committee could be held during the year 2011-12. The same shall be reconstituted after appointment of Independent Directors by the Government.

Since its entire paid up Share Capital is held by Government of India in the name of the President of India and his nominees, the Company has no separate Shareholders' Grievance Committee.

Disclosures

No transaction of a material nature has been entered into by the Company with Directors or Management and their relatives, etc., which may have potential conflict with the interests of the Company.

The Company has complied with provisions of all major laws applicable to it and no penalty has been imposed or any strictures passed against the Company by the Stock Exchanges or SEBI on any matter related to capital market during the last three years.

The Company has complied with the applicable Guidelines on Corporate Governance issued by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India. During the year, a Presidential Directive was received from MOR which determined that the number of Directors in the Company at any point of time shall not be less than 3 (three). This limit earlier was 5 (five). No items of expenditure have been debited in books of accounts, which are not for the purpose of the business. Further, there was no expense which is of personal nature and incurred for the Board of Directors and / or Top Management.

During the year, the Administrative and Office expenses were 0.11% of the turnover as against 0.15% in the last year.

Auditors of the Company have audited and accorded an unqualified certification to its Accounts for the year 2011-12.

Means of Communication

During 2011-12, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2011 and 31st March, 2012 were subject to limited review by Auditors of the Company, and published in selected national newspapers of repute both in English and Hindi, besides being submitted to the National Stock Exchange. The same were also sent by registered post to all the registered Bondholders of the Company. Besides, the aforesaid Unaudited Half-yearly results as also Unaudited Quarterly results were, hosted on the website of the Company.

Information Memorandum of the Company has been hosted on the website of National Stock Exchange. Annual Accounts of the Company for the last 5 years are also available on the website of the Company.

Website of the Company hosts all important information for investors and others interested in its business.

Training of Board Members

All Non-Executive Directors are apprised of the Company's business, nature and broad methodology of operations, and other important matters by the two whole-time Directors of the Board from time to time. The Company's Board of Directors consists of professionals with vast experience and high level of expertise in their respective fields and industry. Their professional status gives them adequate exposure to the latest trends in the financial markets & the economy, as also emerging position of relevant legislation. It has been decided that Whole-time Directors would attend training programmes at least for 7 days in a year in order to keep themselves abreast with the latest developments in the areas of finance, accounts, etc.

Whistle Blower Policy

In line with extant best practices, the Company has framed a Whistle Blower Policy, and the same has been communicated to all employees of the Company. For convenience of all stakeholders, the said policy has also been hosted on the website of the Company. No personnel of the Company has been denied access to the Audit Committee in the context of action under the Policy.

Registrar & Transfer Agents / Investors' Grievance Committee

The Company has assigned the responsibility of transfer / transmission of Bonds to its Registrars & Transfer Agent (hereinafter referred to as Registrars), Karvy Computershare Private Ltd., Hyderabad. The Registrars have constituted a Committee to render such services to investors. The Committee meets on fortnightly basis, reviews complaints received and takes prompt and appropriate actions. The work done by the Registrars is got audited by the Company periodically.

As on 31.03.2012, there were no complaints from investors pending for more than 30 days. Registrars have also confirmed that all investor grievances were redressed within 15 days of receipt of the same.

CEO / CFO Certification

As required under the Government Guidelines, a Certificate related to truthfulness of Financial Statements, bonafide nature of transactions & adequacy of internal controls, etc., duly signed by Shri Rajiv Datt, Managing Director (CEO) and Shri D.C. Arya, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on 31st July, 2012.

General Body Meetings

Details of venue and timing of last three Annual General Meetings (AGM) are as under :-

AGM No.	AGM Date	Location	Time
24	15th September, 2011	Conference Hall, Rail Bhawan, New Delhi.	3.30 P.M.
23	25th August, 2010	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.
22	28th August , 2009	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.

Two Extra-ordinary General Meetings (EGMs) of the Company were held during the year 2011-12 i.e. on 22.06.2011 and 10.01.2012 at 3.00 P.M. and 2.00 P.M. respectively in Committee Room 237, 2nd floor, Rail Bhawan, New Delhi.

One Special Resolution was passed in each of the aforesaid EGMs.

One Special Resolution was also passed in the 22nd Annual General Meeting held on 28th August, 2009.

General Shareholder Information

Annual General Meeting :

Date : 28th August, 2012
Day : Tuesday
Time : 4.00 P.M.

Financial Calendar

Financial year of the Company spans the period 1st April to 31st March of the following year.

Publication of Unaudited Financial Results

The Unaudited Half-yearly Financial Results were published as under :

- Business Standard - English / Hindi	21st November, 2011
- Economic Times - English / Hindi	21st November, 2011
- Nav Bharat Times - Hindi	21st November, 2011
- Financial Times - Greater NCR Edition	24th November, 2011
- Financial Times - English	24th November, 2011
- Business Standard - English / Hindi	7th May, 2012
- Economic Times - English / Hindi	7th May, 2012
- Nav Bharat Times - Hindi	7th May, 2012
- Financial Times - English	10th May, 2012
- Financial Times - Greater NCR Edition	9th May, 2012

Dematerialisation of Bonds

All Bonds issued by the Company have been made available in dematerialized form. The same are listed with National Stock Exchange. However, some of the investors have exercised option to retain the Bonds in physical form. The Listing Fee for the year 2011-12 has been paid to the Stock Exchanges.

Compliance Certificate on Corporate Governance

As required under the Government Guidelines, the Statutory Auditors of the Company have issued a certificate regarding compliance of conditions of Corporate Governance by the Company, which is annexed to this Report.

Secretarial Audit

In terms of the Corporate Governance Voluntary Guidelines, Secretarial Audit of the Company was got conducted by an independent practicing firm of Company Secretaries, M/s Navneet K. Arora & Co., New Delhi.

Their Report was taken on record by the Board of Directors in their Meeting held on 31.07.2012.

Corporate Governance Voluntary Guidelines issued by Ministry of Corporate Affairs - Items not adopted

The Company has not adopted the following Voluntary Guidelines as the same are not relevant to its functioning for the reasons explained against each item :-

Guideline No.1. A.1(ii) regarding issuance of formal letters of appointment to Non-Executive Directors (NED's) and disclosing the same to the shareholders at the time of ratification of NED's appointment or re-appointment on the Board of the Company.

Rationale: Being a 100% Government owned Company, appointment of Director is made by the Government itself. Thus, there is no case for ratification by the Shareholders.

Guideline Nos.1.A.3(i), (iii), (iv) and B.1.(i) regarding constitution of Nomination Committee for search and selection of Non-executive and independent Directors.

Rationale: Being a 100% Government owned Company, Directors of IRFC are appointed by the Government. Thus, there is no need for constitution of Nomination Committee in the Company.

Guideline No. 1.C.1 containing Guiding Principles related to Linking of Corporate and Individual Performance while determining level and composition of remuneration payable to the Executive Directors and Key Executives.

Rationale: This clause is not applicable to IRFC as Executive Directors and Key Executives are on pay scale(s) prescribed by the Government. Similarly, performance related incentives are also granted in line with orders of the Government.

Guideline No.1.C.1.2. and 1.C.1.3 about remuneration of Non- executive Directors (NEDs) and structure of compensation to NEDs.

Rationale: These clauses are also not applicable to IRFC as NEDs are not paid any remuneration, sitting fee, etc. in line with the Government Orders.

Guideline Nos. C.2. (ii), (iii) and (iv) in regard to determination of remuneration of Executive Directors and executive Chairman, etc. and informing the principles, criteria and the basis of remuneration policy of the Company to the Shareholders.

Rationale: These clauses are not applicable to IRFC as payment of remuneration to the Executive Directors and employees of the Company is governed under the Government Rules and Guidelines.

Guideline No. II . E (iii) related to attachment of 'Impact Analysis on Minority Shareholders' along with every agenda item at the Board Meeting.

Rationale: This is not applicable to IRFC as its entire Paid-up Share Capital is held by the Government of India.

Guideline No. III. C. i(third sub- clause) regarding recommendations by the Audit Committee in relation to the appointment, reappointment, removal and terms of engagement of the external auditor.

Rationale: This clause is not applicable as appointment of the external auditor is made by the Office of the Comptroller and Auditor General of India.

Guideline No. III. C. (ii) and (iii) in regard to monitoring and approval of Related Party Transactions by the Audit Committee and disclosure of all such Transactions in the Board's Report for that year.

Rationale: These clauses are not applicable to IRFC as being a Government Company, there are no related party transactions.

Guideline No. IV.A related to role of Audit Committee in Appointment of the Auditors.

Rationale: This clause is not applicable as being a Government owned Company appointment of the Auditors is made by the Office of the Comptroller and Auditor General of India.

Annexure - 'A'

Code of Business Conduct - Declaration by the Managing Director (CEO)

I hereby affirm that all Board Members and Senior Management personnel have confirmed compliance on their part of the "Code of Business Conduct and Ethics for Board Members and Senior Management" for the year 2011-12.

Place : New Delhi
Date : 31.07.2012

Rajiv Datt
Managing Director

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S CERTIFICATION

In relation to the audited financial accounts of the Company as at 31st March, 2012, we hereby certify that

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent or illegal.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware, and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee that :

   i) There has not been any significant change in internal control over financial reporting during the year under reference;

   ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

D.C. Arya
Director Finance (CFO)

Rajiv Datt
Managing Director (CEO)

Dated : 31.07.2012

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER THE LISTING AGREEMENT

To the Members of
Indian Railway Finance Corporation Ltd.

1. We have examined the compliance of conditions of Corporate Governance by Indian Railway Finance Corporation Ltd., for the year ended on 31st March 2012, as stipulated in the Listing Agreement of the said Company with the National Stock Exchange (hereinafter referred to as the "Agreement").

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

3. As at the end of the financial year 2010-11, the Company's Board comprised of 5 directors out of which 1(one) was functional director, 1 (one) was non executive ex-officio Chairperson, 1(one) was Government nominee and 2 (two) were Independent Directors. The Managing Director completed his terms and ceased to hold office w.e.f. 01.09.2011. Further, both of the Independent Directors completed their tenure of 3 years and ceased to be Directors w.e.f. 16.10.2011. In view of the above, the Company does not have any independent director on its Board and the condition of 50% independent directors is not being fulfilled.

   Further, as per the circular no. SEBI/CFD/DIL/CIR/39 dated 01.11.2004, issued by SEBI, where the Company has a Non-executive Chairman; it is required to have a minimum of one third Independent Directors. As the Government has not appointed Independent Directors, the Company has not been able to comply with the above circular.

   In addition to above, in view of cessation of Managing Director and Independent Directors as explained above, the composition of directors came down to 2 (Two) against the minimum required number of 5 (five) as provided in Article 65 A of the Articles of Association of the Company. The Article 65 A of the Articles of Association has been amended on 10th January 2012 to have minimum 3 (three) Directors.

4. The Company, during the year under Report, had an Audit Committee in terms of section 292A of the Companies Act, 1956. The Company, however, did not have any Audit Committee during the period from 16.10.2011 to 10.01.2012 in view of non appointment of Independent Director(s) by the Government of India during that period. Further, there was a time gap of more than 4 (Four) months in convening 45th Audit Committee Meeting.

5. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Registrar & Transfer Agent of the Company, there were no investors' grievances remaining unattended / pending for more than 30 days as at 31st March, 2012.

6. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Dhawan & Co.
Chartered Accountants

Deepak Kapoor
(Partner)
M.No.-072302

Place : New Delhi
Date : 21.08.2012

SECRETARIAL AUDIT REPORT

To
The Board of Directors,
Indian Railway Finance Corporation Limited
UG Floor, East Tower, NBCC Place,
Bhisham Pitamah Marg,
Pragati Vihar, Lodhi Road,
New Delhi - 110003

1) We have examined the registers, records and documents of **Indian Railway Finance Corporation Limited** ("Company") for the financial year ended on **March 31st, 2012** according to the provisions of -

- The Companies Act, 1956, and the Rules made under that Act;
- The Depositories Act, 1996, and the Regulations and Bye- laws framed under that Act;
- The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act), and Securities Contract (Regulations) Act, 1956 ('SCRA') and the Rules made under this Act;
- The Simplified Debt Listing Agreements entered into with National Stock Exchange Limited;
- Non Banking Financial Companies (Reserve Bank) Directions, 1998, issued by Reserve Bank of India;
- Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises - March 2010, issued by the Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprises, Government of India;
- Corporate Governance Voluntary Guidelines, 2009, issued by Ministry of Corporate Affairs, Government of India.

2) We have conducted, with the required degree of professional care, the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company in accordance with the standards commonly accepted and practiced in relevant matters by the corporate sector in India. These corporate actions are responsibility of the Company. Secretarial Audit is conducted in a manner that provides us a reasonable basis for evaluating the corporate actions / statutory compliances and expressing our opinion thereon.

3) Based on our verification of the registers, records and documents and also the information provided by the Company, its Officers, agents and authorized representative during our conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the aforesaid period, complied with the applicable statutory provisions of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company and also that the Company has proper Board -processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made thereafter with regard to:

a) Maintenance of various statutory registers and documents and making necessary entries therein;

b) Closure of the Register of Bond holders;

c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;

d) Services of documents by the Company to its Members, Bond holders, Bond Trustees and the Registrar of Companies;

e) Notice of Board meeting and Committee meeting of Directors;

f) The meetings of Directors and Committees of Directors including passing of resolutions by circulation;

g) The 24th Annual General Meeting held on 15th September, 2011;

h) Minutes of proceedings of General Meetings and of Board and its Committee meetings;

i) Approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;

j) Constitution of the Board of Directors / Committee(s) of Directors and appointment, retirement of Directors including the Managing Director and Whole-time Director. The following has been observed :-

- ***On relinquishment of charge by the Managing Director on 1st September, 2011, minimum number of the Directors of the Company fell to 4 (four) whereas Article 65 A of its Articles of Association required the Company to have minimum 5 (five) Directors. Though new Managing Director was appointed by the Government on 19th October, 2011, he could not assume charge immediately as he was relieved only on 13th November, 2011 by his erstwhile employer viz. Employees State Insurance Corporation. The number of Directors fell further to 2 (two), when two Independent Directors of the Company completed their tenure on 15th October, 2011 and ceased to be Directors w.e.f. 16th October, 2011. The existing Directors of the Company do not have powers to increase number of Directors by appointing additional directors or otherwise, as the Company is Government Company. Ministry of Railways had been requested by the Company to make fresh nominations for appointment of Independent Directors vide its letter dated 07th January, 2011 followed by reminders. On receipt of Directive dated 3rd January, 2012, from the President, the Company has amended Article 65 A by passing a Special Resolution in the Extra-ordinary General Meeting held on 10th January, 2012. The Company is now required to have minimum 3 (three) Directors on its Board. The Company filed an application with Company Law Board through Registrar of Companies NCT of Delhi & Haryana, New Delhi under Section 621A of the Companies Act, 1956 (Act), for composition of non compliance of its Articles of Association and under Section 252 of the Act. The matter is pending for composition with Registrar of Companies NCT of Delhi & Haryana, New Delhi / Company Law Board, Northern Region Bench, New Delhi.***

k) Payment of remuneration to the Directors including the Managing Director and Whole-time Director;

l) Appointment and remuneration of Auditors;

m) Issue and allotment of Shares and Bonds and issue and delivery of original certificates of shares and corporate action of the bonds for issuance of bonds in dematerialized form;

n) Payment of interest on Bonds and redemption of Bonds;

o) Declaration and payment of Dividends;

p) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;

q) Borrowings and registration, modification and satisfaction of charges;

r) Investment of the Company's funds including inter corporate loans and investments and loans to others;

s) Form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;

t) Contracts, common seal, registered office and publication of name of the Company; and

u) Generally, all other application provisions of the Act and Rules made under that Act.

4. We further report that

a) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.

b) The Company was not required to obtain any approvals of the Central Government, Regional Director, Registrar and / or such authorities under the various provisions of the Act except as under-

   o The Company has filed a petition with Company Law Board through Registrar of Companies NCT of Delhi & Haryana for composition of non-compliance of Section 252 of the Companies Act, 1956 and Articles of Association of the Company.

c) There was no prosecution initiated against the Company and no fines or penalties were imposed under the Companies Act, SEBI ACT, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

5) We further report that the Company has complied with the applicable statutory provisions during the financial year under review with the regard to the applicable laws and we have to report specifically that-

a) The Company has complied with the provisions of Depositories Act, 1996 and the Bye- laws framed there under by the Depositories with regard to dematerialization/remuneration of securities and reconciliation of records of dematerialized securities with all securities issued by the Company;

b) The Company has complied with the compliance in respect of Non Banking Financial Companies (Reserve Bank) Directions 1998;

c) The Company has complied with Corporate Governance Guidelines for Central Public Sector Enterprises, 2010, issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, ***except (a) Constitution of Board and Audit Committee, due to fall in the minimum number of Directors thereof during the period and (b) time gap of more than 4 (four) months was noticed in convening of 45th Audit Committee Meeting;***

d) The Company has complied with the provisions of Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India. The Guidelines, which the Company has not been able to adopt, have been mentioned in the Corporate Governance Report alongwith the reasons therefor.

e) The Company has complied with the provisions of Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises, March 2010 issued by the Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India;

f) The Company has complied with the requirement under the Simplified Debt Listing Agreements entered into with the National Stock Exchange of India Limited.

For Navneet K. Arora & Co.
Company Secretaries

CS Navneet Arora
Proprietor
C.P. No. 3005, FCS-3214

Place : New Delhi
Date : 27th July, 2012

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Indian Railway Finance Corporation Ltd.

(A Government of India Enterprise)

Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March, 2012

(₹ in Lakh)

Particular	Note No.	As at 31-03-2012	As at 31-03-2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	210200.00	160200.00
(b) Reserves & Surplus	3	304852.53	268396.61
		515052.53	**428596.61**
(2) Share Application Money Pending Allotment	**4**	**25000.00**	**0.00**
(3) Non-Current Liabilities			
(a) Long Term Borrowings	5	4695024.93	3453649.14
(b) Deferred Tax Liabilities (Net)	6	303041.07	270143.21
(c) Other Long Term Liabilities	7	727.47	21010.65
(d) Long Term Provisions	8	4.06	1.06
		4998797.53	**3744804.06**
(4) Current Liabilities			
(a) Short-Term Borrowings	9	40565.40	2325.00
(b) Other Current Liabilities	10	427252.50	463764.49
(c) Short Term Provisions	11	52260.82	31547.36
		520078.72	**497636.85**
Total		**6058928.78**	**4671037.52**
II. ASSETS			
(5) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1309.19	1336.98
(ii) Intangible Assets		0.00	0.00
(b) Non-Current Investments	13	1457.92	1667.68
(c) Long Term Loans and Advances	14	5413364.36	4238412.93
(d) Other Non-Current Assets	15	44151.94	40517.99
		5460283.41	**4281935.58**
(6) Current Assets			
(a) Cash and Cash Equivalents	16	154596.13	49400.44
(b) Short Term Loans and Advances	17	66550.96	36335.76
(c) Other Current Assets	18	377498.28	303365.74
		598645.37	**389101.94**
Total		**6058928.78**	**4671037.52**
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

This is the Balance Sheet referred to in our Report of even date

For and on behalf of the Board of Directors

For DHAWAN & CO.
Chartered Accountants

Deepak Kapoor
(Partner)
M No. 072302

S.K. Ajmani
Company Secretary
& G M (Term Loans)

D.C. Arya
Director Finance

Rajiv Datt
Managing Director

Vijaya Kanth
Chairperson

Place : New Delhi
Dated : July 31, 2012

Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in Lakh)

Particular	Note No.	Year ended 31-03-2012	Year ended 31-03-2011
Revenue from Operations	19	464194.17	383943.80
Other Income	20	116.82	216.52
Total Revenue		**464310.99**	**384160.32**
Expenses:			
Employee Benefits Expense	21	188.22	202.58
Finance Costs	22	362038.50	293673.82
Depreciation and Amortization Expense		35.12	35.10
Other Expenses	23	730.22	414.31
Total Expenses		**362992.06**	**294325.81**
Profit Before Exceptional and Extraordinary Items and Tax		**101318.93**	**89834.51**
Exceptional Items		**-**	**-**
Profit Before Extraordinary Items and Tax		**101318.93**	**89834.51**
Extraordinary Items		-	-
Profit Before Tax		**101318.93**	**89834.51**
Tax Expense:			
(1) Current Tax		20342.90	17923.13
(2) Tax For Earlier Years		0.00	(50.00)
(3) Deferred Tax		32897.86	23440.98
		53240.76	**41314.11**
Profit (Loss) For The Period		**48078.17**	**48520.40**
Earnings Per Equity Share (in ₹):	24		
(1) Basic		283.89	362.80
(2) Diluted		283.78	362.80
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

This is the Statement of Profit and Loss referred to in our Report of even date

For and on behalf of the Board of Directors

For DHAWAN & CO.
Chartered Accountants

Deepak Kapoor
(Partner)
M No. 072302

S.K. Ajmani
Company Secretary
& G M (Term Loans)

D.C. Arya
Director Finance

Rajiv Datt
Managing Director

Vijaya Kanth
Chairperson

Place : New Delhi
Dated : July 31, 2012

Indian Railway Finance Corporation Limited

Cash Flow Statement for the Year Ended 31st March, 2012 (₹ in Lakh)

	Particulars	Year ended 31/03/2012		Year ended 31/03/2011	
A.	**Cash Flow from Operating activities:**				
	Profit Before Tax:	101318.93		89834.51	
	Adjustments for:				
	1. Depreciation	35.12		35.11	
	2. (Profit) / Loss on sale of Fixed Assets	1.49		0.81	
	3. Lease Rentals advance amortised	4751.21		4295,51	
	4. Provision for Employee Benefits	4.21		0.48	
	5. Exchange Rate Variation	421.97		(4.85)	
	6. Amortisation of Foreign Currency Monetary Item Trans Diff.	0.00		181.04	
	7. Amortisation of Interest Restruturing Advance	101.61		151.64	
	8. Amortisation of Gain on asset securitisation	(1210.74)		(2135.28)	
	9. Provision for Interest Payable to Income Tax Authorities	69.36		103.87	
	10. Provision for CSR Expenses	300.00		0.00	
		105793.16		**92462.84**	
	Adjustments for-				
	11. Assets given on financial lease during the year	(1260421.10)		(968029.04)	
	12. Capital Recovery on assets given on financial lease	293528.91		236817.58	
	13. Securitisation of Lease Receivables	0.00		33954.23	
	14. Receipt on account of Long Term Loans during the year	13562.32		10663.99	
	15. Term Loans disbursed during the year	(10790.00)		(10000.00)	
	16. Advance for Project Funding	(210136.50)		0.00	
	17. Other Long Term Loans & Advances (Net of Adv. Tax & ERV)	(77.08)		0.00	
	18. Other Non Current Assets	(3633.95)		0.00	
	19. Short Term Loans & Advances (Net of Adv. Tax & ERV)	(9384.57)		14360.76	
	20. Cash and Cash Equivalents (Fixed Deposits with maturity of more than 3 months)	(102536.00)		0.00	
	21. Other Current Assets	(3100.16)		58409.60	
	22. Other Current Liabilities	30992.68		16878.09	
	23. Direct Taxes Paid	(20528.83)		(18693.16)	
		(1282524.28)		**(625637.95)**	
	Net Cash Flow from Operations		(1176731.13)		(533175,12)
B.	**Cash Flow from Invetsment Activities:**				
	1. Purchase of Fixed Assets	(9.33)		(3.90)	
	2. Proceeds from sale of Fixed Assets	0.50		0.03	
	3. Investment in Pass Through Certificates	229.89		0.00	
	4. Investment in Pass Through Certificates	0.00		1.697.71	
	Net Cash Flow from Investment Activities		221.06		(1701.58)
C.	**Cash Flow from Financing activities:**				
	1. Dividend & Dividend Tax Paid during the year	(11660.88)		(10000.00)	
	2. Share Capital Raised during the year	50000.00		51100.00	
	3. Share Application Money received	25000.00		0.00	
	4. Funds raised through Bonds	1138500.00		598955.00	
	5. Bonds Redeemed during the year	(56443.33)		(184893.33)	
	6. Term Loans raised during the year	294272.00		61480.13	
	7. Term Loans repaid during the year	(298376.92)		(287772.27)	
	8. Funds raised through External Commercial Borrowings	95695.00		330186.93	
	9. Repayment of External Commercial Borrowings	(57816.11)		(60647.91)	
	Net Cash Flow from Financing Activities		1179169.76		498408.55
	Net Cash Flow During the year(A+B+C)		2659.69		(36468.15)
	Opening Balance of Cash & Cash Equivalents:				
	Balance in the Current Accounts	461.99		842.57	
	Balance in the Term Deposit A/cs (orginal maturity of three months or less)	2662.00		38750.00	
	Balance in Franking Machine	0.43		0.00	
	Balance in RBI-PLA	1.02	3125.44	1.02	39593.59
	Closing Balance of Cash or Cash Equivalents		**5785.13**		**3125.44**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement notified under the Companies (Accounting Standard) Rules, 2006.
2. Figures in bracket represent cash outflow from respective activities
3. Previous year figures have been regrouped / rearranged whereever found necessary to make them comparable with the current year figures.
4. Composition of Cash or Cash Equivalents at the end of the year:

		2012	2011
-	Balance in Current Accounts	683.67	461.99
-	Balance in Term Deposit A/cs (original maturity of three months or less)	5100.00	2662.00
-	Balance in Franking Machine	0.44	0.43
-	Balance in RBI-PLA	1.02	1.02
	Total	**5785.13**	**3125.44**

5. Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents.
6. Balance in Current Accounts includes a sum of ₹ 497. 79 Lakh lying unpaid in Interest/Redemption A/Cs is not available for use by the Company.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board of Directors

For DHAWAN & CO.
Chartered Accountants
Deepak Kapoor
(Partner)
M No. 072302

S.K. Ajmani
Company Secretary
& G M (Term Loans)

D.C. Arya
Director Finance

Rajiv Datt
Managing Director

Vijaya Kanth
Chairperson

Place : New Delhi
Dated : July 31, 2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTE ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. Significant Accounting Policies

I. Basis for preparation of Financial Statements

a) The Financial Statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 1956 and the applicable guidelines issued by the Reserve Bank of India as adopted consistently by the Company.

b) **Use of Estimates**

Preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of asset and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include estimated useful life of fixed assets and estimated useful life of leased assets. The Management believes that estimates used in the preparation of Financial Statements are prudent and reasonable. Actual results could differ from these estimates. Adjustments as a result of differences between actual and estimates are made prospectively.

II. Revenue Recognition

a) Lease Income in respect of assets given on lease (including assets given prior to 01-04-2001) is recognised in accordance with the accounting treatment provided in Accounting Standard -19.

b) Lease Rentals on assets taken on lease and sub-leased to Ministry of Railways (MOR) prior to 01.04.2001, are accounted for at the rates of lease rentals provided in the agreements with the respective lessors and the sub-lessee (MOR), on accrual basis, as per the Revised Guidance Note on accounting for Leases issued by the Institute of Chartered Accountants of India (ICAI).

c) Interest Income is recognised on time proportion basis. Dividend Income is recognised when the right to receive payment is established.

d) Income relating to non performing assets is recognised on receipt basis in accordance with the guidelines issued by the Reserve Bank of India.

III. Foreign Currency Transactions

a) Initial Recognition

Initial recognition is done at the rates prevailing on the date of transaction:

i) for acquisition of assets, and

ii) for interest payment on Loans, Commitment Charges and expenses.

b) Recognition at the end of Accounting Period

Foreign Currency monetary assets and liabilities, other than the foreign currency liabilities swapped into Indian Rupees, are reported using the closing exchange rate in accordance with the provisions of Accounting Standard - 11 (AS 11) issued by the Institute of Chartered Accountants of India.

Foreign Currency Liabilities swapped into Indian Rupees are stated at the reference rates fixed in the swap transactions, and not translated at the year end rate.

c) Exchange Differences

i) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous Financial Statements, other than the exchange differences on settlement of Foreign Currency Loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

ii) In respect of forward exchange contracts, the difference between the forward rate and exchange rate on the date of transaction are recognised as income or expenses over the life of the contract.

IV. Investments

Investments are classified into long term investments and current investments based on intent of Management at the time of making the investment. Investments intended to be held for more than one year, are classified as long-term investments.

Current investments are valued at the lower of the cost or the market value. Long-term investments are valued at cost unless there is depreciation, other than temporary, in their value.

V. Leased Assets

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessee, are recognised as financial leases and are shown as Receivable in the Balance Sheet at an amount equal to the net investment in the lease, in accordance with Accounting Standard-19 'Leases' issued by the Institute of Chartered Accountants of India.

VI. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.

Depreciation on fixed assets is charged on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956, on pro-rata basis.

VII. (a) Securitisation of Lease Receivables

Lease Receivables securitised out to Special Purpose Vehicle in a securitisation transaction are de-recognised in the Balance Sheet when they are transferred and consideration has been received by the Company. In terms of the guidelines on Securitisation of Standard Assets issued by the Reserve Bank of India vide their circular no.DBOD.No.B.P.BC.60/21.04.048/2005-06 dated 1st February 2006, the Company amortises any profit arising from the securitisation over the life of the Pass Through Certificates (PTCs) / Securities issued by the Special Purpose Vehicle (SPV). Loss, if any, is recognised immediately in the Profit & Loss Account.

Further, in terms of Draft Guideline on minimum holding period and minimum retention requirement for securitisation transaction undertaken by NBFCs dated June 3, 2010, the Company has opted for investment in SPV's equity tranche of minimum 5% of the book value of Loan being securitised.

(b) Assignment of Lease Receivables

Lease Receivables assigned through direct assignment route are de-recognised in the Balance Sheet when they are transferred and consideration has been received by the Company. Profit or loss resulting from such assignment is accounted for in the year of transaction.

VIII. Bond Issue Expenses and Expenses on Loans, Leases and Securitisation Transaction

a) Bond Issue Expenses including management fee on Issue of Bonds incurred during the year are charged to Profit and Loss Account.

b) Documentation, processing & other charges paid on Long Term Loans are charged to the Profit & Loss Account in the year Loan is sanctioned / availed.

c) Incidental expenses incurred in connection with the Securitisation transaction executed during the year are charged to the Profit and Loss Account.

IX. Taxes on Income

Tax Expense comprises of Current Tax and Deferred Tax.

Provision for Current Tax is made in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax Expense or Benefit is recognised on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

X. Employee Benefits

Employee Benefits are valued and disclosed in the Annual Accounts in accordance with Accounting Standard-15 (Revised):

a) Short-term Employee Benefits are recognised as an Expense at the undiscounted amount in the Profit & Loss Account of the year in which the employees have rendered services entitling them to contributions.

b) Long-term Employee Benefits are recognised as an Expense in the Profit & Loss Account for the year in which the employee has rendered services. The Expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gain or losses in respect of such Benefits are recognised in the Profit and Loss Account.

XI. Provisions, Contingent Liabilities and Contingent Assets

The Company recognises provisions when it has a present obligation as a result of a past event. This occurs when it becomes probable that an outflow of resources embodying economic benefits might be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on Management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates. In cases, where the available information indicates that a loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the Financial Statements.

Contingent Assets, if any, are not recognised in the Financial Statements since this may result in the recognition of income that may never be realised.

XII. Borrowing Costs

Borrowing Cost (net of any income on the temporary investments of these borrowings) attributable to acquisition, construction or production of qualifying Assets are capitalized as part of the cost till the Assets are ready for use. Other borrowing costs are recognized as expense in the period in which they are incurred.

2. Share Capital

(₹ in Lakh)

DESCRIPTION	AS AT 31/03/2012	AS AT 31/03/2011
AUTHORISED		
500,00,000 (previous year 200,00,000) Equity Shares of Rs.1000/-each	500000.00	200000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
2,10,20,000 (previous year 1,60,20,000) Equity Shares of Rs.1000/- each	210200.00	160200.00
TOTAL	**210200.00**	**160200.00**

2.1 The Company has only one class of shares referred to as Equity Share having a par value of ₹ 1000/- each. Each holder of Equity Shares is entitled to one vote per share.

2.2 The Company declares and pays Dividend in Indian Rupees. During the year ended March 31, 2012, the total Dividend appropriation was ₹ 11,622.25 lakh (previous year ₹ 11,660.88 lakh) including Corporate Dividend Tax of ₹ 1,622.25 lakh (previous year ₹ 1,660.88 lakh).

2.3 **Reconciliation of the number of Shares Outstanding is set out below:**

DESCRIPTION	As at 31-03-2012 No. of Shares	As at 31-03-2011 No. of Shares
Equity Shares at the beginning of the year	16020000	10910000
Add: Shares issued for cash at par	5000000	5110000
Equity Shares at the end of the year	21020000	16020000

2.4 **Details of Shareholders holding more than 5% Shares:**

Name of the Shareholder	As at 31-03-2012		As at 31-03-2011	
	No of shares	% held	No of shares	% held
Government of India (through Ministry of Railways)	21019993	99.999967%	16019993	99.999956%

3. Reserves and Surplus

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
General Reserve		
Opening Balance	60421.39	55332.26
Add: Amount transferred from Foreign Currency Monetary Item Translation Difference	0.00	89.13
Add: Transfer from Surplus	0.00	5000.00
Closing Balance - 'A'	**60421.39**	**60421.39**
Bonds Redemption Reserve		
Opening Balance	207975.22	176115.69
Add: Transfer from Surplus	36455.92	31859.53
Closing Balance - 'B'	**244431.14**	**207975.22**
Surplus		
Opening Balance	0.00	0.00
Add: Profit for the year after Taxation as per statement of Profit and Loss	48078.17	48520.40
Surplus available for appropriation	48078.17	48520.40
Less: Appropriations		
Transfer to General Reserve	0.00	5000.00
Transfer to Bonds Redemption Reserve	36455.92	31859.53
Interim Dividend	10000.00	10000.00
Dividend Tax	1622.25	1660.87
Closing Balance - 'C'	**0.00**	**0.00**
Total A + B + C	**304852.53**	**268396.61**

4. Share Application Money Pending Allotment

The Company has raised fresh capital by offering 25,00,000 equity shares of ₹ 1000/- each at par on private placement basis to its existing Shareholder i.e., President of India through Ministry of Railways, Government of India. The Company has received full amount of Application Money of ₹ 25000 lakh before 31st March 2012. The allotment in respect of this has, however, been approved in the Board of Directors meeting held on 4th May 2012 and Shares have accordingly been allotted and issued.

5. Long Term Borrowings

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Secured		
Bonds from Domestic Capital Market	3458532.38	2527495.71
Rupee Term Loans from Banks	397719.60	275398.22
Foreign Currency Term Loans	14755.38	15155.88
Total Secured Borrowings	**3871007.36**	**2818049.81**
Unsecured		
Bonds from Overseas Capital Market	165522.50	145112.50
Rupee Term Loans from Banks	5096.94	6956.94
Foreign Currency Term Loans	653398.13	483529.89
Total Unsecured Borrowings	**824017.57**	**635599.33**
Total Long Term Borrowings	**4695024.93**	**3453649.14**

5.1 All the Bonds issued in the domestic capital market and outstanding as on 31-03-2012 are secured by first *pari passu* charge on the present / future Rolling Stock Assets / lease receivables of the Company.

5.1.1 Maturity profile and Rate of Interest of the Bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2012 is set out below:

DESCRIPTION	Interest Rate	Amount outstanding (₹ in Lakh)	Terms of Payment	Date of Maturity
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Sem Annual	1500.00	Bullet Repayment	4-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet Repayment	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-31
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet Repayment	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet Repayment	3-Feb-30
54th "B" Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000.00	Bullet Repayment	7-Jun-27
80th 'A' Series Cat-1, Tax Free Bonds Public Issue	8.10%, Annual	163826.23	Bullet Repayment	23-Feb-27
80th 'A' Series Cat-2, Tax Free Bonds Public Issue	8.30%, Annual	145735.96	Bullet Repayment	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet Repayment	29-Nov-26

DESCRIPTION	Interest Rate	Amount outstanding (₹ in Lakh)	Terms of Payment	Date of Maturity
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet Repayment	28-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet Repayment	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet Repayment	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet Repayment	29-Mar-26
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet Repayment	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet Repayment	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-24
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500.00	Bullet Repayment	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet Repayment	26-Dec-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet Repayment	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-23
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet Repayment	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.81%, Semi Annual	15000.00	Bullet Repayment	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-22
80th Series Cat-1 Tax Free Bonds Public Issue	8.00%, Annual	274996.07	Bullet Repayment	23-Feb-22
80th Series Cat-2 Tax Free Bonds Public Issue	8.15%, Annual	42330.74	Bullet Repayment	23-Feb-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet Repayment	29-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960.00	Bullet Repayment	28-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet Repayment	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet Repayment	31-May-21
52nd "B" Taxable Non-Cum. Bonds	6.84%, Semi Annual	70000.00	Bullet Repayment	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000.00	Bullet Repayment	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet Repayment	22-Dec-20
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet Repayment	20-Dec-20
49th "O" - Floating Rate Taxable Non-Cum. Bonds*	8.81%, Semi Annual	1000.00	Bullet Repayment	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet Repayment	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet Repayment	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet Repayment	3-Feb-20
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19
49th "N" - Floating Rate Taxable Non-Cum. Bonds*	8.78%, Semi Annual	1000.00	Bullet Repayment	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet Repayment	11-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet Repayment	27-Apr-19

DESCRIPTION	Interest Rate	Amount outstanding (₹ in Lakh)	Terms of Payment	Date of Maturity
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet Repayment	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet Repayment	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in five equal yearly installments commencing from 28-09-2018	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet Repayment	11-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-18
49th "M" - Floating Rate Taxable Non-Cum. Bonds*	8.75%, Semi Annual	1000.00	Bullet Repayment	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet Repayment	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-18
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet Repayment	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-17
48th "HH" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-17
42nd "O" Taxable Non-Cum. Bonds	8.00%, Semi Annual	1000.00	Bullet Repayment	29-Aug-17
46th "N" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-17
49th "L" - Floating Rate Taxable Non-Cum. Bonds*	8.71%, Semi Annual	1000.00	Bullet Repayment	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet Repayment	7-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-17
45th "NN" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-17
65th "H" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-17
47th "M" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-17
68th "A" Tax Free Non-Cum. Bonds	6.30%, Semi Annual	64262.00	Bullet Repayment	8-Mar-17
53rd "A" Taxable Non-Cum. Bonds	8.57%, Semi Annual	12500.00	Bullet Repayment	29-Nov-16
43rd "NN" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-16
48th "GG" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-16
42nd "N" Taxable Non-Cum. Bonds	8.00%, Semi Annual	1000.00	Bullet Repayment	29-Aug-16
46th "M" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-16
49th "K" - Floating Rate Taxable Non-Cum. Bonds*	8.66%, Semi Annual	1000.00	Bullet Repayment	22-Jun-16
55th "I" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-16

DESCRIPTION	Interest Rate	Amount outstanding (₹ in Lakh)	Terms of Payment	Date of Maturity
52nd "A" Taxable Non-Cum. Bonds	8.41%, Semi Annual	11000.00	Bullet Repayment	17-May-16
45th "MM" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-16
65th "G" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-16
47th "L" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-16
73rd Tax Free Non-Cum. Bonds	6.05%, Semi Annual	18808.00	Bullet Repayment	20-Dec-15
43rd "MM" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-15
48th "FF" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-15
42nd "M" Taxable Non-Cum. Bonds	8.00%, Semi Annual	1000.00	Bullet Repayment	29-Aug-15
46th "L" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-15
49th "J" - Floating Rate Taxable Non-Cum. Bonds*	8.65%, Semi Annual	1000.00	Bullet Repayment	22-Jun-15
55th "H" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-15
45th "LL" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-15
70th Taxable Non-Cum. Bonds	7.845%, Semi Annual	7000.00	Bullet Repayment	4-May-15
65th "F" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-15
47th "K" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-15
68th Tax Free Non-Cum. Bonds	6.00%, Semi Annual	35011.00	Bullet Repayment	8-Mar-15
17th Tax free Non-Cum. Bonds	9.00%, Semi Annual	20000.00	Bullet Repayment	28-Feb-15
43rd "LL" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-14
48th "EE" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-14
48th "H" Taxable Non-Cum. Bonds	6.85%, Semi Annual	2960.00	Bullet Repayment	14-Sep-14
42nd "L" Taxable Non-Cum. Bonds	8.00%, Semi Annual	1000.00	Bullet Repayment	29-Aug-14
46th "K" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-14
16th "O" Taxable Non-Cum. Bonds	12.80%, Semi Annual	1000.00	Bullet Repayment	15-Jul-14
15th "O" Taxable Non-Cum. Bonds	12.90%, Semi Annual	1000.00	Bullet Repayment	22-Jun-14
49th "I" - Floating Rate Taxable Non-Cum. Bonds*	8.69%, Semi Annual	1000.00	Bullet Repayment	22-Jun-14
55th "G" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-14
45th "KK" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-14
65th Taxable Non-Cum. Bonds	7.45%, Semi Annual	35100.00	Bullet Repayment	27-Apr-14
65th "E" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-14
13th "AA" Taxable Non-Cum. Bonds	10.00%, Semi Annual	1333.38	Bullet Repayment	31-Mar-14
64th Taxable Non-Cum. Bonds	8.49%, Semi Annual	18200.00	Bullet Repayment	30-Mar-14
47th "J" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-14
63rd Taxable Non-Cum. Bonds	8.46%, Semi Annual	83000.00	Bullet Repayment	15-Jan-14
62nd Taxable Non-Cum. Bonds	8.40%, Semi Annual	10000.00	Bullet Repayment	26-Dec-13
43rd "KK" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-13
48th "DD" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-13
48th "G" Taxable Non-Cum. Bonds	6.85%, Semi Annual	2960.00	Bullet Repayment	14-Sep-13
42nd "K" Taxable Non-Cum. Bonds	8.00%, Semi Annual	1000.00	Bullet Repayment	29-Aug-13

DESCRIPTION	Interest Rate	Amount outstanding (₹ in Lakh)	Terms of Payment	Date of Maturity
46th "DD" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-13
46th "J" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-13
46th "JJJ" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1500.00	Bullet Repayment	12-Aug-13
22nd Taxable Non-Cum. Bonds	11.50%, Semi Annual	230.00	Redeemable in 3 yearly equal installments starting from 27-07-2013	27-Jul-13
16th "N" Taxable Non-Cum. Bonds	12.80%, Semi Annual	1000.00	Bullet Repayment	15-Jul-13
15th "N" Taxable Non-Cum. Bonds	12.90%, Semi Annual	1000.00	Bullet Repayment	22-Jun-13
49th "H" - Floating Rate Taxable Non-Cum. Bonds*	8.69%, Semi Annual	1000.00	Bullet Repayment	22-Jun-13
55th "F" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-13
45th "E" Taxable Non-Cum. Bonds	6.10%, Semi Annual	7900.00	Bullet Repayment	13-May-13
45th "JJ" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-13
65th "D" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-13
Total		**3458532.38**		

* Applicable interest rate as on 31.03.2012 (Interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

5.2 Rupee Term Loans availed from Banks are secured by first *pari passu* charge on the present / future Rolling Stock Assets / Lease Receivables of the Company. Maturity Profile of Secured Term Loans (classified as Long Term Borrowings) and amount Outstanding as on 31-03-2012 is set out below:

Year	₹ in Lakh
2013-14	21234.95
2014-15	16426.90
2015-16	8085.75
2016-17	151972.00
2017-18	0.00
2018-19	180000.00
2019-20	0.00
2020-21	0.00
2021-22	20000.00
Total	**397719.60**

5.3 Foreign Currency Term Loans availed are secured by first *pari passu* charge on the present / future Rolling Stock Assets / Lease Receivables of the Company. Maturity profile of the Foreign Currency Term Loans (classified as Long Term Borrowings) and amount Outstanding as on 31-03-2012 is as follows:

Year	₹ in Lakh
2013-14	2532.18
2014-15	1527.90
2015-16	1527.90
2016-17	1527.90
2017-18	1527.90
2018-19	1527.90
2019-20	1527.90
2020-21	1527.90
2021-22	1527.90
Total	**14755.38**

5.4 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as Long Term Borrowings) and amount Outstanding as on 31-03-2012 is set out below:

DESCRIPTION	Interest Rate	Amount Outstanding (₹ in Lakh)	Terms of Repayment	Date of Maturity
US PP Bonds 2017 (USD 125 Million)	5.94%, Semi Annual	63662.50	Bullet Repayment	28-Mar-17
Euro Dollar Bonds (USD 200 Million)	4.406%, Semi Annual	101860.00	Bullet Repayment	30-Mar-16
Total		**165522.50**		

5.5 Maturity profile of the Unsecured Rupee Term Loans from Banks (classified as Long Term Borrowings) and amount Outstanding as on 31-03-2012 is as follows:

Year	₹ in Lakh
2013-14	1860.00
2014-15	1860.00
2015-16	1376.94
Total	**5096.94**

5.6 Maturity profile of the Unsecured Foreign Currency Loans (classified as Long Term Borrowings) and amount Outstanding as on 31-03-2012 is as follows:

Date	₹ in Lakh
2013-14	50930.00
2014-15	229185.00
2015-16	178255.00
2016-17	101860.00
2025-26	93168.13
Total	**653398.13**

6. **Deferred Tax Liability (Net)**

Major components of Net Deferred Tax Liability are as under:

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 1956.	621110.77	544025.78
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	317972.36	273880.95
Less: Deferred Tax Asset on account of Provision for CSR Expenses	97.34	0.00
Less:Deferred Tax Asset on Misc. Expenditure to be written off	0.00	1.62
Net Deferred Tax Liability	**303041.07**	**270143.21**

7. **Other Long Term Liabilities**

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Secured		
Unamortised Portion of Securitisation Gain*	727.47	1302.24
Amount payable to MOR on account of ERV	0.00	19708.41
Total	**727.47**	**21010.65**

* Out of the unrecognised gain of ₹ 2512.98 Lakh (P.Y. ₹ 4362.53 Lakh), in respect of the Securitisation Transactions executed during the previous years, a sum of ₹ 1210.74 Lakh (P.Y. ₹ 2125.72 Lakh) has been recognised during the financial year 2011-12, leaving a balance of ₹ 1302.24 Lakh out of which ₹ 727.47 Lakh is Non Current and ₹ 574.77 Lakh is Current (P.Y. ₹ 2512.98 Lakh; Non Current ₹ 1302.24 Lakh and Current ₹ 1210.74 Lakh) as on 31.03.2012 to be recognised over the remaining life of the Pass Through Certificates.

8. **Long Term Provisions**

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Provision for Leave Encashment (Net) of funded Assets	2.36	0.00
Provision for Leave Travel Concession	1.70	1.06
Total	**4.06**	**1.06**

9. **Short Term Borrowings**

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Secured		
Rupee Term Loans from Banks*	14740.00	2325.00
	14740.00	**2325.00**
Unsecured		
Rupee Term Loans from Banks	10800.00	0.00
Foreign Currency Term Loans	15025.40	0.00
	25825.40	**0.00**
Total	**40565.40**	**2325.00**

* Secured against pledge of Term Deposits of ₹ 20000 Lakh (P.Y. ₹ 5000 Lakh) with Banks.

10. Other Current Liabilities

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long Term Debts	289534.12	356473.49
Interest Accrued but not due	132974.49	101931.57
Unamortised Securitisation Gain	574.77	1210.74
Liability for Matured and Unclaimed Bonds/Interest (Ref Note 37)	497.79	371.31
Other Payables:		
Statutory Dues	1.33	1.30
Tax Deducted at Source Payable	1623.75	860.38
Dividend Tax	1622.25	1660.88
Others	424.00	1254.82
Total	**427252.50**	**463764.49**

11. Short Term Provisions

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Provision for Income Tax	51778.54	31435.64
Provision for Interest Payable on Income Tax	173.22	103.87
Provision for FBT	6.82	6.82
Provision for CSR (Ref. Note 32)	300.00	0.00
Provision for Employee Benefits (Leave Encashment & LTC)	2.24	1.03
Total	**52260.82**	**31547.36**

12. FIXED ASSETS

(₹ in Lakh)

S. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01/04/2011	Additions during the year	Sale / Adjustment during the year	As at 31/03/2012	Upto 31/03/2011	For the Year	Adjustments during the year	As at 31/03/2012	As at 31/03/2012	As at 31/03/2011
	Tangible Assets										
1.	Office Building (Ref. Note 31)	1524.23	0.00	0.00	**1524.23**	249.97	24.85	0.00	**274.82**	**1249.42**	1274.27
2.	Airconditioners, Room Coolers, Heaters	18.02	1.07	0.37	**18.72**	8.39	0.85	0.06	**9.18**	**9.54**	9.63
3.	Office Equipments	18.90	1.40	0.43	**19.87**	7.23	0.91	0.02	**8.12**	**11.74**	11.66
4.	Furniture & Fixtures	82.28	2.65	0.25	**84.68**	54.49	5.26	0.09	**59.66**	**25.03**	27.80
5.	Franking Machine	0.68	0.00	0.00	**0.68**	0.10	0.03	0.00	**0.13**	**0.56**	0.59
6.	Computer	46.36	4.21	1.95	**48.62**	37.60	2.62	0.83	**39.39**	**9.24**	8.77
7.	Motor Car	7.01	0.00	0.00	**7.01**	5.73	0.41	0.00	**6.14**	**0.86**	1.27
8.	Photo Copier	1.90	0.00	0.00	**1.90**	0.19	0.09	0.00	**0.28**	**1.62**	1.71
9.	Water Cooler	0.29	0.00	0.00	**0.29**	0.12	0.01	0.00	**0.13**	**0.16**	0.17
10.	Electrical-Installation	1.80	0.00	0.00	**1.80**	0.69	0.09	0.00	**0.78**	**1.02**	1.11
	Total	**1701.47**	**9.33**	**3.00**	**1707.80**	**364.49**	**35.12**	**1.00**	**398.61**	**1309.19**	**1336.98**
	Intangible Assets	-	-	-	-	-	-	-	-	-	-
	Total	**1701.47**	**9.33**	**3.00**	**1707.80**	**364.49**	**35.12**	**1.00**	**398.61**	**1309.19**	**1336.98**
	Previous Year	1698.87	3.90	1.30	**1701.47**	329.85	35.10	0.46	**364.49**	**1336.98**	-

13. Non Current Investments (At Cost)

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Investments (Unquoted Non-Trade)		
Investments in Equity		
Equity Shares of IRCON International Ltd.	199.85	199.85
Other Investments		
Senior Pass Through Certificates 'E' to 'W' Series of NOVO X Trust Locomotives	1258.07	1467.83
Aggregate Value of Unquoted Investments	**1457.92**	**1667.68**

14. Long Term Loans & Advances

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Secured Considered Good		
House Building Advance	0.67	0.91
Loan to Pipavav Railway Corporation Ltd.	0.00	1026.65
Unsecured Considered Good		
Capital Advances		
- Advance to FA & CAO	253.01	253.01
- Advance to Indian Railways for Projects (Ref. Note 29)	210136.50	0.00
Lease Receivables from Ministry of Railways	4937876.72	4039333.33
Security Deposits	10.86	9.28
Loan to Railtel Corporation of India Ltd.	0.00	2080.00
Loan to Rail Vikas Nigam Ltd.	172931.67	174650.00
Advance to Employees*	1.76	1.84
Funded Assets (Net) on account of Gratuity/Leave Encashment	2.36	5.08
Amount Recoverable from MOR on account of Exchange Rate Variation	76414.12	0.00
Lease Rentals Paid in Advance	15704.72	20961.77
Interest Restructuring Advance to IDBI	23.81	48.21
Interest Restructuring Advance to LIC	8.16	42.85
Total	**5413364.36**	**4238412.93**

* includes ₹ 0.74 Lakh (P.Y. Nil) to Directors of the Company

15. **Other Non Current Assets**

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Unsecured Considered Good		
Interest Accrued but not due on Loans	44027.14	40514.05
Interest Accrued on Investment in Pass Through Certificates	123.49	2.94
Interest Accrued on Advances to Employees	1.31	1.00
Total	**44151.94**	**40517.99**

16. **Cash & Cash Equivalents**

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Balance with Banks		
- In Current Accounts	185.88	90.68
- In Term Deposit Accounts*	153911.00	48937.00
Deposit with Reserve Bank of India		
- In Public Deposit Account	1.02	1.02
Other Bank Balance		
- In Interest / Redemption Accounts (Ref. Note 37)	497.79	371.31
Balance in Franking Machine	0.44	0.43
Total	**154596.13**	**49400.44**

* Includes ₹ 20000 Lakh (P.Y. ₹ 5000 Lakh) pledged with Banks for securing Short Term Loans

17. **Short Term Loans & Advances**

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Unsecured Considered Good		
Deposit with NCRDC New Delhi	4.38	4.38
Security Deposits	301.80	0.00
Amount Recoverable from MOR	13120.88	1859.81
Advance to Bank for the interest payment on Bonds	5.26	5.26
TDS and Advance Tax	51335.93	30807.10
Tax Refund Receivable	1746.82	3418.31
Interest Recoverable from IT Department	0.00	202.03
Amount Recoverable from Others	2.21	13.41
Prepaid Expenses	33.38	25.20
Advance to Employees	0.30	0.26
Total	**66550.96**	**36335.76**

18. Other Current Assets

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long Term Loans and Advances		
Lease Receivables from Ministry of Railways	344832.61	276483.82
Loan to Rail Vikas Nigam Ltd	12508.33	10066.67
Loan to Rail Tel Corporation of India Ltd	2080.00	2084.00
Loan to Pipavav Railway Corporation of India Ltd	0.00	385.00
House Building Advance	0.24	0.24
Advance to Employees	1.16	0.80
Amount Recoverable from MOR on account of ERV	344.70	156.30
Funded (Net) on account of Gratuity / Leave Encashment	0.00	1.03
Interest Accrued but not due on Loans & Deposits	12205.33	9105.17
Lease Rentals Paid in Advance	5257.05	4751.21
Interest Restructuring Advance to IDBI	24.40	35.14
Interest Restructuring Advance to LIC	34.70	66.47
Current Maturity of Investments		
Senior Pass Through Certificates 'C' to 'D' Series of NOVO X Trust Locomotives	209.76	229.89
Total	**377498.28**	**303365.74**

19. Revenue from Operations

(₹ in Lakh)

DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
Lease Income:		
- On Finance Lease Transactions	**421437.65**	**349198.78**
Interest Income from:		
- Loans	20615.46	20128.29
- Deposits	20783.08	12478.05
- Investments	147.24	3.40
	41545.78	**32609.74**
Other Financial Services		
- Gain on Assets Securitization	**1210.74**	**2135.28**
Total	**464194.17**	**383943.80**

20. Other Income

(₹ in Lakh)

DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
Dividend Income	13.18	10.20
Interest on Income Tax Refund	8.42	202.03
Provisions written back	95.22	4.27
Prior Period Income	0.00	0.02
Total	**116.82**	**216.52**

21. Employee Benefits

(₹ in Lakh)

DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
Salaries, Incentives etc.	165.23	194.07
Contribution to Provident and Other Funds	22.94	8.48
Staff Welfare Expenses	0.05	0.03
Total	**188.22**	**202.58**

22. Finance Cost

(₹ in Lakh)

DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
Amortisation of Lease Rentals paid in advance	4751.21	4295.51
Interest on Bonds	265023.03	208832.57
Interest on Rupee Term Loans	53571.69	51453.46
Interest and Swap Cost on Foreign Currency Loans	31055.76	19831.20
Interest on delayed payment to MOR	1065.60	2680.41
Interest Payable to Income Tax Authorities	69.36	103.87
Amortisation of Foreign Currency Monetary Item Translation Difference A/c	0.00	181.04
Bond Issue Expenses / Expenses on Raising of Loans	5674.14	6085.36
Bond/Loan/Securitization Servicing Expenses	405.74	215.25
Exchange Rate Variation on Foreign Currency transaction Loss / (Gain)	421.97	(4.85)
Total	**362038.50**	**293673.82**

23. Other Expenses

(₹ in Lakh)

DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
Filing Fee	0.38	0.70
Legal & Professional Charges	69.85	56.68
Commission / Brokerage	0.77	0.00
Advertisement & Publicity	14.24	25.72
Printing & Copying Charges	5.12	3.51
Stationery Charges	7.64	7.30
News Paper, Books & Periodicals	0.69	0.20
Conveyance Expenses	11.68	13.40
Travelling - Local		
- Directors	9.01	9.18
- Others	7.55	10.75
Travelling - Foreign		
- Directors	14.51	35.30
- Others	13.56	51.35
Transport Hire Charges	22.48	22.69
Office Maintenance Expenses	39.72	34.08
Vehicle Running & Maintenance	2.50	2.00
Office Equipment Maintenance	7.41	7.77
Electricity Charges	11.30	7.44
Loss on Sale of Fixed Assets	1.49	0.81
Postage Charges	4.47	4.06
Telephone Charges	7.46	11.75
Training Expenses	1.20	2.46
Bank Charges	3.23	0.36
Payment to Auditors		
- Audit Fees	7.51	4.96
- Tax Audit Fee	1.26	1.66
- Quarterly Review	3.76	4.96
- Other Certification etc.	6.89	5.76
- Reimbursement of Expenses	1.61	1.43
Miscellaneous Expenses	25.79	19.86
Insurance	0.06	0.29
Fees & Subscription	2.95	16.09
Sponsorship/Donation	0.66	0.60
Stipend	0.30	0.55
Ground Rent	1.15	1.15
Property Tax	1.96	1.96
Corporate Social Responsibility	301.25	24.96
Sustainable Development	100.00	22.57
Prior Period Adjustment	18.81	0.00
Total	**730.22**	**414.31**

24. Earnings Per Share

DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
Net Profit (₹ in Lakh)	48078.17	48520.40
Weighted Average Number of Equity Shares outstanding	16935301	13374000
Add: Number of potential Equity Shares on account of receipt of Share Application Money Pending Allotment	6831	0.00
Weighted Average Number of Equity Shares [including dilutive Equity Share] Outstanding	16942132	13374000
Earnings Per Share (₹) - Basic [Face value of ₹ 1,000/- per Share]	283.89	362.80
Earnings Per Share (₹) - Diluted [Face value of ₹ 1,000/- per Share]	283.78	362.80

25. (a) Lease rental is charged on the assets leased from the first day of the month in which the assets have been identified and placed on line.

(b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the Company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the Company prior to identification of Rolling Stock Assets by them.

(c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in case of the Foreign Currency Borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year, such differential has resulted in an amount of ₹ 7578 Lakh accruing to the Company (P.Y. ₹ 846 Lakh), which has been accounted for in the Lease Income.

(ii) In respect of Foreign Currency Borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional Swap Cost adopted for working out the cost of funds on the leases executed with MOR. Swap Cost in respect of these Foreign Currency Borrowings is compared with the amount recovered by the Company on such account and accordingly, the same is adjusted against the lease income. During the financial year 2011-12, in respect of these foreign currency borrowings, the Company has recovered a sum of ₹ 11133 Lakh (P.Y. ₹ 8920 Lakh) on this account from MOR against the actual Swap Cost payments of ₹ 2203 Lakh (P.Y. ₹ 4590 Lakh). After adjusting Swap Cost, an amount of ₹ 8930 Lakh has been refunded to MOR (P.Y. ₹ 4330 Lakh refunded to MOR).

(iii) Interest expense in respect of interest accrued but not due on Foreign Currency Loans has been considered at base interest / exchange rate and the difference on account of variation between base rate and the rate prevailing on the reporting date has been shown as recoverable / payable to MOR. During the current year, the amount payable to MOR on such account works out to ₹ 453 Lakh (P.Y. ₹ 637 Lakh).

26. (a) The Reserve Bank of India has issued Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 vide notification no.DNBS.193 DG(VL)-2007 dated 22nd February 2007. The Company, being a Government Company and not accepting / holding public deposits, these Directions, except the provisions contained in Paragraph 19 thereof, are not applicable to the Company.

(b) In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) - 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.

27. The Finance Act, 2001 provides for levy of Service Tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon.

28. Increase in liability due to exchange rate variation on Foreign Currency Loans for purchase of leased assets, amounting to ₹ 96534 Lakh (P.Y. decrease of ₹ 5698 Lakh) has not been charged to Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The exchange rate variation on Foreign Currency Loans repaid during the year amounting to ₹ 223 Lakh (P.Y. ₹ 271 Lakh) has been recovered from the Lessee, leaving a balance of ₹ 76759 Lakh recoverable from MOR as on 31-03-2012 (P.Y. ₹ 19552 Lakh payable to MOR).

29. Advance given to Railways for Railway Projects amounting to ₹ 210136.50 Lakh (P.Y. ₹ Nil) is inclusive of Interest and Finance Charges (net) of ₹ 2287.07 Lakh (P.Y. ₹ Nil) accrued till the Balance Sheet date.

30. Derivative Instruments

The Company judiciously contracts financial derivative instruments in order to hedge Currency and / or interest rate risk. All derivative transactions contracted by the Company are in the nature of hedging instruments with a defined underlying liability. The company does not deploy any financial derivative for speculative or trading purposes.

a. In respect of certain Foreign Currency Borrowings, the Company has executed Currency Swaps to hedge the exchange rate variation risk on the principal outstanding. The outstanding position of such Currency Swaps as at 31st March 2012 is as follows:

As at 31-03-2012			As at 31-03-2011			Remarks
No. of Contracts	Borrowing outstanding in foreign currency	Notional INR Equivalent	No. of Contracts	Borrowing outstanding in foreign currency	Notional INR Equivalent	
0	--	--	1	USD 1.02 Million	478.89 Lakh	--

In respect of following External Commercial Borrowings, the Company has executed Currency Swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments:

As at 31-03-2012			As at 31-03-2011		
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional INR Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional INR Equivalent
0	--	--	1	JPY 15 Billion	54911.79 Lakh

In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 31-03-2012			As at 31-03-2011		
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million

The Foreign Currency Borrowings outstanding as on 31-03-2012, which have not been hedged, are as follows:

As at 31-03-2012		As at 31-03-2011		
No. of Loans	**Borrowing outstanding in Foreign Currency**	**No. of Loans**	**Borrowing outstanding in Foreign Currency**	**Remarks**
1	USD 30 Million	1	USD 33 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 3.94 Million	2	USD 6.14 Million	--
2	USD 225 Million	2	USD 225 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 450 Million	1	USD 450 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 550 Million	2	USD 550 Million	Back to back recovery of exchange rate variation from MOR
1	USD 200 Million	--	--	Back to back recovery of exchange rate variation from MOR

b. The Company has three (P.Y. three) Interest Rate Swap/Cap outstanding in respect of a Foreign Currency Borrowing to hedge its floating rate linked to LIBOR. The Interest Rate Swap/Cap has been executed on a notional principal of USD 900 Million (P.Y. USD 900 Million).

Further, the Company has two floating rate Swaps and has converted its liability in Fixed Rate JPY to USD LIBOR. The notional principal underlying the floating rate swap is JPY 15 Billion.

As part of hedging strategy, the Company has three (P.Y. four) Interest Rate Swaps/Currency Swaps (coupon only) outstanding on fixed interest rate rupee borrowings by taking benefit of interest rate movement. The INR value of the outstanding borrowings on which such Swaps have been executed, is ₹ 62000 Lakh (P.Y. ₹ 102000 Lakh).

31. Office Building including parking area has been capitalised from the date of taking possession. However, the sale / transfer deed is still pending for execution in favour of the Company. Stamp Duty payable on the registration of office building works out to about ₹ 122 Lakh (P.Y. ₹ 122 Lakh), which will be accounted for on registration.

32. The Company, in terms of Memorandum of Understanding (MOU) for the financial year 2011-12, entered into with Ministry of Railways and as approved by the Department of Public Enterprises DPE (MOU Division), Ministry of Heavy Industries and Public Enterprises, Government of India, vide their letter no.F.NO.1(90)/2011/DPE(MOU) dated 24th March, 2011, has made a provision of ₹ 300 Lakh towards Corporate Social Responsibility as required under CSR guidelines.

33. Contingent Liabilities

a. Claims against the Company not acknowledged as debt - Claims by Bondholders in the Consumer Courts: ₹ 50 Lakh (P.Y. ₹ 50 Lakh).

b. The Income Tax assessments of the Company have been completed up to the Assessment Year 2009-10. The disputed demand of Tax amounting to ₹ 14.05 Lakh for the Assessment Years 2002-03, 2003-04, 2004-05 and 2007-08 has been adjusted by the Department from the refund pertaining to other years. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate Authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands, as adjusted, will be either deleted or substantially reduced and accordingly no provision for earlier years pertaining to this, has been considered necessary.

c. The Company does not pay Sales Tax on purchase of Leased Assets. In the event of Sales Tax on purchase / lease of Rolling Stock Assets becoming payable, the same is recoverable from Ministry of Railways in terms of the lease agreements. Since, there is no Sales Tax demand and the amount is unascertainable, no provision is made in the accounts.

d. The Companies (Second Amendment) Act, 2002 provides for levy of cess, towards rehabilitation/revival of Sick Industrial Companies, which shall not be less than 0.005% but not more than 0.10% of the turnover or the gross receipts as the Central Government may from time to time specify by notification in the Official Gazette. Since no notification has been issued, provision for cess has not been made.

34. Expenditure in Foreign Currency (on payment basis)

(₹ in Lakh)

	DESCRIPTION	Year ended 31-03-2012	Year ended 31-03-2011
a)	Interest / Swap Cost on Foreign Currency Borrowings (Net of Amount recovered on account of IRS / IRC and from MOF)	30999.18	17828.04
b)	Processing Agent / Fiscal Agent / Admin. Fee	765.86	23.56
c)	Underwriting / Arranger Fee	2585.98	4422.97
d)	International Credit Rating Agencies Fees	182.44	46.73
e)	Others	43.18	111.17

35. a. The Company has not taken on lease any Rolling Stock Assets during the year. All the Assets taken on lease were in the years prior to 01-04-2001, with aggregate value of ₹ 157082 Lakh (ownership of the same vests with the lessors) stand sub-leased to Ministry of Railways. The Company has paid future lease rental liability in full on all the above Leases as outlined below:

Year of Lease	No. of Leases	Value of Assets taken on Lease (₹ in Lakh)	Amount paid in settlement of future Lease Rentals (₹ in Lakh)	Year of Payment
1999-00	6	102085	37492 3841 35534	2001-02 2002-03 2003-04
2000-01	2	54997	29423 22302	2001-02 2003-04
Total	**8**	**157082**	**152899**	

The amount paid in settlement of future lease rentals as above, is being amortised in the accounts over the remaining period of the Leases. During the year, an amount of ₹ 4751 Lakh (Previous Year ₹ 4296 Lakh) has been charged to Profit & Loss Account on account of such amortisation.

Since the entire future lease rental liability has been paid, there is no liability payable for unexpired lease period (Previous Year-₹ Nil).

b. During the year 1999-2000, the Company entered into 6 Lease Agreements, with select financial institutions / banks as lessors, for a primary period of 10 years for an aggregate amount of ₹ 102085 Lakh and sub-leased the same to MOR for a period of 15 years. The Company has paid upfront the future financial liability on all these leases.

Even though, there is a mismatch in the tenor of the lease and sub-lease, there is no overall mismatch in the present value of entire lease rentals payable and receivable. During the year, the Company received lease rentals of ₹ 14088 Lakh (P.Y. ₹ 14088 Lakh) and amortised (expensed) lease rentals of ₹ Nil (P.Y. ₹ Nil) on these transactions.

36. The balances under some items of Loans & Advances and Current Liabilities are subject to confirmation and reconciliation and consequential adjustments, wherever applicable. However, in the opinion of the Management, the realisable value of the Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

37. (a) The Company discharges its obligation towards payment of interest and redemption of Bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2012. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2012 is ₹ 497.79 Lakh (Previous Year ₹ 371.31 Lakh).

(b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. Accordingly, during the year, the Company deposited a sum of ₹ 91.98 Lakh (P.Y. ₹ 605.87 Lakh) in IEPF.

38. Long Term Loans and Advances (Note No.14) include Lease Receivables representing the present value of future Lease Rentals receivable on the finance lease transactions entered into by the Company since inception as per the Accounting Standard (AS) - 19 issued by the Institute of Chartered Accountants of India.

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock Assets worth ₹ 7659214 Lakh (P.Y. ₹ 6437259 Lakh) owned by the Company and leased to the Ministry of Railways is as under:

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
A. Gross Value of Assets acquired & Leased upto the end of previous Financial Year	6398793	5469230
B. Less value of assets securitised/assigned during the year	--	38466
C.=(A-B)	6398793	5430764
D. Less: Capital Recovery provided upto last Year	2082976	1850962
E. Less Capital Recovery provided upto last year on Assets assigned during the year	--	3269
F. Capital Recovery upto last year (D-E)	2082976	1847693
G. Capital Recovery outstanding on Leased Assets as at the end of last year (C-F)	4315817	3583071
H. Add: Gross Value of Assets acquired and Leased during the year	1260421	968029
I.=G+H	5576238	4551100
J. Capital Recovery for the year	293529	236811
K. Less: Capital Recovery for the year on Assets securitised/assigned during the year	--	1528
L. =J - K	293529	235283
Net investment in Lease Receivables	**5282709**	**4315817**

The value of contractual maturity of such leases as per AS-19 is as under:-

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012	As at 31-03-2011
Gross Investment in Lease	8206425	6637655
Unearned Finance Income	2923716	2321838
Present Value of Minimum Lease Payment (MLP)	5282709	4315817

Gross Investment in Lease and Present value of Minimum Lease Payments (MLP) for each of the periods are as under:

(₹ in Lakh)

DESCRIPTION	As at 31-03-2012		As at 31-03-2011	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	767989	344833	617079	276484
Later than one year and not later than five years	2908222	1443740	2380979	1200145
Later than five Years	4530214	3494136	3639597	2839188
Total	**8206425**	**5282709**	**6637655**	**4315817**

The unearned finance income as on 31-03-2012 is Rs.2923716 Lakh (Previous Year ₹ 2321838 Lakh). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is ₹ Nil (P.Y. Nil).

The Company has leased Rolling Stock Assets to the Ministry of Railways (MOR). A separate lease agreement for each year of lease has been executed and as per the terms of the Lease Agreements, lease rentals are received half yearly in advance. The leases are non cancellable and shall remain in force until all amounts due under the Lease Agreements are received.

39. The Company, in the earlier years, had executed Asset Securitisation Transactions by securitising an identified portion of future lease rentals originating on its assets leased to Ministry of Railways. As part of the securitisation transaction, future lease rentals were transferred to a bankruptcy remote Special Purpose Vehicle (SPV) which, in turn, issued Pass Through Certificates (PTCs) to the Investors. The Lease Receivables, accordingly,were derecognised in the books of account of the Company.

In terms of the Draft RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the Company being the originator, had opted to retain a minimum of 5% of the book value of the Receivables being secursed. Accordingly, the Company had invested ₹ 1697.71 Lakh in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, ₹ 229.89 Lakh have matured during the year, leaving a balance of ₹ 1467.82 Lakh.

40. Disclosures with respect to Retirement Benefit Plan as required under AS - 15 (Revised) are as follows:

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(₹ in Lakh)

DESCRIPTION	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Present value of Defined Benefit Obligation at the beginning of the year	34.64	30.51	18.39	14.07	2.09	1.61
Interest Cost	2.98	2.52	1.54	1.12	0.16	0.05
Current Service Cost	4.63	3.05	4.63	1.02	0.61	0.55
Benefits Paid	--	--	-1.06	-1.01	-0.54	-2.13
Actuarial (Gain) / Loss on obligations	-3.21	-1.44	5.31	3.19	0.50	2.01
Present value of Defined Benefit Obligation at the end of the year	39.04	34.64	28.81	18.39	2.82	2.09

Changes in the Fair Value of Plan Assets:

(₹ in Lakh)

DESCRIPTION	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Fair Value of Assets at the beginning of the year	34.97	25.79	24.17	23.11	0.00	0.00
Expected Return on Plan Assets	3.06	2.43	1.98	1.89	0.00	0.00
Contributions	2.99	6.36	0.00	0.00	0.00	0.00
Benefits Paid	0.00	0.00	-1.06	-1.01	0.00	0.00
Actuarial Gain / (Loss) on Plan Assets	0.38	0.39	0.23	0.18	0.00	0.00
Fair Value of Plan Assets at the end of the year	41.40	34.97	25.32	24.17	0.00	0.00

Movement in the Net Liability/Asset recognised in the Balance Sheet:

(₹ in Lakh)

DESCRIPTION	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Opening Net Liability/(Asset) at the beginning of the year	-0.33	4.72	-5.78	-9.04	2.09	1.61
Expenses	0.96	1.31	9.26	3.26	1.27	2.61
Contribution	-2.99	-6.36	0.00	0.00	-0.54	-2.13
Closing Net Liability/(Asset) at the end of the year	-2.36	-0.33	3.48	-5.78	2.82	2.09

Actuarial Gain / Loss recognised:

(₹ in Lakh)

DESCRIPTION	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Actuarial Gain / (Loss) for the year - obligation	3.21	1.44	-5.30	-3.19	-0.50	-2.01
Actuarial Gain / (Loss) for the year Plan Assets	0.38	0.39	0.23	0.18	0.00	0.00
Total Gain / (Loss)	3.59	1.83	-5.07	-3.01	-0.50	-2.01
Actuarial Gain / (Loss) recognised in the year	3.59	1.83	-5.07	-3.01	-0.50	-2.01

Amount recognised in the Balance Sheet:

(₹ in Lakh)

DESCRIPTION	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Present value of obligations as at the end of the year	39.04	34.64	28.81	18.39	2.82	2.09
Fair Value of Plan Assets	-41.40	-34.97	-25.33	-24.17	0.00	0.00
Liability (Assets)	-2.36	-0.33	3.48	-5.78	2.82	2.09
Unrecognised Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Liability (Assets) recognised in the Balance Sheet	-2.36	-0.33	3.48	-5.78	2.82	2.09

Expenses recognised in Statement of Profit & Loss:

(₹ in Lakh)

DESCRIPTION	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Current Service Cost	4.62	3.05	4.63	1.02	0.61	0.55
Interest Cost	2.98	2.52	1.54	1.12	0.16	0.05
Expected Return on Plan Assets	-3.05	-2.43	-1.98	-1.89	0.00	0.00
Net Actuarial (Gain) / Loss recognized in the year	-3.59	-1.83	5.07	3.01	0.50	2.01
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Expenses recognised in Statement of Profit & Loss	0.96	1.31	9.26	3.26	1.27	2.61

Bifurcation of Obligation:

(₹ in Lakh)

Obligation	**Gratuity (Funded)**		**Leave Encashment (Funded)**		**LTC (Non-Funded)**	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Current	0.00	0.00	1.12	1.03	1.12	1.03
Non-Current	39.04	34.64	27.69	17.36	1.70	1.06
Total	**39.04**	**34.64**	**28.81**	**18.39**	**2.82**	**2.09**

Actuarial Assumptions:

Assumptions	**Gratuity (Funded)**		**Leave Encashment (Funded)**		**LTC (Non-Funded)**	
	31-03-2012	31-03-2011	**31-03-2012**	31-03-2011	**31-03-2012**	31-03-2011
Discount Rate	8.61% p.a.	8.27% p.a.	8.61% p.a.	8.27% p.a.	8.61% p.a.	8.27% p.a.
Expected Return on Plan Assets	8% p.a.	8% p.a.	8% p.a.	8% p.a.	-	-
Mortality	Indian Assured Lives Mortality (1994-96) (modified) Ultimate					
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.	6% p.a.	N/A
Disability	Nil	Nil	Nil	Nil	Nil	Nil
Attrition	0% p.a.	0% p.a.	0% p.a.	0% p.a.	0% p.a.	0% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.	60 yrs.	60 yrs.

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Defined Contribution Plan

(₹ in Lakh)

DESCRIPTION	**Year ended 31-03-2012**	**Year ended 31-03-2011**
Employer's Contribution to EPF	8.48	10.71

41. In accordance with Accounting Standard-29, particulars of provisions are as under:

(₹ in Lakh)

	Year ended 31-03-2012					**Year ended 31-03-2011**				
	Incentive/ PRP*	**Gratuity & Leave Encashment***	**LTC***	**CSR**	**Income Tax / FBT**	**Incentives/ PRP***	**Gratuity & Leave Encashment***	**LTC***	**CSR**	**Income Tax / FBT**
Opening Balance	31.00	-6.11	2.08	0.00	31442.46	20.00	-4.32	1.61	0.00	28251.13
Addition during the year	34.35	10.22	1.27	300.00	20096.44	31.00	4.57	2.60	0.00	17923.14

	Year ended 31-03-2012					Year ended 31-03-2011				
	Incen tive/ PRP*	Gratuity & Leave Encash ment*	LTC*	CSR	Income Tax / FBT	Incen tives/ PRP*	Gratuity & Leave Encash ment*	LTC*	CSR	Income Tax / FBT
Amount used / incurred	0.00	-2.99	-0.54	0.00	0.00	31.99	-6.36	2.13	0.00	14681.81
Unused Amount reversed during the year	0.00	0.00	0.00	0.00	0.00	-11.99	0.00	0.00	0.00	50.00
Closing Balance	65.35	1.12	2.81	300.00	51538.90	31.00	-6.11	2.08	0.00	31442.46

* The above provisions are liabilities in accordance with terms of employment. Payment of Incentives / Performance Related Pay (PRP) shall be made as and when they became due. Provision for LTC is in accordance with the Accounting Standard-15 (Revised).

Further, provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment.

42. The Company is in the business of leasing and financing. As such, there are no separate reportable business segments within the meaning of Accounting Standard-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

43. In line with requirements of Accounting Standard-18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI), the details are as under:

Key Management Personnel:

a) Sh. R. Kashyap, Managing Director (upto 31st August, 2011)

b) Sh. Rajiv Datt, Managing Director (w.e.f. 14th November, 2011)

c) Sh. D.C. Arya, Director Finance (w.e.f. 31st December, 2011)

Amount paid to Key Management Personnel:

(₹ in Lakh)

Particulars	2011-12	2010-11
Salary / Allowances	16.77	15.07
Reimbursement	0.16	0.17
Foreign Service Contribution	0.90	3.21
Incentive	11.68	21.58

44. (a) During the year 2003-04, the Company restructured the rate of interest on certain Outstanding Borrowings from LIC and paid ₹ 2403 Lakh as advance, representing a portion of the future savings in the interest cost. This advance amount is being amortised over the balance tenor of the Borrowings. During the year, a sum of ₹ 66 Lakh (P.Y. ₹ 104 Lakh) has been amortised, leaving a balance of ₹ 43 Lakh as on 31-03-2012 (P.Y. ₹ 109 Lakh).

(b) During the year 2004-05, the Company restructured the rate of interest on certain Outstanding Borrowings from IDBI Ltd. and paid ₹ 1378 Lakh as advance, representing a portion of the future savings in the interest cost. This advance amount is being amortised over the balance tenor of the Borrowings. During the year, a sum of ₹ 35 Lakh (P.Y. ₹ 47 Lakh) has been amortised, leaving a balance of ₹ 48 Lakh as on 31-03-2012 (P.Y. ₹ 83 Lakh).

45. Interest on Deposits (Note No.19) includes Tax Deducted at Source amounting to ₹ 69 Lakh (P.Y. NIL). Ministry of Railways has also deducted tax at source amounting to ₹ 15195 Lakh (P.Y. ₹ 12676 Lakh).

46. Certain disclosures are required to be made under the Micro, Small and Medium Enterprises Development Act, 2006. The Company is in the process or compiling relevant information from its suppliers about their coverage under the Act. As the Company has not received the relevant information under the Act till finalisation of accounts, no disclosure has been made in the account.

47. The Company has a system of physical verification of Assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of Rolling Assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a Certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

48. (a) The Financial Statements for the year ended 31st March 2011 were prepared as per the applicable Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended 31st March, 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have been reclassified / regrouped / rearranged wherever necessary to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of Financial Statements.

(b) Unless otherwise stated, the figures are Rupees in Lakh.

These are the Notes referred to in Balance Sheet and Statement of Profit and Loss.

For Dhawan & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Deepak Kapoor
(Partner)
M.No. 072302

S.K. Ajmani
Company Secretary
& G.M. (Term Loans)

D.C. Arya
Director Finance

Rajiv Datt
Managing Director

Place: New Delhi
Date : July 31, 2012

Vijaya Kanth
Chairperson

Auditor's Report

To,

THE MEMBERS,
INDIAN RAILWAY FINANCE CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Indian Railway Finance Corporation Limited** as at 31st March, 2012, the Statement of Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendent) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (ii) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.

   (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement of the Company, dealt with by this Report are in agreement with the books of account.

   (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956

   (v) Since the Company is a Government Company, clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956 regarding obtaining written representations from the Directors of the Company, is not applicable to the Company in terms of Notification No.GSR-829 (E) dated 21.10.2003;

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;

      (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

      (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For DHAWAN & CO.
Chartered Accountants
Firm Regn. No. 002864N

Deepak Kapoor
(Partner)
M. No. 072302

Place : New Delhi
Dated : 31-07-2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF INDIAN RAILWAYS FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2012

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) All the owned Assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification. Leased Assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working conditions.

(c) During the year, the Company has not disposed off any major part of the Fixed Assets.

(ii) As the Company is not in the business of trading, manufacturing, mining or processing, it does not hold inventory and hence did not require physical verification.

(iii) The Company has neither taken nor granted Loan from or to companies, firms or other parties covered under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard purchase of Fixed Assets and for the sale of Services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956.

(vi) The Company has not accepted or renewed deposits from the public contravening the directives issued by the Reserve Bank of India and the provision under section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have been informed that Central Government has not prescribed maintenance of Cost Accounting records under section 209 (1) (d) of the Companies Act, 1956 for the Industry to which the Company belongs.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31.03.2012 for a period of more than six months from the date they became payable. However, in the absence of any directives/ notifications with regard to cess payable under Section 441A of the Companies Act, 1956, the Company has not been able to ascertain its liability towards the same and hence no liability on this account has been provided in the books of accounts.

(c) According to the information & explanation given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.

(x) The Company does not have accumulated losses as at 31st March 2012 and not incurred any cash losses during the year and immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted any repayment of dues to Financial Institutions, Banks or Debentureholders.

(xii) The Company has not granted any Loans and Advances on the basis of security by way of pledge of Shares, Debentures and other Securities.

(xiii) In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause of 4(xiii) of the Companies (Auditors' Report) (Amendment) Order , 2004 are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other Investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) (Amendment) Order, 2004 are not applicable to the Company.

(xv) We have been informed that the Company has not given guarantees for Loans taken by others from Banks or Financial Institutions; as such the clause 4(xv) is not applicable.

(xvi) In our opinion, the Company has utilized the term loans for the purpose for which loans were availed.

(xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on Short Term basis have been used for Long Term Investment.

(xviii) According to the information & explanation given to us, the Company has made preferential allotment of 50,00,000 Equity Shares of ₹ 1,000/- each for cash at par to parties and Companies covered in register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, during the period covered by our Audit Report, the Company has issued 43,850 Taxable Bonds of ₹ 10,00,000 each, 73,111 Tax Free Bonds of ₹ 1,00,000 each and 6,26,88,900 Tax Free Bonds of ₹ 1,000 each. The Company has created security in respect of Bonds issued.

(xx) The Company, during the year under Report, has issued 6,26,88,900 Tax Free Bonds of ₹ 1,000 each to public. The Company has utilized the funds for the purpose for which the funds were raised.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For DHAWAN & CO.
Chartered Accountants
Firm Regn. No. 002864N

Deepak Kapoor
(Partner)
M. No. 072302

Place : New Delhi
Dated : 31-07-2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31 July 2012.

I, on behalf of the Comptroller and Auditors General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-

Place : New Delhi
Date : 17.08.2012

(Dinesh Bhargav)
Pr. Director Railway Commercial

NOTES

Shareholders — Extraordinary General Meeting - January, 2012

Company Management — Extraordinary General Meeting - January, 2012

Signing of MOU with Hindustan Prefab Limited for execution of CSR Project in Kolkata

Outdoor Activity

Company Managment making presentation before Secretary, Department of Public Enterprises for upgradation of Schedule of the Company

Rest of Management Team of IRFC

Sh. S. K. Ajmani
GM (TL) & Co. Secy.

Sh. T. Behera
GM (Bonds)

Sh. S. Radhakrishnan
GM (ECB)

Sh. A. Samantaray
Dy. Gen. Manager (F & A)

Sh. Anup Kumar Dubey
Asstt. Manager

Smt. Nithya Vardharajan
Asstt. Manager

INDIAN RAILWAY FINANCE CORPORATION LTD.
(A GOVERNMENT OF INDIA ENTERPRISE)

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