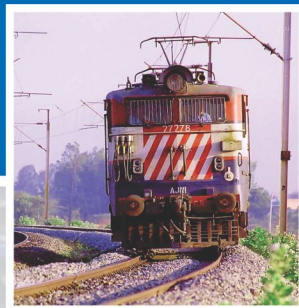




# ANNUAL REPORT

## 2014-15

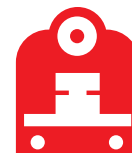


INDIAN RAILWAYS

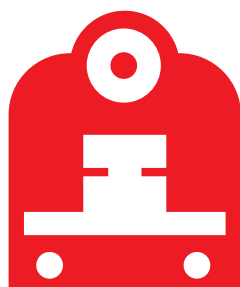


**Indian Railway Finance Corporation Ltd.**

(A Government of India Enterprise)



# ANNUAL REPORT 2014-15



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



## VISION

*To be the pivotal and premier Financial Services Company for the development of Rail Transport Sector while maintaining its symbiotic relationship with the Ministry of Railways.*

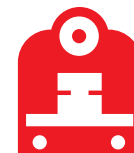
## MISSION

*To make IRFC one of the leading Financial Service 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.*

## OBJECTIVES

In furtherance of the Mission, the objectives of the Corporation are:

- i) To mobilise resources through market borrowings from domestic as well as Overseas Capital Markets at the most competitive rates & terms as per annual targets given by the Ministry of Railways.
- ii) To explore use of innovative and diverse instruments for raising funds so as to reduce the cost of borrowings to the Company.
- iii) To provide timely funding for acquisition of Rolling Stock assets for use by MOR.
- iv) To leverage to the Company's business advantage the large size and diverse activities of MOR by efficiently providing customised professional services at competitive cost.
- v) To explore the possibility of financing CPSEs and other entities for creation of rail infrastructure so as to sustain future growth and profitability.
- vi) To make judicious use of derivatives and other emerging products for risk mitigation at opportune time and optimum cost.
- vii) To strive for high quality service to the Investors, Lenders and other financial intermediaries and to effect prompt redressal of their grievances/problems.
- viii) To ensure optimum utilization of resources.
- ix) To enhance professionalism amongst the employees of the Company through training and other human resource tools.



## Contents

1.	Board of Directors .....	04
2.	Chairperson's Statement.....	06
3.	Directors' Report .....	10
4.	Report on Corporate Governance .....	20
5.	Secretarial Audit Report .....	30
6.	Annual Accounts .....	43
7.	Independent Auditor's Report.....	79
8.	Comments of the C & AG of India .....	84





# BOARD OF DIRECTORS



**Shri S. Mookerjee**  
*Chairman*  
(From 16.10.2015)



**Smt. Rajalakshmi Ravikumar**  
*Chairperson*  
(From 01.12.2014 to 30.09.2015)



**Shri R. Kashyap**  
*Chairman*  
(Upto 30.04.2014)



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



**Shri Niraj Kumar**  
*Director Finance*  
(From 01.07.2015)



**Shri D. C. Arya**  
*Director Finance*  
(Upto 30.06.2015)



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



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



## CHIEF VIGILANCE OFFICER



**Shri Sanjay Upreti**  
(From 09.10.2015)



**Sumita Mukherjee**  
(Upto 26.08.2015)

**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

# CORPORATE INFORMATION





## Chairperson's Statement

Dear Shareholders,



I am extremely happy to welcome you all to the Twenty Eighth Annual General Meeting of the Indian Railway Finance Corporation Limited. The audited accounts of your Company for the year ended 31<sup>st</sup> March 2015,

along with the Directors' Report and its accompaniments are with you. With your consent, I would consider them as read.

A landmark in asset financing was achieved during 2014-15, when your Company's cumulative funding to the Rail Sector crossed Rs. 1.25 lakh crore, a significant milestone. Ever since its inception nearly three decades ago, IRFC has consistently met the borrowing targets assigned to it by the Ministry of Railways while ensuring timely servicing of debt. In view of the performance, your Company has been consistently rated 'Excellent' by the Department of Public Enterprises. Before, I present an account of your Company's achievements in 2014-15, I would like to dwell on the macroeconomic environment as the same has a bearing on the performance and prospects of your Company.

India's economic performance during 2014-15 is characterised by Stabilisation and Recovery. India's prospects have shown significant improvement on the back of declining inflation and improving macroeconomic indicators. The decline in oil prices has provided the Government headroom to pursue reforms. Amongst the large economies, India is one of the few that has a positive growth outlook. Economic growth in India registered an increase of 7.5% during F.Y. 2014-15 from 6.6% during F.Y. 2013-14. According to the World Bank, India will be the World's fastest growing major economy in the Financial Year 2015-16 at 7.5%. However, this economic growth is contingent upon continuance with the economic reforms, fiscal consolidation and focus on

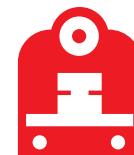
the improvements in productivity and efficiency.

Easing of inflationary conditions and a reasonably stable Rupee had provided grounds to Reserve Bank of India to signal softening of monetary policy stance. It may be recalled that the Reserve Bank of India had tightened the monetary policy during F.Y. 2013-14 which helped contain the demand pressures, creating a buffer against any external shock and keeping volatility in the value of the rupee under check. During the year 2014-15, Rupee remained relatively stable vis-à-vis the currency of peer emerging countries, which had a sobering influence on inflation. Even though there was wide expectation of a significant reduction in the policy rates by the Reserve Bank of India, unseasonal rains, expectations of a lower than normal monsoon and its impact on food inflation had led the RBI to take a cautious stand. As a result, the Policy Repo Rate was cut by only 50 bps from 8% to 7.50% and the Statutory Liquidity Ratio was brought down by 50 bps from 22% to 21.50%.

The reduction in interest rates has not been able to enthuse the market adequately. On a year-to-year basis, the average bench mark 10 Year G-Sec Yield registered a decline of only 6 bps to 8.31% in F.Y. 2014-15 from 8.37% in F.Y. 2013-14. However, the credit spread between 'AAA' rated corporate bonds and the Benchmark 10 Year G-Sec Yield has come down by 39 bps to an average of 51 bps in F.Y. 2014-15 from 90 bps in F.Y. 2013-14, contributed partly by the renewed interest of the FIIs to invest in quality Indian Corporate Papers. On the other hand, the Base Rates of Banks has remained static in the range of 9.75% - 10.50% during the current fiscal.

Despite the uncertain global environment and a moderation in the growth of the Indian economy, the Indian Railways continued to perform well in 2014-2015. Both freight and passenger earnings continued to grow year on year. While freight earnings increased by 12.7 per cent, passenger earnings went up by 15.5 per cent over the previous year. Total earnings





of Indian Railways grew by a healthy 12.3 per cent. Indian Railways continue to play a critical role in the country's growth. Since its inception spanning nearly three decades, your Company has played a stellar role in supporting Rolling Stock acquisition by Indian Railways. To the end of March 2015, your Company had funded moving asset acquisition to the tune of Rs. 1,23,037 crore, besides providing funding support of Rs. 3,319 crore to other Railway entities such as Rail Vikas Nigam Limited, Rail Tel Corporation etc.

Funding of Rolling Stock for the Ministry of Railways (MOR) remains the core business of your Company. During 2014-15, your Company funded acquisition of 509 locomotives, 1,446 passenger coaches and 9,338 freight wagons valued at Rs. 10,771.02 crore. From its inception to the end of March 2015, your Company has funded acquisition of 7,798 locomotives, 42,878 passenger coaches and 1,94,700 freight wagons. This is a reflection of your Company's importance in the overall asset acquisition plans of the Ministry of Railways.

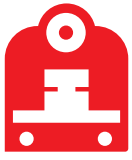
I would now like to share with you some of the highlights of your Company's performance since the last Annual General Meeting held in August, 2014. You may recall that for the year 2014-15, your Company was set a borrowing target of Rs. 13,800 crore which was brought down to Rs.11,790 crore in the Final Railway Budget presented to the Parliament in July, 2014. The target of borrowing was further reduced to Rs.10,946 crore at the Final Modification stage. The target was given by MOR to the Company to raise Rs. 10,673 crore for creation of Rolling Stock Assets and Rs. 273 crore for meeting the debt financing needs of Rail Vikas Nigam Ltd. (RVNL) for investment in bankable projects being executed by them for the Ministry of Railways. Further, Ministry of Railways had identified excess Rolling Stock assets to the tune of Rs. 282.21 crore for the year 2013-14. Thus, the total borrowing target, including the requirement of RVNL, was Rs. 11,228.21 crore. All the targets were successfully met and the amounts of Rs. 10,955.21 crore

(including excess assets of Rs. 282.21 crore created for F.Y. 2013-14) and the Rs. 273 crore were remitted to MOR and RVNL respectively before the close of the fiscal. The weighted average cost of borrowing for the pool of funds for F.Y. 2014-15 remained at 8.46%. The weighted average cost of borrowings from the domestic market stood at 8.50% for the previous year. The weighted average cost achieved by IRFC is considered very competitive in the market scenario that prevailed during 2014-15. On a year to year basis, the Company was able to lower the cost of borrowings by 4 bps even without access to the low cost bearing Tax Free Bonds which formed 92% of the total mobilisation from the domestic market for the previous year 2013-14.

I am happy to report that your Company continues to enjoy the highest credit rating from the leading credit rating agencies. During the Financial Year 2014-15, the Company was accorded highest possible ratings both for its long term and short term borrowings programme. For the long term domestic borrowings, the Company was awarded "CRISIL AAA/Stable" rating by CRISIL, "[ICRA] AAA" rating by ICRA and "CARE AAA" ratings by CARE. Similarly, the Company's short term domestic borrowings were rated "CRISIL A1+", [ICRA] "A1+" and "CARE A1+[A one Plus]" by CRISIL, ICRA and CARE respectively. Besides, the three prominent International Credit Rating Agencies namely Standard & Poor's, Moody's and FITCH have awarded to IRFC "BBB-(Stable)", "Baa3 (Positive)" and "BBB-(Stable)" respectively. Besides, the Company obtained an issue specific credit rating of "BBB+ (Stable)" from Japanese Credit Rating Agency. The Credit rating is at par with the rating accorded to India (Sovereign Rating). Moody's has since upgraded the outlook to Positive.

I now turn to the financial performance of your Company. IRFC has exhibited excellent financial performance for F.Y. 2014-15 by registering an impressive year-on-year growth in its profit. The Company closed the year 2014-15 with Profit Before Tax of Rs. 1,914.17 crore,





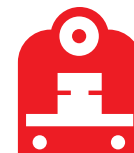
a growth of almost 22% over the preceding year. The main reason attributed to the impressive growth in profit is year-to-year growth of 11.96% in revenue as against significantly lower year-to-year growth of 8.64% in expenditure. Profit After Tax registered a moderate year-to-year growth of 8.22% to Rs. 758.30 crore in F.Y. 2014-15 from Rs. 700.69 crore in F.Y. 2013-14. The reason attributed to relatively slower year-to-year growth in PAT is upward revision in the effective corporate tax rate from 33.99% to 34.608% on account of increase in the corporate surcharge from 10% to 12% and clarification in the previous budget regarding the disallowance of CSR expenses, which has led to higher provision towards deferred tax liability. Discounting the impact of the increase in deferred tax liability during the current year, the year-to-year growth in PAT is 22%. This is considered creditable because such result has become possible despite IRFC maintaining a thin mark up of 50 bps over its own cost during the year, as also the fact that the unfair requirement of the Company's accounts bearing a high of 55.5685% of its PBT towards taxes continues. As required under the relevant Accounting Standards, IRFC is required to provide for Deferred Tax Liability (DTL). Accordingly, a sum of Rs. 748.77 crore has been provided in the Accounts for 2014-15. As members are aware, besides paying Minimum Alternate Tax and fairly high dividend, year on year provision for DTL has had an adverse impact on the growth of net worth of the Company. In spite of equity infusion of Rs. 3,894.46 crore during the last seven years, the debt-to- equity ratio has moved up from a secure level of 6:1 a few years ago to an uncomfortable level of close to 10:1 in the recent past for the reasons mentioned earlier. Besides prudential norms for Non-Banking Finance Companies, one of the covenants of the loan agreements entered with various overseas lender requires the Company to maintain the debt-to- equity ratio well within 10:1. Adverse movements in this ratio become a cause for concern for investors and rating agencies. One of the steps taken

by your Company to address the issue has been to peg the total dividend for the year at Rs. 152 crore, which is about 20 per cent of Profit After Tax but significantly lower than 20 per cent of Paid Up Capital.

Your Company attaches high importance to activities related to Corporate Social Responsibility (CSR) and has strictly adhered to the relevant provisions of the Companies Act, 2013 in this regard. CSR Budget for the year 2014-15 was pegged at Rs. 26.93 crore as is mandated in the Companies Act, 2013 against which the actual expenditure worked out to Rs. 26.34 crore, leading to a saving of Rs.0.59 crore which would be carried forward for spending on other CSR Activities. The Company's CSR initiatives were directed at promoting environmental sustainability and renewable energy, development of weaker sections of the society and development of backward regions and enhancement of Vocational-cum-Skill Development for marginalized and disadvantage sections of Rural Society. Besides, the Company's CSR initiatives include contribution of a sum of Rs. 8.54 crore each to 'Swachh Bharat Kosh' and 'Clean Ganga Fund' respectively. In the coming years, your Company is committed to pursue these activities with greater vigour.

For the current fiscal, your company has been assigned a borrowing target of Rs. 17,276 crore for the Ministry of Railways. In addition, the quantum of funding for select bankable projects of RVNL has been pegged at Rs. 379 crore. Besides, your Company, being the sole financial intermediary in the Rail Sector, has been entrusted the mandate of raising additional funds from Life Insurance Corporation over the next 5 years for utilisation in the funding of Railway Projects.

Despite the scale of operations and the challenging environment in which IRFC operates, your Company has functioned with a high degree of productivity and efficiency. With strength of only 19 staff and executives, IRFC is widely respected for its business skills, quick decision making and negotiating capabilities in raising



large resources at benchmark pricing levels. The Company strives to maintain the highest standards of corporate governance and has adhered to the guidelines laid down by the law and various regulatory bodies. Consistently high service to all stake holders has been ensured, partly by outsourcing some of the back office activities to professional agencies. There are no un-redressed investor grievances. The overhead ratio is an enviable 0.11 per cent. The standing earned by the Company in financial markets at home and overseas is the direct outcome of its deep understanding of business, ethical and transparent business practices and accumulation and nurturing of professional expertise over the last two and a half decades. The support it receives from the Ministry of Railways and the trust reposed by the Ministry in the Company's professional capabilities has enhanced its stature.

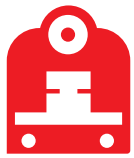
IRFC's outstanding performance year after year would not be possible without the unstinted support and cooperation of numerous individuals and organizations including my colleagues on the Board of Directors,

officers and staff of Ministry of Railways, Ministry of Finance, Department of Public Enterprises, C&AG of India, Statutory Auditors, Banks, Financial Institutions, Securities and Exchange Board of India, Reserve Bank of India, National Securities Depository Limited and Central Depository Services (India) Limited. I wish to place on record gratitude to all of them. I also wish to place on record the highest appreciation for the hard work and sincere efforts put in by the small but highly effective team at IRFC. Their untiring commitment and application enabled the Company to deliver excellent results. The current year poses tough challenges for the Company. I am confident that the intellectual and managerial capabilities, the available skill sets and the ingenuity of the team shall prove equal to the task and ensure all round excellence in the coming years.

**Rajalakshmi Ravikumar**  
**Chairperson**

Place : New Delhi

Dated : 16<sup>th</sup> September, 2015



## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-eighth Annual Report of the Company along with the Audited Financial Statements, Auditor's Report and Review of the Accounts by the Comptroller & Auditor General of India for the financial year ended 31st March, 2015.

### 1. Financial Highlights

The financial performance of your Company for the year ended 31st March, 2015 is summarised below:

(₹ in lakh)

	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
I.	Revenue from operations	693879.65	618715.19
II	Other income	137.61	1111.04
III.	<b>Total Revenue (I+II)</b>	<b>694017.26</b>	<b>619826.23</b>
IV.	Expenses:		
	Finance costs	499183.01	460674.91
	Depreciation and amortization expense	44.21	36.79
	Other expenses	3372.63	1911.79
	<b>Total Expenses</b>	<b>502599.85</b>	<b>462623.49</b>
V.	<b>Profit before tax (III-IV)</b>	<b>191417.41</b>	<b>157202.74</b>
VI.	Tax expense:		
	(1) Current tax	40710.68	32958.45
	(2) Tax For Earlier Years	0.00	36.62
	(3) Deferred tax	74876.76	54138.62
	<b>Total Taxes</b>	<b>115587.44</b>	<b>87133.69</b>
VII.	<b>Profit (Loss) for the current year from continuing operations (V-VI)</b>	<b>75829.97</b>	<b>70069.05</b>

Profit Before Tax (PBT) of your Company went up to ₹ 1,914.17 crore during 2014-15 as compared to ₹ 1,572.03 crore for the previous year, registering an impressive growth of above 21.76%.

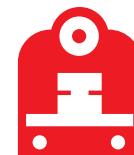
Profit After Tax (PAT) of the Company has gone up to ₹ 758.30 crore as against ₹ 700.69 crore in the last year, up by a trend compliant growth of 8.22%. Lower growth in PAT as compared to PBT was due to upward revision in effective corporate tax rate on account of increase in tax surcharge for corporates and clarification regarding disallowance of CSR expenditure as announced in the Union Budget, 2015, both of which led to higher provisioning of Deferred Tax Liability. Ignoring the impact of aforementioned higher provision towards tax during the previous year 2014-15, the adjusted PAT for

the year 2014-15 stands at ₹ 869.14 crore as against ₹ 770.14 crore for the previous year, reflecting a healthy growth of about 12.85%.

### 2. 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 acceptable limits and act as deterrent to declaration of higher amount of dividend. The Board had, therefore,





declared an Interim Dividend of ₹ 150 crore during 2014-15.

It is further proposed to declare a final dividend of ₹ 2 crore. The total amount of ₹ 152 crore comprising interim and final dividend works out to about 20% of the PAT of the Company.

### 3. Reserves

After providing for Dividend and Dividend Tax, the balance amount of Profit After Tax of ₹ 575.90 crore has been transferred to Bond Redemption Reserve.

### 4. Share Capital

The entire paid up capital of the Company amounting to ₹ 4,126.46 crore continues to be held by the President of India and his nominees. This includes fresh equity infusion of ₹ 542.50 crore during the year 2014-15. This amount, received on 30th March, 2015, lay in the form of Share Application money as on 31st March, 2015.

## 5. Independent Evaluators' Assessment

### 5.1. Credit Ratings

Domestic: During the financial year 2014-15, the Company's long term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA" 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 2014-15, three international credit rating agencies – Standard & Poor's, Fitch and Moody's – have awarded to IRFC "BBB-(Stable) with Stable Outlook", "BBB-(Stable) with Stable Outlook" and "Baa3 (stable) with Positive Outlook" ratings respectively. Besides, the Company obtained an issue specific credit rating of "BBB+(Positive) with Stable Outlook" from Japanese Credit Rating Agency. Each of the four credit ratings is equivalent to India's sovereign rating, and is of investment grade.

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

Based on evaluation of its performance for the year 2013-14, 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 eighteen years, your Company has been rated 'Excellent' on sixteen occasions. The Company is committed to continuing all efforts to maintain high standards of performance in future as well.

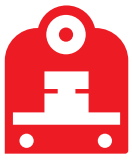
In terms of the MOU entered into with the Ministry of Railways (MOR) for the year 2015-16, it has been stated therein that with a view to ensuring measurability and reliability of achievements against the parameters set out in the MOU, the figures be either reflected in the Annual Report for the year 2014-15 or related information be furnished by means of providing resolution passed by the Board and / or by providing physical document. Accordingly, some of the related information is given hereunder :-

- (i) Report on Corporate Governance for the year 2014-15 was submitted to Department of Public Enterprises (DPE) through MOR on 20th April, 2015.
- (ii) Completed Data Sheet, containing PE Survey, was submitted to DPE on 28th August, 2014.
- (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.

### 6. Market Borrowings during 2014-15

The Company was given a target of borrowing of ₹13,800 crore comprising ₹ 12,000 crore for creation of Rolling Stock Assets for the Ministry of Railways (MOR), an amount of ₹ 1,000 crore by way of loan to Rail Vikas Nigam Ltd (RVNL) for investment in bankable projects being executed by them on behalf of MOR and ₹ 800 crore Railway Projects. All the targets were revised later during the year. While MOR's Rolling Stock asset creation requirements got pegged at ₹ 10,946 crore, the target for RVNL was scaled down to ₹ 273 crore.



The plan of funding the railway projects through the Company was dropped by MOR. Further, MOR had identified excess Rolling Stock assets to the tune of ₹ 282.21 crore for the year 2013-14. All the targets were successfully met and amounts of ₹ 10,955.21 crore (including excess assets of ₹ 282.21 crore created for the year 2013-14) and ₹ 273 crore, which were 100% of the mandate for disbursement(s), were remitted during the year to MOR and RVNL respectively.

The borrowings during the year comprised of Taxable Bonds of ₹ 3,825 crore. Last year, in view of the liquidity of funds in the market, the Board had authorised the Company to raise excess funds upto 20% of the borrowing target (of ₹ 14,942.30 crore) of 2013-14. In line with the said authorization, the Company raised a sum of ₹ 1,644.06 crore and remitted to MOR. Remaining amount was remitted by the Company by taking bridge loans from Banks and other resources.

The marginal cost of incremental borrowings from domestic market for the year 2014-15 was 8.46% as against 8.42% for the year 2013-14. The marginal cost delivered is considered quite competitive considering the market scenario that prevailed and also the fact that no funds were raised by the Company by way of Tax-Free Bonds in the domestic market.

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 the year 2014-15 remained at 8.46% as against 8.82% for other 'AAA' Rated Entities. Thus, the Company managed to enjoy a cost advantage of 36 bps other 'AAA' Rated Entities.

### **7. 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 ₹ 4,085.35 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at ₹ 1,174.41 crore, Term Loans worth ₹ 129.63 crore and External Commercial Borrowings (ECB) of ₹ 2,781.31 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs

amounting to around ₹ 9,295.50 crore during the current financial year.

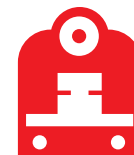
Your Company's internal generations are adequate to meet the repayment / redemption obligations. Surplus funds, if any, after meeting the repayment obligations are invested prudently in the form of Fixed Deposits with Banks. For the year 2014-15, the yield on fixed deposits was 95 bps higher than Avg. 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.

### **8. Internal Financial Control Systems & their adequacy and 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 and funding of railway projects 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. Their scope of internal audit is well defined and is very exhaustive to take care all crucial functions and business of the Company. Based on their report, steps are taken at regular intervals to further strengthen the existing systems and procedures. Their significant observations are discussed in the Audit Committee Meetings



regularly. 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 because of longer maturities. 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 2014-15, no funds were raised from the offshore market. 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 most of its 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, Board approved Risk Management Policy is in place. The Company also





has constituted Risk Management Committee which comprises Managing Director and the Director Finance. The Committee meets regularly to review and monitor the foreign currency exposure and other risks.

### 9. RBI Prudential Norms

Your Company is registered as a Non-Banking Finance Company with the Reserve Bank of India. Being a Government Company and not accepting public deposits, the exemption from Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions except paragraph 26 with respect to change of address, Directors, Auditors etc., continues to be available in the new Directions issued by the Reserve Bank of India for the year 2015 vide Notification No. DNBR.008/CGM(CDS)-2015 dated 27th March, 2015.

### 10. Lease Arrangement with the Ministry of Railways 2014-15

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 2014-15 through IRFC funding, lease rentals have been fixed at ₹ 58.62 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 8.96% 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. The cost to RVNL has accordingly been fixed at 9.34% p.a.

### 11. Resource Mobilisation for 2015-16

In the Railway Budget for 2015-16, the annual borrowing target for IRFC was fixed at ₹ 17,655 crore which included ₹ 17,276 crore for funding of Rolling Stock assets and ₹ 379 crore for meeting the debt funding requirements of RVNL.

Ministry of Finance in the current fiscal has allocated

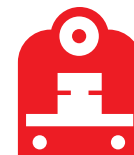
Tax-Free bonds to the Government owned institutions to the tune of ₹ 40,000 crore including your Company. Allocation for IRFC therein is ₹ 6,000 crore. The Company is confident of meeting the challenge and hopeful to raise the required amount during the year through issuance of such Bonds at most competitive rates and terms.

### 12. 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 remain 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.

The MOR has tied up a loan of Rs. 1,50,000 crore from LIC to be drawn in tranches over a period of five years for their projects funding. IRFC, being funding arm of MOR, has been entrusted with the job of borrowing the same from LIC on MOR's behalf. The Ministry has been requested to ensure that the business model be the same as is of Rolling Stock assets.

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 2015-16 stands at ₹ 17,655 crore, including the funding support to be provided to RVNL. The trend represented by more than five-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 February, 2014, ₹ 231.96 Crore in March, 2014 and ₹ 542.50 crore in March, 2015 (pending allotment as on 31st March, 2015) – 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 ₹ 15,000 crore.

### 13. 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 Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises (DPE) in May, 2010.

The Company also continues to comply with the 'Corporate Governance Voluntary Guidelines' issued in 2009 by DPE. 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.

### 14. Corporate Social Responsibility

Activities relating Corporate Social Responsibility (CSR) have now become integral part of Company's operations.

In terms of Section 135 of the Companies Act, 2013 (the Act), read with Schedule VIII thereof and also

the CSR Rules, the Company has constituted a CSR Committee (the Committee) comprising Managing Director, Director Finance and Independent Director, who is its Chairman. Under the Act, the Company is required to spend at least two percent of the average of its net profits of the three immediately preceding financial years. The Department of Public Enterprises (DPE) has also issued guidelines in this behalf which, inter alia, require the Central Public Sector Enterprises (CPSEs) to frame a 'CSR and Sustainability Policy'. The Guidelines also make it mandatory for the CPSEs undertake CSR activities as the provisions of the Act, Rules thereunder.

Directors are happy to inform that the Company has framed 'CSR and Sustainability Policy' and the same has been hosted on its website. The Company has also undertaken activities for Sustainable Development and CSR, details of which are given hereunder :-

#### CSR activities during 2014-15

In terms of MOU for the year 2014-15, the Company was to :- (i) hold three camps for distribution of Aids and Appliances to persons with disabilities (ii) to undertake project of installation of LED based Solar Public Lighting in villages of six districts of Assam (iii) to undertake Project of setting up of SPV Power plant at Sahibabad and Delhi Cantt. Railway Stations including 30 Nos. of LED based Street Light & setting up of Power Plant at Schools operated by Mahila Samiti of Northern Railway and (iv) funding of Vocational-cum-skill development training centre at Udaipur jointly with RITES Ltd. and provision of furniture to a School jointly with RITES Ltd. Total cost of the projects was ₹ 10.38 crore. Besides, a provision of ₹ 52 lakh was also made for meeting emergency funds for natural calamities. Total cost of the Projects was ₹ 10.90 crore.

The Board is happy to inform that almost all the above projects were successfully completed within the prescribed timelines of MOU. Besides, a sum of ₹ 8,53,50,000/- each was transferred to Clean Ganga Fund and Swachh Bharat Kosh.

During the year, the Company was required to spend a total amount of ₹ 26.93 crore, being 2% of its average net profits (₹ 1,346.46 crore) as worked out under Section



198 of the Act. A total amount of ₹ 26,24,51,773/- was spent during the year leaving a balance of ₹ 68,26,907/- only. This unspent amount was also equally deposited in the Clean Ganga Fund and Swachh Bharat Kosh.

Thus, the Company has fully spent two percent of its average net profits of the last three financial years.

#### **Activities proposed during 2015-16**

During the year 2015-16, the Company is required to spend an amount of ₹ 32.97 crore under the Act. The Committee has already shortlisted seven projects. Further, preliminary study on twelve more projects is being undertaken. The detail of all the projects / activities would be provided in the next Annual Report.

The details of CSR activities as required under Companies Act are given in the Annexure – II.

#### **15. Directors Responsibility Statement**

As required under Section 134(3)(c) of the Companies Act, 2013, 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, 2013 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.
- e) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **16. 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.

#### **17. Human Resource Management**

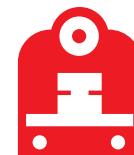
Performance level of your Company has been consistently high despite the fact that it consciously maintains a very lean workforce. The small working strength of 19 personnel is complemented to an extent by outsourcing a few non-core activities to professional agencies. The high level of employee productivity and operational efficiency is reflected in an impressively low cost of operations (overhead) to turnover ratio of 0.11%.

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 2014-15, 4 (four) employees and 7 (seven) officers were sent for training to improve their knowledge and skills in their relevant areas of operations. Independent Director also underwent a training programme. Besides, Managing Director and Director Finance were also imparted training in the area of Non-conventional and Hard Core Financial Management.

#### **18. Statutory Auditors & Secretarial 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. Secretarial Audit under Section 204 of the Act has been conducted by M/s Navneet K. Arora & Co., Company Secretaries, the existing Secretarial Auditors.

## **19. Other Disclosures under the applicable provisions of the Companies Act, 2013**

### **19.1. Number of Meetings of the Board**

The details are given in Corporate Governance Report which is enclosed as Annexure-I.

### **19.2. Certificate of Independence by Independent Director**

Shri S.K. Goel, Independent Director, has given a declaration that he meets the criteria of independence as laid down under Section 149 (6) of the Act.

### **19.3. Material changes, if any, that may affect financial position of the Company**

No material changes and commitments have occurred, between the end of the financial year to which the financial statements relate and the date of this Report, which may affect the financial position of the Company.

### **19.4. Internal financial control systems and their adequacy**

This has been discussed in Para 8.

### **19.5. Audit Committee**

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which is enclosed at Annexure-I.

### **19.6. Statutory Auditors' Report and Secretarial Auditors' Report**

The Secretarial as well as Statutory Auditors in their Secretarial Audit Report and Corporate Governance Compliance Report respectively have observed that the Company is not having adequate number of Independent Directors on their Board and Audit Committee. Further, due to non-availability of sufficient number of Independent Directors, the Company has not constituted Nomination and Remuneration Committee in line with the Section 178 of the Companies Act, 2013.

Since the Directors are appointed by the Government on the Board of the Company, requests have been made to MOR for filling up the vacancy of one Independent Director urgently.

Their Reports are enclosed as Annexure-III & Annexure-IV which form part of this Report.

### **19.7. Risk Management**

The Board of the Company has formed a Risk Management Committee comprising Managing Director and Director Finance to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Six meetings of the Committee were held during the year.

The Company has also a Risk Management Policy in place.

The Company has also appointed SBI Capital Market to ensure that risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. Advice from other experts is also taken from time to time, as and when required.

The details of Risk Management have been covered in Para 8.

### **19.8. Particulars of loans, guarantees and investments**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### **19.9. Transactions with related parties**

None of the transactions with related parties falls under the scope of Section 188(1) of the Act.

### **19.10. Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company**

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company.

### **19.11. Disclosure under Foreign Exchange Management Act, 1999**

The Company has obtained a Certificate from its Statutory Auditors that it is in compliance with the relevant provisions of the Foreign Exchange Management Act, 1999.



#### 19.12. Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of Annual Return is given in Annexure-V in the prescribed Form MGT-9, which forms part of this report.

#### 19.13. Particulars of Employees receiving high remuneration & other particulars of employees

Since the IRFC is a Government Company, provisions of Section 197 are not applicable on it. Hence, the details have not been given.

#### 19.14. Deposits from public

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

#### 19.15. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Pursuant to the Provision of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy and Technology absorption, following steps have been taken by your Company :-

To save power, the Company now purchases LED / LCD monitors while replacing the old monitors. Employees are encouraged to keep their gadgets in power saving mode, wherever possible. The Company would also replace its old electrical items, gadgets, etc. with the power efficient units in the next office renovation.

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

#### 19.16. Expenditure on R&D

This is not applicable as IRFC is engaged only in financial activities.

#### 20. Official Language

The Company is committed to achieving extensive 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. Awards were also given to winners of the Hindi Poem recitation competition.

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

#### 21. Presidential Directives

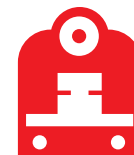
No Presidential Directive was received from the MOR during the year 2014-15.

#### 22. 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.

#### 23. 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, one in Dy. Manager and one 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.

#### **24. Information under sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013**

No case of sexual harassment at the work place was reported in the last financial year.

The Company has an Internal Complaint Committee where women employees can register their complaints against sexual harassment.

#### **25. Board of Directors and Key Managerial Personnel**

Since the last Annual General Meeting in August, 2014, three changes have taken place in the composition of the Board of Directors.

Smt. Rajalakshmi Ravikumar was appointed part time non-official Chairperson of the Company vide Ministry of Railways Order No. 2009/PL/47/2 dated 30th October, 2014. Smt. Ravikumar holds Masters' degree in English. She has rich experience in railways, corporate and finance sectors.

Shri D.C. Arya, the then Director Finance demitted Office on 30th June, 2015 consequent upon his superannuation.

Shri Niraj Kumar, has been appointed Director Finance of the Company in place of Shri Arya vide MOR Order No. 2014/E(O)II/40/12 dated 01.04.2015. His appointment is effective from 1st July, 2015 and he has assumed charge on the aforementioned date.

Shri Niraj Kumar is a qualified Chartered Accountant and has rich experience of about 30 years in Corporate Sector.

Directors place on record their appreciation of the services rendered and contribution made by Shri Arya during his tenure as Director Finance of the Company.

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

Pursuant to Section 203 of the Companies Act, 2013, Director Finance and Company Secretary, have

been designated as Key Managerial Personnel of the Company.

#### **26. 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, 2015 and have had no comments upon or supplements to the Auditors' Report under Section 143(6) of the Companies Act, 2013.

#### **27. 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.

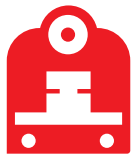
The Board of Directors express their deep appreciation of the valuable contribution made by the Company's small team of officers and employees, which has enabled the Company to successfully meet the increasingly more exacting targets set by the Ministry of Railways, concurrently consolidating its position 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 : 25th August, 2015

**Managing Director**



## Report on Corporate Governance

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

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

### Company's Philosophy on the Code of 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 on 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 2014-15. A declaration to this effect, duly signed by the Managing Director (CEO), is at Annexure-VI and forms part of this Report.

### Board of Directors

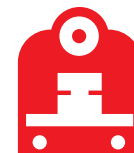
As on the date of the Report, there are 5 Directors on the Board of the Company. Financial Commissioner (Railways) is the ex-officio Non-Executive Chairperson of the Company. Besides Managing Director and Director Finance, one Director is nominated by Ministry of Finance. One Independent Director is 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.

### Meetings of Board of Directors

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

Serial No.	Board Meeting No.	Date
1.	217	24.04.2014
2.	218	31.07.2014
3.	219	12.11.2014
4.	220	11.03.2015





**Attendance at the Meetings of the Board of Directors during 2014-15**

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
Shri R. Kashyap, Chairman / IRFC (31.07.2013 to 30.04.2014)	1	1	NA	None	1 *
Smt. Rajalakshmi Ravikumar Chairperson / IRFC From 30.10.2014	2	2	NA	None	1 *
Shri Rajiv Datt Managing Director / IRFC From 14.11.2011	4	4	Yes	None	5 **
Ms. Sharmila Chavaly Director / IRFC From 21.11.2012	4	4	No	2 ***	5 ***
Shri S.K. Goel Director / IRFC From 31.12.2013	4	4	Yes	1 ****	4 ****
Shri D.C. Arya Director Finance / IRFC (31.12.2011 to 30.06.2015)	4	4	Yes	None	4 *****

**Notes :**

- Smt. Rajalakshmi Ravikumar has been appointed non-Official / part-time Chairperson of the Company vide Government of India Orders issued by Ministry of Railways on 30.10.2014.
  - Shri D.C. Arya, Director Finance has superannuated on 30.06.2015.
  - Shri Niraj Kumar has been appointed as Director Finance vide MOR Order No. 2014/E(O)II/40/12 dated 01.04.2015. He assumed charge on 01.07.2015
- \* Smt. Rajalakshmi Ravikumar is member of the Remuneration Committee. Shri R. Kashyap was Member of the Committee till 30.04.2015.
- \*\* Shri Rajiv Datt, Managing Director, is member of CSR Committee, Stakeholders Relationship Committee, Risk Management Committee, Bond Committee and Audit Committee.
- \*\*\* Ms. Sharmila Chavaly is Director in ONGC Videsh Nigam Limited (OVNL) and India Infrastructure Finance Company Limited (IIFCL).  
She is member of the Management & Investment Committee and CSR Committee in IIFCL. She is also member of the Human Resources Management & Remuneration Committee in OVNL besides being member of the Audit Committee and Remuneration 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, CSR Committee, Stakeholders Relationship Committee and Remuneration Committee of IRFC.
- \*\*\*\*\* Shri D.C. Arya was member of CSR Committee, Stakeholders Relationship Committee, Risk Management Committee and Bond Committee.

**Remuneration paid to Managing Director and Director Finance**

Remuneration, was paid by the Company during 2014-15 to its Functional Directors as follows :-

Name of the Director	Salary & Allowances	Perquisites	Contribution to PF & Benefits	Total
Shri Rajiv Datt, Managing Director	₹ 23,35,346	₹ 6,78,766	₹ 2,25,432	₹ 32,39,544
Shri D.C. Arya, Director Finance	₹ 20,28,929	₹ 6,06,112	₹ 1,95,952	₹ 28,30,993

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.

No remuneration / fee is paid to Government Nominee Directors.

**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. In case of urgency, resolutions are passed by circulation, which are noted by the Board in their next Meeting.

**Audit Committee**

In accordance with provisions of Section 177 of the Companies Act, 2013 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.

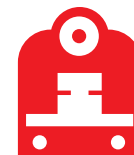
Ms. Sharmila Chavaly will immediately cease to be the member of the Committee on appointment of the another Independent Director by the Government.

During the financial year 2014-15, four Meetings of the Committee were held on 24th April, 2014, 31st July, 2014, 12th November, 2014 and 11th March, 2015. 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.	Ms. Sharmila Chavaly Director / IRFC	4	4
2.	Shri Rajiv Datt Managing Director	4	4
3.	Shri S.K. Goel non-Official / Independent Director	4	4

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 & Stakeholders' Relationship 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 have constituted a Remuneration Committee of the Company. The Committee is chaired by Shri S.K. Goel / Independent Director and Chairperson / IRFC and Nominee Director of Ministry of Finance are the other members. No Meeting of the said Committee was held during the year 2014-15.

On appointment of new Independent Director, the Committee shall be suitably re-constituted.

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 Niraj Kumar, Director Finance / IRFC are its Members.

#### **Meeting of Independent Directors**

The Company has presently only one Independent Director. Hence, no meeting of Independent Directors could be held during the year. The Company has requested the Ministry of Railways to expedite appointment of another Independent Director on its Board.

#### **Disclosures**

The Company has not entered into any transaction, with the Directors or the Management or their relatives or the companies and the firms, etc. in which they are interested directly or through their relatives. Further, the transactions with Ministry of Railways and / or its entities are in the ordinary course of business and at arm's length.

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

Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2014-15.

#### **Means of Communication**

During 2014-15, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2014



and 31st March, 2015 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 and BSE Limited. 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 and BSE Limited. 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 shall be endeavour of the Company that the Whole-time Directors 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 and also under Section 177 of the Companies Act, 2013, 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 31.03.2015, 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

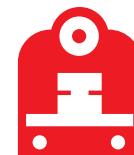
As required under the Government Guidelines, a Certificate related to truthfulness of Financial Statements, bonafide nature of transactions & adequacy of internal controls, etc., duly signed by Shri Rajiv Datt, Managing Director (CEO) and Shri Niraj Kumar, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on 25th August, 2015. The same is enclosed as Annexure-VII.

### General Body Meetings

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

AGM No.	AGM Date	Location	Time
27	27th August, 2014	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	5.00 P.M.
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.





One Special Resolution was passed in the 27th Annual General Meeting held on 27th August, 2014.

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 : 16th September, 2015  
Day : Wednesday  
Time : 4.00 p.m.

#### Financial Calendar

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

#### Publication of Unaudited Financial Results

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

<b>Half year ended 30.09.2014</b>	
- Financial Express	13.11.2014
- Jansatta (Hindi)	13.11.2014
<b>Half year ended 31.03.2015</b>	
- Financial Express	12.05.2015
- Jansatta (Hindi)	12.05.2015

#### 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 2015-16 has been paid to the Stock Exchanges.

#### Trustees of the Bonds

The Trustees appointed for the Bonds issued by the Company are as under :-

- |   |   |
|---|---|
| 1. SBI CAP Trustee<br>Co. Limited<br>Apeejay House<br>6th Floor,<br>3, Dinshaw Wachh Road<br>Churchgate<br>Mumbai-400 020 | For the Bonds issued<br>under 81st Series and<br>onwards            |
| 2. Indian Bank<br>254-260, Shanmugam Salai<br>Chennai-600 014   | For the Bonds issued<br>under 42nd 'M' Series<br>to 80th 'A' Series |

#### 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 as Annexure - IV.

#### Secretarial Audit

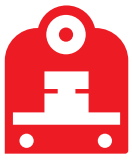
In terms of the Corporate Governance Voluntary Guidelines, Secretarial Audit of the Company was got conducted by an independent practicing firm of Company Secretaries, M/s Navneet K. Arora & Co., New Delhi.

The Report was taken on record by the Board of Directors in their Meeting held on 25th August, 2015.

#### 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 Nos.1.A.3(i), (iii), (iv) and B.1.(i) regarding constitution of Nomination & Remuneration 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. However, the Company would constitute a Nomination & Remuneration Committee, on appointment of requisite number of Independent Directors on its Board, whose scope of work would be as envisaged under applicable provisions of the Section 178 of the Companies Act, 2013 (the Act) read with the exemptions granted by the Government of India vide their Notification dated 5th June, 2015. The scope of work of the Nomination & Remuneration Committee would be, inter alia, to formulate the criteria for determining qualifications, positive attributes and independence and recommend to Board a policy, relating to the remuneration for senior management (one level below Board level) and other employees (not being Directors).

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. Also, the Government Companies are exempt from applicability of Section 197 of the Act provisions of which, after exemption, inter alia, are similar to above Guidelines.

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.

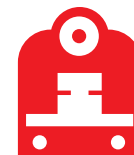
*Rationale:* This is not applicable to IRFC as its entire Paid-up Share Capital is held by the Government of India.

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 in so far as appointment of the external auditor is made by the Office of the Comptroller and Auditor General of India. However, the Audit Committee gives its recommendation on fixation of external auditor's remuneration and out of pocket expenses.

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.



### The Annual Report on CSR activities to be included in the Board's Report

#### 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR Policy and project or programs.

Vision of the Company's CSR & Sustainability Policy is to address social, economic and environmental concerns of the society in a sustainable manner. This would enable the Company to achieve its mission of clean, green, educated and capable India.

Since the Company operates with nominal staff strength of 19 employees only, its endeavour would be to take up short term activities, which can be completed within one year. However, long term projects, if any, would be divided into annual plans and targets. Further, the projects would be taken on pan India basis as the Company does not have any local area of operation. For large projects having greater social, economical and environmental impact, the Company would share pool of resources with other Railway / Central Public Sector Enterprises. Due importance would be given to such activities, which are peripheral to the activities of Indian Railways.

The projects would be implemented through the entity(s) having an established track record of three years in undertaking similar programs or project but the endeavor would be to appoint Central or State Government / Agency / Department of Public Sector Undertaking for implementation. Impact Assessment shall be done where value of project is Rs. 5 crore or more.

If any amount remains unspent or surplus arises out of the CSR projects in a particular year, the same shall be carried forward to next year and shall not form part of the business profits of the Company.

Website : [irfc.nic.in](http://irfc.nic.in)

#### 2. The composition of CSR Committee

IRFC's CSR Committee for deciding and implementing its CSR activities comprises (i) Shri Rajiv Datt, Managing Director, (ii) Shri Niraj Kumar, Director Finance and (iii) Shri S.K. Goel, Independent Director, who is its Chairman. The Committee is assisted by the Company Secretary & Assistant Manager.

Meetings of the Committee are held in need based manner.

#### 3. Average net profit of the Company for the last three financial years

The average net profit of the Company as worked out under the Companies Act, 2013, for last three years was Rs. 1,346.46 crore.

#### 4. Prescribed CSR Expenditure (two percent of the amount as in Item No. 3)

The Company was required to spend Rs. 26.93 crore towards CSR activities in financial year 2014-15.

#### 5 Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year 2014-15  
Rs. 26.93 crore

(b) Amount unspent, if any  
NIL

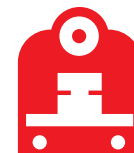


(c) Manner in which the amount spent during the financial year is detailed below :-

(Rs. in lakh)

Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: Direct expenditure on projects	Cumulative expenditure up to the reporting period (excluding previous years expenditure)	Amount spent: Direct(D) or through implementing agency (IA)
1	2	3	4	5	6	7	8
1	Organisation of Camps for distribution of Aids and Appliances to Persons with Disabilities (PwDs)	Capacity Building	Other; Basti District of Uttar Pradesh, Sirsa District of Haryana and Muzaffarpur District of Bihar	150.00	134.22	134.22	D-NIL IA-ALIMCO
2	Project on Setting up of SPV Power Plant including 30 No(s) LED based Street Lights & Setting up of SPV Power Plant at Schools operated by Mahila Samiti of Northern Railway	Environment Sustainability	Local Area; at Sahibabad and Delhi Cantt Railway Stations  Local Area; New Delhi	219.00	218.60	218.60	D-NIL IA-Central Electronics Limited
3	Project of providing LED based Solar Public Lighting in	Environment Sustainability	Other; At 6 Districts (Tinsukiya, Jorhat, Kamrup, Darrang, Dhubri and Karimganj) of Assam	490.79	439.96	439.96	D-NIL IA-Energy Efficiency Services Limited
4	Provision of furniture to School, owned by Bharat Sewashram-Sangh,	Education	Other; At Wazirpur Village of Gurgaon District of Haryana	25.00	23.75	23.75	D-NIL IA-RITES Limited





Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: Direct expenditure on projects	Cumulative expenditure up to the reporting period (excluding previous years expenditure)	Amount spent: Direct(D) or through implementing agency (IA)
5	Construction of vocational cum skill development and Training Centre	Capacity Building	Other; Udaipur (Rajasthan)	101.00	101.00	101.00	D-NIL IA-RITES Limited
6	Contribution to Swachh Bharat Kosh	Environment Sustainability	Others	853.50	853.50	853.50	D
7	Contribution to Clean Ganga Fund	Environment Sustainability	Others	853.50	853.50	853.50	D
8.	Contribution to Swachh Bharat Kosh	Environment Sustainability	Others	-	34.13	34.13	D
9.	Contribution to Clean Ganga Fund	Environment Sustainability	Others	-	34.13	34.13	D
	<b>Total</b>			<b>2692.79</b>	<b>2692.79</b>	<b>2692.79</b>	

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

All the funds have been spent.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

The CSR Committee of the Directors has confirmed that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

Rajiv Datt  
Managing Director

S.K. Goel  
Chairman, CSR Committee



## Secretarial Audit Report

(For the Financial Year ended on 31st March, 2015)

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014)

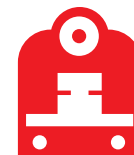
To,  
The Members,  
**Indian Railways Finance Corporation Limited**  
Regd. Office: UG Floor, East Tower,  
NBCC Place, Bhisham Pitamah Marg,  
Pragati Vihar, Lodhi Road,  
New Delhi-110003.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Indian Railway Finance Corporation Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other record maintained by the Company for the period ended on **31st March, 2015** according to the provisions of:

- (i) The companies Act, 2013 (**the Act**) and the Rules made thereunder:
- (ii) The Securities Contracts (Regulations) Act 1956 ('SCRA') and the rules made thereunder:
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Director Investment, Overseas Direct Investment and External Commercial Borrowings. There was no Foreign Direct Investment, Overseas Direct Investment and no fresh External Commercial Borrowings during the financial year hence not applicable during the audit period.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. ;
  - (a) The Securities and Exchange Board of Indian (Substantial Acquisition of Shares and Takeovers) Rugulations, 2011;-No Transaction was held during the financial year hence not applicable to the Company during the audit period;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2009.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Rugulations, 2009;-No Trasaction was held during the financial year hence not applicable to the Company during the audit period.
  - (d) The securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;- No Transaction was held during the financial year hence not applicable to the Company during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;



- (f) The Securities and Exchange Board of India (Registrars to an Issue and Shares Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -No Transaction was held during the financial year hence not applicable to the Company during the audit period; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - No Transaction was held during the financial year hence not applicable to the Company during the audit period;
- (vi) Other labour, environment and specific applicable Acts/Laws to the Company for which Secretarial Audit was conducted as an overview audit and was generally based/relied upon on the documents provided to us and management confirmation certificate provided by the management of the Company:
  - (a) The Simplified Debt Listing Agreements entered into with National Stock Exchange of India Limited & BSE Ltd.;
  - (b) Reserve Bank of India Act read with Non-Banking Financial Companies (Reserve Bank) Directions 1998 issued by Reserve Bank of India as amended till date;
  - (c) 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;
  - (d) Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs, Government of India.
  - (e) The Employees State Insurance Act 1948 and The Employees State Insurance (General) Regulation, 1950 and The Employees State Insurance Rules, 1950.
  - (f) The Employees Provident Fund & Miscellaneous provisions Act 1952 & The Employee Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952.
  - (g) The Contract Labour (Regulations and Abolition) Act 1970.
  - (h) Maternity Benefit Act 1961.
  - (i) Minimum Wages Act, 1948.
  - (j) Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 and other Environment Laws.
  - (k) Indian Stamp Act 1899.
  - (i) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013 read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013.
  - (m) Right to Information Act 2005.

We have also examined compliance with the applicable clauses of the Debt Listing Agreement entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd.

We have not examined compliance by the Company with:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India as they had not been notified by the Central Government during the audit period.
- (ii) Applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

1. The Company has complied with Companies Act 2013, 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 in respect of constitution of the board with proper balance of Executive, Non-Executive Directors & Independent Directors except as under:

- *Constitution of the Board is without appointment of minimum number of Independent Directors by the Government of India during the financial year.*

- *Non-constitution of Nomination and Remuneration Committee by the Board of Directors due to non appointment of minimum number of Independent Directors by the Government of India on the Board of the Company.*

- *Constitution and convening of Audit Committee Meetings had been without minimum number of Independent Directors on the Audit Committee during the financial year.*

Further the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except as stated above.

2. Adequate notice is given to all directors to schedule the Board Meetings atleast seven days in advance and agenda and detailed notes on agenda were also sent in advance to all the directors subsequently, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
4. The Company has obtained requisite approval, permission, confirmation from Registrar of Companies, NCT of Delhi & Haryana, Securities & Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Debenture Trustee and other regulated bodies in respect of public & various private issue of Secured, Redeemable, Non-Convertible, Taxable Bonds in the nature of Debentures and has duly complied with the applicable provisions of the laws, rules and guidelines.
5. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, 2013, Depositories Act and Rules, Regulations and Guidelines framed under these Acts against/on the Company, its Directors and Officers.
6. 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;
7. The Company has not entered into any transaction during the financial year, hence the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act are not applicable.

**We further report that** based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no instances of:

- a) Public / Rights / Preferential Issue of Shares / Sweat Equity.
- b) Redemption / Buy-back of Securities.
- c) Merger / Amalgamation / Reconstruction etc. and
- d) Foreign Technical Collaborations.

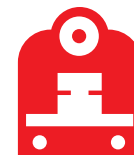
For **Navneet K. Arora & Co.**  
*Company Secretaries*

**CS Navneet Arora**  
*Proprietor*

FCS: 3214, COP: 3005

Place : New Delhi  
Date : 13th July, 2015

[Note: This report is to be read with our letter of even date with is annexed as “**Annexure-A**” and forms an integral part of this report].



## Annexure - "A"

To  
The Members,  
**Indian Railway Financial Corporation Limited**  
Regd. Office: UG Floor, East Tower,  
NBCC Place, Bhasham Pitamah Marg,  
Pragati Vihar, Lodhi Road,  
New Delhi-110003

Our report of even date is to be read along with this letter as under:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to be express an opinion on these secretarial records on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where even required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

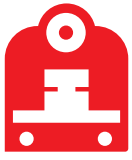
For **Navneet K. Arora & Co.**  
*Company Secretaries*

**CS Navneet Arora**  
*Proprietor*

FCS: 3214, COP: 3005

Place : New Delhi  
Date : 13th July, 2015





**Annexure-IV**

**BANSAL SINHA & CO.**

18/19, Old Rajinder Nagar,  
New Delhi-110 060  
Chartered Accountants  
Phones: 25722270, 25853424, 41046530  
E-mail: bsc@bansalsinha.com  
Website : www.bansalsinha.com

**Auditors' Certificate on 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, 2015.

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 of the financial statements of the Company .

In our opinion and to the best of our information and according to the explanations given us and the representations made by the Directors and the Management , as required in terms of Simplified Debt Listing Agreement entered into with National Stock Exchange of India Limited and BSE Ltd and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by Government of India, we certify that the Company had 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. Constitution of Nomination and Remuneration Committee due to non appointment of minimum number of Independent Directors on the Board.

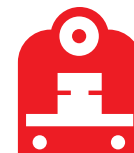
We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency of effectiveness with which the Management has conducted the state of affairs of the Company.

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

**Tanupriya Gupta**  
Partner

Membership No. 511757

Place : New Delhi  
Date : 25.08.2015



**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 2014-15**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN – U65910DL1986PLC026363
- ii) Registration Date – 12.12.1986
- iii) Name of the Company – Indian Railway Finance Corporation Limited
- iv) Category / Sub-Category of the Company – Infrastructure Finance Company
- v) Address of the Registered office and contact details – Indian Railway Finance Corporation Ltd.  
Upper Ground Floor, East Tower,  
NBCC Place, Pragati Vihar,  
Lodhi Road, New Delhi-110 003  
Contact No. 011-2436 9766-69  
Website: www.irfc.nic.in
- vi) Whether listed company (Yes / No) – Yes, It is listed in Wholesale Debt Market segment of National Stock Exchange and BSE Limited.
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any – Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No. 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally, Hyderabad -500 032

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Leasing of Rolling Stock Assets to MOR	-	92.16

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

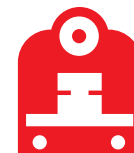
S. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
			NIL		



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	3,35,20,000	3,35,20,000	100	-	3,58,39,600	3,58,39,600	100	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	3,35,20,000	3,35,20,000	100	-	3,58,39,600	3,58,39,600	100	-
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):</b>	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):</b>	-	-	-	-	-	-	-	-	-
<b>(2) Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2):</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Share held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	3,35,20,000	3,35,20,000	100	-	3,58,39,600	3,58,39,600	100	6.92



ii) Shareholding of Promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	President of India through Ministry of Railways	3,35,20,000	100	-	3,58,39,600	100	-	-
	Total	3,35,20,000	100	-	3,58,39,600	100	-	-

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Promoter	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	President of India through Ministry of Railways				
	At the beginning of the year	3,35,20,000	100	3,35,20,000	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Equity of Rs. 231.96 crore which was received on 31.03.2014, allotted on 24.04.2014	100	3,58,39,600	100
	At the end of the year	3,58,39,600	100	3,58,39,600	100

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
			NIL		



(v) Shareholding of Directors and Key Managerial Personnel:

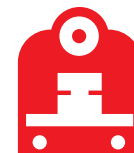
Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
1.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		NIL		
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	52,77,569.19	17,14,166.03	-	69,91,735.22
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	1,74,061.34	6,210.90	-	1,80,272.24
Total (i+ii+iii)	54,51,630.53	17,20,376.93	-	71,72,007.46
<b>Change in Indebtedness during the financial year</b>	7,03,744.57	1,67,862.05	-	8,71,606.62
• Addition	3,11,867.36	3,57,331.35	-	6,69,198.71
• Reduction				
<b>Net Change</b>	3,91,877.21	-1,89,469.30	-	2,02,407.91
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	56,02,198.07	15,24,764.93	-	71,26,963.00
ii) Interest due but not paid	0.00	0.00	-	0.00
iii) Interest accrued but not due	2,41,309.67	6,142.70	-	2,47,452.37
Total (i+ii+iii)	58,43,507.74	15,30,907.63	-	73,74,415.37





**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Shri Rajiv Datt, Managing Director	Shri D.C. Arya, Director Finance	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30.21	26.10	56.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.03	2.63	5.66
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Other, specify	-	-	-
5.	Other, please specify	-	-	-
	<b>Total (A)</b>	<b>33.24</b>	<b>28.73</b>	<b>61.97</b>
	Ceiling as per the Act	*	*	*

\* Not applicable under the exemptions granted by the Government of India vide its Notification dated 5<sup>th</sup> June, 2015.

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
	Independent Directors	Shri S.K. Goel		
	• Fee for attending Board Committee Meetings	Rs. 55,000/-		Rs. 55,000/-
	• Commission	-		-
	• Others, please specify	-		-
	Total (1)			
	Other Non-Executive Directors	Smt. Rajalakshmi Ravikumar	Ms. Sharmila Chavaly	
	Fee for attending Board Committee Meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)			
	Total (B)=(1+2)			
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

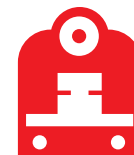


C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Company Secretary	Total
		Shri S.K. Ajmani General Manager (Term Loans) & Company Secretary	
1.	Gross salary	(Rs. in lakh)	(Rs. in lakh)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29.04	29.04
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.55	2.55
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others, please specify	-	-
	Total	31.59	31.59

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHR OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					



## ANNEXURE - VI

**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 2014-15.

Place : New Delhi  
Date : 25.08.2015

**Rajiv Datt**  
Managing Director

## ANNEXURE - VII

**Chief Executive Officer and Chief Financial Officer Certification**

In relation to the audited financial accounts of the Company as at 31st March, 2015, we hereby certify that

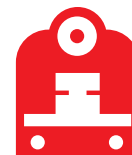
- a) We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii) these statements 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.

**Niraj Kumar**  
Director Finance

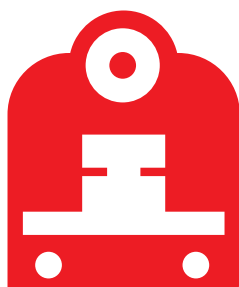
**Rajiv Datt**  
Managing Director

Dated : 25.08.2015





# ANNUAL ACCOUNTS 2014-15



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





## Indian Railway Finance Corporation Limited

## Balance Sheet as at 31st March 2015

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2015	As at 31-03-2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	358396.00	335200.00
(b) Reserves & Surplus	3	455514.84	397807.73
		<b>813910.84</b>	<b>733007.73</b>
<b>(2) Share Application Money Pending Allotment</b>	4	54250.00	23196.00
<b>(3) Non-current Liabilities</b>			
(a) Long Term Borrowings	5	6178414.16	6504243.37
(b) Deferred Tax Liabilities (Net)	6	496090.55	421213.79
(c) Other Long Term Liabilities	7	222.95	332.33
(d) Long Term Provisions	8	28.99	26.52
		<b>6674756.65</b>	<b>6925816.01</b>
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	9	20000.00	82900.00
(b) Other Current Liabilities	10	1197639.77	621742.30
(c) Short Term Provisions	11	4141.77	6339.95
		<b>1221781.54</b>	<b>710982.25</b>
<b>Total</b>		<b>8764699.03</b>	<b>8393001.99</b>
<b>II. ASSETS</b>			
<b>(5) Non-current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		1199.38	1258.86
(ii) Intangible Assets		1.29	1.57
(b) Non-Current Investments	13	932.29	1091.76
(c) Long Term Loans and Advances	14	8022967.10	7545503.02
(d) Other Non-current Assets	15	46438.17	44104.33
		<b>8071538.23</b>	<b>7591959.54</b>
<b>(6) Current Assets</b>			
(a) Cash and Bank Balances	16	506.72	202196.27
(b) Short Term Loans and Advances	17	170.09	176.51
(c) Other Current Assets	18	692483.99	598669.67
		<b>693160.80</b>	<b>801042.45</b>
<b>Total</b>		<b>8764699.03</b>	<b>8393001.99</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 and on behalf of the Board of Directors

**For Bansal Sinha & Co.**

Chartered Accountants  
FRN-006184N

**Tanupriya Gupta**

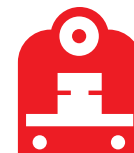
(Partner)  
M.No. 511757

Place : New Delhi  
Date : 25-08-2015

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

**Niraj Kumar**  
Director Finance

**Rajiv Datt**  
Managing Director



Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March 2015

(₹ in Lakhs)

Particulars	Note No.	Year ended 31-03-2015	Year ended 31-03-2014
Revenue from operations	19	693879.65	618715.19
Other income	20	132.54	1111.04
Exchange Rate Variation		5.07	
<b>Total Revenue</b>		<b>694017.26</b>	<b>619826.23</b>
Expenses:			
Employee benefits expense	21	309.83	296.35
Finance costs	22	499183.01	460674.91
Exchange Rate Variation		-	78.33
Depreciation and amortization expense		44.21	36.79
CSR Expenses		2624.80	1070.23
Other expenses	23	438.00	466.88
<b>Total Expenses</b>		<b>502599.85</b>	<b>462623.49</b>
Profit before exceptional and extraordinary items and tax		191417.41	157202.74
<b>Exceptional items</b>		<b>-</b>	<b>-</b>
<b>Profit before extraordinary items and tax</b>		<b>191417.41</b>	<b>157202.74</b>
Extraordinary Items			-
<b>Profit before tax</b>		<b>191417.41</b>	<b>157202.74</b>
Tax expense:			
(1) Current tax (MAT)		40710.68	32958.45
(2) Tax For Earlier Years (MAT)		-	36.62
(3) Deferred tax		74876.76	54138.62
		<b>115587.44</b>	<b>87133.69</b>
<b>Profit for the period</b>		<b>75829.97</b>	<b>70069.05</b>
Earnings per equity share (in ₹):	24		
(1) Basic		211.58	233.21
(2) Diluted		211.41	233.16
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

This is the Statement of Profit and Loss in our report of even date

For and on behalf of the Board of Directors

**For Bansal Sinha & Co.**

Chartered Accountants  
FRN-006184N

**Tanupriya Gupta**

(Partner)  
M.No. 511757

Place : New Delhi  
Date : 25-08-2015

**S.K.Ajmani**

Company Secretary  
& G.M. (Term Loans)

**Niraj Kumar**

Director Finance

**Rajiv Datt**

Managing Director



Indian Railway Finance Corporation Limited

Cash Flow Statement for the year Ended 31st March 2015

(₹ in Lakhs)

Particulars		Year ended 31-03-2015		Year ended 31-03-2014	
<b>A</b>	<b>Cash Flow from Operating activities:</b>				
	Profit Before Tax:	191417.41		157202.74	
	<b>Adjustments for:</b>				
	1. Depreciation	44.21		36.79	
	2. (Profit) /Loss on sale of fixed assets (Net)	0.66		0.53	
	3. Lease Rentals advance amortised	6429.43		5812.77	
	4. Exchange Rate Variation	(5.07)		78.33	
	5. Amortisation of Interest Restructuring Advance	7.42		23.40	
	6. Amortisation of Gain on asset securitisation	(146.35)		(248.79)	
	7. Provision for Interest Payable to Income Tax Authorities	169.05		87.32	
	8. Dividend Received	(39.53)		(49.29)	
		<b>197877.23</b>		<b>162943.80</b>	
	<b>Adjustments for-</b>				
	9. Assets given on financial lease during the year	(1077102.40)		(1478450.81)	
	10. Capital Recovery on assets given on financial lease	508503.04		446260.83	
	11. Receipt on account of Long term loans during the year	16425.00		15591.67	
	12. Term Loans disbursed during the year	(27300.00)		(44000.00)	
	13. Loans & Advances (Net of Adv. Tax & ERV)	61265.45		14787.47	
	14. Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	178500.00		(148500.00)	
	15. Other Non Current Assets	(2333.84)		773.52	
	16. Other Current Assets	2759.03		(11089.69)	
	17. Current Liabilities	50682.90		32566.91	
	18. Provisions	(8.75)		(3.41)	
	19. Direct Taxes Paid	(38471.55)		(39072.80)	
		(327081.12)		(1211136.31)	
	<b>Net Cash flow from Operations</b>		<b>(129203.89)</b>		<b>(1048192.51)</b>
<b>B</b>	<b>Cash Flow from Investment Activities:</b>				
	1. Purchase of Fixed Assets	(7.91)		(5.05)	
	2. Proceeds from sale of Fixed Assets	0.13		0.53	
	3. Dividend Received	39.53		49.29	
	4. Proceeds from Pass Through Certificates	174.72		191.44	
	5. Investment in Pass Through Certificates	-		-	
			<b>206.47</b>		<b>236.21</b>
<b>C</b>	<b>Cash flow from Financing activities:</b>				
	1. Dividend & Dividend Tax Paid during the year	(21395.68)		(12792.20)	
	2. Share Capital Rised during the year	0.00		40000.00	
	3. Share Application Money received	54250.00		23196.00	
	4. Funds raised through Bonds	262500.00		882879.73	
	5. Bonds Redeemed during the year	(117441.00)		(151763.38)	
	6. Term Loans raised during the year	332454.00		845313.27	
	7. Term Loans repaid during the year	(126834.14)		(1059591.03)	
	8. Funds raised through External Commercial Borrowings	0.00		559652.32	
	9. Repayment of External Commercial Borrowings	(277725.31)		(65719.00)	
	<b>Net Cash Flow During the year (A+B+C)</b>		<b>105807.87</b>		<b>1061175.71</b>
	Opening Balance of Cash & Cash Equivalents:		(23189.55)		13219.41
	Balance in the Current Accounts	23694.91		475.19	
	Balance in the Term Deposit A/cs (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>Closing Balance of Cash or Cash Equivalents</b>		<b>506.72</b>		<b>23696.27</b>

- 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.
- Figures in bracket represent cash outflow from respective activities
- Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.
- Composition of Cash or Cash Equivalents at the end of the year:
 

-Balance in Current Accounts	505.58	23694.91
-Balance in Term Deposit A/cs (original maturity of three months or less)	0.00	0.00
-Balance in Franking Machine	0.12	0.34
-Balance in RBI-PLA	1.02	1.02
<b>Total</b>	<b>506.72</b>	<b>23696.27</b>
- Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents
- Balance in Current Accounts includes a sum of Rs. 390.94 lakhs lying unpaid in Interest/Redemption A/Cs is not available for use by the Company.

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

For Bansal Sinha & Co.

Chartered Accountants  
FRN-006184N

Tanupriya Gupta  
(Partner)  
M.No. 511757

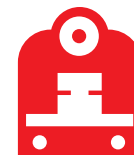
Place : New Delhi  
Date : 25-08-2015

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

For and on behalf of the Board of Directors

Niraj Kumar  
Director Finance

Rajiv Datt  
Managing Director



## Significant Accounting policies and Notes on Financial Statements for the year ended 31st March, 2015

### 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, 2013 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 and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimates include estimated useful life of fixed assets and estimated useful life of leased assets. The Management believes that estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Adjustments as a result of differences between actual and estimates are made prospectively.

### II. Revenue Recognition

- a) Lease Income in respect of assets given on lease (including assets given prior to 01-04-2001) is recognised in accordance with the accounting treatment provided in Accounting Standard -19.
- b) Lease Rentals on assets taken on lease and sub-leased to Ministry of Railways (MOR) prior to 01.04.2001, are accounted for at the rates of lease rentals provided in the agreements with the respective lessors and the sub-lessee (MOR), on accrual basis, as per the Revised Guidance Note on Accounting for Leases issued by the Institute of Chartered Accountants of India (ICAI).
- c) Interest Income is recognised on time proportion basis. Dividend Income is recognised when the right to receive payment is established.
- d) Income relating to non-performing assets is recognised on receipt basis in accordance with the guidelines issued by the Reserve Bank of India.

### III. Foreign Currency Transactions

#### a) Initial Recognition

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

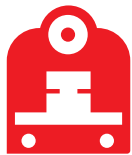
#### b) Recognition at the end of Accounting Period

Foreign Currency monetary assets and liabilities, other than the foreign currency liabilities swapped into Indian Rupees, are reported using the year end exchange rates in accordance with the provisions of Accounting Standard – 11 notified by the Ministry of Corporate Affairs.

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' notified by the Ministry of Corporate Affairs.

#### **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 is provided on straight-line method over the useful lives of assets as prescribed under Part-C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during a period is proportionately charged.
- c) 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 1st February 2006, the Company amortises any profit arising from the securitisation over the life of the Pass Through Certificates (PTCs) / Securities issued by the Special Purpose Vehicle (SPV). Loss, if any, is recognised immediately in the Statement of Profit & Loss.

Further, in terms of Draft Guidelines 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.

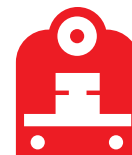
#### **b) Assignment of Lease Receivables**

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 Statement of Profit and Loss 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 Statement of Profit & Loss in the year in which the expenses are incurred.
- c) Incidental expenses incurred in connection with the Securitisation transaction executed during the year are charged to the Statement of Profit and Loss of the same year.



**IX. Taxes on Income**

Tax expense comprises Current Tax and Deferred Tax.

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

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income 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):

**Short Term Employee Benefits**

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the employees have rendered services entitling them to contributions.

**Post-Employment Benefits**Define Contribution Plans

A define contribution plan is a post-employment benefit plan under which the company makes specified contributions to a separate entity. The company makes specified monthly contributions towards Provident Fund. The company's contribution is recognised as an expense in the Statement of Profit & Loss during the period in which the employee has rendered services.

Define Benefit Plans

The liability in respect of defined benefit plans is recognised at the present value of the amount payable as per Actuarial Valuations.

Actuarial gain and losses in respect of defined benefit plans are charged to 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 Costs (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.

**XIII. Cash and Cash Equivalents**

Cash and Cash Equivalents include Cash in hand, demand deposits with banks, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

**XIV. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby Profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

**2. Share Capital****(₹ in lakhs)**

Particulars	As at 31-03-2015	As at 31-03-2014
<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> 3,58,39,600 (previous year 3,35,20,000) Equity Shares of ₹1000/- each	<b>358396.00</b>	335200.00
<b>Total</b>	<b>358396.00</b>	<b>335200.00</b>

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, 2015, the total dividend appropriation was ₹18239.84 Lakhs (Previous Year ₹ 16535.35 Lakhs) including corporate dividend tax of ₹ 3039.84Lakhs (Previous Year ₹ 2521.35 Lakhs).

2.3 Reconciliation of the number of shares outstanding is setout below:

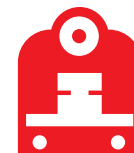
Particulars	As at 31-03-2015 No. of shares	As at 31-03-2014 No. of shares
Equity Shares at the beginning of the year	<b>33520000</b>	23520000
Add: Shares issued for cash at par	<b>2319600</b>	10000000
Equity Shares at the end of the year	<b>35839600</b>	33520000

2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2015		As at 31-03-2014	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	<b>35839600</b>	<b>100%</b>	33520000	100%

**3. Reserves and Surplus****(₹ in Lakhs)**

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Securities Premium Account</b>		
Opening Balance	57.15	11.34
Add: Received during the period	0.00	45.81
<b>Closing Balance - 'A'</b>	<b>57.15</b>	<b>57.15</b>
<b>Bonds Redemption Reserve</b>		
Opening Balance	337329.19	283795.50
Add: Transfer from Surplus	57590.13	53533.69
Add: Transfer of Excess Provision towards Dividend Distribution Tax on Proposed Final Dividend for the Previous Year	139.67	0.00
<b>Closing Balance - 'B'</b>	<b>395058.99</b>	<b>337329.19</b>



Particulars	As at 31-03-2015	As at 31-03-2014
<b>General Reserve</b>		
Opening Balance	60421.39	60421.39
Less: Adjustment of the Written Down Value of the Fixed Assets in terms of Schedule II of the Companies Act, 2013	-22.69	0.00
<b>Closing Balance - 'C'</b>	<b>60398.70</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	75829.97	70069.05
Surplus available for appropriation	75829.97	70069.05
<b>Less: Appropriations</b>		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	57590.13	53533.69
Interim Dividend	15000.00	10000.00
Proposed Final Dividend	200.00	4014.00
Dividend Tax	3039.84	2521.36
<b>Closing Balance - 'D'</b>	<b>0.00</b>	<b>0.00</b>
<b>Total A + B + C + D</b>	<b>455514.84</b>	<b>397807.73</b>

#### 4. Share Application Money Pending Allotment

The Company had opening balance of Share Application Money of ₹ 23196 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 23,19,600 equity shares of ₹1,000/- each at par on 24th April, 2014.

The Company received ₹ 54250 Lakhs of Share Application Money during the year from its existing Shareholder on 30th March 2015 in respect of which 54,25,000 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 31st March, 2015. However, pursuant to the approval by the Board of Directors in their meeting held on 11th May 2015 these shares have been allotted and issued.

#### 5. Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2015		As at 31-03-2014	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
Bonds from Domestic Capital Market	5088068.37	48198.00	4873766.37	117441.00
Rupee Term Loans from Banks	1972.00	430717.10	250573.07	11271.15
Foreign Currency Term Loans	11350.80	1891.80	12702.90	1814.70
<b>Total Secured Borrowings</b>	<b>5101391.17</b>	<b>480806.90</b>	<b>5137042.34</b>	<b>130526.85</b>
<b>Unsecured</b>				
Bonds from Overseas Capital Market	583305.00	126120.00	680512.50	0.00
Rupee Term Loans from Banks	0.00	100911.94	1376.94	1860.00
Foreign Currency Term Loans	493717.99	220710.00	685311.59	272205.00
<b>Total Unsecured Borrowings</b>	<b>1077022.99</b>	<b>447741.94</b>	<b>1367201.03</b>	<b>274065.00</b>
<b>Total Long Term Borrowings</b>	<b>6178414.16</b>	<b>928548.84</b>	<b>6504243.37</b>	<b>404591.85</b>

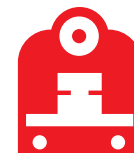


5.1 All the bonds issued in the domestic capital market and outstanding as on 31-03-2015 are secured by first pari passu charge on the present / future Rolling stock assets / lease receivables of the Company.

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 31-03-2015 is set out below:

(₹ in Lakhs)

Series	Interest Rate	Amount outstanding	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	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet Repayment	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-31
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet Repayment	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet Repayment	3-Feb-30
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	21718.59	Bullet Repayment	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4669.79	Bullet Repayment	23-Mar-28

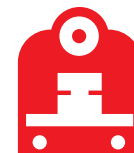


Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	228830.23	Bullet Repayment	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	27060.80	Bullet Repayment	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet Repayment	6-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	7-Jun-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	273449.24	Bullet Repayment	23-Feb-27
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	36115.95	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	8-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet Repayment	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet Repayment	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet Repayment	29-Mar-26
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet Repayment	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet Repayment	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-24
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

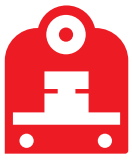


Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet Repayment	25-Mar-23
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13458.83	Bullet Repayment	23-Mar-23
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	3058.17	Bullet Repayment	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	265268.39	Bullet Repayment	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	16179.65	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	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet Repayment	6-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	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	279750.59	Bullet Repayment	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	37573.22	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	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet Repayment	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet Repayment	31-May-21
52nd "B" Taxable Non-Cum. Bonds	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

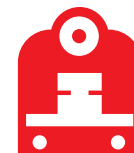




Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
49th "O" - FRB Taxable Non-Cum. Bonds	8.54%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet Repayment	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet Repayment	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet Repayment	3-Feb-20
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19
49th "N" - FRB Taxable Non-Cum. Bonds	8.47%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet Repayment	11-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet Repayment	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet Repayment	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet Repayment	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in five equal yearly instalments commencing from 28-09-2018	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet Repayment	11-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	8.56%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-18



Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet Repayment	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-18
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet Repayment	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-17
48th "HH" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-17
42nd "O" Taxable Non-Cum. Bonds	8%, 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	8.55%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet Repayment	7-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-17
45th "NN" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-17
65th "H" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-17
47th "M" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-17
68th "A" Tax Free Non-Cum. Bonds	6.3%, Semi Annual	64262.00	Bullet Repayment	8-Mar-17
97th Taxable Non-Cum. Bonds #	7.83%, Annual	262500.00	Bullet Repayment	22-Jan-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



Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
49th "K" - FRB Taxable Non-Cum. Bonds	8.55%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-16
55th "I" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-16
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
<b>Total</b>		<b>5088068.37</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 31-03-2015 is set out below:

(₹ in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
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	8.33%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-15
55th "H" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-15
45th "LL" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-15
70th Taxable Non-Cum. Bonds	7.845%, Semi Annual	7000.00	Bullet Repayment	4-May-15
65th "F" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-15
<b>Total</b>		<b>48198.00</b>		

\* Applicable interest rate as on 31-03-2015 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

# Call Option / Put Option exercisable on 15th April 2016.



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 31-03-2015 is set out below:

(₹ in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Central Bank of India(3)	8.25%, Fixed	1-Oct-15	Half Yearly	648.00	334.00	982.00
Central Bank of India(4)	8.25%, Fixed	1-Oct-15	Half Yearly	648.00	334.00	982.00
United Bank of India (1)	8.91%, Fixed	1-Oct-15	Half Yearly	0.00	343.00	343.00
United Bank of India (2)	8.91%, Fixed	1-Oct-15	Half Yearly	676.00	333.00	1009.00
Bank of Tokyo-Mit-subishi UFJ Ltd.	7.80%, Fixed	15-May-15	Annual	0.00	4000.00	4000.00
State Bank of India (Note-2)	10%, Linked to Base Rate	28-Apr-15	Bullet	0.00	240000.00	240000.00
Corporation Bank (Note-2)	10.25%, Linked to Base Rate	30-Apr-16	Bullet	0.00	45373.10	45373.10
United Bank of India (Note-2)	10%, Linked to Base Rate	30-Mar-17	7 Half-Yearly installments after an initial moratorium of 2 years	0.00	20000.00	20000.00
Andhra Bank (Note-2)	10.25%, Linked to Base Rate	30-Jun-16	Bullet	0.00	20000.00	20000.00
Canara Bank (Note-2)	10.20%, Linked to Base Rate	30-Jun-16	Bullet	0.00	100000.00	100000.00
<b>Total</b>				<b>1972.00</b>	<b>430717.10</b>	<b>432689.10</b>

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

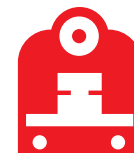
Note-2 The Company has prepaid these loans on 6th April 2015.

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 31-03-2015 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-15	Half Yearly	11350.80	1891.80	13242.60
<b>Total</b>				<b>11350.80</b>	<b>1891.80</b>	<b>13242.60</b>

Note-1 Date of Maturity indicates the date of payment of 1st 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 31-03-2015 is set out below:

(₹ In Lakhs)

Particulars	Interest Rate	Non-Current	Current	Term of Repayment	Date of Maturity
Reg-S Bonds 3rd Series (USD 500 Million)	3.917%, Semi Annual	315300.00	0.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2nd Series (USD 300 Million)	3.417%, Semi Annual	189180.00	0.00	Bullet Repayment	10-Oct-17
US PP Bonds 2017 (USD 125 Million)	5.94%, Semi Annual	78825.00	0.00	Bullet Repayment	28-Mar-17
Reg-S Bonds 1st Series (USD 200 Million)	4.406%, Semi Annual	0.00	126120.00	Bullet Repayment	30-Mar-16
<b>Total</b>		<b>583305.00</b>	<b>126120.00</b>		

5.5 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2015 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-Jul-15	Quarterly	0.00	911.94	911.94
Allahabad Bank (Note-2)	10.25%, Linked to Base Rate	30-Jun-16	Bullet	0.00	5000.00	5000.00
Bank of India (Note-2)	10.20%, Linked to Base Rate	30-Mar-18	Bullet	0.00	25000.00	25000.00
Vijaya Bank (Note-2)	10.25%, Linked to Base Rate	17-Jun-16	Bullet	0.00	20000.00	20000.00
UCO Bank (Note-2)	10.20%, Linked to Base Rate	30-Jun-16	Bullet	0.00	35000.00	35000.00
State Bank of Hyderabad (Note-2)	10.20%, Linked to Base Rate	30-Apr-16	Bullet	0.00	15000.00	15000.00
<b>Total</b>				<b>0.00</b>	<b>100911.94</b>	<b>100911.94</b>

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

Note-2 The Company has prepaid these loans on 6th April 2015.

5.6 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2015 is as follows:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Syndicated Foreign Currency Loan-USD 350 Mio	6M USD LIBOR+1.34%	28-Sep-15	Bullet	0.00	220710.00	220710.00
Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	28-Sep-16	Bullet	126120.00	0.00	126120.00
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+1.47%	03-Dec-18	Bullet	252240.00	0.00	252240.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	92002.43	0.00	92002.43
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	23355.56	0.00	23355.56
<b>Total</b>				<b>493717.99</b>	<b>220710.00</b>	<b>714427.99</b>

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

Major components of Net Deferred Tax Liability are as under:

(₹ in Lakhs)

Particulars	As at	
	31-03-2015	As at 31-03-2014
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	839597.54	879269.68
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	343506.99	458055.89
<b>Net Deferred Tax Liability</b>	<b>496090.55</b>	<b>421213.79</b>

Pursuant to the clarification issued by the Central Board of Direct Taxes (CBDT) vide their circular No. 2 dated 9th 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.

Pursuant to the enactment of the Companies Act, 2013, the Company has applied estimated useful life as specified in respect of the Leased Assets in Schedule-II for computing the notional depreciation. This has led to an increase in the notional depreciation for the year which has resulted in the decline in the Deferred Tax Asset on account of unabsorbed depreciation being carried forward as per the Income Tax Act, 1961 by Rs. 177901 Lakhs. However, there has been a commensurate decline in the Deferred Tax Liability on account of the difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013 by Rs. 177901 Lakhs with no impact on Net Deferred Tax Liability.

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 31-03-2015		As at 31-03-2014	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	222.95	109.38	332.33	146.35
<b>Total</b>	<b>222.95</b>	<b>109.38</b>	<b>332.33</b>	<b>146.35</b>

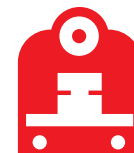
\*Out of the unrecognised gain of ₹ 478.68 Lakhs (P.Y. ₹ 727.47 Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of ₹ 146.35 Lakhs (P.Y. ₹ 248.79 Lakhs) has been recognised during the year ended 31st March 2015, leaving a balance of ₹ 332.33 Lakhs (P.Y. ₹ 478.68 Lakhs).

**8 Long Term Provisions**

(₹ in Lakhs)

Particulars	As at 31-03-2015		As at 31-03-2014	
	Non Current	Current	Non Current	Current
Provision for Leave Encashment (Net of funded assets)	28.99	13.50	24.88	12.23
Provision for Leave Travel Concession	0.00	0.00	1.64	1.80
<b>Total</b>	<b>28.99</b>	<b>13.50</b>	<b>26.52</b>	<b>14.03</b>





**9 Short Term Borrowings**

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Secured</b>		
Rupee Term Loans from Banks	20000.00	10000.00
	<b>20000.00</b>	<b>10000.00</b>
<b>Unsecured</b>		
Loans from Banks	0.00	72900.00
	<b>0.00</b>	<b>72900.00</b>
<b>Total</b>	<b>20000.00</b>	<b>82900.00</b>

**10 Other Current Liabilities**

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
Current Maturities of Long Term Debt (Ref. Note No.5)	928548.84	404591.85
Amount payable to MOR	15669.63	28643.26
Interest Accrued but not due	247452.37	180272.23
Unamortised Securitisation Gain (Refer Note No. 7)	109.38	146.35
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35)	390.94	366.49
<b>Other Payables:</b>		
Statutory Dues	1.76	1.45
Tax Deducted at Source Payable	1804.32	2270.59
Dividend Tax	2999.12	1699.50
Others	663.41	3750.58
<b>Total</b>	<b>1197639.77</b>	<b>621742.30</b>

**11 Short Term Provisions**

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
Provision for Tax (Net of Taxes Paid)	2875.19	629.29
Provision for Interest Payable on Income Tax	223.01	60.74
Provision for CSR	789.35	800.04
Provision for Employee Benefits (Refer Note No.8)	13.50	14.03
Proposed Final Dividend	200.00	4014.00
Dividend Tax on Proposed Final Dividend	40.72	821.85
<b>Total</b>	<b>4141.77</b>	<b>6339.95</b>



12 Fixed Assets

(₹ in Lakhs)

S. No.	DESCRIPTION	GROSS BLOCK			As at 31-03-15	DEPRECIATION			NET BLOCK		
		As at 01-04-14	Additions during the year	Sale/Adjustment during the year		Upto 01-04-14	For the year	Adjustments during the year	As at 31-03-15	As at 31-03-15	As at 31-03-14
<b>Tangible Assets</b>											
1	Office Building	1524.23	0.00	0.00	1524.23	324.50	25.52	0.00	350.92	1174.21	1199.73
2	Airconditioners, Room Coolers/Heaters	18.91	1.69	0.00	20.60	10.93	5.95	-0.09	16.97	3.63	7.98
3	Office Equipments	27.83	4.64	1.59	30.88	10.22	4.39	-6.04	20.65	10.23	17.61
4	Furniture & Fixtures	86.14	0.00	0.00	86.14	70.18	0.75	-11.89	82.82	3.32	15.96
5	Franking Machine	1.19	0.00	0.00	1.19	0.07	0.28	0.00	0.35	0.84	1.12
6	Computer	51.61	1.32	0.00	52.93	42.73	5.53	-2.24	50.50	2.43	8.88
7	Motor Car	10.24	0.00	0.00	10.24	5.08	0.85	-0.05	5.98	4.26	5.16
8	Photo Copier	1.90	0.00	0.00	1.90	0.46	0.36	-0.72	1.54	0.36	1.44
9	Water Cooler	0.29	0.00	0.00	0.29	0.16	0.04	0.00	0.20	0.09	0.13
10	Electric-installation	1.80	0.00	0.00	1.80	0.95	0.00	-0.85	1.80	0.00	0.85
	<b>Total</b>	<b>1724.14</b>	<b>7.65</b>	<b>1.59</b>	<b>1730.20</b>	<b>465.28</b>	<b>43.67</b>	<b>-21.88</b>	<b>530.82</b>	<b>1199.38</b>	<b>1258.86</b>
<b>Intangible Assets</b>											
1	Computer Software	2.44	0.26	-	2.70	0.87	0.54	-	1.41	1.29	1.57
	<b>Total</b>	<b>2.44</b>	<b>0.26</b>	<b>-</b>	<b>2.70</b>	<b>0.87</b>	<b>0.54</b>	<b>-</b>	<b>1.41</b>	<b>1.29</b>	<b>1.57</b>
	<b>Total Fixed Assets</b>	<b>1726.58</b>	<b>7.91</b>	<b>1.59</b>	<b>1732.90</b>	<b>466.15</b>	<b>44.21</b>	<b>-21.88</b>	<b>532.23</b>	<b>1200.67</b>	<b>1260.43</b>
	Previous year	1722.00	5.05	1.41	1726.58	429.71	36.79	0.35	466.15	1260.43	1293.22

13 Non Current Investments (At Cost)

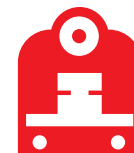
(₹ in Lakhs)

Particulars	As at 31-03-2015		As at 31-03-2014	
	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>				
65 (P.Y. 75) Senior Pass Through Certificates 'K' to 'W' Series of NOVO X Trust Locomotives	732.44	159.46	891.91	174.72
<b>Total</b>	<b>932.29</b>	<b>159.46</b>	<b>1091.76</b>	<b>174.72</b>
<b>Aggregate Amount of Unquoted Investments</b>	<b>932.29</b>	<b>159.46</b>	<b>1091.76</b>	<b>174.72</b>

14 Long Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2015		As at 31-03-2014	
	Non Current	Current	Non Current	Current
<b>Secured Considered Good</b>				
House Building Advance*	17.55	3.92	21.48	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)	215523.88	0.00	215522.71	0.00



Particulars	As at 31-03-2015		As at 31-03-2014	
	Non Current	Current	Non Current	Current
Lease Receivables from Ministry of Railways	7471159.98	547862.86	6956537.95	493885.52
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 28)	130710.86	102233.60	174375.86	56949.00
Security Deposits	10.66	0.00	10.66	600.00
Loan to Rail Vikas Nigam Ltd.	205290.83	17324.17	195315.00	16425.00
Advance to Employees*	0.33	0.63	0.90	1.68
Lease Rentals Paid in Advance (Refer Note No. 34a)	0.00	3464.31	3464.31	6429.43
Interest Restructuring Advance to IDBI (Refer Note No. 42)	0.00	1.14	1.14	7.42
<b>Total</b>	<b>8022967.10</b>	<b>670890.63</b>	<b>7545503.02</b>	<b>574302.02</b>

\* includes ₹ 21.61 lakhs (P.Y. ₹ 25.73 lakhs) to Key Managerial Personnel/Officers of the company

#### 15 Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Unsecured Considered Good</b>		
Interest Accrued but not due on Loans	46106.25	43815.91
Interest Accrued on Investment in Pass Through Certificates	325.58	283.95
Interest Accrued on Advances to Employees*	6.34	4.47
<b>Total</b>	<b>46438.17</b>	<b>44104.33</b>

\* includes ₹ 5.22 lakhs (P.Y. ₹ 2.90 lakhs) to Key Managerial Personnel/Officers of the company

#### 16 Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Cash and cash equivalents</b>		
Balance with Banks		
- In Current Accounts	114.64	23328.42
- In Term Deposit Accounts	0.00	0.00
- In Interest / Redemption Accounts (Ref. Note 35)	390.94	366.49
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.12	0.34
<b>Sub Total</b>	<b>506.72</b>	<b>23696.27</b>
<b>Other bank balances</b>		
- In Term Deposit Accounts	0.00	178500.00
<b>Sub Total</b>	<b>0.00</b>	<b>178500.00</b>
<b>Total</b>	<b>506.72</b>	<b>202196.27</b>



**17 Short Term Loans and Advances**

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Unsecured Considered Good</b>		
Deposit with NCRDC New Delhi	4.38	4.38
Advance to Bank for the interest payment on Bonds	0.00	5.26
Tax Refund Receivable*	96.47	96.47
Amount Recoverable from Others	0.92	1.22
Funded (Net) on Account of Gratuity	0.89	7.47
Prepaid Expenses	45.96	40.33
Advance to Others	21.01	21.01
Advance to Employees	0.46	0.37
<b>Total</b>	<b>170.09</b>	<b>176.51</b>

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

**18 Other Current Assets**

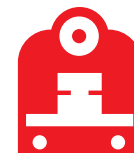
(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>Current Maturities of Long Term Loans and Advances</b> (Refer Note No.14)		
Lease Receivables from Ministry of Railways	547862.86	493885.52
Security Deposits	0.00	600.00
Loan to Rail Vikas Nigam Ltd	17324.17	16425.00
House Building Advance	3.92	3.97
Advance to Employees	0.63	1.68
Amount Recoverable from MOR on account of Exchange Rate Variation	102233.60	56949.00
Lease Rentals Paid in Advance	3464.31	6429.43
Interest Restructuring Advance to IDBI	1.14	7.42
<b>Current Maturity of Investments</b>		
10 (P.Y. 10) Senior Pass Through Certificates 'I' to 'J' Series of NOVO X Trust Locomotives (Refer Note No. 13)	159.46	174.72
Interest Accrued but not due on Loans & Deposits	21433.90	24192.93
<b>Total</b>	<b>692483.99</b>	<b>598669.67</b>

**19 Revenue from Operations**

(₹ in Lakhs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
<b>Lease Income:</b>		
- On Finance Lease Transactions	<b>639465.83</b>	<b>584350.61</b>
<b>Interest Income from:</b>		
- Loans	24328.87	21568.18
- Deposits	29835.64	12424.97
- Investments	102.96	122.64
	<b>54267.47</b>	<b>34115.79</b>
<b>Other Financial Income</b>		
- Gain on Assets Securitization	<b>146.35</b>	<b>248.79</b>
<b>Total</b>	<b>693879.65</b>	<b>618715.19</b>



**20 Other Income**

(₹ in Lakhs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
Dividend Income	39.53	49.29
Interest on Income Tax Refund	0.00	973.70
Provisions written back*	58.52	9.66
Profit on sale of Fixed Assets	0.03	0.01
Misc. Income	1.02	78.38
Prior Period Income (NET) (Refer Note No. 20.1)	33.44	0.00
<b>Total</b>	<b>132.54</b>	<b>1111.04</b>

\* Provision written back includes a sum of ₹ 54 Lakhs written back on account of Provision for interest payable to Income Tax Authorities

**20.1 Prior Period Income (Net):**

(₹ in Lakhs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
<b>Income</b>		
Interest on deposits	0.42	-0.10
Interest on Loans	-1.76	0.00
<b>Total (A)</b>	<b>-1.34</b>	<b>-0.10</b>
<b>Expenditure</b>		
Bond Issue Exp.	-16.69	0.01
Bond Servicing Exp.	2.52	0.00
Interest on Bonds/Foreign Currency Loans	-22.56	28.64
Interest Others	1.24	0.42
Legal & Professional	0.58	0.00
Printing & Copying Exp.	0.07	0.00
Salary Employee Benefits	0.06	0.00
Staff Welfare	0.00	0.13
Telephone Charges	0.00	0.56
Training Fee	0.00	12.43
<b>Total (B)</b>	<b>-34.78</b>	<b>42.19</b>
<b>Prior Period Income (Net) (A-B)</b>	<b>33.44</b>	<b>-42.29</b>

**21 Employee Benefits Expense**

(₹ in Lakhs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
Salaries, Incentives etc.	266.45	240.45
Contribution to Provident and Other Funds	43.38	55.90
<b>Total</b>	<b>309.83</b>	<b>296.35</b>

**22 Finance Cost**

(₹ in Lakhs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
<b>Interest Expenses</b>		
Amortisation of Lease Rentals paid in advance	6429.43	5812.77
Interest on Bonds*	400065.63	344461.09
Interest on Rupee Term Loans	25725.52	16828.10
Interest and Swap Cost on Foreign Currency Loans	52869.89	43293.81
Interest on delayed payment to MOR	13092.41	34695.14
Interest to Income Tax Authorities	223.01	87.32
<b>Sub-Total</b>	<b>498405.89</b>	<b>445178.23</b>
<b>Other Borrowing Cost</b>		
Bond Issue Expenses / Expenses on Raising of Loans**	292.68	15067.21
Bond/Loan/Securitization Servicing Expenses	484.44	429.47
<b>Sub-Total</b>	<b>777.12</b>	<b>15496.68</b>
<b>Total</b>	<b>499183.01</b>	<b>460674.91</b>

\* Interest on bonds are net of interest capitalized of ₹ 16672.88 lakhs (P.Y. ₹ 16673.45 lakhs) (Ref. Note No. 29)

\*\* Bond Issue Expenses/Expenses on loans includes ₹ 5.62 Lakhs (P.Y. ₹ 24.16 Lakhs) paid to Auditors for other certification as detailed below:

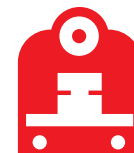
Particulars	Year ended 31-03-2015	Year ended 31-03-2014
For Certification of Prospectus/Information Memorandum for issuance of bonds	0.00	18.54
<b>For Audit of interim periods (Half Year / Nine Months)</b>	<b>5.62</b>	<b>5.62</b>
	<b>5.62</b>	<b>24.16</b>

**23 Other Expenses**

(₹ in Lakhs)

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
Filing Fee	0.40	0.46
Legal & Professional Charges	129.41	127.21
Advertisement & Publicity	23.49	13.61
Printing & Copying Charges	2.91	3.43
Stationery Charges	7.07	7.31
News Paper, Books & Periodicals	3.22	2.45
Conveyance Expenses	9.84	14.28
<b>Travelling - Local</b>		
- Directors	13.42	9.49
- Others	9.38	9.61
Transport Hire Charges	30.08	24.75
Office Maintenance Expenses	50.01	48.61
Vehicle Running & Maintenance	2.25	2.82





Particulars	Year ended 31-03-2015	Year ended 31-03-2014
Office Equipment Maintenance	14.27	10.20
Electricity Charges	20.77	17.40
Loss on Sale of Fixed Assets	0.69	0.54
Postage Charges	1.46	2.34
Telephone Charges	7.47	9.16
Training Expenses	11.12	3.37
Bank Charges	1.97	2.23
Payment to Auditors		
- Audit Fees	5.70	5.62
- Tax Audit Fee	1.90	1.87
- Quarterly Review	5.62	5.62
- Other Statutory Certifications	2.82	2.25
- Reimbursement of Expenses	0.00	0.54
Miscellaneous Expenses	39.25	39.06
Insurance	0.31	0.32
Fees & Subscription	30.03	4.98
Sponsorship/Donation	9.04	50.50
Stipend	0.34	0.79
Ground Rent	1.14	1.15
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.20.1)	0.00	42.29
<b>Total</b>	<b>438.00</b>	<b>466.88</b>

#### 24 Earnings Per Equity Share

Particulars	Year ended 31-03-2015	Year ended 31-03-2014
Net Profit (₹ in Lakhs)	75829.97	70069.05
Weighted Average Number of Equity shares outstanding	35839600	30046027
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	29726	6355
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	35869326	30052382
Earnings Per Share (₹)-Basic [Face value of ₹ 1,000/- per share]	211.58	233.21
Earnings Per Share (₹)-Diluted [Face value of ₹ 1,000/- per share]	211.41	233.16

- 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 as per the Standard Lease Agreements executed between the Company and MOR from year to year.
- (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.



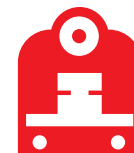
- (c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year, such differential has resulted in an amount of ₹10048 Lakhs accruing to the company (P.Y. ₹ 10439 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 31st March 2015 in respect of these foreign currency borrowings, the company has recovered a sum of ₹ 23073 Lakhs (P.Y. ₹ 19857 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-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.008/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 26 thereof, are not applicable to the Company. Further, Reserve Bank of India (RBI) vide letter dated 19th 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 3rd May, 2010.
- (b) In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.
- (c) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13 and FY 2013-14 to Bond Redemption Reserve by the redemption dates of such Bonds. 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 31st March, 2015. However, the company restricted its dividend payment to ₹ 15200 Lakhs and the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31st March 2015 has been transferred to Bond Redemption Reserve.
- (d) As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. During the year the Company has undertaken CSR activities as approved by the CSR Committee which are specified in Schedule-VII of the Companies Act, 2013.
- (i) Gross amount required to be spent by the company during the year ₹ 2693 Lakhs.
- (ii) Amount spent during the year on:

(₹ in Lakhs)

		In cash	Yet to be paid in cash	Total
(1)	Construction/acquisition of any asset	0.00	0.00	0.00
(2)	On purpose other than (1) above	2334.06	290.74	2624.80

- 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. As per Lease Agreements, the service tax liability if any, on lease rentals is recoverable from the MOR. However, the Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by



Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax. The Service Tax Department has not accepted the exemption on the ground that consequent upon the introduction of the negative list and mega exemptions with effect from 1st July, 2012, the leasing services provided by the Company to MOR were neither covered by the negative list nor by mega exemption. Accordingly, the Service Tax Department vide letter dated March 30, 2015 has advised the Company to deposit service tax of ₹178.03 Crore along with interest on the leasing income for the period July 1, 2012 till September 30, 2014. As per expert opinion, the specific exemptions granted under Section 93(2) by the Govt. of India continue to be available to the Company. The Company has already submitted a reply to the Service Tax Department. Besides, the Ministry of Railways vide Office Memorandum dated June 8, 2015, has represented to the Ministry of Finance to issue the necessary clarification in this regard. In view of the above, the Company considered that the possibility of an outflow of resources embodying economic benefits on the above issue is remote.

- 28** Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to ₹ 62274 Lakhs (P.Y. ₹ 105712 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 ₹ 60655 Lakhs (P.Y. ₹ 13474 Lakhs) has been recovered from the Lessee, leaving a balance of ₹ 232944 Lakhs recoverable from MOR as on 31-03-2015 (P.Y. ₹ 231325 Lakhs).
- 29** Advance given to Railways for Railway Projects amounting to ₹ 215523.88Lakhs (P.Y. ₹ 215522.71 Lakhs) is inclusive of Capitalized Interest and Finance Charges (net) of ₹ 7674.46 Lakhs (P.Y. ₹ 7673.28 Lakhs) accrued till the Balance Sheet date, details of which are as follows:

Particulars	(₹ in Lakhs)	
	Year ended 31-03-2015	Year ended 31-03-2014
Opening Balance	7673.28	7675.19
Less: Excess interest accrued reversed	-0.30	0.36
Add: Interest Capitalized [Ref.Note No. 22]	16672.88	16673.45
Less: Interest reimbursed by MOR	16672.00	16675.00
Closing Balance	7674.46	7673.28

**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 31-03-2015			As at 31-03-2014			Remarks
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	Back to back recovery of INR/USD exchange rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.



The foreign currency borrowings outstanding as on 31-03-2015, which have not been hedged, are as follows:

As at 31-03-2015		As at 31-03-2014		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 21 Million	1	USD 24 Million	Back to back recovery of exchange rate variation from MOR.
5	USD 1175 Million	6	USD 1625 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 900 Million	2	USD 900 Million	Back to back recovery of exchange rate variation from MOR.

- b. The Company has one (P.Y. two) 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 350 Million (P.Y. USD 800 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.

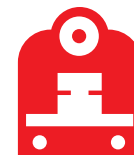
### 32 Contingent Liabilities

- a. Claims against the Company not acknowledged as debt-Claims by bondholders in the Consumer / Civil Courts: ₹ 15.74 Lakhs (P.Y. ₹ 15.61 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 2012-13. The disputed demand of tax including interest thereon amount to ₹ 68.37 Lakhs out of 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 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.

### 33 Expenditure in Foreign Currency

(₹ in Lakhs)

	Year ended 31-03-2015	Year ended 31-03-2014
a) Interest / Swap Cost on Foreign currency borrowings	48448.68	39130.38
b) Processing Agent / Fiscal Agent / Admin. Fee	43.05	50.12
c) Underwriting / Arranger fee	0.00	6153.27
d) International Credit Rating Agencies Fees	84.86	356.46
e) Others	22.53	220.33



- 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 ended 31st March 2015, an amount of ₹ 6429 Lakhs (P.Y. ₹ 5813 Lakhs) has been charged to Statement of Profit & Loss 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 ended 31st March 2015, the company received lease rentals of ₹ 6551 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 31-03-2015. The company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2015 is ₹ 390.94 Lakhs (P.Y. ₹ 366.49 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 ended 31st March 2015, the Company deposited a sum of Rs.NIL(P.Y. ₹ 128.27 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 notified by the Ministry of Corporate Affairs.



Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth ₹ 11718218 Lakhs (P.Y. ₹ 10641115 Lakhs) owned by the company and leased to the Ministry of Railways is as under:

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	10641115	9162664
Less: Capital Recovery provided upto last Year	3190692	2744431
Capital Recovery outstanding on leased assets as at the end of last year	7450423	6418233
Add: Gross Value of Assets acquired and Leased during the period	1077103	1478451
	8527526	7896684
Less: Capital Recovery for the period	508503	446261
<b>Net investment in Lease Receivables</b>	<b>8019023</b>	<b>7450423</b>

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

(₹ in Lakhs)

Particulars	As at 31-03-2015	As at 31-03-2014
Gross Investment in Lease	12192103	11443714
Unearned Finance Income	4173080	3993291
Present Value of Minimum Lease Payment (MLP)	8019023	7450423

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

(₹ in Lakhs)

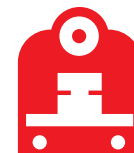
Particulars	As at 31-03-2015		As at 31-03-2014	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	1184096	547863	1085093	493886
Later than one year and not later than five years	4492817	2442725	4089876	2126097
Later than five Years	6515190	5028435	6268745	4830440
<b>Total</b>	<b>12192103</b>	<b>8019023</b>	<b>11443714</b>	<b>7450423</b>

The unearned finance income as on 31-3-2015 is ₹ 4173080 Lakhs (Previous Year ₹ 3993291 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, ₹ 805.81 Lakhs have matured till 31st March 2015, leaving a balance of ₹ 891.90 Lakhs. Details of the amount invested in PTCs and outstanding as on 31st March, 2015 is as follows:

(₹ in Lakhs)

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in ₹)	Total Amount
Series 'I'	15-Apr-15	5	1631153.39	81.55
Series 'J'	15-Oct-15	5	1558107.69	77.91
Series 'K'	15-Apr-16	5	1488333.09	74.42
Series 'L'	15-Oct-16	5	1421683.11	71.08
Series 'M'	15-Apr-17	5	1358357.85	67.92
Series 'N'	15-Oct-17	5	1297528.37	64.88
Series 'O'	15-Apr-18	5	1239733.28	61.99
Series 'P'	15-Oct-18	5	1184216.00	59.21
Series 'Q'	15-Apr-19	5	1131468.11	56.57
Series 'R'	15-Oct-19	5	1080799.13	54.04
Series 'S'	15-Apr-20	5	1032399.18	51.62
Series 'T'	15-Oct-20	5	986166.66	49.31
Series 'U'	15-Apr-21	5	942240.38	47.10
Series 'V'	15-Oct-21	5	900045.32	45.00
Series 'W'	15-Apr-22	5	585908.19	29.30
<b>Total</b>		<b>75</b>		<b>891.90</b>

38 Disclosure 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)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Present value of Defined Benefit Obligation at the beginning of the year	50.03	49.87	60.83	35.79	0.00	3.23
Interest Cost	4.39	3.70	5.27	2.41	0.00	0.24
Current Service Cost	3.80	3.49	8.90	8.18	0.00	0.45
Benefits Paid	0.00	0.00	-2.31	0.00	0.00	-0.61
Actuarial (Gain) / Loss on obligations	3.57	1.64	8.36	26.80	0.00	0.13
Benefits Payable	0.00	-8.67	0.00	12.35	0.00	0.00
Present value of Defined Benefit Obligation at the end of the period	61.79	50.03	81.05	60.83	0.00	3.44

**Changes in the Fair Value of Plan Assets:****(₹ in Lakhs)**

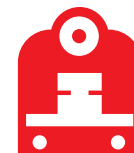
	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Fair Value of Assets at the beginning of the year	57.51	48.39	23.71	25.12	0.00	0.00
Expected Return on plan assets	4.73	4.06	2.45	2.01	0.00	0.00
Contributions	0.00	4.60	15.08	0.00	0.00	0.00
Benefits Paid	0.00	0.00	-2.31	2.96	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.44	0.46	-0.38	-0.46	0.00	0.00
Fair Value of Plan Assets at the end of the period	62.68	57.51	38.55	23.71	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)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Opening net Liability / (Asset) at the beginning of the year	-7.48	1.47	37.12	10.67	0.00	3.23
Expenses	6.58	4.32	20.46	35.84	0.00	0.82
Contribution	0.00	-4.60	15.08	0.00	0.00	-0.60
Benefits Payable	0.00	-8.67	0.00	-9.39		
Closing net Liability / (Asset) at the end of the period	-0.90	-7.48	42.50	37.12	0.00	3.45

**Actuarial Gain / Loss recognised:****(₹ in Lakhs)**

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Actuarial Gain / (Loss) for the period – obligation	-3.57	-1.64	-8.37	-26.80	0.00	-0.13
Actuarial Gain / (Loss) for the period plan assets	0.44	0.46	-0.38	-0.46	0.00	0.00
Total Gain / (Loss)	-3.13	-1.18	-8.75	-27.26	0.00	-0.13
Actuarial Gain / (Loss) recognised in the period	-3.13	-1.18	-8.75	-27.26	0.00	-0.13



**Amount recognised in the Balance Sheet:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Present value of obligations as at the end of the period	61.79	50.03	81.05	60.82	0.00	3.45
Fair Value of plan assets	62.68	57.51	38.56	23.71	0.00	0.00
Liability (assets)	-0.89	-7.48	42.49	37.11	0.00	3.45
Unrecognised Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Net Liability (assets) recognised in the Balance Sheet	-0.89	-7.48	42.49	37.11	0.00	3.45

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

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Current Service Cost	3.80	3.49	8.90	8.18	0.00	0.45
Interest Cost	4.39	3.70	5.27	2.41	0.00	0.24
Expected return on plan assets	-4.73	-4.06	-2.45	-2.01	0.00	0.00
Net Actuarial (Gain) / Loss recognized in the period	3.13	1.18	8.74	27.26	0.00	0.13
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Expenses recognised in Statement of Profit & Loss	6.59	4.31	20.46	35.84	0.00	0.82

**Bifurcation of Liabilities:**

(₹ in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Current	-0.89	-7.47	13.50	12.24	0.00	1.80
Non-Current	0.00	0.00	28.99	24.88	0.00	1.64
<b>Total</b>	<b>-0.89</b>	<b>-7.47</b>	<b>42.49</b>	<b>37.12</b>	<b>0.00</b>	<b>3.44</b>



**Actuarial Assumptions:**

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2015	31-03-2014	31-03-2015	31-03-2014	31-03-2015	31-03-2014
Discount Rate	7.80% p.a.	8.80% p.a.	7.80% p.a.	8.80% p.a.	-	9.10%
Expected Return on Plan Assets	8% p.a.	8% p.a.	8% p.a.	8.50% 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.
Retirement	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 31-03-2015	Year ended 31-03-2014
Employers' Contribution to EPF	16.34	14.93

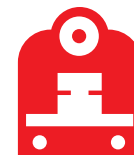
**39** The Company is in the business of leasing and financing. As such, there are no separate reportable business segments within the meaning of Accounting Standard (AS)-17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

**40 In accordance with Accounting Standard 29, particulars of provisions are as under: (₹ in Lakhs)**

	Year ended 31-03-2015					Year ended 31-03-2014				
	Gratuity & Leave Encashment*	LTC*	CSR	Interest payable to Income Tax	Income Tax/FBT	Gratuity & Leave Encashment*	LTC*	CSR	Interest payable to Income Tax	Income Tax/FBT
Opening Bal.	29.64	3.45	800.03	60.74	100494.19	12.14	3.23	828.62	428.85	67499.12
Addition during the period	27.04	0.00	0.00	223.01	40710.68	40.16	0.82	1070.23	87.31	32995.07
Amount used / incurred	-15.08	0.00	-10.69	-6.78	-20282.88	-22.66	-0.60	-1098.82	-455.42	0.00
Unused Amount reversed during the period	0.00	-3.45	0.00	-53.96	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	41.60	0.00	789.34	223.01	120921.99	29.64	3.45	800.03	60.74	100494.19

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

Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. Provision for Tax has been shown as net of TDS and 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:**

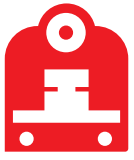
- a) Sh. Rajiv Datt, Managing Director
- b) Sh. D.C. Arya, Director Finance
- c) Sh. S.K.Ajmani, Company Secretary & General Manager (TL)

**Amount paid to Key Management Personnel:**

(₹ in Lakhs)

Particulars	2014-15	2013-14
Salary / Allowances	84.47	53.15
Reimbursement	1.18	0.52
Incentive	36.51	30.88

- 42 During the year 2004-05, the company restructured the rate of interest on certain outstanding borrowings from IDBI Ltd. and paid Rs.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 ₹ 7.42 Lakhs (P.Y. ₹ 15 Lakhs) has been amortised, leaving a balance of ₹ 1.14 Lakhs as on 31-03-2015 (P.Y. ₹ 8.56 Lakhs).
- 43 Interest on Deposits (Note No.19) includes Tax Deducted at Source amounting to ₹ 19.66 Lakhs (P.Y. ₹ 58.67 Lakhs). Ministry of Railways has also deducted tax at source amounting to ₹ 24612 Lakhs (P.Y. ₹ 21208 Lakhs).
- 44 The Company is in the process or 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 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.
- 47 **Change in Accounting Policy:**  
The Company has provided for Depreciation on its Fixed Assets based on the useful lives of the Assets as specified in Part IV of Schedule II of the Companies Act, 2013 which has been made effective from 1st April, 2014. The carry forward balance of the assets which completed its useful life as on 1st April, 2014 has been written off by adjusting such carry forward balance against the General Reserve.



Adoption of the useful lives as prescribed in Part IV of Schedule II of the Companies Act, 2013 for providing depreciation on the fixed assets has resulted in the increase in depreciation by ₹ 7 Lakhs for the year ended 31st March 2015 with corresponding reduction in the Profit for the year. The written down value of fixed assets whose useful lives have expired as at 1st April 2014 amounting to ₹ 22.69 Lakhs has been adjusted against the General Reserve.

- 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 and on behalf of the Board of Directors**

**For Bansal Sinha & Co.**

Chartered Accountants  
FRN-006184N

**Tanupriya Gupta**

(Partner)  
M.No. 511757

Place : New Delhi

Date : 25-08-2015

**S.K.Ajmani**

Company Secretary  
& G.M. (Term Loans)

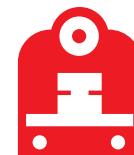
**Niraj Kumar**

Director Finance

**Rajiv Datt**

Managing Director





## IRFC Auditor's Report 2014-15

**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](mailto:bsc@bansalsinha.com)  
Visit us at [www.bansalsinha.com](http://www.bansalsinha.com)

## Independent Auditor's Report

### To the Members of 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, 2015, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

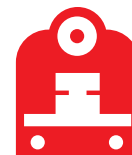
## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account.
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) on the basis of the written representations received from the directors as on 31 March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
  - (f) the company has adequate internal financial controls system in place and such controls were found to be effective; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note 32 to the Financial statements;
    - ii. the Company has made provision, as re-quired under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts-Refer Note 30 to the financial statements; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143(5) of the Companies Act, 2013, please refer Annexure (II) enclosed.

For **Bansal Sinha & Co.**  
*Chartered Accountants*  
FRN: 06184N

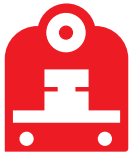
**Tanupriya Gupta**  
Partner  
M. No. 511757

Delhi  
August 25, 2015

**Annexure (I) to the Independent Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2015, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are 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.
- (ii) 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.
- (iii) The Company has not granted loans to any bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year and doesn't have unclaimed deposits therefore the provision of the clause 3(v) of the code are not applicable to the Company.
- (vi) The provision under Section 148(1) of the Companies Act, pertaining to maintenance of cost records do not apply to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) On the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employee's state insurance and duty of excise. (Refer Note No. 22 For service Tax and 32(d) for sales Tax (VAT).
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of wealth tax, income tax, sales tax, service tax and value added tax duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

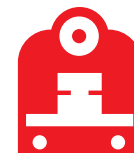


- (d) According to the information and explanations given to us there is no amount which was required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) In our opinion, the company has not defaulted in making Repayments to Banks, Financial Institutions and Debenture Holders.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has utilised the proceeds of the Term Loan for the purposes the loans have been obtained.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **Bansal Sinha & Co.**  
*Chartered Accountants*  
FRN: 06184N

Delhi  
August 25, 2015

**Tanupriya Gupta**  
Partner  
M. No. 511757



**Annexure to Independent Auditor's Report**

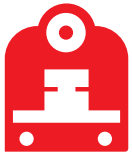
**Directions under section 143(5) of Companies Act, 2013**

Sl. No.	Directions	Auditor's Remark
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including instangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	The Company has not been selected for disinvestment. Hence no comments are made on requirements of Direction No. 1
2	Please report whether there are any case of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are no case of waiver/write off of debts/loans/interest etc. during the year under audit. Hence no comments are made on requirements of Direction No. 2.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company is not in the business of trading, manufacturing, mining or processing, and does not maintain any inventory of any nature of either with itself or with any third party. Hence no comments are made on requirements of Direction No. 3.
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	The Company has reviewed all the claims against the company not acknowledged as debt, including but not limiting to legal cases, and confirmed that in no case, any provision is required to be created in terms of provisions of Accounting Standard 29 of the Institute of Chartered Accountants of India. We are not aware of any pending or threatened litigation, proceedings, hearings or claims or negotiations which may result in significant loss to the company. The delays in pending legal cases under arbitration are for the reasons beyond the control of the management. The Company has spent Rs. 2834200/- on legal cases and we have reviewed these expenses to ascertain the above position.

For **Bansal Sinha & Co.**  
Chartered Accountants  
FRN: 06184N

Delhi  
August 25, 2015

**Tanupriya Gupta**  
Partner  
M. No. 511757



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of **INDIAN RAILWAY FINANCE CORPORATION LIMITED**, New Delhi for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25-08-2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **INDIAN RAILWAY FINANCE CORPORATION LIMITED** for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

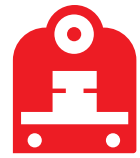
Dinesh Bhargav  
Principal Director of Audit  
(Railway Commercial)

Place : New Delhi  
Date : 08-09-2015









Secretary, Railway Board and Managing Director, IRFC with the signed copies of MOU for 2015-16.

A view of the Solar Power Plant installed in Shishu Niketan School, operated by Northern Railway Mahila Samiti in Paharganj, New Delhi under CSR.



A view of the Solar Lighting at Delhi Cantt Railway Station under CSR.





Shareholders in the Annual General Meeting held in September, 2015.

Company Management in the Annual General Meeting held in September, 2015.



Meeting of Members of the Task Force and MOR & Company Officials for finalization of MOU for 2015-16.





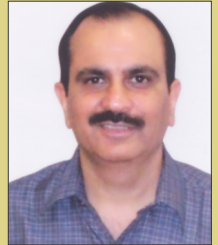


Hon'ble M.O.S. (Railways) Shri Manoj Sinha inaugurating the Vocational cum Skill Development Training Centre at Udaipur, funded by IRFC & RITES under CSR.

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  
Jt. GM (F & A)



Sh. Anup Kumar Dubey  
Dy. Manager



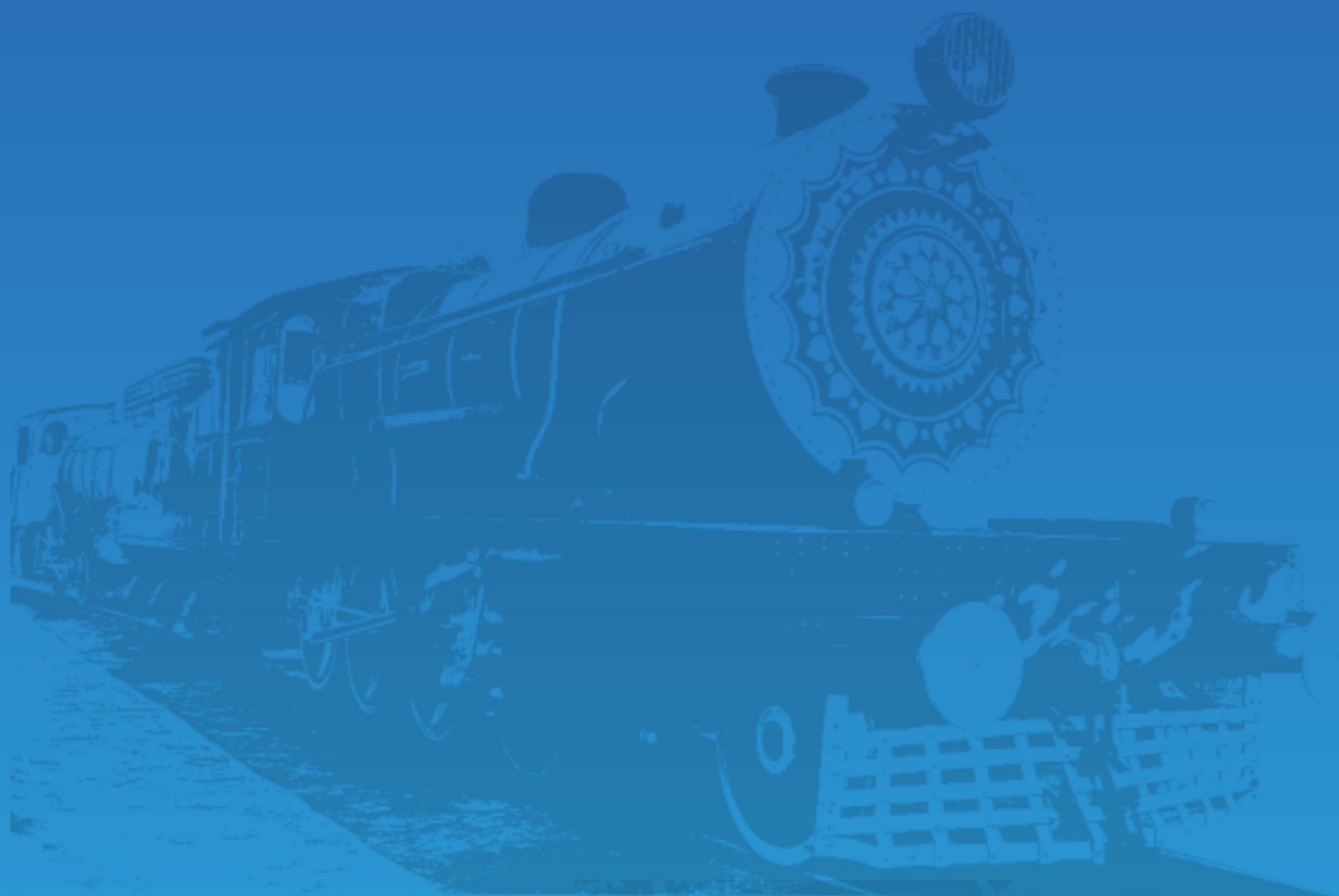
Smt. Nithya Varadharajan  
Asstt. Manager

A view of Banks and Financial Institutions Conclave, New Delhi.



A view of the Investment Opportunities Conclave with Financial Institutions in Mumbai.





# **Indian Railway Finance Corporation Ltd.**

(A Government of India Enterprise)

Upper Ground Floor, East Tower, NBCC Place, Pragati Vihar,  
Lodhi Road, New Delhi - 110003