

# ANNUAL REPORT 2013 - 2014



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



Shareholders in the Annual General Meeting held in August, 2014.

Company Management in the Annual General Meeting held in August, 2014.

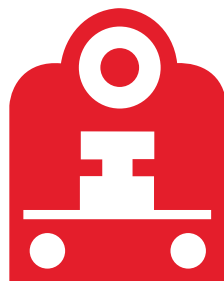


Members of the Task Force, constituted by DPE, attending the Meeting for finalisation of MOU for the year 2014-15.

MOR & Company Officials attending MOU Meeting for the year 2014-15.



# ANNUAL REPORT 2013-14



**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.*

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## Board of Directors



**Shri R. Kashyap**  
*Chairman*  
(From 31.07.2013  
to 30.04.2014)



**Smt. Vijaya Kanth**  
*Chairperson*  
(From 11.01.2012  
to 30.06.2013 )



**Shri Rajiv Datt**  
*Managing Director*  
(From 14.11.2011)



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



**Ms. Sharmila Chavaly**  
*Director*  
(From 21.11.2012)



**Shri S.K.Goel**  
*Director*  
(From 31.12.2013)



## CHIEF VIGILANCE OFFICER



Sumita Mukherjee

**Shri Sanjeev K. Ajmani**  
Company Secretary

**Bankers**  
Corporation Bank • Vijaya Bank

**Internal Auditors**  
**M/s Shiv & Associates**  
Chartered Accountants  
103 & 105, Plot No. 1  
Vardhaman Plaza  
I.P.Extension, Patparganj  
Delhi - 110092

**Statutory Auditors**  
**M/s Bansal Sinha & Co.**  
Chartered Accountants  
18/19, Old Rajendra Nagar,  
New Delhi-110 060





## Chairperson's Statement

Dear Shareholders,

It gives me great pleasure to welcome you all to this Twenty Seventh Annual General Meeting of your Company, Indian Railway Finance Corporation Ltd. The audited accounts of the Company for the year ended 31st March, 2014, along with the Director's Report and its accompaniments are with you, and with your consent, I would consider them as read.

At the end of 2013-14 your Company had provided funding of over 1.15 Lakh Crore Rupees to the Ministry of Railways and other Railway entities. Ever since its inception nearly three decades ago, IRFC has consistently met the targets assigned to it while ensuring that its operational expenses are the barest minimum. Before I present an account of your Company's performance, I would like to dwell upon some of the important developments in the domestic and global economy that shaped the business environment in which your Company operated during the year.

A host of uncertainties impacted the global economy. While the recovery in the advanced economies led by US gathered pace, economic activities in the emerging market economies remained muted. With the US economy showing signs of sustainable recovery, the Federal Reserve had begun preparing the market for the eventual tapering of US bond purchases. In this context market experts expect US interest rates to rise in the medium term from the present record low levels. Geopolitical risks, political uncertainty coupled with the concerns over tapering of quantitative easing in the United States constrained the recovery in the Emerging Market Economies.

India's GDP growth registered a decline from an average of 8.3% during F. Y. 2004-05 to F. Y. 2011-12 to an average of 4.6% in F. Y. 2012-13 and F. Y. 2013-14.

For the first time in 25 years India witnessed sub 5% growth for two consecutive years. Sluggish industrial growth and relatively high inflation have been a cause of concern. However, India's Balance of Payments position improved dramatically in the last three quarters of F. Y. 2013-14 owing to the proactive measures initiated by the Government and the Reserve Bank of India. Current Account Deficit declined sharply from a record high of 4.7% of GDP in F. Y. 2012-13 to 1.7% of GDP in F. Y. 2013-14 and the Rupee saw significant appreciation after August 2013. As a result, the Rupee, for some time, has been trading in the range of 60 to 62 to a US Dollar.

Financial Year 2013-14 was characterised by tremendous uncertainty prevailing in the domestic financial markets. With the moderation in inflation at the beginning of the F.Y. 2013-14, Reserve Bank of India resorted to monetary easing and cut the policy rates by 25 basis points in May, 2013 to support growth. However, since June, 2013 onwards, both measures of inflation (WPI and CPI) registered a steady rise reaching their highest level in November, 2013 driven largely by high food inflation in the Country. Reserve Bank of India had to resort to exceptional tightening of monetary policy to deal with the situation. Liquidity was curtailed and the policy Repo Rate was hiked by 75 basis points. RBI's monetary policy stance remains firmly focused on keeping a close watch on inflation and there has been no monetary easing. Consequently, the interest rates in the domestic market continued to move upward during the major part of the F. Y. 2013-14. The benchmark 10 Year G-Sec Yield went up to a level as high as 9.27% during the course of the year 2013-14 as against 8.70% during the previous year. On a year to year basis, the 10 year benchmark G-Sec yield registered an increase of 82 basis points. The credit spread between



'AAA' rated corporate bonds and the Benchmark G-Sec Yield increased and reached a level as high as 173 basis points during the course of the year 2013-14 as compared to 131 bps during the previous year. Similarly, Base Rates of the Public Sector Banks, which remained in the range of 9.70% to 10.25% for the period ending 31st March, 2013, went up during the course of the following year to 10% - 10.50%.

In the Financial Year 2014-15, the Indian economy is expected to grow in the range of 5.4% – 5.9% overcoming sub-5% growth in the last two years. The positive factors fuelling the growth expectations are continued fiscal consolidation with the fiscal deficit brought down to 4.5% of GDP as compared to the budgeted target of 4.8% of GDP, dramatic decline in the current account deficit, expected global economic recovery and moderation in the inflation rate. However, below-normal monsoons and prolonged geo-political tensions may dampen the growth momentum.

While the economies the world over have continued to be afflicted by uncertainties and weakness over the last couple of years, the role played by Indian Railways as the “engine of growth” of the Indian Economy has remained exemplary. Both freight and passenger earnings continue to grow year-on-year. While freight earnings increased by 10.14%, passenger earnings went up by 16.63%. Total earnings of Indian Railways registered a healthy growth of 12.86%.

Funding of Rolling Stock for the Ministry of Railways remains the core business of your Company. During 2013-14, your Company funded acquisition of 635 locomotives, 2,861 passenger coaches, and 8,323 freight cars valued at ₹ 14,784.51 Crore. With the above addition to the Rolling Stock fleet of the Railways, the moving infrastructure funded by IRFC stands at 7,289 locomotives, 41,432 passenger coaches and 1,85,362 freight cars, valued at ₹ 1,12,266

Crore. In addition, your Company has provided funding to the extent of ₹ 3,046 crore to other Railway entities such as Rail Vikas Nigam Ltd.(RVNL), Railtel Corporation of India Ltd. etc.

I would like to share with you a few of the highlights of your Company's performance since the last Annual General Meeting held in September, 2013. You may recall that for the year 2013-14, your Company was set a target of borrowing of ₹ 14,849 Crore for creation of Rolling Stock Assets for the Ministry of Railways and a further amount of ₹ 254 Crore by way of loan to Rail Vikas Nigam Ltd. for investment in bankable projects being executed by them for MOR. Both the targets were revised later during the year, when rolling stock asset creation requirements got pegged at ₹14,502.30 Crore and needs of RVNL were scaled up to ₹ 440 Crore. Further, Ministry of Railways had identified excess rolling stock assets to the tune of ₹ 238.50 Crore for the year 2012-13. All the targets were successfully met and amounts of ₹ 14,740.80 crore (including excess assets of ₹ 238.50 crore created for F. Y. 2012-13) and ₹ 440 Crore were remitted to MOR and RVNL respectively before the close of the fiscal. The annual borrowing target mandated for F. Y. 2013-14 is the highest ever since the inception of the Company and is more than double the borrowing target of ₹ 7,200 Crore for F. Y. 2008-09. Your Company was able to raise the highest ever amount at an average borrowing cost of 7.89% as compared to 8.12% last year. The weighted average cost delivered by IRFC is considered very competitive considering the market scenario that prevailed during 2013-14.

I am happy to further report that your Company continues to enjoy the highest Credit Ratings of 'AAA' assigned by CRISIL and CARE and 'LAAA' by ICRA, the three largest Domestic Credit Rating Agencies. Its international Credit Ratings are maintained at 'BBB-(Negative Outlook)' by Standard & Poor's, 'BBB-



(Stable Outlook)' by Fitch Ratings and 'Baa3 (Stable Outlook)' by Moody's and 'BBB+(Stable Outlook)' by the Japanese Credit Rating Agency. Your Company's International Ratings are at par with the Sovereign.

Turning to the financial performance, your Company has posted a Profit Before Tax for the year 2013-14 of ₹ 1572.03 Crore as compared to ₹ 1454.17 Crore for the previous year 2012-13, up by a trend compliant growth of above 8%. Your Company has achieved this feat through meticulous fund management, proper timing of its borrowings and selective restructuring / refinancing of its high cost debts contracted in the past. Profit After Tax, has registered an impressive growth of 34.34% to ₹ 700.69 Crore for the year 2013-14 as against ₹ 521.57 Crore for the previous year. Ignoring the impact of higher provision towards tax during the previous year 2012-13, the year-to-year growth in adjusted PAT is around 8%. As required under the relevant Accounting Standard, Deferred Tax Liability (DTL) of ₹ 541.39 Crore has been provided for. As the Members are aware, requirement to provide for DTL in its accounts over and above payment of Minimum Alternate Tax (MAT) at prescribed rates, and payment of high dividend amounts year after year, has had an adverse impact on the growth of Net Worth of the Company. In spite of equity infusion of ₹ 3351.96 Crore during the last eight years, the financial gearing has moved up from a secure level of 6:1 a few years ago to uncomfortable levels close to 10:1 in the recent past. Besides prudential norms for Non-Banking Finance Companies, one of the covenants of the loan agreements entered into with various overseas lenders also requires the Company to maintain debt-to-equity ratio within 10:1. Adverse movements in this ratio became a cause for concern for Investors and Rating Agencies. One of the measures adopted by your Company to mitigate the position has been to peg the total Dividend for the year at ₹ 140.14 Crore, which is 20% of Profit After Tax but is significantly lower than

20% of Paid-up Capital.

For the current fiscal, your Company has been entrusted with a mandate of raising ₹ 11,500 Crore for the Ministry of Railways. In addition, the quantum of funding for select bankable projects of RVNL has been pegged at ₹ 290 Crore. Unlike the previous three years, there has been no allocation of Tax Free Bond in the current fiscal. However, your Company is confident of meeting the borrowing target mandated by MOR at competitive rates and terms from other sources.

Your Company has established a new paradigm of successfully running a big business with a small team of 19 staff and executives. It is now widely respected for its productivity levels, pace of decision making and negotiating skills at mobilizing large resources at benchmark pricing levels. Yet, services level are maintained commensurate with investors' expectations, partly by outsourcing some of its back office activities to Professional Agencies. There are no un-redressed investor grievances. The overhead to turnover ratio continues to remain at an incomparable level of 0.12%. The standing earned by the Company in financial markets at home and overseas is the direct outcome of its deep understanding of the business, pursuit of ethical and transparent business practices and accumulation & nurturing of professional expertise over more than two decades. The support it receives from the Ministry of Railways, and the trust reposed by the Ministry in the Company's professional capabilities, have indeed enhanced its stature.

Excellent performance of your Company on sustained basis would not be possible without unqualified and constructive support and cooperation of a variety of persons and organizations. My special thanks are due to 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 Stock Exchange, National Securities Depository Limited and Central Depositories Ltd. I also acknowledge with appreciation the assiduous efforts of the small team of officers and staff that have ensured that the Company consistently delivers exceptional performance. Despite uncertainties in the domestic and global markets and an extremely challenging environment I am confident that the team at IRFC shall prove more

than equal to the tasks at hand and take the Company to new heights.

**Rashmi Kapoor**  
**Chairperson**

Place : New Delhi

Dated : 27th August, 2014



## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-seventh Annual Report of the Company along 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, 2014.

### FINANCIAL HIGHLIGHTS

The financial performance of your Company for the year ended 31st March, 2014 is summarised below:

(₹ in lakh)

	Particulars	Year ended 31-03-2014	Year ended 31-03-2013
I.	Revenue from operations	618715.19	554959.74
II.	Other income	1111.04	194.71
III.	<b>Total Revenue (I+II)</b>	<b>619826.23</b>	<b>555154.45</b>
IV.	Expenses:		
	Finance costs	460674.91	407482.11
	Depreciation and amortization expense	36.79	36.91
	Other expenses	1911.79	2218.62
	<b>Total Expenses</b>	<b>462623.49</b>	<b>409737.64</b>
V.	<b>Profit before tax (III-IV)</b>	<b>157202.74</b>	<b>145416.81</b>
VI.	Tax Expense:		
	(1) Current tax	32958.45	29286.28
	(2) Tax For Earlier Years	36.62	-60.13
	(3) Deferred Tax	54138.62	64034.10
	<b>Total Taxes</b>	<b>87133.69</b>	<b>93260.25</b>
VII.	<b>Profit (Loss) for the current year from continuing operations (V-VI)</b>	<b>70069.05</b>	<b>52156.56</b>

Profit Before Tax (PBT) of your Company went up to Rs.1,572.03 Crore during 2013-14 as compared to ₹ 1,454.17 Crore for the previous year, registering a moderate growth of above 8%.

Profit After Tax (PAT) of the Company has gone up to ₹ 700.69 Crore as against ₹ 521.57 Crore in the last year, up by an impressive 34.34%. However, Profit After Tax was lower in the previous year due to higher provision towards Deferred Tax Liability on account of

increase in the corporate surcharge leading to an increase in the effective corporate tax rate. Similarly, there has been additional provision for Current Tax and Deferred Tax for the year under review due to upward revision in the effective MAT Rate and disallowance of expenses on Corporate Social Responsibility in terms of the clarifications issued by the Finance Minister in the recently announced Union Budget. Ignoring the impact of higher provision

towards tax during the previous year 2012-13 and the year under review as brought out above, the adjusted PAT for the year 2013-14 stands at ₹ 711.07 Crore as against ₹ 657.99 Crore for the previous year, a trend complaint growth of above 8%.

### 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 Ministry of Railway's (MOR's) expectations. The overriding requirement to maintain Debt to Equity ratio of the Company within the limits laid down by the RBI restricts the Company from declaring large quantum of Dividend. The Board had, therefore, declared an Interim Dividend of ₹ 100 crore during 2013-14.

It is further proposed to declare a final dividend of ₹ 40.14 crore. The total amount of ₹ 140.14 crore comprising interim and final dividend works out to about 20% of the PAT of the Company.

### Reserves

After providing for Dividend and Dividend Tax, the balance amount of Profit After Tax of ₹ 534.34 has been transferred to Bond Redemption Reserve. No amount is required to be transferred to General Reserve as the dividend rate falls well below the threshold limit warranting any mandatory transfer to General Reserve in case of declaration of Dividend, which is in line with the provisions of the Companies Act, 1956.

### The Companies Act, 2013

During the current Financial Year, the Companies Act, 1956 has been replaced by the Companies Act, 2013 and has become applicable for every Company from 1st April, 2014. Your Company has been regular in keeping with the fast changes that have become

applicable and has initiated necessary actions accordingly.

Some of the important initiatives taken are as under:

- Modifications in the terms of Audit Committee
- Composition of Stakeholders Relationship Committee
- Composition of CSR Committee

### Share Capital

The entire Paid Up capital of the Company amounting to ₹ 3,583.96 crore continues to be held by the President of India and his nominees. This includes fresh Equity infusion of ₹ 631.96 crore during the year 2013-14 in two tranches of ₹ 400 Crore and ₹ 231.96 Crore on 12th February, 2014 and 31st March, 2014 respectively. The 2nd tranche of ₹ 231.96 Crore received on 31st March, 2014 lay in the form of Share Application money as on 31st March, 2014.

### Independent Evaluators' Assessment

#### Credit Ratings

Domestic: During the financial year 2013-14, the Company's long term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA (Stable)" and "CARE AAA [Triple A]" by CRISIL, ICRA and CARE respectively. With a view to comply with the requirements of Basel II norms, the Company also got its short term borrowing programme rated, obtaining the highest rating of "CRISIL A1+", "[ICRA] A1+", and "CARE A1+ [A One Plus]" by CRISIL, ICRA and CARE, respectively.

International: During the financial year 2013-14, three international credit rating agencies – Standard & Poor's, Fitch and Moody's – have awarded to IRFC "BBB-(Negative)", "BBB-(Stable)" and "Baa3 (stable)" ratings respectively. Besides, the Company obtained an issue specific credit rating of "BBB+(Stable)" from Japanese Credit Rating Agency. Each of the four credit



ratings is equivalent to India's sovereign rating, and is investment grade.

### **Memorandum of Understanding (MOU) with Ministry of Railways, Government of India**

Based on evaluation of its performance for the year 2012-13, the Company obtained 'Excellent' grading from the Department of Public Enterprises (DPE) for its performance vis-à-vis the targets set out in the MOU. Out of the last seventeen years, your Company has been rated 'Excellent' on fifteen occasions. The Company is committed to continuing all efforts to maintain high standards of performance in future as well.

The Company accords high importance to suggestions made by the Task Force appointed by the DPE each year to coordinate finalisation of MOU with the Ministry of Railways. During the MOU meeting held in February, 2013, the Task Force desired that budgeted spending on Corporate Social Responsibility (CSR) be hiked from the proposed level of ₹ 4 Crore to ₹ 10.50 Crore. The Company successfully undertook the activities in railway as well as non-railway sector in the year 2013-14. The activities have been discussed in a separate para in this Report.

In terms of the guidelines issued by the DPE, 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 2013-14 or related information be made available in the public domain. Accordingly, some of the related information is given hereunder :-

- (i) Report on Corporate Governance for the year 2013-14 was submitted to Department of Public Enterprises (DPE) through MOR on 25th April, 2014.
- (ii) Completed Data Sheet, containing PE Survey, was submitted to DPE on 2nd September, 2013.

- (iii) The Company has submitted a certificate to DPE through MOR that it has complied with all the guidelines issued by DPE from time to time on various subjects.

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

### **Market Borrowings during 2013-14**

The Company was given a target of borrowing of ₹ 15,103 crore comprising ₹ 14,849 Crore for creation of rolling stock assets for the Ministry of Railways (MOR) and a further amount of ₹ 254 crore by way of loan to Rail Vikas Nigam Ltd (RVNL) for investment in bankable projects being executed by them on behalf of MOR. Both the targets were revised later during the year. While MOR's Rolling Stock Asset creation requirements got pegged at ₹ 14,502.30 Crore, the target for RVNL was scaled up to ₹ 440 crore. Further, MOR had identified excess rolling stock assets to the tune of ₹ 238.50 Crore for the year 2012-13. All the targets were successfully met and amounts of ₹ 14,740.80 crore (including excess assets of ₹ 238.50 crore created for FY 2012-13) and ₹ 440 crore were remitted during the year to MOR and RVNL respectively. The Directors are happy to inform that your Company adhered to the time schedule for Disbursement / Transfer of funds to MOR within 7 working days of receipt of the demand.

The borrowings during the year comprised of Tax Free Bonds of ₹ 8,828.34 Crore, External Commercial Borrowings of ₹ 5,596.52 Crore and Rupee Term Loan of ₹ 755.94 Crore.

The weighted average cost of borrowing for the pool of funds for F. Y. 2013-14 was 7.89% as against 8.12% for F. Y. 2012-13. The weighted average cost delivered by IRFC is considered quite competitive considering the market scenario that prevailed during 2013-14.

The weighted average tenor of incremental borrowings during the year was 9.56 years which

compares well with the weighted average tenor of the assets to be funded by IRFC.

IRFC's cost competitiveness vis-à-vis other 'AAA' Rated Entities is reflected in the fact that the average Cost of Borrowings of the Company from the domestic market for F. Y. 2013-14 remained at 8.50% as against 9.22% for other 'AAA' Rated Entities. Thus, the Company managed to enjoy a cost advantage of 72 bps over other 'AAA' Rated Entities.

The Company's endeavour to achieve tight average cost was facilitated by an all-time high ECB of USD 900 Million (equivalent to ₹ 5,596.52 Crore) comprising of USD 400 Million through Syndicated Foreign Currency Loan and USD 500 Million through Reg-S Bonds issue in the offshore market. The All-in-Rupee Cost of External Commercial Borrowings portfolio contracted during the FY 2013-14 was 167 bps lower than the Cost of Incremental Domestic Borrowings.

#### **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 ₹ 7,546.58 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at ₹ 1,517.64 crore, Term Loans worth ₹ 5,371.75 crore and External Commercial Borrowings (ECB) of ₹ 657.19 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs amounting to around ₹ 4,875 crore during the current financial year.

Your Company's internal generations are adequate to meet the repayment / redemption obligations. Surplus funds after meeting the repayment obligations are invested prudently in the form of Fixed Deposits with Banks. For the year 2013-14, the yield on fixed deposits was 82 bps higher than average SBI 1 Year Deposit Rate.

The Company continues to maintain its impeccable

track record of servicing its debt in time and there has not been a single instance of default since its inception.

#### **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, in as much 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 Rail Vikas Nigam Limited carry suitable protection as the same has 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 about 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 opportune and cost thereof is optimum. During the year 2013-14, incremental borrowing from overseas entities by your Company was USD 900 Million. The average draw down rate in Rupees was higher than the current Rupee-USD conversion rate. In accordance with the policy of hedging selectively in a need based manner and also taking into account the cost of hedging, the hedging strategy applied by the Company is to keep these borrowings open for the present. However, the Risk Management Committee regularly monitors the FX Exposure.

Some of the outstanding foreign currency borrowings of the Company with tenor longer than five years are either having bullet repayment or amortised repayment in half-yearly instalments. As a result of amortized repayments, the risk gets significantly mitigated by virtue of repayments taking place progressively at different points in time. Hedging of principal repayments 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 volatility in the foreign exchange markets, the Company intends to watch the situation and would suitably hedge the transactions at appropriate time. At present all the outstanding borrowings from offshore market are in USD terms, and would be hedged at opportune time. Till such time, the Exchange Rate Variation and Interest Rate Variation risks would stand transferred to MOR in terms of the Lease Agreement. With a view to effectively supplementing its in-house expertise in the matter, your Company usually resorts to external expert advice from reputed professional consultants, while taking hedging decisions.

Reserve Bank of India (RBI) have made it mandatory



for all the Banks offering derivative products to ensure that all their Clients who have business dealings must obtain certification regarding adoption of Risk Management Policy duly approved by their Board of Directors. In compliance with the RBI Guidelines, a Risk Management Policy, in respect of External Commercial Borrowings, has since been approved by the Board of Directors. The Board of Directors have also constituted a Risk Management Committee comprising the Managing Director and the Director Finance. The Committee meets regularly to review and monitor the foreign currency exposure.

#### **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 borrowing under automatic route, not requiring prior approval of Reserve Bank of India, if the total outstanding foreign currency borrowing remains within 75% of its net worth.

#### **Lease Arrangement with the Ministry of Railways 2013-14**

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 2013-14 through IRFC funding, lease rentals have been fixed at ₹ 56.825 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 8.39% 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 9.38% p. a.

#### **Fixed Deposits**

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

#### **Resource Mobilisation for 2014-15**

In the Interim Railway Budget for 2014-15, the annual borrowing target for IRFC was fixed at ₹ 13,800 Crore which included ₹ 12,000 Crore for funding of Rolling Stock Assets, ₹ 800 Crore for financing Railway Projects and ₹ 1,000 Crore for meeting the debt funding requirements of RVNL.

The final annual borrowing target for IRFC for the current fiscal as proposed in the Railway Budget presented to the Parliament in July, 2014 is ₹ 11,790 Crore comprising of ₹ 11,500 Crore for funding the Rolling Stock Assets and ₹ 290 Crore for meeting the requirements of the Rail Vikas Nigam Ltd. The earlier proposal for financing Railway Projects has been dropped.

Since no allocation of Tax-Free Bonds has been made in the Union Budget for the current fiscal, the annual borrowing target mandated by MOR will be met through an appropriate mix of Taxable bonds, Rupee Term Loans from Banks, External Commercial Borrowings and Internal Generations, etc.

#### **Management Discussion and Analysis and Company's Outlook for the future**

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 Reports for 2010-11, 2011-12 and 2012-13, 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.

The business of the Company with the Ministry has grown considerably during the recent years. From an annual target of ₹ 2,957 crore in 2004-05, the borrowing target assigned for the current year 2014-15 stands at ₹ 11,790 crore, including the funding support to be provided to RVNL. The trend represented by four-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 requiring additional equity infusion. 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, ₹ 250 crore in March, 2012, ₹ 600 crore in March, 2013, ₹ 400 Crore in Feb, 2014 and ₹ 231.96 Crore in March, 2014 (pending allotment as on 31st March, 2014) – did help to some

extent. It would be expedient for the Company to continue to have further equity infusion(s) not only to sustain future borrowing programmes but also to keep its gearing ratio well below 10:1. 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 is now proposed to be enhanced from ₹ 5,000 crore to ₹ 10,000 crore with the approval of the Shareholders.

Unlike the previous three financial years, Ministry of Finance, in the current fiscal has not allocated Tax Free Bonds to Government owned institutions, including your Company. IRFC is confident to meet the challenge and hopeful to raise the required amount during the year through other sources at most competitive rates and terms by resorting to borrowing from diversified markets and investors.

In the last Annual Report, the restrictive guidelines issued by Reserve Bank of India (RBI) for issuance of Bonds through Private Placement by NBFCs was highlighted which would severely constraint the resource raising capacity of your Company. These Guidelines, inter alia, provide for minimum time gap of six months between two private placement issues, restriction on the number of investors from whom offers are to be invited to 49 and placing of funds in an escrow account till security is created. In addition, in the New Companies Act, 2013, fresh guidelines have been issued with regard to the private placement of bonds which adversely affects borrowing by repeat borrowers like IRFC. The restrictive guidelines contained in the Companies Act, 2013 having adverse impact on your Company include limiting the total number of investors in a year to two hundred (excluding QIBs), seeking approval of the Shareholders through special resolution every year, allotting bonds only to the investor from whom offer was invited and maintaining on or before the 30th Day of April in each year a sum not less than 15% of the amount of

Debentures maturing during the year ending on 31st day of March of next year in deposits with banks / Central Govt. Securities etc. and such funds not to be used for any purpose other than for redemption of debentures.

### 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 Central Public Sector Enterprises (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 there are no material departures;
- 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 Companies Act, 1956 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. The high level of employee productivity and operational efficiency is reflected in an impressively low cost of operations (overhead) to turnover ratio of 0.12%.

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 2013-14, 7 (seven) employees and 8 (eight) officers were sent for training to improve their knowledge and skills in their relevant areas of operations.

### **Corporate Social Responsibility & Sustainability**

#### **For the year 2013-14**

Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, issued 'Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises' in May, 2010 which was effective from April, 2013. In terms of the guidelines on CSR and Sustainability issued by DPE, while selecting the CSR activities, the CPSEs are encouraged to take up long gestation, high impact projects from the budget allocated for CSR and Sustainable activities. The Stakeholders who are directly impacted by the operations of a CPSE should be accorded priority and the CPSEs should undertake CSR and Sustainability projects in the periphery of its commercial operations. Some Companies by their very nature of their business have no specific geographical area of commercial operations, like companies in the financial and consultancy services, such Companies can take up CSR and Sustainability projects at any location of their choice within the country. However, the CPSEs may locate their CSR and Sustainability projects in any backward area of the country. Although CPSEs may select their CSR and Sustainability projects from vast range of available options, priorities should be accorded to activities pertaining to inclusive growth of society with special attention to the development of weaker sections of society and backward districts of the country and environment sustainability. It is mandatory for all

CPSEs to select one project in each of the two categories of CSR and Sustainable activities. CSR and Sustainability initiatives should focus on capacity building, skill development and infrastructure development for the benefit of the marginalized and under privileged sections of the local communities and also the backward regions. In the second category of activities mentioned above, CPSEs have to plan for environmental sustainability and take up projects for water, waste or energy management, promotion of renewable sources of energy, biodiversity conservation etc. The unspent amount budgeted for CSR will be permitted for carry forward for the next two years after which the same is required to be transferred to a CSR Fund.

As desired by the Task Force/DPE, a long term perspective plan in respect of CSR & SD activities of your Company was prepared which has since been approved by the Board of Directors in February, 2014.

CSR Budget for the year 2013-14 was pegged at ₹ 10.50 Crore against which ₹ 8.94 Crore has already been spent.

As part of CSR initiatives for environmental sustainability, two waste water management projects have been undertaken for setting up of two waste water recycling plants at New Delhi and Delhi Railway Stations at a cost of ₹ 3 Crore each. Based on the fund requirements during the year, a sum of ₹ 4.48 Crore (74.67% of the estimated cost) has been deposited with the Northern Railway, New Delhi. The balance amount of ₹ 1.52 crore will be released depending on the progress of the work. Similarly, four water harvesting projects have been undertaken at New Delhi Terminal, Anand Vihar Terminal, Safdarjung Railway Station and Hazrat Nizamuddin Railway Station at a total estimated cost of ₹ 2.82 Crore. The total amount has since been deposited with Northern Railway, New Delhi for this purpose. As part of CSR initiatives for development of weaker sections of the

society and development of backward regions, two camps were organized in September / November, 2013 through Artificial Limbs Manufacturing Corporation of India (ALIMCO) in Auriya district of Uttar Pradesh for distribution of Aids and Appliances to the Persons with Disabilities (PWDs) for which a sum of ₹ 73.92 Lacs was spent by the Company during F. Y. 2013-14. Besides, the Company jointly with RITES has undertaken construction of a Vocational-cum-Skill Development and Training Center in Udaipur district of Rajasthan for marginalized and disadvantage sections of Rural Society. This CSR project is being implemented through Viswas Sansthan. The project is to be implemented in two years and the estimated expenditure on the project to be borne by IRFC is ₹ 2.01 Crore. The milestone with regard to the stage of completion of the project for F. Y. 2013-14 has been achieved and the funds budgeted for this purpose has since been disbursed to the Implementing Agency.

#### **For the year 2014-15**

It has been agreed in consultation with the Task Force/DPE that the Company would spend ₹ 10.38 crore on CSR and Sustainable Development during the year 2014-15. The activities include (i) LED based Solar power lighting in villages of eight districts of Assam at an estimated cost of ₹ 4.91 Crore, (ii) Setting up of SPV Power Plant at Sahibabad and Delhi Cant. Railway Stations including 30 Nos. LED based Street Lights at an estimated cost of ₹ 1.50 Crore & Setting up of SPV Power Plants at Schools operated by Mahila Samiti on Northern Railway at a cost of ₹ 0.69 Crore, (iii) Two Camps with ALIMCO for distribution of Aids and Appliances to physically handicapped for which at an estimated cost of ₹ 1.50 Crore, (iv) Vocational-cum-Skill Development Centre at a cost of ₹ 1.01 Crore and provision for furniture to School jointly with RITES in specified backward district at a cost of ₹ 0.25 Crore. Besides, a fund provision of ₹ 0.52 Crore has been made for emergency funds for meeting Natural Calamities.

The CSR Policy shall be revised in terms of the new Companies Act, 2013 and the Guidelines to be issued by DPE in this regard.

#### **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. Awards were given to employees making most extensive use of Hindi in their day-to-day official work.

The Committee of Parliament on Official Language held an inspection meeting with the Company in September, 2013, and reviewed position of use of official language in the Company and progress made



by the Company in use of Hindi since its last inspection. Your Directors are happy to share with you that the Parliamentary Committee expressed satisfaction and happiness at the overall level of use of official language in the Company and complimented for the same.

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

#### **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 Manager category. These include two

women employees, one as Assistant Manager and one 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, 2013, a few changes have taken place in the composition of the Board of Directors. Shri R. Kashyap, Chairman demitted Office on superannuation on 30th April, 2014.

Mr. S.K. Goel has been nominated as part-time Non-Official Director (Independent Director) of the Company vide Ministry of Railways Order No. 2003/PL/61/1 dated 31st December, 2013. The appointment is for a period of 3 years from the date of the order. Mr. Goel holds Bachelors' degree in Arts and Law and Masters' degree in English. Mr. Goel was Chairman of Central Board of Excise and Customs (CBEC) and was also Special Secretary of the Government of India in the Department of Revenue, Ministry of Finance. He has rich experience in handling Indirect Tax Administration including Union Budget formulation, revenue intelligence, tax policies and legal functions of CBEC.

The Board of Directors wishes to place on record its deep appreciation of the able leadership provided by Shri. R. Kashyap as Chairman of the Company.

As required under the Corporate Governance Guidelines, the Company evaluates performance of its Directors and Committee(s) of the Board.

#### **Statutory Auditors**

M/s Bansal Sinha & Co., Chartered Accountants, have been appointed as Statutory Auditors by Comptroller & Auditor General of India to audit the accounts of the Company for the year 2014-15. The Report 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, 2014 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, Public Enterprises Selection Board, 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, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange, 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

Place: New Delhi

Date: 12th August, 2014

**Managing Director**



## Report on Corporate Governance

### ANNEXURE - I

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 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 and grievance settlement.

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.nic.in](http://www.irfc.nic.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 2013-14. 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 5 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. one Independent Director is also in position and post of another Independent Director, which fell vacant on 16.10.2011, would be filled up 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.	211	13.05.2013
2.	212	06.08.2013
3.	213	13.09.2013
4.	214	08.11.2013
5.	215	08.02.2014
6.	216	24.03.2014



**Attendance at the Meetings of the Board of Directors during 2013-14**

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. Vijaya Kanth, Chairperson/ IRFC (11.01.2012 to 30.06.2013)	1	1	NA	None	1
Shri R. Kashyap, Chairperson/ IRFC (31.07.2013 to 30.04.2014)	5	5	Yes	None	
Shri Rajiv Datt Managing Director/ IRFC From 14.11.2011	6	6	Yes	None	1
Ms. Sharmila Chavaly Director/ IRFC From 21.11.2012	6	4	No	2*	2**
Shri D.C.Arya Director Finance/ IRFC From 31.12.2011	6	6	Yes	None	None
Shri S.K.Goel Director/ IRFC From 31.12.2013	2	2	NA	1***	2****

**Notes :**

- Only Audit Committee and Shareholders' Grievance Committee have been reckoned while considering Committee positions.
  - Smt. Vijaya Kanth superannuated on 30.06.2013. Government Orders appointing Shri R. Kashyap as new Chairman of the Board of IRFC were issued on 31.07.2013.
  - Shri S.K. Goel has been appointed Non-Official / Independent Director vide Government of India Orders issued by Ministry of Railways on 31.12.2013
- \* Ms. Sharmila Chavaly is Director in ONGC Videsh Nigam Limited and India Infrastructure Finance Company Limited (IIFCL).
- \*\* She is also member of the Audit Committee in IIFCL besides being member of the said Committee in IRFC.
- \*\*\* Shri S.K. Goel is Director in Informerics Valuation and Rating Private Ltd.
- \*\*\*\* Shri S.K. Goel is Chairman of Audit Committee of IRFC.



### Remuneration paid to Managing Director and Director Finance

Salary in the following scales, together with 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 is paid to Independent Director(s) for attending Board meetings or meetings of Committee(s) of the Board. Enhancement in the fee is under active consideration of the Company.

### 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 - Shri S.K. Goel, Independent Director / IRFC, Ms. Sharmila Chavaly, Director / IRFC and Shri Rajiv Datt, Managing Director / IRFC. Shri S.K. Goel is the Chairman of the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

Ms. Sharmila Chavaly will immediately cease to be the member of the Committee on appointment of the another Independent Director by the Government.

During the financial year 2013-14, four Meetings of the Committee were held on 13th May, 2013, 6th August, 2013, 8th November, 2013 and 8th February, 2014. 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 Commissioner (Railways) / Chairperson (IRFC)	1	1
2.	Shri R. Kashyap, Financial Commissioner (Railways) / Chairperson (IRFC)	2	2
3.	Ms. Sharmila Chavaly Director / IRFC	4	3
4.	Shri Rajiv Datt Managing Director	4	4
5.	Shri S.K.Goel Non-Official / Independent Director	1	1

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 had ceased to exist from 16.10.2011. After appointment of Shri S.K. Goel as Independent Director, the Committee was reconstituted by the Board on 10.01.2014, chaired by Shri S.K. Goel / Independent Director, Chairman / IRFC and Nominee Director of Ministry of Finance are the other members. The Committee held its Meeting on 08.02.2014.

In line with Section 178(5) of the Companies Act, 2013, the Company has constituted Stakeholders Relationship Committee. The Committee comprises Shri S.K. Goel, who is Chairman of the Committee, Shri Rajiv Datt, Managing Director / IRFC and Shri D.C. Arya, Director Finance / IRFC are its Members

#### **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.

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 0.12% of the turnover as against 0.11% in the last year.

Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2013-14.

### **Means of Communication**

During 2013-14, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2013 and 31st March, 2014 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 action. The work done by the Registrars is got audited by the Company periodically.

As on 31.03.2014, there were no complaints from investors pending for more than 15 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 31.07.2014.

### General Body Meetings

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

AGM No.	AGM Date	Location	Time
26	20th September, 2013	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	4.30 P.M.
25	28th August, 2012	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.
24	15th September, 2011	Conference Hall, Rail Bhawan, New Delhi.	3.30 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.

### General Shareholder Information

#### Annual General Meeting :

Date : 27th August, 2014

Day : Wednesday

Time : 5.00 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 :

#### Half year ended 30.09.2013

- Financial Express - 10th November, 2013
- Jansatta (Hindi) - 10th November, 2013

#### Half year ended 31.03.2014

- Financial Express - 25th April, 2014
- Jansatta (Hindi) - 25th April, 2014

### 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 2014-15 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.

The Report was taken on record by the Board of Directors in their Meeting held on 31.07.2014.

### 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.

## A N N E X U R E - '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 2013-14.

Place : New Delhi

Date : 31.07.2014

Rajiv Datt  
Managing Director

**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION**

In relation to the audited financial accounts of the Company as at 31st March, 2014, 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.

Dated : 31.07.2014

**D.C. Arya**  
Director Finance

**Rajiv Datt**  
Managing Director

**BANSAL SINHA & CO.**

Chartered Accountants

18/19, Old Rajinder Nagar

New Delhi - 110 060

Phone : 011-25722270, 25853424

Fax : 011-41046530

E-mail : bsc@bansalsinha.com

Visit us at www.bansalsinha.com

**Auditors' Certificate on Compliance of conditions of Corporate Governance**

To,

The Members of Indian Railway Finance Corporation Limited.

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2014.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, as required in terms of Simplified Debt Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by Government of India, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated herein except:

1. Constitution of Board due to non-appointment of minimum number of Independent Directors by the Government of India.
2. Constitution and convening of Audit Committee meetings without minimum number of Independent Directors in the Audit Committee.
3. Chairing of Audit Committee meetings by an independent Director for the meetings held during the period April 2013- December 2013
4. Non adoption and periodical review of Risk Management policy in the Audit Committee meetings held during the period April 2013- December 2013
5. Constitution of Remuneration Committee due to non-appointment of Independent Directors.

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

For **Bansal Sinha & Co.**

Chartered Accountants

FRN-006184N

**Ravinder Khullar****Partner**

Membership No. 082928

Date: August 16, 2014



## 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 the Indian Railway Finance Corporation Limited (“The Company”) for the financial year ended on March 31st, 2014 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 (Regulation) Act. 1956 ('SCRA') and the Rules made under this Act;
- The Simplified Debt Listing Agreements entered into with National Stock Exchange Limited & Bombay 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 by the corporate sector in India. These corporate actions are responsibility of the Company. Secretarial Audit is conducted in such a manner that provides us a reasonable basis for evaluating the aforesaid 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 representatives during Secretarial Audit, we hereby report that in our opinion, the Company during the aforesaid period, has complied with the applicable statutory provisions of the Companies Act, 1956 and the Memorandum & Articles of Association of the Company. Further the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereunder:
- a) Maintenance of various statutory registers and documents and making necessary entries therein;
  - b) Record date 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) Service of documents by the Company to its



- Members, Bond holders, Bond Trustees and the Registrar of Companies;
- e) Notice of the Board meetings and Committee meetings of the Directors;
  - f) The meetings of the Directors and Committees of the Directors including passing of resolution by circulation;
  - g) The 26th Annual General Meeting was held on 13th September, 2013 which was adjourned due to lack of quorum and the adjourned Annual General Meeting was held on 20th September, 2013;
  - h) Minutes of the General Meetings and of the Board and Committee thereof;
  - 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 except requirement of having minimum number of Independent Directors on the Board in compliance of listing guidelines and Corporate Governance Guidelines Issued by Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India.
  - 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 actions 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 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 have any other approvals of the Central Government, Regional Director, Company Law Board, Registrar and /or such authorities under the various provisions of the Act.
  - c) There was no prosecution initiated against the Company and no fines or penalties were

imposed on 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 as under:
    - (a) constitution of Board without appointment of minimum number of Independent Directors by the Government of India during the year,
    - (b) constitution and convening of Audit Committee Meetings without minimum number of Independent Directors on the Audit during the year,
    - (c) Audit Committee Meeting not chaired by Independent Director for the Meeting held during the period April 2013- December 2013,
    - (d) Non adoption and periodical review of Risk Management Policy in the Audit Committee Meeting held during the period April 2013-December 2013 and
    - (e) Constitution of Remuneration Committee without appointment of Independent Directors for the period April 2013-December 2013;
  - d) The Company has complied with the provisions of Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;
  - 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

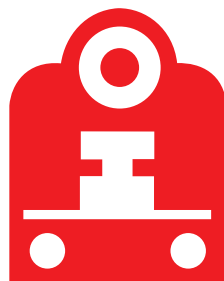
**CS Navneet Arora**  
Proprietor

Place: New Delhi  
Date : 23rd July, 2014

C.P. No. 3005, FCS – 3214



# ANNUAL ACCOUNTS 2013-14



**Indian Railway Finance Corporation Ltd.**  
(A Government of India Enterprise)



## Indian Railway Finance Corporation Limited

## Balance Sheet as at 31st March 2014

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2014	As at 31-03-2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	335200.00	235200.00
(b) Reserves & Surplus	3	397807.73	344228.23
		<b>733007.73</b>	<b>579428.23</b>
<b>(2) Share Application Money Pending Allotment</b>	4	23196.00	60000.00
<b>(3) Non-Current Liabilities</b>			
(a) Long Term Borrowings	5	6504243.37	5229162.97
(b) Deferred Tax Liabilities (Net)	6	421213.79	367075.17
(c) Other Long Term Liabilities	7	332.33	478.68
(d) Long Term Provisions	8	26.52	6.56
		<b>6925816.01</b>	<b>5596723.38</b>
<b>(4) Current Liabilities</b>			
(a) Short Term Borrowings	9	82900.00	102600.00
(b) Other Current Liabilities	10	621742.30	728065.03
(c) Short Term Provisions	11	6339.95	8687.84
		<b>710982.25</b>	<b>839352.87</b>
<b>Total</b>		<b>8393001.99</b>	<b>7075504.48</b>
<b>II. ASSETS</b>			
<b>(5) Non-Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		1258.86	1291.69
(ii) Intangible Assets		1.57	1.53
(b) Non-Current Investments	13	1091.76	1266.48
(c) Long Term Loans and Advances	14	7545503.02	6511530.95
(d) Other Non-Current Assets	15	44104.33	44877.85
		<b>7591959.54</b>	<b>6558968.50</b>
<b>(6) Current Assets</b>			
(a) Cash and Bank Balances	16	202196.27	40476.86
(b) Short Term Loans and Advances	17	176.51	1791.64
(c) Other Current Assets	18	598669.67	474267.48
		<b>801042.45</b>	<b>516535.98</b>
<b>Total</b>		<b>8393001.99</b>	<b>7075504.48</b>
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 Bansal Sinha & Co.**  
Chartered Accountants  
FRN-006184N

**For and on behalf of the Board of Directors**

**Ravinder Khullar**  
(Partner)  
M.No. 082928

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

**D.C.Arya**  
Director Finance

**Rajiv Datt**  
Managing Director

Place: New Delhi  
Date : 31-07-2014

## Indian Railway Finance Corporation Limited

### Statement of Profit and Loss for the year ended 31st March 2014

(₹ in Lakhs)

Particulars	Note No.	Year ended 31-03-2014	Year ended 31-03-2013
Revenue from Operations	19	618715.19	554959.74
Other Income	20	1111.04	194.71
<b>Total Revenue</b>		<b>619826.23</b>	<b>555154.45</b>
Expenses:			
Employee Benefits Expense	21	296.35	298.30
Finance Costs	22	460674.91	407482.11
Exchange Rate Variation		78.33	364.67
Depreciation and Amortization Expense		36.79	36.91
Other Expenses	23	1537.11	1555.65
<b>Total Expenses</b>		<b>462623.49</b>	<b>409737.64</b>
<b>Profit Before Exceptional and Extraordinary Items and Tax</b>		<b>157202.74</b>	<b>145416.81</b>
Exceptional Items		-	-
<b>Profit Before Extraordinary Items and Tax</b>		<b>157202.74</b>	<b>145416.81</b>
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>157202.74</b>	<b>145416.81</b>
Tax Expenses:			
(1) Current Tax (MAT)		32958.45	29286.28
(2) Tax For Earlier Years (MAT)		36.62	-60.13
(3) Deferred Tax		54138.62	64034.10
		<b>87133.69</b>	<b>93260.25</b>
<b>Profit for the year</b>		<b>70069.05</b>	<b>52156.56</b>
Earnings per equity share (in ₹):	24		
(1) Basic		233.21	221.75
(2) Diluted		233.16	218.52
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

This is the Statement of Profit and Loss

Referred in to our Report of even date

**For Bansal Sinha & Co.**

Chartered Accountants

FRN-006184N

**For and on behalf of the Board of Directors**

**Ravinder Khullar**

(Partner)

M.No. 082928

**S.K.Ajmani**

Company Secretary

& G.M. (Term Loans)

**D.C.Arya**

Director Finance

**Rajiv Datt**

Managing Director

Place: New Delhi

Date : 31-07-2014



Indian Railway Finance Corporation Limited

Cash Flow Statement for the Year Ended 31st March 2014

(₹ in Lakhs)

Particulars		Year ended 31-03-2014	Year ended 31-03-2013
<b>A.</b>	<b>Cash Flow from Operating Activities :</b>		
	Profit Before Tax:	157202.74	145416.81
	<b>Adjustments for:</b>		
	1. Depreciation	36.79	36.91
	2. (Profit) / Loss on sale of fixed assets (Net)	0.53	0.15
	3. Lease Rentals advance amortised	5812.77	5255.26
	4. Exchange Rate Variation	78.33	364.67
	5. Amortisation of Interest Restructuring Advance	23.40	59.11
	6. Amortisation of Gain on asset securitisation	(248.79)	(574.77)
	7. Provision for Interest Payable to Income Tax Authorities	87.32	457.32
	8. Dividend Received	(49.29)	(28.06)
		<b>162943.80</b>	<b>150987.40</b>
	<b>Adjustments for-</b>		
	9. Assets given on financial lease during the year	(1478450.81)	(1503449.88)
	10. Capital Recovery on assets given on financial lease	446260.83	367925.72
	11. Receipt on account of Long term loans during the year	15591.67	14588.33
	12. Term Loans disbursed during the year	(44000.00)	(10400.00)
	13. Loans & Advances (Net of Adv. Tax & ERV)	14787.47	8128.53
	14. Other Bank Balance (Fixed Deposits with maturity of more than 3 months)	(148500.00)	118811.00
	15. Other Non Current Assets	773.52	(725.91)
	16. Other Current Assets	(11089.69)	(897.91)
	17. Current Liabilities	32566.91	46943.51
	18. Provisions	(3.41)	537.70
	19. Direct Taxes Paid	(39072.80)	(23625.68)
		<b>(1211136.31)</b>	<b>(982164.60)</b>
	<b>Net Cash flow from Operations</b>	<b>(1048192.51)</b>	<b>(831177.20)</b>
<b>B.</b>	<b>Cash Flow from Investment Activities:</b>		
	1. Purchase of Fixed Assets	(5.05)	(21.93)
	2. Proceeds from sale of Fixed Assets	0.53	0.84
	3. Dividend Received	49.29	28.06
	4. Proceeds from Pass Through Certificates	191.44	209.76
	5. Investment in Pass Through Certificates	-	-
		<b>236.21</b>	<b>216.73</b>
<b>C.</b>	<b>Cash flow from Financing Activities::</b>		
	1. Dividend & Dividend Tax Paid during the year	(12792.20)	(11622.25)
	2. Share Capital Raised during the year	40000.00	-
	3. Share Application Money received	23196.00	60000.00
	4. Funds raised through Bonds	882879.73	801615.79
	5. Bonds Redeemed during the year	(151763.38)	(207463.33)
	6. Term Loans raised during the year	845313.27	1145860.00
	7. Term Loans repaid during the year	(1059591.03)	(1091496.24)
	8. Funds raised through External Commercial Borrowings	559652.32	156485.10
	9. Repayment of External Commercial Borrowings	(65719.00)	(17726.86)
		<b>1061175.71</b>	<b>835652.20</b>
	<b>Net Cash Flow During the year(A+B+C)</b>	<b>13219.41</b>	<b>4691.73</b>
	Opening Balance of Cash & Cash Equivalents:		
	Balance in the Current Accounts	475.19	683.67
	Balance in the Term Deposit Accounts(original maturity of three months or less)	10000.00	5100.00
	Balance in Franking Machine	0.65	0.44
	Balance in RBI-PLA	1.02	1.02
		<b>10476.86</b>	<b>5785.13</b>
	<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>23696.27</b>	<b>10476.86</b>

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 where ever found necessary to make them comparable with the current year figures.

4. Composition of Cash & Cash Equivalents at the end of the year:

-Balance in Current Accounts	23694.91	475.19
-Balance in Term Deposit Accounts (original maturity of three months or less)	0.00	10000.00
-Balance in Franking Machine	0.34	0.65
-Balance in RBI-PLA	1.02	1.02
	<b>23696.27</b>	<b>10476.86</b>

5. Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash & Cash Equivalents.

6. Balance in Current Accounts includes a sum of ₹ 366.49 lakhs lying unpaid in Interest/Redemption Accounts is not available for use by the Company.

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

For Bansal Sinha & Co.  
Chartered Accountants  
FRN-006184N

For and on behalf of the Board of Directors

Ravinder Khullar  
(Partner)  
M.No. 082928

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

D.C.Arya  
Director Finance

Rajiv Datt  
Managing Director

Place: New Delhi  
Date : 31.07.2014



## Indian Railway Finance Corporation Limited

Significant Accounting policies and Notes on Financial Statements for the year Ended 31<sup>st</sup> March, 2014

### Company Overview

Indian Railway Finance Corporation Ltd., referred to as "the company" was incorporated by the Government of India, Ministry of Railways, as a financing arm of Indian Railways, for the purpose of raising the necessary resources for meeting the developmental needs of Indian Railways. The President of India along with his nominees holds 100% of the equity share capital.

### 1. Significant Accounting Policies

#### I. Basis for preparation of Financial Statements

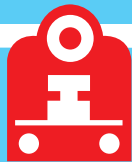
a) The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 1956 and the applicable guidelines issued by the Reserve Bank of India as adopted consistently by the Company.

#### 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 nonperforming 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**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction

#### 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) Notional exchange differences arising on reporting of outstanding 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 translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.
- iii) 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 diminution, 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, Depreciation and Amortization**

- a) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.
- b) Depreciation on fixed assets other than those costing upto ₹ 5,000/- is charged on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956, on pro-rata basis.
- c) Fixed assets costing upto ₹ 5,000/- are depreciated fully in the year of purchase / capitalization.
- d) Software are amortized over 5 years on straight line method.

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 1<sup>st</sup> 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 Statement of Profit and Loss.

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 (except discount on deep discount bonds) and interest on application money are charged to Profit and Loss Account in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds.
- b) Documentation, processing & other charges paid on Long Term Loans are charged to the Profit and Loss Account in the year loan is 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 Current Tax and Deferred Tax.

Provision for current income 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

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. Any recovery from the prospective lessee (MOR) of these assets is reduced from the cost of the qualifying assets. Other borrowing costs are recognized as expense in the period in which they are incurred.

## 2. Share Capital

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>AUTHORISED</b> 500,00,000 (previous year 500,00,000) Equity Share of ₹ 1000/- each	<b>500000.00</b>	500000.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b> 3,35,20,000 (previous year 2,35,20,000) Equity Shares of ₹ 1000/- each	<b>335200.00</b>	235200.00
<b>Total</b>	<b>335200.00</b>	235200.00

2.1 The Company has only one class of shares referred to as Equity Share having a par value of ₹ 1,000/- 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, 2014, the total dividend appropriation was ₹ 16535.35 lakhs (previous year ₹ 129792.20 lakhs) including corporate dividend tax of ₹ 2521.35 lakhs (previous year ₹ 1792.20 lakhs).

2.3 Reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31-03-2014 No. of shares	As at 31-03-2013 No. of shares
Equity Shares at the beginning of the year	<b>23520000</b>	21020000
Add: Shares issued for cash at par	<b>10000000</b>	2500000
Equity Shares at the end of the year	<b>33520000</b>	23520000

2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2014		As at 31-03-2013	
	No. of shares	% held	No. of shares	% held
The President of India and his nominees (through Ministry of Railways)	<b>33520000</b>	<b>100%</b>	23520000	100%

## 3. Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Securities Premium Account</b>		
Opening Balance	11.34	0.00
Add: Received during the year	45.81	11.34
<b>Closing Balance - 'A'</b>	<b>57.15</b>	<b>11.34</b>
<b>Bonds Redemption Reserve</b>		
Opening Balance	283795.50	244431.14
Add: Transfer from Surplus	53533.69	39364.36
<b>Closing Balance - 'B'</b>	<b>337329.19</b>	<b>283795.50</b>
<b>General Reserve</b>		
Opening Balance	60421.39	60421.39
Add: Transfer from Surplus	0.00	0.00
<b>Closing Balance - 'C'</b>	<b>60421.39</b>	<b>60421.39</b>



<b>Surplus</b>		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	70069.05	52156.56
Surplus available for appropriation	70069.05	52156.56
<b>Less: Appropriations</b>		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	53533.69	39364.36
Interim Dividend	10000.00	10000.00
Proposed Final Dividend	4014.00	1000.00
Dividend Tax	2521.36	1792.20
<b>Closing Balance</b>	<b>- 'D'</b>	<b>0.00</b>
<b>Total</b>	<b>A + B + C + D</b>	<b>397807.73</b>
		<b>344228.23</b>

#### 4. Share Application Money Pending Allotment

The Company had opening balance of Share Application Money of ₹ 60,000 Lakhs received from its existing Shareholder i.e. President of India through Ministry of Railways, Government of India, in respect of which the Company issued 60,00,000 equity shares of ₹ 1,000/- each at par on 13<sup>th</sup> May, 2013.

The Company received ₹ 40,000 Lakhs of Share Application Money during the year from its existing Shareholder on 12<sup>th</sup> February, 2014 in respect of which 40,00,000 equity shares were allotted at par on 24<sup>th</sup> March, 2014.

The Company has further received an amount of ₹ 23196 Lakhs from its existing Shareholder on 31<sup>st</sup> March, 2014 towards Application Money in respect of 23,19,600 equity shares of ₹ 1,000/- each to be issued to them at par on Private Placement basis. The allotment of these shares was pending on 31<sup>st</sup> March, 2014. However, pursuant to the approval by the Board of Directors in their meeting held on 24<sup>th</sup> April, 2014 these shares have been allotted and issued.

#### 5. Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2014		As at 31-03-2013	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
Bonds from Domestic Capital Market	4873766.37	117441.00	4108373.45	151763.38
Rupee Term Loans from Banks	250573.07	11271.15	24344.23	148717.74
Foreign Currency Term Loans	12702.90	1814.70	11415.60	4333.51
<b>Total Secured Borrowings</b>	<b>5137042.34</b>	<b>130526.85</b>	<b>4144133.28</b>	<b>304814.63</b>
<b>Unsecured</b>				
Bonds from Overseas Capital Market	680512.50	0.00	339750.00	0.00
Rupee Term Loans from Banks	1376.94	1860.00	102236.94	184360.00
Foreign Currency Term Loans	685311.59	272205.00	643042.75	54360.00
<b>Total Unsecured Borrowings</b>	<b>1367201.03</b>	<b>274065.00</b>	<b>1085029.69</b>	<b>238720.00</b>
<b>Total Long Term Borrowings</b>	<b>6504243.37</b>	<b>404591.85</b>	<b>5229162.97</b>	<b>543534.63</b>

5.1 All the bonds issued in the domestic capital market and outstanding as on 31-03-2014 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 31-03-2014 is set out below:

Series	Interest Rate	Amount outstanding (₹ in Lakhs)	Terms of Repayment	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	04-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	04-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	04-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%, Semi Annual	1500.00	Bullet Repayment	04-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	04-May-31
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet Repayment	04-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet Repayment	03-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%, Annual	94791.32	Bullet Repayment	26-Mar-29
96th 'A' Series Tax Free Bonds Public Issue	8.88%, Annual	43641.41	Bullet Repayment	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%, Annual	109018.68	Bullet Repayment	18-Feb-29
92nd 'A' Series Tax Free Bonds Public Issue	8.65%, Annual	68835.91	Bullet Repayment	18-Feb-29
94th 'A' Series Tax Free Non-Cum Bonds	8.55%, Annual	1300.00	Bullet Repayment	12-Feb-29
93rd 'A' Series Tax Free Non-Cum Bonds	8.55%, Annual	165000.00	Bullet Repayment	10-Feb-29
90th 'A' Series Tax Free Non-Cum Bonds	8.48%, Annual	5500.00	Bullet Repayment	27-Nov-28
89th 'A' Series Tax Free Non-Cum Bonds	8.48%, Annual	73800.00	Bullet Repayment	21-Nov-28
87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04%, Annual	21936.72	Bullet Repayment	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54%, Annual	4451.66	Bullet Repayment	23-Mar-28
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34%, Annual	229645.19	Bullet Repayment	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84%, Annual	26225.84	Bullet Repayment	19-Feb-28



83rd 'A' Tax Free Non-Cum. Bonds	7.39%, Annual	9500.00	Bullet Repayment	06-Dec-27
82nd 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	3000.00	Bullet Repayment	30-Nov-27
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670.00	Bullet Repayment	26-Nov-27
54th "B" Taxable Non-Cum. Bonds	10.04%, Semi Annual	32000.00	Bullet Repayment	07-Jun-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	273914.85	Bullet Repayment	23-Feb-27
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	35650.34	Bullet Repayment	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet Repayment	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet Repayment	08-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	03-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-24
95th Series Tax Free Bonds Public Issue	8.19%, Annual	23115.20	Bullet Repayment	26-Mar-24
95th A Series Tax Free Bonds Public Issue	8.44%, Annual	12973.84	Bullet Repayment	26-Mar-24
91st Series Tax Free Bonds Public Issue	8.23%, Annual	177832.10	Bullet Repayment	18-Feb-24
91st A Series Tax Free Bonds Public Issue	8.48%, Annual	52625.46	Bullet Repayment	18-Feb-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
90th Series Tax Free Non-Cum Bonds	8.35%, Annual	5700.00	Bullet Repayment	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%, Annual	48700.00	Bullet Repayment	21-Nov-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
88th Taxable Non-Cum. Bonds	8.83%, Annual	110000.00	Bullet Repayment	25-Mar-23
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88%, Annual	13572.92	Bullet Repayment	23-Mar-23
87th Series (Retail), Tax Free Bonds Public Issue	7.38%, Annual	2944.08	Bullet Repayment	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18%, Annual	265568.22	Bullet Repayment	19-Feb-23



86th Series (Retail), Tax Free Bonds Public Issue	7.68%, Annual	15899.82	Bullet Repayment	19-Feb-23
85th Tax Free Non-Cum. Bonds	7.19%, Annual	9500.00	Bullet Repayment	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22%, Annual	49990.00	Bullet Repayment	07-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22%, Annual	3000.00	Bullet Repayment	06-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22%, Annual	4100.00	Bullet Repayment	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21%, Annual	25600.00	Bullet Repayment	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet Repayment	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000.00	Bullet Repayment	07-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-22
80th Series (Non-Retail), Tax Free Bonds Public Issue	8%, Annual	280581.20	Bullet Repayment	23-Feb-22
80th Series (Retail), Tax Free Bonds Public Issue	8.15%, Annual	36742.61	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	08-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	07-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet Repayment	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, 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" - FRB 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	07-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	08-Mar-20



67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet Repayment	03-Feb-20
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19
49th "N" - FRB 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	07-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet Repayment	27-Apr-19
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 5 equal yearly instalments starting 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" - FRB 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	07-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%, 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" - FRB 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	07-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-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	6.3%, Semi Annual	64262.00	Bullet Repayment	08-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%, 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" - FRB 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	07-Jun-16
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%, 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
22nd Taxable Non-Cum. Bonds	11.50%, Semi Annual	90.00	Bullet Repayment	27-Jul-15
49th "J" - FRB 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	07-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	04-May-15
65th "F" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-15
<b>Total</b>		<b>4873766.37</b>		

5.1.2 Maturity profile and Rate of Interest of the bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2014 is set out below:

(₹. in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
47th "K" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-15
68th Tax Free Non-Cum. Bonds	6%, Semi Annual	35011.00	Bullet Repayment	08-Mar-15
17th Tax free Non-Cum. Bonds	9%, 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%, 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
22nd Taxable Non-Cum. Bonds	11.50%, Semi Annual	70.00	Bullet Repayment	27-Jul-14
16th "O" Taxable Non-Cum. Bonds	12.80%, Quarterly	1000.00	Bullet Repayment	15-Jul-14
15th "O" Taxable Non-Cum. Bonds	12.90%, Quarterly	1000.00	Bullet Repayment	22-Jun-14
49th "I" - FRB 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	07-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
<b>Total</b>		<b>117441.00</b>		

\*Applicable interest rate as on 31-03-2014 (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. Terms of Repayment of Secured Term Loans and amount outstanding as on 31-03-2014 is set out below:

(₹ in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Central Bank of India(2)	8.25%, Fixed	1-Apr-14	Half Yearly	0.00	657.00	657.00
Central Bank of India(3)	8.25%, Fixed	1-Apr-14	Half Yearly	1316.00	668.00	1984.00
Central Bank of India(4)	8.25%, Fixed	1-Apr-14	Half Yearly	1316.00	668.00	1984.00
HDFC Bank Ltd.	8.44%, Fixed	1-Apr-14	Half Yearly	0.00	100.00	100.00
United Bank of India (1)	8.91%, Fixed	1-Apr-14	Half Yearly	676.00	666.00	1342.00
United Bank of India (2)	8.91%, Fixed	1-Apr-14	Half Yearly	1342.00	666.00	2008.00
ICICI Bank Ltd.	11.50%, Fixed	1-Apr-14	Half Yearly	1923.07	3846.15	5769.22
Bank of Tokyo - Mitsubishi UFJ Ltd.	7.80%, Fixed	15-May-14	Annual	4000.00	4000.00	8000.00
State Bank of India	10%, Linked to Base Rate	28-Apr-15	Bullet	240000.00	0.00	240000.00
<b>Total</b>				<b>250573.07</b>	<b>11271.15</b>	<b>261844.22</b>

Note-1 Date of Maturity indicates the date of payment of 1<sup>st</sup> installment where the loan is repaid in installments.

- 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. Terms of Repayment of the Foreign Currency term loan and amount outstanding as on 31-03-2014 is as follows:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Bank of India	6M USD LIBOR+1.25%	30-Apr-14	Half Yearly	12702.90	1814.70	14517.60
<b>Total</b>				<b>12702.90</b>	<b>1814.70</b>	<b>14517.60</b>

Note-1 Date of Maturity indicates the date of payment of 1<sup>st</sup> installment.

- 5.4 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 31-03-2014 is set out below:

(₹ in Lakhs)

Particulars	Interest Rate	Amount outstanding	Term of Repayment	Date of Maturity
Reg-S Bonds 3rd Series (USD 500 Million)	3.917%, Semi Annual	302450.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2nd Series (USD 300 Million)	3.417%, Semi Annual	181470.00	Bullet Repayment	10-Oct-17
US PP Bonds 2017 (USD 125 Million)	5.94%, Semi Annual	75612.50	Bullet Repayment	28-Mar-17
Reg-S Bonds 1st Series (USD 200 Million)	4.406%, Semi Annual	120980.00	Bullet Repayment	30-Mar-16
<b>Total</b>		<b>680512.50</b>		



- 5.5 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2014 is as follows:

(₹ in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
IDBI Ltd.	8.50%, Fixed	01-Apr-14	Quarterly	1376.94	1860.00	3236.94
<b>Total</b>				<b>1376.94</b>	<b>1860.00</b>	<b>3236.94</b>

Note-1 Date of Maturity indicates the date of payment of 1<sup>st</sup> installment where the loan is repaid in installments.

- 5.6 Terms of Repayment of the Unsecured Foreign Currency Loans (classified as long term borrowings) and amount outstanding as on 31-03-2014 is as follows:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Syndicated Foreign Currency Loan-USD 450 Mio	6M USD LIBOR+2.34%	29-Sep-14	Bullet	0.00	272205.00	272205.00
Syndicated Foreign Currency Loan-USD 350 Mio	6M USD LIBOR+1.34%	28-Sep-15	Bullet	211715.00	0.00	211715.00
Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	28-Sep-16	Bullet	120980.00	0.00	120980.00
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+1.47%	3-Dec-18	Bullet	241960.00	0.00	241960.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	88252.89	0.00	88252.89
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	22403.70	0.00	22403.70
<b>Total</b>				<b>685311.59</b>	<b>272205.00</b>	<b>957516.59</b>

## 6. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 1956.	879269.68	756046.30
<u>Less:</u> Deferred Tax Asset on account of Unabsorbed Depreciation	458055.89	388689.48
<u>Less:</u> Deferred Tax Asset on account of Provision for CSR Expenses	0.00	281.65
<b>Net Deferred Tax Liability</b>	<b>421213.79</b>	<b>367075.17</b>

Pursuant to the clarification issued by the Central Board of Direct Taxes (CBDT) vide their circular No. 2 dated 9<sup>th</sup> February 2001, the Company, being the legal owner of the assets given on financial lease, continues to claim depreciation under the Income Tax Act, by adding back the depreciation as per the Companies Act, on notional basis, as the leased assets are not capitalized in the books of account of the Company. The WDV of assets under the Income Tax Act and as worked out as per the Companies Act, is considered for providing DTL.

MAT Credit is not being recognised on consideration of prudence, as the Company does not expect to utilize the same during the period allowed under the Income Tax Act.

## 7. Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31-03-2014		As at 31-03-2013	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	332.33	146.35	478.68	248.79
<b>Total</b>	<b>332.33</b>	<b>146.35</b>	<b>478.68</b>	<b>248.79</b>

\*Out of the unrecognised gain of ₹ 727.47 Lakhs (P.Y. 1302.24 Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of ₹ 248.79 Lakhs (P.Y. ₹ 574.77 Lakhs) has been recognised during the year ended 31<sup>st</sup> March 2014, leaving a balance of ₹ 478.68 Lakhs.

## 8. Long Term Provisions

(₹ in Lakhs)

Particulars	As at 31-03-2014		As at 31-03-2013	
	Non Current	Current	Non Current	Current
Provision for Leave Encashment (Net of funded assets)	24.88	12.23	4.66	6.01
Provision for Gratuity (Net of funded assets)	0.00	0.00	0.00	1.47
Provision for Leave Travel Concession	1.64	1.80	1.90	1.33
<b>Total</b>	<b>26.52</b>	<b>14.03</b>	<b>6.56</b>	<b>8.81</b>

## 9. Short Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Secured</b>		
Rupee Term Loans from Banks	10000.00	0.00
	<b>10000.00</b>	<b>0.00</b>
<b>Unsecured</b>		
Loans from Banks	72900.00	102600.00
	<b>72900.00</b>	<b>102600.00</b>
<b>Total</b>	<b>82900.00</b>	<b>102600.00</b>

**10. Other Current Liabilities**

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
Current Maturities of Long Term Debt (Ref. Note No. 5)	404591.85	543534.63
Amount payable to MOR	28643.26	21826.78
Interest Accrued but not due	180272.23	151225.49
Unamortised Securitisation Gain (Ref. Note No. 7)	146.35	248.79
Liability for Matured and Unclaimed Bonds / Interest (Ref. Note No. 35)	366.49	334.94
<b>Other Payables:</b>		
Statutory Dues	1.45	1.49
Tax Deducted at Source Payable	2270.59	2110.67
Dividend Tax	1699.50	1622.25
Others	3750.58	7159.99
<b>Total</b>	<b>621742.30</b>	<b>728065.03</b>

**11. Short Term Provisions**

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
Provision for Tax (Net of Taxes Paid)	629.29	6251.60
Provision for Interest Payable on Income Tax	60.74	428.85
Provision for CSR & SD	800.04	828.63
Provision for Employee Benefits (Refer Note No.8)	14.03	8.81
Proposed Final Dividend	4014.00	1000.00
Dividend Tax on Proposed Final Dividend	821.85	169.95
<b>Total</b>	<b>6339.95</b>	<b>8687.84</b>



## 12. Fixed Assets

(₹ in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01-04-13	Additions during the year	Sale / Adjustment during the year	As at 31-03-14	Upto 01-04-13	For the year	Adjustments during the year	As at 31-03-14	As at 31-03-14	As at 31-03-13
	<u>Tangible Assets</u>										
1.	Office Building	1524.23	0.00	0.00	1524.23	299.67	24.85	0.00	324.52	1199.71	1224.56
2.	Airconditioners, Room Coolers/Heaters	19.11	0.00	0.20	18.91	10.08	0.90	0.05	10.93	7.98	9.03
3.	Office Equipments	27.07	1.26	0.50	27.83	9.03	1.26	0.07	10.22	17.61	18.04
4.	Furniture & Fixtures	84.72	1.42	0.00	86.14	64.93	5.25	0.00	70.18	15.96	19.79
5.	Franking Machine	1.19	0.00	0.00	1.19	0.02	0.06	0.00	0.08	1.11	1.17
6.	Computer	50.47	1.85	0.71	51.61	40.14	2.82	0.23	42.73	8.88	10.33
7.	Motor Car	10.24	0.00	0.00	10.24	4.10	0.97	0.00	5.07	5.17	6.14
8.	Photo Copier	1.90	0.00	0.00	1.90	0.37	0.09	0.00	0.46	1.44	1.53
9.	Water Cooler	0.29	0.00	0.00	0.29	0.15	0.01	0.00	0.16	0.13	0.14
10.	Electric-Installation	1.80	0.00	0.00	1.80	0.86	0.09	0.00	0.95	0.85	0.94
	<b>Total</b>	<b>1721.02</b>	<b>4.53</b>	<b>1.41</b>	<b>1724.14</b>	<b>429.33</b>	<b>36.30</b>	<b>0.35</b>	<b>465.28</b>	<b>1258.86</b>	<b>1291.69</b>
	<u>Intangible Assets</u>										
1.	Computer Software	1.92	0.52	-	2.44	0.38	0.49	-	0.87	1.57	1.53
	<b>Total</b>	<b>1.92</b>	<b>0.52</b>	<b>-</b>	<b>2.44</b>	<b>0.38</b>	<b>0.49</b>	<b>-</b>	<b>0.87</b>	<b>1.57</b>	<b>1.53</b>
	<b>Total Fixed Assets</b>	<b>1722.94</b>	<b>5.05</b>	<b>1.41</b>	<b>1726.58</b>	<b>429.71</b>	<b>36.79</b>	<b>0.35</b>	<b>466.15</b>	<b>1260.43</b>	<b>1293.22</b>
	Previous Year	1707.80	21.94	6.80	1722.94	398.61	36.91	5.81	429.71	1293.22	


**13. Non Current Investments (At Cost)**

(₹ in Lakhs)

Particulars	As at 31-03-2014		As at 31-03-2013	
	Non Current	Current	Non Current	Current
<b>Investments (Unquoted Non Trade)</b>				
<b>Investments in Equity</b>				
48,800 (P.Y. 48,800) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
<b>Other Investments</b>				
90 (P.Y. 100) Senior Pass Through Certificates 'G' to 'W' Series of NOVO X Trust Locomotives	891.91	174.72	1066.63	191.44
<b>Total</b>	<b>1091.76</b>	<b>174.72</b>	<b>1266.48</b>	<b>191.44</b>
<b>Aggregate Amount of Unquoted Investments</b>	<b>1091.76</b>	<b>174.72</b>	<b>1266.48</b>	<b>191.44</b>

**14. Long Term Loans & Advances**

(₹ in Lakhs)

Particulars	As at 31-03-2014		As at 31-03-2013	
	Non Current	Current	Non Current	Current
<b>Secured Considered Good</b>				
House Building Advance*	21.48	3.97	15.82	3.97
<b>Unsecured Considered Good</b>				
<b>Capital Advances</b>				
- Advance to FA & CAO	253.01	0.00	253.01	0.00
- Advance to Ministry of Railways for Projects (Refer Note No. 29)	215522.71	0.00	215524.62	0.00
Lease Receivables from Ministry of Railways	6956537.95	493885.52	5983811.26	434422.23
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 28)	174375.86	56949.00	134269.65	4817.60
Security Deposits	10.66	600.00	12.91	300.00
Loan to Rail Vikas Nigam Ltd.	195315.00	16425.00	167740.00	15591.67
Advance to Employees*	0.90	1.68	1.38	1.15
Lease Rentals Paid in Advance (Refer Note No. 34a)	3464.31	6429.43	9893.75	5812.77
Interest Restructuring Advance to IDBI (Refer Note No. 42b)	1.14	7.42	8.55	15.25
Interest Restructuring Advance to LIC (Refer Note No. 42a)	0.00	0.00	0.00	8.16
<b>Total</b>	<b>7545503.02</b>	<b>574302.02</b>	<b>6511530.95</b>	<b>460972.80</b>

\* includes ₹ 25.73 Lakhs (P.Y. ₹ 19.47 Lakhs) to Directors/ Officers of the company

## 15. Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Unsecured Considered Good</b>		
Interest Accrued but not due on Loans	43815.91	44659.03
Interest Accrued on Investment in Pass Through Certificates	283.95	216.78
Interest Accrued on Advances to Employees*	4.47	2.04
<b>Total</b>	<b>44104.33</b>	<b>44877.85</b>

\* includes ₹ 2.90 Lakhs (P.Y. ₹ 0.70 Lakhs) to Directors/ Officers of the company

## 16. Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Cash and cash equivalents</b>		
Balance with Banks		
-In Current Accounts	23328.42	140.25
-In Term Deposit Accounts	0.00	10000.00
-In Interest / Redemption Accounts (Ref. Note No. 35)	366.49	334.94
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.34	0.65
<b>Sub Total</b>	<b>23696.27</b>	<b>10476.86</b>
<b>Other bank balances</b>		
-In Term Deposit Accounts	178500.00	30000.00
<b>Sub Total</b>	<b>178500.00</b>	<b>30000.00</b>
<b>Total</b>	<b>202196.27</b>	<b>40476.86</b>

## 17. Short Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Unsecured Considered Good</b>		
Deposit with NCRDC New Delhi	4.38	4.38
Amount Recoverable from MOR	0.00	0.00
Advance to Bank for the interest payment on Bonds	5.26	5.26
Tax Refund Receivable*	96.47	1746.82
Amount Recoverable from Others	1.22	1.58
Funded (Net) on Account of Gratuity	7.47	0.00
Prepaid Expenses	40.33	16.95
Advance to Others	21.01	16.17
Advance to Employees	0.37	0.48
<b>Total</b>	<b>176.51</b>	<b>1791.64</b>

\* Interest due on the same would be accounted for in the year of receipt / adjustment


**18. Other Current Assets**

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Current Maturities of Long Term Loans and Advances (Refer Note No.14)</b>		
Lease Receivables from Ministry of Railways	493885.52	434422.23
Security Deposits	600.00	300.00
Loan to Rail Vikas Nigam Ltd	16425.00	15591.67
House Building Advance	3.97	3.97
Advance to Employees	1.68	1.15
Amount Recoverable from MOR on account of Exchange Rate Variation	56949.00	4817.60
Lease Rentals Paid in Advance	6429.43	5812.77
Interest Restructuring Advance to IDBI	7.42	15.25
Interest Restructuring Advance to LIC	0.00	8.16
<b>Current Maturity of Investments</b>		
10 (P.Y. 10) Senior Pass Through Certificates 'G' to 'H' Series of NOVO X Trust Locomotives (Refer Note No. 13)	174.72	191.44
Interest Accrued but not due on Loans & Deposits	24192.93	13103.24
<b>Total</b>	<b>598669.67</b>	<b>474267.48</b>

**19. Revenue from Operations**

(₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
<b>Lease Income:</b>		
- On Finance Lease Transactions	<b>584350.61</b>	<b>509548.64</b>
<b>Interest Income from:</b>		
- Loans	21568.18	20790.32
- Deposits	12424.97	23907.71
- Investments	122.64	138.30
	<b>34115.79</b>	<b>44836.33</b>
<b>Other Financial Services</b>		
- Gain on Assets Securitization	<b>248.79</b>	<b>574.77</b>
<b>Total</b>	<b>618715.19</b>	<b>554959.74</b>

**20. Other Income**

(₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Dividend Income	49.29	28.06
Interest on Income Tax Refund	973.70	0.00
Provisions written back	9.66	165.94
Profit on sale of Fixed Assets	0.01	0.50
Misc. Income	78.38	0.21
<b>Total</b>	<b>1111.04</b>	<b>194.71</b>

**21. Employee Benefits Expense**

(₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Salaries, Incentives etc.	240.45	267.66
Contribution to Provident and Other Funds	55.90	30.02
Staff Welfare Expenses	0.00	0.62
<b>Total</b>	<b>296.35</b>	<b>298.30</b>

**22. Finance Cost**

(₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
<b>Interest Expenses</b>		
Amortisation of Lease Rentals paid in advance	5812.77	5255.26
Interest on Bonds*	344461.09	297227.09
Interest on Rupee Term Loans	16828.10	30317.40
Interest and Swap Cost on Foreign Currency Loans	43293.81	34732.54
Interest on delayed payment to MOR	34695.14	35251.49
Interest to Income Tax Authorities	87.32	457.32
<b>Sub - Total</b>	<b>445178.23</b>	<b>403241.10</b>
<b>Other Borrowing Cost</b>		
Bond Issue Expenses / Expenses on Raising of Loans**	15067.21	3832.36
Bond/Loan/Securitization Servicing Expenses	429.47	408.65
<b>Sub - Total</b>	<b>15496.68</b>	<b>4241.01</b>
<b>Total</b>	<b>460674.91</b>	<b>407482.11</b>

\* Interest on bonds are net of interest capitalized of ₹ 16673.45 Lakhs (P. Y. ₹ 16649.60 Lakhs) (Ref. Note No. 29)

\*\* Bond issue Expenses / Expenses on Raising of Loans includes ₹ 24.16 Lakhs (P. Y. ₹ 11.24 Lakhs) paid to Auditors.

**23. Other Expenses**

(₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Filing Fee	0.46	0.43
Legal & Professional Charges	127.21	78.89
Commission / Brokerage	0.00	0.59
Advertisement & Publicity	13.61	17.47
Printing & Copying Charges	3.43	4.67
Stationery Charges	7.31	7.41
News Paper, Books & Periodicals	2.45	2.70
Conveyance Expenses	14.28	11.98
<b>Travelling - Local</b>		
- Directors	9.49	39.36
- Others	9.61	13.80
<b>Travelling - Foreign</b>		
- Directors	0.00	2.84
- Transport Hire Charges	24.75	29.20



Office Maintenance Expenses	48.61	42.82
Vehicle Running & Maintenance	2.82	3.13
Office Equipment Maintenance	10.20	8.90
Electricity Charges	17.40	15.53
Loss on Sale of Fixed Assets	0.54	0.65
Postage Charges	2.34	2.38
Telephone Charges	9.16	7.84
Training Expenses	3.37	10.01
Bank Charges	2.23	1.98
<u>Payment to Auditors</u>		
- Audit Fees	5.62	6.74
- Tax Audit Fee	1.87	1.87
- Quarterly Review	5.62	5.16
- Other Statutory Certifications	2.25	0.19
- Reimbursement of Expenses	0.54	2.17
Miscellaneous Expenses	39.06	33.18
Insurance	0.32	0.26
Fees & Subscription	4.98	41.75
Sponsorship/Donation	50.50	1.00
Stipend	0.79	0.49
Ground Rent	1.15	1.15
Property Tax	2.62	1.96
Corporate Social Responsibility	1070.23	961.56
Sustainable Development	0.00	106.49
Prior Period Expenditure (Refer Note No. 23.1)	42.29	89.10
<b>Total</b>	<b>1537.11</b>	<b>1555.65</b>

### 23.1 Prior Period Expenditure (Net)

(₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
<b>Income</b>		
Interest Received	-0.10	-
<b>Total (A)</b>	<b>-0.10</b>	<b>-</b>
<b>Expenditure</b>		
Bond Issue Exp.	0.01	68.13
Bond Servicing Exp.	0.00	2.02
Interest on Bonds/Foreign Currency Loans	28.64	-
Interest Others	0.42	17.38
Legal & Professional	0.00	0.73
News Paper, Books & Periodicals	0.00	0.05
Postage & Telegram	0.00	0.07

Salary Employee Benefits	0.00	0.44
Securitization - Trusteeship Fee	0.00	0.28
Staff Welfare	0.13	-
Telephone Charges	0.56	-
Training Fee	12.43	-
<b>Total (B)</b>	<b>42.19</b>	<b>89.10</b>
<b>Prior Period Expenditure (Net) (B-A)</b>	<b>42.29</b>	<b>89.10</b>

#### 24. Earnings Per Equity Share

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Net Profit (₹ in Lakhs)	70069.05	52156.56
Weighted Average Number of Equity shares outstanding	30046027	23520000
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	6355	347945
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	30052382	23867945
Earnings Per Share (₹) – Basic [Face value of ₹ 1,000/- per share]	233.21	221.75
Earnings Per Share (₹) – Diluted [Face value of ₹ 1,000/- per share]	233.16	218.52

#### 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 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 ₹ 10439 Lakhs accruing to the company (P.Y. ₹ 8684 Lakhs), 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 year ended 31<sup>st</sup> March, 2014 in respect of these foreign currency borrowings, the company has recovered a sum of ₹ 19857 Lakhs (P.Y.



₹ 12630 Lakhs) on this account from MOR and in absence of any swap cost, the entire amount so recovered has been refunded to MOR.

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 22<sup>nd</sup> 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. Further, Reserve Bank of India (RBI) vide letter dated 19<sup>th</sup> March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has asked for exemption from the applicability of prudential norms relating to single party exposure and assignment of zero risk weight to lease receivables from MOR vide letter dated 3<sup>rd</sup> May, 2010.
- (b) In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13<sup>th</sup> 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.
- (c) In terms of Ministry of Corporate Affairs (MCA) circular no.04/2013 dated 11th February, 2013, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 25% of the value of the bonds raised through Public issue. The Company has raised ₹ 1789967.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13 and FY 2013-14. The average residual maturity of the above mentioned bonds is more than 10 years as on 31<sup>st</sup> March, 2014. However, the company has restricted its dividend payment to ₹ 14014 lakhs and the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31<sup>st</sup> March, 2014 has been transferred to Bond Redemption Reserve.
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 30<sup>th</sup> 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. Consequent upon the introduction of the negative list and mega exemptions, the specific exemptions granted under Section 93(2) by the Govt. of India is available to the Company in terms of the expert opinion.
28. Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to ₹ 105712 Lakhs (P.Y. ₹ 62740 Lakhs) 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 ₹ 13474 Lakhs (P.Y. ₹ 411 Lakhs) has been recovered from the Lessee, leaving a balance of ₹ 231325 Lakhs recoverable from MOR as on 31-03-2014 (P.Y. ₹ 139088 Lakhs).



29. Advance given to Railways for Railway Projects amounting to ₹ 215522.71 Lakhs (P.Y. ₹ 215524.62 Lakhs) is inclusive of Capitalized Interest and Finance Charges (net) of ₹ 7673.28 Lakhs (P.Y. ₹ 7675.19 Lakhs) accrued till the Balance Sheet date, details of which are as follows: (₹ in Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Opening Balance	7675.19	2287.07
Less: Excess interest accrued reversed	0.36	10.89
Add: Interest Capitalized [Ref.Note No. 22]	16673.45	16649.60
Less: Interest reimbursed by MOR	16675.00	11250.59
Closing Balance	7673.28	7675.19

### 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 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 31-03-2014			As at 31-03-2013		
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 31-03-2014, which have not been hedged, are as follows:

As at 31-03-2014		As at 31-03-2013		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 24 Million	1	USD 27 Million	Back to back recovery of exchange rate variation from MOR.
0	--	2	USD 1.97 Million	--
6	USD 1625 Million	7	USD 1725 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 900 Million	0	--	Back to back recovery of exchange rate variation from MOR.



- b. The Company has two (P.Y. three) Interest Rate Swap outstanding in respect of foreign currency borrowings to hedge its floating rate linked to LIBOR. The Interest Rate Swap have been executed on a notional principal of USD 800 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 (USD 182.94 Million).

- 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 Lakhs (P.Y. ₹ 122 Lakhs), which will be accounted for on registration.

**32. Contingent Liabilities**

- a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: ₹ 15.61 Lakhs (P.Y. ₹ 16 Lakhs).
- b. Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Delhi High Court and amount not quantifiable.
- c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2011–12. The disputed demand of tax including interest thereon amounting to ₹ 51.44 Lakhs pertains to the Assessment Years 2007-08, 2009-10, 2010 -11 and 2011-12, out which ₹ 49.52 Lakhs has been adjusted by the Department from the refunds 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 is considered necessary.
- d. The Company does not pay sales tax on purchase of leased assets. In the event of Sales tax on purchase / lease of rolling stock 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.
- e. 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.

**33. Expenditure in Foreign Currency**

(₹ in Lakhs)

	Year ended 31-03-2014	Year ended 31-03-2013
a) Interest / Swap Cost on Foreign currency borrowings	39130.38	31161.90
b) Processing Agent / Fiscal Agent / Admin. fee	50.12	34.12
c) Underwriting / Arranger fee	6153.27	163.97
d) International Credit Rating Agencies Fees	356.46	136.87
e) Others	220.33	193.46

- 34.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 Lakhs (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 Lakhs)	Amount paid in settlement of future lease rentals (₹ in Lakhs)	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
<b>Total</b>	<b>8</b>	<b>157082</b>	<b>128592</b>	

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 ₹ 5813 Lakhs (P.Y. ₹ 5255 Lakhs) has been charged to Profit and 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 Lakhs 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 Lakhs (P.Y. ₹ 14088 Lakhs) and amortised (expensed) lease rentals of ₹ Nil (P.Y. ₹ Nil) on these transactions.

- 35.(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 31-03-2014. The company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2014 is ₹ 366.49 Lakhs (P.Y. ₹ 334.94 Lakhs).

- (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 ₹ 128.27 Lakhs (P.Y. ₹ 77.56 Lakhs) in IEPF.

- 36.** 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 ₹ 10641115 Lakhs (P.Y. ₹ 9162664 Lakhs) owned by the company and leased to the Ministry of Railways is as under:

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	9162664	7659214
Less: Capital Recovery provided upto last Year	2744431	2376505
Capital Recovery outstanding on leased assets as at the end of last year	6418233	5282709
Add: Gross Value of Assets acquired and Leased during the year	1478451	1503450
	7896684	6786159
Less: Capital Recovery for the year	446261	367926
<b>Net investment in Lease Receivables</b>	<b>7450423</b>	<b>6418233</b>

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

(₹ in Lakhs)

Particulars	As at 31-03-2014	As at 31-03-2013
Gross Investment in Lease	11443714	9941920
Unearned Finance Income	3993291	3523687
Present Value of Minimum Lease Payment (MLP)	7450423	6418233

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

(₹ in Lakhs)

Particulars	As at 31-03-2014		As at 31-03-2013	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	1085093	493886	928955	434422
Later than one year and not later than five years	4089876	2126097	3516828	1745477
Later than five years	6268745	4830440	5496137	4238334
<b>Total</b>	<b>11443714</b>	<b>7450423</b>	<b>9941920</b>	<b>6418233</b>

The unearned finance income as on 31-03-2014 is ₹ 3993291 Lakhs (Previous Year ₹ 3523687 Lakhs). 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.

- 37.** 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 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 securitised. Accordingly, the company had invested ₹ 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, ₹ 631.09 Lakhs have matured till the year ending 31<sup>st</sup> March 2014, leaving a balance of ₹ 1066.62 Lakhs.



38. 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 Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Present value of Defined Benefit Obligation at the beginning of the year	49.87	39.04	35.79	28.81	3.23	2.82
Interest Cost	3.70	3.17	2.41	2.25	0.24	0.18
Current Service Cost	3.49	5.33	8.18	4.73	0.45	0.68
Benefits Paid	0.00	0.00	0.00	-2.23	-0.61	-1.31
Actuarial (Gain) / Loss on obligations	1.64	2.33	26.80	2.23	0.13	0.86
Benefits Payable	-8.67	0.00	12.35		0.00	
Present value of Defined Benefit Obligation at the end of the period	50.03	49.87	60.83	35.79	3.44	3.23

**Changes in the Fair Value of Plan Assets:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Fair Value of Assets at the beginning of the year	48.39	41.40	25.12	25.32	0.00	0.00
Expected Return on plan assets	4.06	3.59	2.01	2.02	0.00	0.00
Contributions	4.60	2.97	0.00	0.00	0.00	0.00
Benefits Paid	0.00	0.00	2.96	-2.23	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.46	0.43	-0.46	0.01	0.00	0.00
Fair Value of Plan Assets at the end of the period	57.51	48.39	23.71	25.12	0.00	0.00

**Movement in the net Liability/Asset recognised in the Balance Sheet:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Opening net Liability / (Asset) at the beginning of the year	1.47	-2.36	10.67	3.48	3.23	2.82
Expenses	4.32	6.80	35.84	7.19	0.82	1.72
Contribution	-4.60	-2.97	0.00	0.00	-0.60	-1.31
Benefits Payable	-8.67	0.00	-9.39			
Closing net Liability / (Asset) at the end of the period	-7.48	1.47	37.12	10.67	3.45	3.23

**Actuarial Gain / Loss recognised:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Actuarial Gain / (Loss) for the period – obligation	-1.64	-2.33	-26.80	-2.23	-0.13	-0.86
Actuarial Gain / (Loss) for the period plan assets	0.46	0.43	-0.46	0.01	0.00	0.00
Total Gain / (Loss)	-1.18	-1.90	-27.26	-2.22	-0.13	-0.86
Actuarial Gain / (Loss) recognised in the period	-1.18	-1.90	-27.26	-2.22	-0.13	-0.86

**Amount recognised in the Balance Sheet:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Present value of obligations as at the end of the period	50.03	49.87	60.82	35.79	3.45	3.23
Fair Value of plan assets	57.51	-48.39	23.71	-25.12	0.00	0.00
Liability (assets)	-7.48	1.48	37.11	10.67	3.45	3.23
Unrecognised Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Net Liability (assets) recognised in the Balance Sheet	-7.48	1.48	37.11	10.67	3.45	3.23



**Expenses recognised in statement of Profit & Loss:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Current Service Cost	3.49	5.33	8.18	4.73	0.45	0.68
Interest Cost	3.70	3.17	2.41	2.25	0.24	0.18
Expected return on plan assets	-4.06	-3.59	-2.01	-2.02	0.00	0.00
Net Actuarial (Gain) / Loss recognized in the period	1.18	1.90	27.26	2.22	0.13	0.86
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Expenses recognised in Statement of Profit & Loss	4.31	6.81	35.84	7.18	0.82	1.72

**Bifurcation of Liabilities:**

(₹ in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Current	-7.47	1.47	12.24	6.01	1.80	1.33
Non-Current	0.00	0.00	24.88	4.66	1.64	1.90
<b>Total</b>	<b>-7.47</b>	<b>1.47</b>	<b>37.12</b>	<b>10.67</b>	<b>3.44</b>	<b>3.23</b>

**Actuarial Assumptions:**

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2014	31-03-2013	31-03-2014	31-03-2013	31-03-2014	31-03-2013
Discount Rate	8.80% p.a.	8.13% p.a.	8.80% p.a.	8.13% p.a.	9.10% p.a.	8.13% p.a.
Expected Return on Plan Assets	8% p.a.	8% p.a.	8.50% p.a.	8% p.a.	-	-
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate					
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Disability		Nil		Nil	Nil	Nil
Attrition	-	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 Lakhs)

Particulars	Year ended 31-03-2014	Year ended 31-03-2013
Employers' Contribution to EPF	14.93	14.31

39. 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 (AS)-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

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

(₹ in Lakhs)

	Year ended 31-03-2014				Year ended 31-03-2013			
	Gratuity & Leave Encashment*	LTC*	CSR	Income Tax / FBT	Gratuity & Leave Encashment*	LTC*	CSR	Income Tax / FBT
Opening Bal.	12.14	3.23	828.62	67499.12	1.12	2.82	300.00	51785.36
Addition during the period	40.16	0.82	1070.23	32995.07	13.99	1.72	961.56	29286.29
Amount used / incurred	-22.66	-0.60	1098.82	0.00	-2.97	-1.31	-432.94	-13512.39
Unused Amount reversed during the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.13
Closing Balance	29.64	3.45	800.03	100494.19	12.14	3.23	828.62	67499.12

\*The above provisions are liabilities in accordance with terms of employment.

Provision for Income Tax is in terms of Income Tax Act, 1961 shall be adjusted after completion of assessment. Provision for Tax has been shown as net of Advance Tax in note no. 11 under Short Term Provisions.

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

**Key Management personnel:**

- Sh. Rajiv Datt, Managing Director
- Sh. D.C. Arya, Director Finance

**Amount paid to Key Management Personnel:**

(₹ in Lakhs)

Particulars	2013-14	2012-13
Salary / Allowances	53.15	42.35
Reimbursement	0.52	1.85
Incentive	30.88	38.27



- 42.** (a) During the year 2003-04, the company restructured the rate of interest on certain outstanding borrowings from LIC and paid ₹ 2403 Lakhs 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 ₹ 8 Lakhs (P.Y. ₹ 35 Lakhs) has been amortised, leaving a balance of ₹ Nil as on 31-03-2014 (P.Y. ₹ 8 Lakhs).
- (b) During the year 2004-05, the company restructured the rate of interest on certain outstanding borrowings from IDBI Ltd. and paid ₹ 1378 Lakhs 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 ₹ 15 Lakhs (P.Y. ₹ 24 Lakhs) has been amortised, leaving a balance of ₹ 9 Lakhs as on 31-03-2014 (P.Y. ₹ 24 Lakhs).
- 43.** Interest on Deposits (Note No. 19) includes Tax Deducted at Source amounting to ₹ 58.67 Lakhs (P.Y. ₹ 5.20 Lakhs). Ministry of Railways has also deducted tax at source amounting to ₹ 21208 Lakhs (P.Y. ₹ 18418 Lakhs).
- 44.** The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.
- 45.** 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.
- 46.** The Company has raised a sum of ₹ 582834 Lakhs during the year through Public Issue of Tax Free Bonds which has been fully utilized for the purpose for which funds were raised i.e. procurement of rolling stock assets leased to Ministry of Railways.
- 47.** Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

- 48.** (a) Unless otherwise stated, the figures have been rounded off to Rupees Lakhs.  
(b) Previous year figures have been regrouped/ rearranged, wherever necessary, in order to make them comparable with those of the current year.

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

**For Bansal Sinha & Co.**  
Chartered Accountants  
FRN-006184N

**For and on behalf of the Board of Directors**

**Ravinder Khullar**  
(Partner)  
M.No. 082928

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

**D.C.Arya**  
Director Finance

**Rajiv Datt**  
Managing Director

Place: New Delhi  
Date : 31.07.2014



## IRFC – Auditor's Report 2013-14

**Bansal Sinha & Co.**  
**Chartered Accountants**

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### **Independent Auditors' Report**

#### **To the Members**

#### **Indian Railway Finance Corporation Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Indian Railway Finance Corporation Limited ('the Company') which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under Companies Act 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. 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;
  - b. 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;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - e. 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; and
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company, it would not be possible for us to comment on the regularity or otherwise about the cess till the time relevant rules or regulations are issued.

For **Bansal Sinha & Co.**  
Chartered Accountants  
**FRN: 006184 N**

New Delhi  
July 31, 2014

**Ravinder Khullar**  
Partner  
**M.NO.: 082928**



## ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph (3) of our report of even date)

1. (a) The Company is maintaining proper records of Fixed Assets showing required particulars including quantitative details and situation of fixed assets and the procedures of physical verification of Fixed Assets followed by the management, in our opinion, are reasonable and adequate. **However, these records do not include the particulars of fixed assets leased to Ministry of Railways as the same is shown as lease receivables in the books of accounts.**  
(b) The procedures of physical verification of fixed assets followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company. No physical verification is being carried out for leased fixed assets as the same are booked as Lease receivables in the books of accounts. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**  
(c) In our opinion, the company has not disposed off substantial part of fixed assets during the period and hence going concern status of the company is not affected.
2. The Company is not in the business of trading, manufacturing, mining or processing, it does not hold any inventory, hence did not require physical verification.
3. The Company has neither taken nor granted any loans or advances in the nature of loan to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation provided to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit we have not come across any continuing failure to correct major weaknesses in the internal control system.
5. Based on the audit procedures applied by us and the information and explanation provided by the management, we are of the opinion that there was no transaction during the period that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. Based on our scrutiny of the company's records and according to the information and explanation provided by the management, in our opinion, the company has not accepted any deposits from the public within the meaning of the Rule 2(b) of the Companies (Acceptance of Deposits) Rules, 1975 and contravening the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The provisions under Clause (d) of sub-section (1) of Section 209 of the Companies Act, pertaining to maintenance of cost records, do not apply to the Company.
9. In respect of statutory dues, on the basis of information and explanations given to us by the company, we report that:
  - (a) The company is generally regular in depositing undisputed statutory dues, with the appropriate authorities, including Provident Fund, ESI, Income-tax, Wealth- tax, Investor Education Fund, Service Tax, Customs duty, Excise Duty, Cess, Sales Tax/VAT and other material statutory dues applicable to it **(Refer Note No. 27 for Service Tax and 32 (d) for Sales Tax/VAT )**
  - (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2014 from the date they became payable.

- (c) According to the records of the company, there are no dues of income tax/wealth tax/Service Tax etc., which have not been deposited by the company on account of any dispute.
10. The company does not have accumulated losses as at March 31, 2014 and not incurred any cash losses during the year and immediately preceding financial year.
  11. In our opinion, the company has not defaulted in making repayments to banks, financial institutions and debenture holders.
  12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. In our opinion, and to the best of our information and according to the explanation provided by the management, the company is neither a chit fund nor a nidhi/mutual benefit fund/society. Hence in our opinion, the requirements of clause 4(xiii) of the 'Order' do not apply to the company.
  14. As per records of the company and according to the information and explanation provided by the management, the company is not been dealing or trading in shares, securities, debentures and other investments and as such the clause 4 (xiv) of the Order is not applicable to the company.
  15. The company has not given guarantees in connection with loans taken by others from banks or financial institutions and as such the clause 4 (xv) of the Order is not applicable to the company.
  16. In our opinion, the company has utilized the term loans for the purpose for which loans were availed.
  17. According to the information and explanation given to us and on the overall examination of the Balance Sheet, we report that no funds raised for the short term basis have been used for long term investments.
  18. According to the records of the company and the information and explanation given to us, the company has received application money for preferential allotment of 100,00,000 shares of ₹ 1000/- each for cash at par, to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The allotment was pending as at the close of the year.
  19. According to the information and explanation given to us, during the year under audit, the company has issued bonds for which it has created the security envisaged in the Bond conditions.
  20. The company has raised ₹ 300000 lacs through private placement of 30000 bonds of ₹ 10,00,000/- each and ₹ 582833.92 lacs through Public issue of 58283392 bonds of ₹ 1000/- each. The company has utilised the funds for the purpose for which the funds were raised.
  21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For **Bansal Sinha & Co.**  
Chartered Accountants  
**FRN: 006184 N**

**Ravinder Khullar**  
Partner  
**M.No.: 082928**

Place : NewDelhi  
Date : July31,2014



**Bansal Sinha & Co.**  
**Chartered Accountants**

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### **AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members of Indian Railway Finance Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2014.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, as required in terms of the Simplified Debt Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by Government of India, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated herein except:

1. Constitution of Board due to non-appointment of minimum number of Independent Directors by the Government of India
2. Constitution and convening of Audit Committee meetings with minimum number of Independent Directors in the Audit Committee
3. Chairing of Audit Committee meetings by an Independent Director for the meetings held during the period April 2013 – December 2013
4. Non adoption and periodical review of Risk Management Policy in the Audit Committee Meetings held during the period April 2013 – December 2013
5. Constitution of Remuneration Committee due to non-appointment of Independent Directors

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

For **Bansal Sinha & Co.**  
Chartered Accountants  
**FRN: 006184 N**

**Ravinder Khullar**  
Partner  
**M.No.: 082928**

Place : New Delhi  
Date : August 16, 2014



**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 LTD. FOR THE YEAR ENDED 31 MARCH 2014.**

The preparation of financial statements of Indian Railway Finance Corporation Ltd. for the year ended 31 March 2014 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 31.07.2014.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 on the financial statements of Indian Railway Finance Corporation for the year ended 31 March 2014. 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 Auditor's report under Section 619(4) of the Companies Act, 1956.

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

Place : New Delhi  
Date : 12.08.2014

Dinesh Bhargav  
Pr. Director of Audit (Railway Commercial)



Interaction with rural women in Udaipur, Rajasthan.

A view of presentation on Construction of Vocational cum Skill Development Training Centre at Udaipur.



Camp for distribution of aids to Persons with Disability at Auriya, UP.

Aids being distributed at Auriya, UP.





Secretary, Railway Board signing the MOU for 2014-15.



Secretary, Railway Board and Managing Director, IRFC exchanging the signed copies of MOU for 2014-15.



Hon'ble Minister of Railways Shri Mallikarjun Kharge receiving the Dividend Cheque for 2013-14 from the Company Management.

## Rest of Management Team of IRFC



**Sh. Sanjeev Jain**  
*GM (F&A)*



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



**Sh. S. Radhakrishnan**  
*GM (ECB)*



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



**Sh. Anup Kumar Dubey**  
*Asstt. Manager*



**Smt. Nithya Varadharajan**  
*Asstt. Manager*



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

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