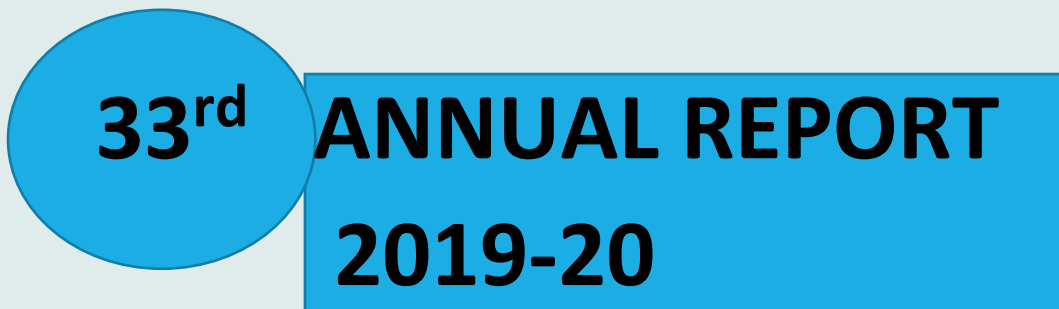


Indian Railway Finance Corporation Limited  
CIN – U65910DL1986GOI026363  
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The graphic features a blue circle on the left containing the text '33<sup>rd</sup>'. To its right is a blue rectangular box containing the text 'ANNUAL REPORT' on the top line and '2019-20' on the bottom line, both in bold black font.

**33<sup>rd</sup>** **ANNUAL REPORT**  
**2019-20**

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## INDIAN RAILWAY FINANCE CORPORATION LIMITED

### Chairman's Statement

**Dear Shareholders,**

It gives me great pleasure to welcome you all to the Thirty Third Annual General meeting of your company, Indian Railway Finance Corporation Limited (IRFC). We, as IRFC, have come a long way, in the service of the nation by supporting developmental needs of the Indian Railways. The audited accounts of your company for the year ended 31<sup>st</sup> March, 2020, along with the Director's Report and its accompaniments are with you. I trust I have your consent to take them as read.

I am delighted to share that the financial year 2019-20 has been a landmark and an eventful year, wherein the cumulative funding to the railway sector crossed a monumental figure of INR 3.39 lakh crore. The Company has met the highest ever annual borrowing target of Rs.70,471.96 crore mandated by the Ministry of Railways (MoR) during the FY 2019-20, registering a year-to-year growth of more than 34%, that is further complemented with the reduced cost of financing (from 8.20% in 2018-19 to 7.37% in 2019-20) to MoR. Our company unwaveringly has been true to its *vision* of establishing itself as a pivotal & premier financial services company for meeting, in the most competitive manner, the gamut of developmental requirements of Ministry of Railways for its Rolling Stocks Assets, Project Assets, as well as Projects of National Importance. Over the past three decades, we have evolved as a key player for investment in the Railways' Infrastructure.

There has been an impressive increase of 67% in the net worth of the company as compared to the previous year, that now stands at INR 30,962.43 crore. This is primarily attributed to the reversal of Deferred Tax Liability pursuant to the recent clarification issued by the Ministry of Corporate Affairs after consistent follow-ups and efforts. Further, highlighting the accolades, our performance vis-à-vis the targets set out in the MoU for the year 2019-20, the Company is expected to be accorded '*Excellent*' grading from the Department of Public Enterprises (DPE). I am immensely proud of what we have accomplished together, this past year and I am even more zestful about the opportunities ahead.

Before, I share further light on our Company's accomplishments and an account of our Company's financial performance during the year, I would like to recapitulate briefly, some of the important developments and trends, both globally and nationally, that have a bearing on the performance and prospects of our Company.

#### **Economic Overview:**

The year 2019 was a difficult year for the global economy with world output growing at its slowest pace of 2.9%, since the global financial crisis in 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017. Amidst the weak global environment of

manufacturing, trade and demand, the Indian economy too experienced a slowdown in growth.

The GDP growth rate in 2019-20 was 4.2%, as compared to 6.1% in 2018-19. In 2020-21, India's GDP growth rate was expected to be in the range of 6.0%-6.5%. However, due to the ongoing pandemic and its adverse impact on the national as well as global economy, the GDP is now anticipated to contract to unprecedented levels.

Nevertheless, India aspires to become a \$5 trillion-dollar economy by 2025, that has invited planning for targeted interventions aimed at strengthening the trust in the market with pro-business policies, raising capital expenditure (and reducing revenue expenditure), that leads to asset creation. India has also jumped from 142 in 2014 to 63 in 2019, in 'ease of doing business' rankings.

The Monetary policy remained accommodative in 2019-20. The Reserve Bank of India changed its monetary policy stance to *accommodative* in order to give a boost to growth and the repo rate was cut by 110 basis points in four consecutive Monetary Policy Committee meetings in the financial year. Liquidity conditions were tight for initial two months of 2019-20; but subsequently, it has remained comfortable. The financial flows to the economy however, remained constrained as credit growth declined for both banks and Non-Banking Financial Corporations, on account of lower investment growth and rising NPAs. The interest rate has turned more benign and there is huge liquidity in the system due to monetary stimulus announced by RBI with Repo Rate cut by 115 bps during the current fiscal and infusion of additional liquidity through announcement of Targeted Long Term Repo Operations (TLTRO).

During the first half of 2019-20, the 10- year benchmark G-Sec yield mostly softened, tracking subdued crude oil prices, surplus liquidity, and four consecutive policy rate cuts. Thereafter, it largely followed a downward trend, attributed to change in monetary policy stance of the U.S. Fed (on global growth concerns and ongoing trade tensions), easing of liquidity condition of the banking system, consecutive policy rate cuts by the RBI, along with change of stance from neutral to accommodative. The 'Special Open Market Operation' by RBI, which means purchase of long-term securities and simultaneous sale of short-term securities helped bring down the yield slightly on 10-year G-Secs. This is expected to bring down the term premium by reducing the differential between the long and short-term bond yields. Reflecting the market sentiment, the 10-year benchmark Government yield averaged at 6.64% in the year 2019-20, as against 7.72% in the year 2018-19.



**Railway Sector:**

The Indian Railway system has played a pivotal role in our country's economic progress by transporting a high level of passenger and freight in an energy efficient & cost-effective manner, throughout its vast territory and thereby integrating markets, connecting communities, enabling productive investments and job creation.

Rising incomes and populations in developing & emerging economies, like ours, where cities are growing exponentially, are set to lead to a strong demand for more efficient, faster & cleaner transport. Growing economies also drive demand growth in freight, wherein higher incomes sharply increase the demand for rapid delivery of higher value and lighter goods. The strategic importance and advantage of railways aided by additional investments in rail infrastructure & technological innovations, makes Indian Railways a propeller for such necessitated growth.

Consequently, there has been a consistent increase in Government's resolve for increased developmental expenditure for railways and the Annual Plan outlay of 2019-20 was pegged at INR 1,60,176 crore. In 2020-21, the Railways' Operating Ratio is estimated to be 96.2%. This is marginally better than the revised estimates of 2019-20 at 97.4%.

Furthermore, the positive externalities and the multiplier effect of investment in Infrastructure for economic growth is a well acknowledged and established fact. India, in its vision to achieve a GDP of \$5 trillion by 2024-25, needs to spend about 100 lakh crore, over these years on infrastructure. And it plans to do so, under its ambitious National Investment Plan (NIP), of which Railways has a sizeable share of around 13%. NIP will enable well-prepared infrastructure projects that in turn will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive. NIP also intends to facilitate supply side interventions in infrastructure development to boost short-term as well as the potential GDP growth. Improved infrastructure capacities are also expected to drive competitiveness of the Indian economy.

**Contribution to Railway Capital Outlay:**

Over the last three decades of our Company's existence, it has played a significant role in supporting the capacity enhancement of the Indian Railways, by financing a notable proportion of its annual plan outlay.

The Company has met the highest ever annual borrowing target of Rs.70,471.96 Crore mandated by the MoR during the FY 2019-20. The single year annual borrowing target during the period from 2014-15 to 2019-20 has gone up by around 5.4 times from Rs.11,044 Crore in 2014-15 to Rs.70,471.96 crore in 2019-20, achieving a CAGR of around

45% in the last five years ending March 2020, as against a CAGR of 12.08%, since inception (1987-88) till 2013-14.

The borrowing target of Rs.70,471.96 Crore comprised Rs.32,624 Crore for funding Rolling Stock Assets, Rs.33,940 Crore for financing Railway Projects under EBR-IF, Rs.2500 Crore for funding National Railway Projects and Rs.1407.96 crore for meeting the debt financing needs of RVNL. The share of IRFC in the Annual Plan Outlay of Indian railways has increased to 44% in 2019-20, and has seen an increase of 13%, as compared to the share of the preceding year.

Our company owns more than 80% of Indian Railways' Rolling Stock fleet, comprising 11,332 locomotives, 64,642 passenger coaches, 2,41,082 freight wagons and 85 cranes & track machines, valued at INR 2.28 lakh crore, of which rolling stock assets worth INR 33,544.11 crore were acquired in 2019-20.

Additionally, the cumulative funding made by IRFC to the Rail Sector since its inception to the end of 31 Mar, 2020, is of the order of Rs.3.39 lakh crore, out of which Rs.2.33 lakh crore has been funded during the period from 2014-15 to 2019-20, constituting about 69% of its overall contribution. Further, your Company cumulatively has funded a sum of Rs. 93,655.49 Crore for Railway Projects under EBR-IF to the end of March, 2020.

### **Operational and Financial Performance during 2019-20:**

I would now like to share with you some of the highlights of your Company's performance since the last Annual General Meeting held in September, 2019. Your Company was mandated highest ever single year borrowing target of Rs. 70,471.96 Crore, including financing of Rolling stock to the extent of Rs 32,624 Crore, financing of Railway Projects under EBR-IF to the tune of Rs. 33,940 Crore, meeting the debt financing requirements of RVNL amounting to Rs. 1407.96 crore and financing of National Projects amounting to Rs. 2500 crore by MoR. Your Company successfully met the aforesaid targets by transferring the required amount of funds before the closure of the fiscal.

The entire requirement of funds was met out of a mix of borrowings both from the domestic and international financial markets. The borrowings made during the year include Taxable Bonds worth Rs.30,095.73 crore (LIC Bonds Rs.4300 crore), External Commercial Borrowings (ECB) of Rs.13,783.85 Crore at exchange rate prevailing on the draw down date, Rupee Term Loans of Rs.25,745.13 Crore and 54EC bonds of Rs.847.25 crore. The weighted average cost and tenor of the pool of borrowings made by the Company during the year 2019-20 remained at 7.37% (semi-annual) as against 8.20% (semi Annual) during the previous year 2018-19, thus registering a decline of 83 bps over previous year, which in turn, has reduced the cost to MoR.

The interest rate remained benign during the major part of the year, due to change in monetary policy stance from calibrated tightening to neutral, in Feb, 2019 and then to

accommodative from June, 2019. During the period up to Dec, 2019, policy repo rate was cumulatively cut by 135 bps. However, during the latter part of the year, the market remained highly volatile due to the pandemic COVID-19, which led to unprecedented liquidity crunch, temporary spike in the interest rate and widening of corporate spreads. In spite of the fact that your Company was mandated a mammoth final borrowing target in excess of Rs.70,000 Crore and upward revision in the mandate from the original target of Rs.55,471 Crore was communicated to the Company only towards the end of the financial year, the Company had to manoeuvre its borrowing programme meticulously in an adverse macroeconomic environment, which helped maintain its unflinching commitment to making funds available to the Railways, at the most competitive possible pricing.

Your Company constantly diversifies its borrowing portfolio to meet the target of borrowings mandated by MoR, which helps it to raise higher volume of funds at competitive rates and terms. It was able to do so, due to constant monitoring of the markets, proper timing of borrowing, appropriate selection of instruments and strong confidence reposed by domestic and overseas investors in your Company. This has led to minimisation of the cost of borrowings and in turn has reduced the cost to MoR.

In its endeavour towards further diversification of its borrowing portfolio, your Company upgraded its Euro Medium Term Note (EMTN) programme to Global Medium Term Note (GMTN) Programme which facilitated its maiden issuance of bonds under Rule 144A / Reg S route. The bonds under the GMTN Programme were issued in two tranches of USD 700 Million and USD 300 Million with tenor of 10 years and 30 years, carrying coupon of 3.249% (Benchmark US Treasury plus 160 bps) and 3.95% (Benchmark US Treasury plus 184 bps), respectively. These were considered as benchmark deals from India. The coupons obtained by your Company were one of the lowest amongst the issuances, during 2019-20. Besides, the 30-year tenor issuance was the maiden issue by an Indian CPSE. Further, IRFC had raised a sum of USD 300 Million through 10-year USD Dollar denominated loan from SBI at an All-in-cost of 150 bps over 6 M USD LIBOR. IRFC is the first CPSE in recent years to tap the domestic capital market with 15-year bond issuance and raised an aggregate sum of Rs. 6682.60 Crore. Further, after constant effort, Multilateral Investment Guarantee Agency (MIGA), a subsidiary of the World Bank, accorded their in-principle approval for extending guarantee to the extent of USD 1 Billion to your Company for its foreign currency borrowing up to 15-year tenor. This would help your Company in the credit enhancement and enable it to raise foreign currency loans with longer tenors of up to 15 years. Your Company was the first entity in India to be accorded this guarantee under the Non-Sovereign window by MIGA.

I am happy to report that your Company continues to enjoy the highest credit rating from the three leading domestic credit rating agencies. During the financial year 2019-20, the Company's long-term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA (Stable)" and "CARE AAA [Triple A]" by

CRISIL, ICRA and CARE respectively. 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. Further, During the financial year 2019-20, three international credit rating agencies – Standard & Poor’s, Fitch and Moody’s – have awarded “BBB- with Stable Outlook”, “BBB- with Negative Outlook” and “Baa3 with Negative Outlook” ratings respectively, to your Company. Besides, the Company obtained an issuer specific credit rating of “BBB+ 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.

I now turn to the financial performance of your Company. Even if the entities operating in the financial sector have remained under tremendous stress, IRFC continued to exhibit healthy financial performance for FY 2019-20. Revenue of your Company has increased by Rs. 2,704.86 crore from Rs. 11,133.60 crore in 2018-19 to Rs.13,838.46 crore in 2019-20 showing a growth of 24.29%., Profit before Tax (PBT) of your Company for the year ending 31st March 2020, was Rs. 3,692.42 crore as compared to Rs. 2,901.58 crore for the previous year, registering a growth of 27.26%. and Profit after Tax (PAT) for the year ending 31st March, 2020 was Rs 3,692.42 crore, which is the same as Profit Before Tax (PBT), as the Company has not made any provision for tax in its books, pursuant to its decision to exercise the option of lower tax rate permitted u/s 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019, dated 20th September, 2019. The Company’s taxable income was nil and it did not have to pay Minimum Alternate Tax (MAT) with reference to its Book Profit. MAT payable u/s 115 JB was outside the ambit of the newly introduced 115 BAA. Thus, on adoption of Section 115 BAA of the Income Tax Act, 1961, the Company was outside the scope and applicability of MAT provisions and there was a zero-tax liability in the financial year 2019-20. Thus, the Profit After Tax for the year ending 31st March, 2020 was Rs.3,692.42 Crore, as compared to Rs. 2,254.75 crore for the previous year, up by an impressive 63.76%. This has enabled the Company to augment its net worth and improve the D/E ratio.

#### **Memorandum of Understanding:**

The Members are aware that your Company enters into a Memorandum of Understanding (MOU) with the Ministry of Railways each year, which sets out the financial performance and efficiency parameters. Based on the actual achievements vis-à-vis the parameters set out in the MOU, the performance of your Company is evaluated. Your Company’s performance has since been rated ‘Excellent’ with a score of 91.82 (Excellent) for the year 2018-19. Your Company is likely to secure Excellent rating for the year 2019-20 also.

#### **CSR Activities:**

As a responsible corporate citizen, 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. During the year 2019-20, the Company was required to spend Rs. 50.52 crore, being 2% of its average net profits of the

last three years, on CSR activities, against which the Company has disbursed a sum of Rs. 34.10 crore and the balance amount of Rs 16.42 crore would be disbursed on receipt of claims from the implementing agencies in future. The Company was committed to Education and Health care, as the theme for focused intervention, as mandated by Department of Public Enterprises.

### **Corporate Governance:**

Your Company strives to maintain the highest standards of corporate governance and has adhered to the guidelines laid down by the law and various regulatory bodies. Your Company is adhering to the 'Guidelines on Corporate Governance for Central Public Sector Enterprises. Your Company's Non-Convertible Debt Securities are listed on the stock exchanges and Company has complied with Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Human Resources:**

Performance level of your Company has been consistently high, despite the fact that it consciously maintains a very lean workforce reflected in its low overhead to turnover ratio of around 0.10%.

In order to further strengthen the Organization Structure for coping with the additional workload due to manifold increase in the annual borrowing target mandated by MOR and significant increase in the compliance requirements in the aftermath of implementation of the Companies Act, 2013, SEBI (LODR) Guidelines, migration to IND-AS and introduction of GST, the Company got a study conducted by the Management Development Institute (MDI), Gurugram. Besides, the IPO and listing of its equity shares are slated to take place shortly, which in turn, is expected to make the compliance process more stringent. Based on the report submitted by MDI, the Company is planning to increase the employee strength suitably in a phased manner to meet the new challenges.

High levels of efficiency exhibited by the Company's dedicated workforce would not have been 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 programmes, involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes.

### **Way Ahead:**

GoI, in its Vision to achieve the GDP of \$5 trillion by 2024-25, needs to spend about 100 lakh crore, over this period, on infrastructure and it plans to do so under its ambitious National Investment Plan (NIP), of which Railways has a sizeable share of around 13%. NIP will enable well-prepared infrastructure projects, that in turn, will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby

making growth more inclusive. NIP also intends to facilitate supply side interventions in infrastructure development, to boost short-term as well as the potential GDP growth. Improved infrastructure capacities are also expected to drive competitiveness of the Indian economy.

For the current fiscal, your Company has been assigned the annual borrowing target at Rs. 58,000 crore, which includes Rs. 29,300 crore for funding of Rolling Stock assets and funding of Railway projects through Institutional Finance to the extent of Rs.28,000 crore. A target of Rs. 700 crore for meeting the debt funding requirements of RVNL has also been given.

As reported in the last meeting, Government of India (GoI) in the Union Budget for the year 2017-18, had proposed listing of IRFC's shares. Accordingly, GoI had proposed offer for sale of 5% of its present holdings and your Company has also planned additional issuance of equity through Initial Public Offerings (IPO). Your Company filed DRHP with SEBI, NSE and BSE on 17th January 2020 and UDRHP was filed on 6th of March 2020. At the High-Level Committee Meeting, held on 9th March 2020, it was decided to put on hold the ongoing IPO, due to unfavourable market condition, because of COVID 19 pandemic and other global and domestic market issues.

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.

**Acknowledgements:**

Excellent performance of your Company on sustained basis would not have been possible without unqualified and constructive 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, Ministry of Corporate Affairs, Department of Public Enterprises, C&AG of India, Statutory Auditors, Internal Auditors, Secretarial Auditors, Banks, Financial Institutions, Securities and Exchange Board of India, Reserve Bank of India, BSE, NSE, National Securities Depository Limited, Central Depository Services (India) Limited, Registrar & Share Transfer Agent, Investors and other Stakeholders. I wish to place on record my sincere 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 your Company to deliver excellent results.

New Delhi  
30<sup>th</sup> September, 2020

Sd/-  
**(Amitabh Banerjee)**  
**Chairman & Managing Director**

**Indian Railway Finance Corporation Limited**

CIN – U65910DL1986GOI026363

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+91 011 – 24369766-69 info@irfc.nic.in

**Website:** <http://irfc.nic.in/>

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No.: IRFC/33<sup>rd</sup> AGM/2020

25<sup>th</sup> September, 2020

**NOTICE**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of the Indian Railway Finance Corporation Limited will be held on Wednesday the 30<sup>th</sup> September, 2020, at 3.00 p.m. at registered office of the Company at UG – Floor, East Tower, NBCC Place, Bhisam Pitamah Marg, Lodhi Road , Pragati Vihar, New Delhi, Delhi 110003 to transact the following business :-

**Ordinary Business**

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020 together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March, 2020.

**Special Business**

3. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**: -

RESOLVED THAT pursuant to Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to fix a suitable remuneration for the Statutory Auditors of the Company from time to time as may be mutually agreed upon between the Board of Directors and the Statutory Auditors of the Company on their appointment by the Comptroller & Auditor General of India (C&AG).

4. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**: -

**"RESOLVED THAT** Shri Amitabh Banerjee (DIN 03315975), Managing Director who was co-opted as an Additional Director designated as Managing Director of the Company by the Board of Directors under Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as the Chairman & Managing Director of the Company."

5. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**: -

**"RESOLVED THAT** Ms Shelly Verma (DIN 07935630), Director Finance who was co-opted as an Additional Director designated as Director Finance of the Company by the Board of Directors under Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as the Director Finance of the Company."

6. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :-

**"RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions of Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), subject to the approval of the members of the Company, the consent of the Board of Directors of the Company be and is hereby accorded for alteration of Articles of Association of the Company in the manner set out herein below:

The existing Article No 150, 221 & 269 are replaced with the new Articles in the Articles of Association of the Company.

The existing Article No 150, 221 & 269 are replaced with the new Articles in the Articles of Association of the Company.

<b>Existing Article</b>	<b>New Article</b>
<b>Article 150</b> Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.	<b>Article 150</b> The quorum for the General Meetings shall be as provided in the Act.



<p>However, one of the requisite member will always be a representative of the President, in the quorum.</p>	
<p><b>Article 221</b> The Directors shall be paid such remuneration as the President may, from time to time determine.</p>	<p><b>Article 221</b> The Directors shall be paid such remuneration as the President may, from time to time determine. However, the Company may fix the sitting fees for their Independent Directors within the ceiling prescribed in the Act.</p>
<p><b>Article 269</b> 269. Without prejudice to the generality of the above provisions, the Board of Directors shall reserve for the decision of the President any matter relating to:</p> <p>(a) Appointment, which term will include initial appointment, extension in service and re-employment of personnel who have attained the age of 60 years on a pay (including pension and pensionary equivalent of retirement benefits) as per Government Guidelines.</p> <p>(b) Appointment of any foreign national to any post in the Company.</p> <p>(c) Any programme of capital expenditure for an amount which exceeds Rs. 4 crores in each case. However, in regard to the sanction of expenditure on township, residential quarters etc. this limit shall be Rs. 50 lakhs only.</p> <p>(d) Issue of debentures.</p> <p>(e) Winding up of the Company.</p> <p>(f) Sale, lease or disposal of any property having an original book value of Rs. 10 lakhs and above.</p> <p>(g) The formation of a subsidiary company.</p>	<p><b>Article 269</b> 269. Without prejudice to the generality of the above provisions, the Board of Directors shall reserve for the decision of the President any matter relating to:</p> <p>(a) Appointment, which term will include initial appointment, extension in service and re-employment of personnel who have attained the age of 60 years on a pay (including pension and pensionary equivalent of retirement benefits) as per Government Guidelines.</p> <p>(b) Appointment of any foreign national to any post in the Company.</p> <p>(c) Any programme of capital expenditure for an amount exceeding the fiduciary powers of the Board.</p> <p>(d) Winding up of the Company.</p> <p>(e) Sale, lease or disposal of any property having an original book value of above Rs. 50 crores</p> <p>(f) The formation of a subsidiary company.</p> <p>(g) Revenue Budget of the Company in case there is an element of deficit which is proposed to be met by</p>

<p>(h) Company's Five Year and Annual Plans for Development and Capital Budgets.</p> <p>(i) Revenue Budget of the Company in case there is an clement of deficit which is proposed to be met by obtaining funds from Central Government.</p> <p>(j) Agreement involving foreign collaboration proposed to be entered into by the Company.</p> <p>(k) Purchases and contracts of a major nature involving substantial capital outlay which are in excess of the powers vested in the Company.</p> <p>(l) Withdrawal of an existing service.</p> <p>(m) Fixation, modification, increase or reduction in tariff for telecommunications services provided by the Company to the user.</p> <p>No action shall be taken by the Company in respect of any proposal or decision of the Board reserved for the approval of the President until his approval to the same has been obtained. The president shall have the power to modify such proposals or decision of the Board.</p>	<p>obtaining funds from Central Government.</p> <p>(h) Agreement involving foreign collaboration proposed to be entered into by the Company.</p> <p>(i) Purchases and contracts of a major nature involving substantial capital outlay which are in excess of the powers vested in the Company.</p> <p>No action shall be taken by the Company in respect of any proposal or decision of the Board reserved for the approval of the President until his approval to the same has been obtained. The president shall have the power to modify such proposals or decision of the Board.</p>
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“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential steps to implement the above resolution and to perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, any question, query, or doubt that may arise in this regard, and to execute/publish all such notices, deeds, agreements, papers and writings as may be necessary and required for giving effect to this resolution.”

7. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :-

“RESOLVED THAT pursuant to the provision of Section 61(1) (a) of the Companies Act, 2013, consent of the Company be and is hereby accorded for increasing the Authorized Share Capital of the Company from the present Rs. 15,000,00,00,000/- (Rupees Fifteen Thousand Crore) divided into 1500,00,00,000 (Fifteen Hundred Crore) Equity Shares of Rs. 10/- (Rupees Ten) each to 25,000,00,00,000/- (Rupees Twenty Five Thousand Crore) divided into 2500,00,00,000 (Two Fifty Hundred Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following :-

#### CLAUSE V SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 25,000,00,00,000/- (Rupees Twenty Five Thousand Crore) divided into 2500,00,00,000 (Two Fifty Hundred Crore) Equity Shares of Rs. 10/- (Rupees Ten) each, with power to increase, modify and reduce or consolidate or re-classify the share capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified, or special rights, privileges or conditions as may determined under the provisions of the Companies Act 2013(including any statutory modifications or re-enactment thereto) or any other applicable Act(s), Rule(s) and Regulation(s) etc

8. To consider and, if deemed fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :-

“RESOLVED THAT subject to the approval of the shareholders of the Company and pursuant to the relevant provisions of the Companies Act, 2013 (including any statutory modification(s) or amendments, modifications or re-enactment thereof, for the time being in force) and the rules framed thereunder, (the “Companies Act, 2013”) , as amended, the Securities Contracts (Regulation) Act, 1956, as amended (“SCRA”), and the rules framed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

and other applicable law, regulations and guidelines issued by the Securities and Exchange Board of India (“SEBI”), other applicable laws, rules, regulations, policies or guidelines, including the rules, regulations, guidelines, notifications and circulars (collectively “Applicable law”), if any, prescribed by the Government of India, the Department for Promotion of Industry and Internal Trade (“DPIIT”), the Reserve Bank of India (“RBI”), SEBI, the Registrar of Companies, National Capital Territory of Delhi and Haryana (“RoC”), the stock exchanges where Equity Shares are proposed to be listed (“Stock Exchanges”) or any other competent authority (collectively, the “Regulatory Authorities”), from time to time, to the extent applicable, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to approvals, consents, permissions and sanctions as might be required from the Regulatory Authorities and other third parties, and subject to such conditions as might be prescribed by them while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include the IPO Committee), the consent and approval of the members of the Board and is hereby granted for an initial public offering of up to an aggregate of 1,782,069,000 equity shares of the Company and the Board be and is hereby authorized to create, offer, issue and allot up to 1,782,069,000 equity shares of the Company of face value of ₹10 (Rupees ten) each (“Equity Shares”), by way of a fresh issuance of up to 1,188,046,000 Equity Shares (the “Fresh Issue”) and an offer for sale of up to 594,023,000 Equity Shares (“Offer for Sale”) as approved by the President of India, acting through the Ministry of Railways, Government of India (“Selling Shareholder”), (the Fresh Issue, along with the Offer for Sale referred to as the “Issue”).

The Issue shall be made at a price to be determined, in accordance with the book building process or any other method as may be prescribed by the SEBI ICDR Regulations for cash and at such premium / discount, as applicable, as the Board deems fit (provided that such number of additional equity shares to the extent of up to 10% of the net offer to the public may be issued, allotted and transferred as may be required for the purposes of rounding off, in terms of the SEBI ICDR Regulations).

RESOLVED FURTHER THAT in accordance with Applicable law, the Issue may include, without limitation, issue, transfer and allotment of Equity Shares to a stabilizing agent pursuant to a green shoe option, if any, in terms of the SEBI ICDR Regulations and reservation of a certain number of Equity Shares to be offered to such person or persons, who may or may not be the members of the Company and

as the Board may at its discretion decide in consultation with the Selling Shareholder (to the extent applicable) and the book running lead managers so appointed (“BRLMs”) and as may be permissible under Applicable law. The consent of the shareholders of the Company is accorded to the Issue, transfer and allotment of the Equity Shares not exceeding 15% (fifteen percent) of the total Issue or such other percentage as may be decided by the Board in accordance with the provisions of the SEBI ICDR Regulations to the stabilization agent appointed for such purpose by the Board and the Board be and is hereby authorised on behalf of the Company to take all actions and do all such acts, deeds matters and things for complying with the applicable regulatory requirements, including inter alia negotiate, finalise and execute any agreement or document, and any amendments, supplements, notices or corrigenda thereto, with the stabilizing agent, and/ or any other entity as required or necessary, open any accounts including the “Special Accounts for Green Shoe Option shares” of the Company or the “Green Shoe Option Demat Account” or the “Special accounts for Green Shoe Option Proceeds” of the Company or the “Green Shoe Option Bank Account”, notify any authority or person and seek any approval or consent as required or necessary, give directions or instructions and do such acts, deeds, matters and things that the Board may, from time to time, in consultation with the book running lead managers, think proper or desirable, and settle any question, difficulty, or doubt that may arise with regard to or in relation to the foregoing.

RESOLVED FURTHER THAT the Issue may be made to foreign investors such as registered foreign institutional investors and their sub-accounts, registered foreign portfolio investors, alternative investment funds, foreign venture capital investors, qualified foreign investors, non-resident Indians, as well as state industrial development corporations, venture capital funds, insurance companies registered with the Insurance Regulatory and Development Authority, insurance funds set up and managed by army, navy, air force of the Union of India, insurance funds set up and managed by the Department of Posts, systemically important non-banking financial companies, scheduled commercial banks, provident funds, pension funds, national investment fund, trusts/societies registered under the Societies Registration Act, 1860, Indian and/or multilateral and bilateral development financial institutions, mutual funds, employees and/or workers of the Company, in or out of India, Indian public, bodies corporate, any other company/companies, private or public or other body corporate(s) or entities whether incorporated or not, and such other persons, including high net worth individuals, retail individual bidders or other entities, in one or more combinations thereof and/or any other categories of investors as may be permitted under Applicable law, whether they be

holders of Equity Shares or not, in a manner, and on the terms and conditions as the Board may in its discretion, in consultation with the Selling Shareholder (to the extent applicable) and the BRLMs, decide including the price at which the Equity Shares are to be issued, at par or at premium or at discount for any category of investors or transferred for cash as determined by the book building process in accordance with the provisions of the SEBI ICDR Regulations or other considerations that the Board may, in consultation with the Selling Shareholder (to the extent applicable) and the BRLMs, deem fit.

RESOLVED FURTHER THAT the Issue Price, including the premium per Equity Share to be determined through the book building process, in the manner, and on the terms and conditions as the Board may, in its absolute sole discretion, decide, in consultation with the Selling Shareholder and the BRLMs, whether the price at which the Equity Shares are to be issued, at par or at premium and whether for cash or other consideration, including discount for any category of investors, as permitted under Applicable laws, and the decision to determine the category or categories of investors to whom the offer, issue and allotment/ transfer shall be made to the exclusion of all other categories of investors on such terms and conditions as may be finalized by the Board, in consultation with the Selling Shareholder and the BRLMs, and that the Board may finalize all matters incidental thereto as it may in its absolute discretion think fit and to list the equity shares on the stock exchanges as may be decided by the Board from time to time.

RESOLVED FURTHER THAT the Equity Shares so allotted or transferred in the Issue (including pursuant to any Reservation or green shoe option) shall be subject to the Memorandum of Association and the Articles of Association of the Company and shall rank pari-passu in all respects with existing Equity Shares, including rights in respect of dividend.

RESOLVED FURTHER THAT subject to Applicable law, the Equity Shares allotted or transferred pursuant to the Issue be listed on the Stock Exchanges and the Board be and is hereby authorized on behalf of the Company to seek listing of any or all of such Equity Shares on one or more stock exchanges in India.

RESOLVED FURTHER THAT in connection with any of the foregoing resolutions, the Board on behalf of the Company, shall have the power and the authority to execute and deliver any and all other documents, papers or instruments and to do or cause to be done any and all acts or things as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions

for the Issue; and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Company in so doing and any such document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Company, as the case may be.

RESOLVED FURTHER THAT the above issue shall include, reservation of a certain number of Equity Shares for any category or categories of persons as permitted under Applicable laws, including, without limitation, eligible employees, (the "Reservation"). The Board is hereby authorized on behalf of the Company to reserve a portion of the Issue to eligible Employees of the Company on competitive basis in accordance with the SEBI Regulations (the "Reservation") or other Applicable laws, regulations, policies or guidelines; and to take any and all action in connection with any Reservation as the Board may think fit or proper in its absolute discretion, including without limitation, negotiate, finalize and execute any document or agreement, and any amendments, supplements, notices or corrigenda thereto; seek any consent or approval required or necessary; give directions or instructions and do all such acts, deeds, matters and things as the Board may, from time to time, in its absolute discretion, think necessary, proper, or desirable; and settle any question, difficulty or doubt that may arise with regard to or in relation to the foregoing.

RESOLVED FURTHER THAT the price including the premium to be determined through the book building process, in one or more tranches and in the manner, and on the terms and conditions as the Board may, in its absolute sole discretion, decide, in consultation with the selling shareholders and the BRLMs, whether the price at which the Equity Shares are to be issued, at par or at premium and whether for cash or other consideration, including discount for any category of investors, as permitted under Applicable laws, and the decision to determine the category or categories of investors to whom the offer, issue and allotment/ transfer shall be made to the exclusion of all other categories of investors on such terms and conditions as may be finalized by the Board, in consultation with the selling shareholders and the BRLMs, and that the Board may finalize all matters incidental thereto as it may in its absolute discretion think fit and to list the equity shares on the stock exchanges as may be decided by the Board from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any alteration, or variation in relation to the Issue, in consultation with the BRLMs or SEBI or such other authorities as may be required and without prejudice to the

generality of the aforesaid, decide the exact issue structure and the exact component of the issue structure.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment or transfer of Equity Shares pursuant to the Issue, the Board and any committee constituted by the Board in this respect and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of terms and conditions for issuance of the Equity Shares the number of Equity Shares that may be offered and proportion thereof, timing for issuance of such Equity Shares, dematerialization of equity shares and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and providing legal advice as well as acting as depository, monitoring agency, custodian, registrar, stabilizing agent,(if any), paying and conversion agent, trustee, escrow agent and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalise, approve and issue any document(s), including but not limited to draft red herring prospectus, red herring prospectus, prospectus and/or offer documents and agreements including filing of registration statements, prospectus and other documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment or transfer of Equity Shares pursuant to the Issue and take all steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, appointment of intermediaries, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee or any one or more executives of the Company subject to the provisions of Companies Act, 2013.

RESOLVED FURTHER THAT Chairman & Managing Director or Director Finance or Shri N H Kannan, GM (Fin I) or Shri Prasanta Kumar Ojha, GM (Fin II) or Shri. A. Samantaray, Addl. GM (Fin) or Shri Vijay Babulal Shirode, Jt. GM (Law) & Company



Secretary be and hereby severally authorized to file necessary forms with the Registrar of Companies and execute and sign all relevant documents including but not limited to consent letters, powers of attorney, certificates etc., as may be required in order to give effect to these resolutions.”

By order of the Board of Directors

Place :: New Delhi  
Dated :: 25<sup>th</sup> September, 2020

Sd/-  
(Vijay Shirode)  
Company Secretary

**Notes:-**

- a. An explanatory Statements pursuant to Section 102 of the Companies Act, 2013, in respect of Item No. 3 to 8 set out above is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Proxy Form is enclosed.
- d. A form of Attendance slip is annexed with this Notice.
- e. Financial Statements of the Company, Auditors' Report thereon together with the Directors' Report are enclosed.
- f. Relevant documents referred to in the accompanying notice are open for inspection by the Members at the Registered office of the Company on all working days during business hours up to the date of Annual General Meeting.
- g. Consent of the Shareholders has been obtained under Section 101 of the Companies Act, 2013, to convene the Meeting at a shorter notice.

**Annexure to the Notice dated 25<sup>th</sup> September, 2020**  
**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

**Item No. 3**

As per Section 139(5) of the Companies Act, 2013, Statutory Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General of India (C&AG).

As per Section 142 of the Companies Act, 2013, the remuneration of the Statutory Auditors of a Company shall be fixed in its General Meeting or in such manner as may be determined therein.

Members hereby requested to authorise the Board of Directors of the Company to fix a suitable remuneration for the Statutory Auditors of the Company from time to time as may be mutually agreed upon between the Board of Directors and Statutory Auditors of the Company, on their appointment by the C&AG.

None of the Directors and / or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution.

**Item No. 4**

Vide Order No. 2018/E(O)II/40/19 dated 12th October, 2019, Government of India, Ministry of Railways, appointed Shri Amitabh Banerjee (DIN 03315975) as Managing Director of the Company w.e.f. 12<sup>th</sup> October, 2019 till 31<sup>st</sup> December, 2023 i.e. the date of his superannuation or until further orders, whichever is earlier. Further, vide MoR Order No. No.2018/PL/47/2 dated 21.05.2020, Government of India, Ministry of Railways, had re-designated the post of Managing Director, Indian Railway Finance Corporation Limited (IRFC) as Chairman & Managing Director, IRFC. Accordingly, Shri Amitabh Banerjee had been re-designated as Chairman & Managing Director w.e.f. 21<sup>st</sup> May, 2020.

Section 152(2) of the Companies Act, 2013 (the Act) provides that "Save as expressly provided in this Act, every Director shall be appointed by the company in the general meeting. Section 161(1), inter alia, provides that the articles of a company may confer on its Board of Directors the power to appoint any person as an additional director any time who shall hold office upto the date of next annual general meeting (AGM).

Accordingly, Board has co-opted Shri Amitabh Banerjee as an Additional Director designated as Managing Director of the Company w.e.f. 12<sup>th</sup> October, 2019 and Chairman & Managing Director w.e.f. 21<sup>st</sup> May, 2020. Shareholders are requested to consider the appointment and approve the same.

None of the Directors and / or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution.

**Item No. 5**

Vide Order No. 2018/E(O)II/40/8 dated 31st August, 2020, Government of India, Ministry of Railways, appointed Ms. Shelly Verma (DIN No. 07935630) as Director Finance of the Company w.e.f. 1<sup>st</sup> September, 2020 till 30<sup>th</sup> April, 2025 i.e. the date of his superannuation or until further orders, whichever is earlier.

Section 152(2) of the Companies Act, 2013 (the Act) provides that "Save as expressly provided in this Act, every Director shall be appointed by the company in the general meeting. Section 161(1), inter alia, provides that the articles of a company may confer on its Board of Directors the power to appoint any person as an additional director any time who shall hold office upto the date of next annual general meeting (AGM).

Accordingly, Board has co-opted Ms. Shelly Verma as an Additional Director designated as Director Finance of the Company w.e.f. 1<sup>st</sup> September, 2020. Shareholders are requested to consider the appointment and approve the same.

None of the Directors and / or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution.

**Item No. 6**

Company in its 32nd AGM held on 26th September, 2019 had approved the IPO for divesting upto 25% by Government of India over a period of 3 (three) years and raising of additional equity of 10% by the Company. High Level Committee of Government of India (HLC) has allowed IRFC to raise additional equity to issue up to 10% of existing capital, which can be leveraged to raise more funds through borrowing and also approved the divestment of 5% of the existing capital by the GOI. Accordingly, the Ministry of Railways vide their Order No.2017/F(FEX)22/10 dated 1st November, 2017 has informed that the IRFC is to raise 10% (on pre-issue basis) of additional capital and simultaneously Government of India is to divest its shareholding of 5% (on pre-issue basis) for listing of IRFC. The Company has filed the Draft Rehearing Prospectus (DRHP) with Securities and Exchange Board of India (SEBI) on 17th January, 2020 and awaiting its approval.

Keeping in view the launching of shares of IRFC in the market, OM issued by DPE and Company has been conferred with the Mini-Ratna Status, there is requirement to align the certain Articles of the Articles of Association with the approval of the Shareholders through holding an Extra Ordinary General Meeting (EGM).

Comparative analysis of existing article with new Article is set out herein below:

<b>Existing Article</b>	<b>New Article</b>	<b>Remarks</b>
<p><b>Article 150</b> Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act. However, one of the requisite member will always be a representative of the President, in the quorum.</p>	<p><b>Article 150</b> The quorum for the General Meetings shall be as provided in the Act.</p>	<p>As the DRHP of the Company has been filed with the SEBI, there should not be any restrictive clause in Articles as per Listing Regulations.</p>
<p><b>Article 221</b> The Directors shall be paid such remuneration as the President may, from time to time determine.</p>	<p><b>Article 221</b> The Directors shall be paid such remuneration as the President may, from time to time determine. However, the Company may fix the sitting fees for their Independent Directors within the ceiling prescribed in the Act.</p>	<p>The Article has been aligned with the OM issued by the department of Public Enterprises (DPE) vide OM dated 16<sup>th</sup> December, 2019 which empowered the Company to fix the sitting fees payable to the Independent Directors within the ceiling prescribed by the Act.</p>
<p><b>Article 269</b> (c) Any programme of capital expenditure for an amount which exceeds Rs. 4 crores in each case. However, in regard to the sanction of expenditure on township, residential quarters etc. this limit shall be Rs. 50 lakhs only.  (d) Issue of debentures.</p>	<p><b>Article 269</b> (c) Any programme of capital expenditure for an amount exceeding the fiduciary powers of the Board.  (d) Deleted</p>	<p>Article has been aligned with Mini Ratna Status of the Company and considering future in view, hence it is proposed to be amended.  Raising of Debentures is a regular activity of our Company, hence it is proposed to be deleted.</p>

<p>(f) Sale, lease or disposal of any property having an original book value of Rs. 10 lakhs and above.</p>	<p>(f) Sale, lease or disposal of any property having an original book value of above Rs. 50 crores</p>	<p>Existing limit is at the time of incorporation of the Company. Considering nature of operations and revenue, it is proposed to be amended.</p>
<p>(h) Company's Five Year and Annual Plans for Development and Capital Budgets.</p>	<p>(h) Deleted</p>	<p>Such powers have been delegated to Board of Directors of the Company as per Miniratna Circular (5.2), hence it is proposed to be deleted.</p>
<p>(l) Withdrawal of an existing service.</p>	<p>(l) Deleted</p>	<p>This is an ambiguous provision; hence it is proposed to be deleted.</p>
<p>(m) Fixation, modification, increase or reduction in tariff for telecommunications services provided by the Company to the user</p>	<p>(m) Deleted</p>	<p>Company is not in telecommunications services; hence it is proposed to be deleted.</p> <p>There are changes proposed in existing sub Article (c) &amp; (f).</p> <p>There are no proposed changes in existing sub Article (a),(b), (e) (g), (i), (j) &amp; (k).</p>

		Existing sub Article (d), (h), (l) & (m) are proposed to be deleted.
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Board of Directors recommend the Resolution for your approval. The Shareholders are requested to consider the above proposal and approve the same.

None of the Directors and / or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution.

**Item No. 7**

The present Authorised Capital of the Company is Rs. 15,000 crore and the paid-up Equity share capital of the Company as on date is Rs. 11880.46 crore.

The GoI in its Union Budget 2019 has announced an estimated investment of Rs. 50 lakh crores between 2018-2030 in Railway infrastructure and to use Public Private Partnership to unleash faster development and completion of various railway projects. This would lead to heavy borrowing targets in the next few years and Company would require frequent equity infusions from MOR or through fresh equity from public, if public gets listed, in order to maintain its Debt to Equity ratio below 10 : 1. This would also enable the Company to increase its headroom for future borrowings.

It has, therefore, become necessary for the Company to increase the Authorised Share Capital of the Company to Rs. 25,000 crore. It may be mentioned that there is no cost associated with increase in Authorised Capital except filing fees & stamp duty on increased capital.

As per the provisions of the Section 61(1) of the Companies Act, 2013, any increase in the Authorised Share Capital requires approval of the Shareholders in the General Meeting. Hence, this Resolution is put up for approval.

None of the Directors and / or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution.

**Item No. 8**

Government of India (GOI) in the Union Budget for the year 2017-18 had proposed listing of IRFC's shares. As a prerequisite to the listing norms, the Company is required to maintain 25% public shareholding on the total number of issued shares. However, compliance with the aforesaid norm is required to be adhered to in a

staggered manner over a period of 3 years with the target of 10% of minimum public shareholding in the year of listing itself.

Railway Board, vide its letter No. 2017/F(F.EX)/22/10 dated 6th August, 2019, has communicated its decision to go ahead with the process of disinvestment. Accordingly, the Company in consultation with BRLMs has filed its Draft Red Herring Prospectus (DRHP) with SEBI on 17th January, 2020 and received approval of SEBI on 25th February, 2020. Company has also filed updated DRHP with SEBI on 6th March, 2020 and received approval of SEBI on 9th March, 2020. High Level committee (HLC) met on 9th March 2020 at DIPAM's office for the purpose of IRFC IPO and decided that the IPO process stands deferred as on date due to volatility in stock market due to novel coronavirus outbreak a pandemic, Yes Bank crisis and further slide in global crude oil prices.

As the Member(s) are aware, the Government of India has to list the Equity Shares of the Company on the stock exchanges by divesting its holding upto 25% of the paid up share capital, over a period of three years. Further, the Company also intends to raise equity capital to enable to meet its capital requirements arising out of growth in the business.

The exact volume of equity to be divested by the Government of India has been finalized by the High Level Committee (HLC) constituted by the Government of India in their Meeting held on 24th October, 2017. Subsequent to the HLC Meeting, Ministry of Railways (MoR) vide its Order No. 2017/F(FEX)22/10 dated 1st November, 2017, has informed that the Company can raise 10% (on pre-issue basis) of additional capital and simultaneously Government of India would divest its shareholding of 5% (on pre-issue basis) for listing of IRFC.

Company in its 32nd Annual General Meeting held on 26th September, 2019 had approved the Initial Public Offerings (IPO) to raise additional capital up to 1,407,069,000 equity shares of the Company of face value of ₹10 (Rupees ten) each, by way of a fresh issuance of up to 938,046,000 Equity Shares (the "Fresh Issue") and an offer for sale of up to 469,023,000 Equity Shares ("Offer for Sale"). Company in order to maintain its debt equity ratio of 10:1 has made additional infusion of equity capital of Rs. 2500 crore on 30th March, 2020. Due to this, previous resolution in relation to the IPO was passed, fresh resolutions are required for approval of IPO by the shareholders.

In view of the above and in terms of Section 62(1)(c), and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, each as amended, the approval of the shareholders of the Company is required through a



Special Resolution.

None of the Directors and / or Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution.

By order of the Board of Directors

Place :: New Delhi  
Dated :: 25<sup>th</sup> September, 2020

Sd/-  
( Vijay Shirode )  
Company Secretary

**Proxy Form**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

**CIN** : U65910DL1986GOI026363  
**Name of the Company** : Indian Railway Finance Corporation Limited  
**Registered Office** : UG - Floor, East Tower  
NBCC Place, Pragati Vihar, Lodhi Road,  
New Delhi - 110 003.

Name of the member(s)	:
Registered Address	:
E-mail Id	:
Folio No. / Client Id	:
DP ID	:

I / We, being the member(s) of .....shares of the above named company, hereby appoint :-

1. Name : .....  
Address : .....  
E-mail Id : .....  
Signature..... or failing him
2. Name : .....  
Address : .....  
E-mail Id : .....  
Signature..... or failing him
3. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company, to be held on the 30<sup>th</sup> September, 2020 at 3.00 p.m. at registered office at UG – Floor, East Tower, NBCC Place, Bhisham Pitamah Marg, Lodhi Road , Pragati Vihar, New Delhi, Delhi 110003 through video conferencing and at any adjournment thereof in respect of such resolutions as are indicated below :-

Resolution No.

- 1 To receive, consider and adopt the Audited Financial Statement for the year ended 31<sup>st</sup> March, 2020 together with the Report of the Directors and Auditors thereon.
- 2 To declare dividend for the financial year 2019-20.
- 3 To fix remuneration of Statutory Auditors
- 4 Appointment of Shri Amitabh Banerjee (DIN 07502684), as Chairman & Managing Director
- 5 Appointment of Ms. Shelly Verma (DIN No. 07935630), Director Finance
- 6 Alteration of certain Articles of Association of the Company
- 7 Increase in authorized share capital
- 8 Initial Public Offerings (IPO) of equity shares by IRFC

Affix  
Revenue  
Stamp

Signed this \_\_\_\_ day of September, 2020.

Signature of Shareholder

Signature of the Proxy holder(s)

**Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.**

**ADMISSION SLIP**

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Folio No.		No. of Shares	
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**Name(s) and address of the member in full**

\_\_\_\_\_

I / we hereby record my / our presence at the 33<sup>rd</sup> Annual General Meeting of the Company being held on 30<sup>th</sup> September, 2020 at 3.00 p.m. at registered office of the Company at UG - Floor, East Tower, NBCC Place, Bhisham Pitamah Marg, Lodhi Road , Pragati Vihar, New Delhi, Delhi 110003 through video conferencing.

Please (☑) in the box

MEMBER

PROXY

\_\_\_\_\_  
Signature of Member / Proxy

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the Thirty Third 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 31<sup>st</sup> March, 2020.

### 1. Financial Highlights

The highlights of financial performance of your Company for the year ended 31<sup>st</sup> March, 2020 are summarised below:

<b>(Rs. In Millions)</b>			
	<b>Particulars</b>	<b>Year ended 31-03-2020</b>	<b>Year ended 31-03-2019</b>
I.	Revenue from operations	1,38,384.64	1,11,335.94
II	Other income	0.73	0.01
III.	<b>Total Revenue (I+II)</b>	<b>1,38,385.37</b>	<b>1,11,335.95</b>
IV.	Expenses:		
	Finance costs	1,00,797.81	81,830.60
	Impairment on financial instruments	21.41	275.44
	Employee benefit expense	62.65	62.51
	Depreciation and amortization expense	4.58	4.18
	Other expenses	574.68	147.37
	<b>Total Expenses</b>	<b>1,01,461.13</b>	<b>82,320.10</b>
V.	<b>Profit before tax (III-IV)</b>	<b>36,924.24</b>	<b>29,015.84</b>
VI.	Tax expense:		
	(1) Current tax	-	6,469.24
	(2) Tax for Earlier Years	-	(0.88)
	(3) Deferred tax	-	--
	<b>Total Taxes</b>	<b>-</b>	<b>6,468.36</b>
VII.	<b>Profit (Loss) for the current year from continuing operations (V-VI)</b>	<b>36,924.24</b>	<b>22,547.49</b>
VIII.	<b>Other Comprehensive Income</b>	<b>(5.52)</b>	<b>1.66</b>

Revenue from operations of your Company has increased by Rs. 2,704.87 crores from Rs. 11,133.60 crores in 2018-19 to Rs.13,838.46 crores in 2019-20, showing a growth of 24.29%.

Profit before Tax (PBT) of your Company for the year ending 31<sup>st</sup> March 2020 was Rs. 3,692.42 crore as compared to Rs. 2,901.58 crore for the previous year, registering a growth of 27.26%.

Profit after Tax (PAT) for the year ending 31<sup>st</sup> March, 2020 was Rs 3,692.42 crore which is the same as that of Profit Before Tax (PBT), as the Company has not made any provision for tax in its books pursuant to its decision to exercise the option of lower tax rate permitted u/s 115BAA of the Income Tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated 20<sup>th</sup> September, 2019. The Company's taxable income was nil and it did not have to pay Minimum Alternate Tax (MAT) with reference to its Book Profit. MAT payable u/s 115 JB was outside the ambit of the newly introduced 115 BAA. Thus, on adoption of Section 115 BAA of the Income Tax Act, 1961, the Company was outside the scope and applicability of MAT provisions and there was a zero-tax liability in the financial year 2019-20. Thus, the Profit After Tax for the year ending 31<sup>st</sup> March, 2020 was Rs.3,692.42 Crore as compared to Rs. 2,254.75 crore for the previous year, up by an impressive 63.76%. This has enabled the Company to augment its net worth and improve the D/Eratio.

## **2. Dividend**

Your Company seeks to strike a judicious balance between the 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. The overriding consideration for maintaining Debt to Equity ratio of the Company within the acceptable limits acts as a deterrent to declaration of higher amount of dividend.

It is proposed to declare a Final Dividend of Rs. 500 crore (Previous year Rs. 400 crore comprising interim and final dividend), which works out to 13.54% of the PAT (Previous year 17.74%) of the Company.

### **3. Reserves**

As per Section 45 – IC of the RBI Act, 1934, all NBFCs are required to create a Reserve equivalent to 20% of the net profit before payment of dividend. RBI granted exemption to Government NBFCs from compliance of provisions of Section 45 – IC of the RBI Act, 1934. However, the exemption has been withdrawn by RBI w.e.f. 31<sup>st</sup> May, 2018. Accordingly, 20% of the net profit of the Company amounting to Rs. 738.48 crore has been transferred to Reserve Fund u/s Section 45 – IC of RBI Act, 1934.

A sum of Rs.241.11 Crore has been appropriated towards final dividend including dividend tax of the previous year.

Out of the remaining amount of profit, the sum of Rs.2,212.80 Crore has been transferred to General Reserve leaving a sum of Rs.500 Crore for meeting the final dividend payment for the year under review.

The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16<sup>th</sup> August 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s 45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Hitherto, your Company was required to create Debenture Redemption Reserve equivalent to 25% of the outstanding non-convertible debentures raised through public issue during the maturity period of such debentures. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31<sup>st</sup> March, 2019 amounting to Rs. 5,714.56 crores has been transferred to General Reserve.

Pursuant to the clarification issued by the Ministry of Corporate Affairs (MCA), the sum of Rs.6443.14 Crore outstanding against the accumulated deferred tax liability up to 31<sup>st</sup> March, 2017, has been reversed and transferred to General Reserve with retrospective effect on 1<sup>st</sup> April, 2018.

An amount of Rs.16.98 Crore has been set aside towards provision for share issue expenses, including stamp duty on enhancement of paid up equity capital and SEBI Registration fees for Initial Public Offerings of equity.

Huge accretion to Reserves on account of increase in profit after tax and reversal of Deferred Tax Liability have improved the financial gearing which will create significant headroom for debt raising.

#### **4. Share Capital**

The entire paid up capital of the Company amounting to Rs. 11,880.46 crore continues to be held by the President of India and his nominees.

Company has Issued 250,00,00,000 Equity Shares of face value of Rs.10/- each to the existing Shareholder of entire Share Capital President of India, acting through Ministry of Railways. Accordingly, the number of equity shares issued by the Company stands changed from 938,04,60,000 shares of Rs.10/- each to 1188,04,60,000 shares of Rs.10/- each.

#### **5. Independent Evaluators' Assessment**

##### **5.1. Credit Ratings**

Domestic: During the financial year 2019-20, the Company's long-term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA (Stable)" and "CARE AAA [Triple A]" by CRISIL, ICRA and CARE respectively. 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.



International: During the financial year 2019-20, three international credit rating agencies – Standard & Poor’s, Fitch and Moody’s – have awarded “BBB- with Stable Outlook”, “BBB- with Stable Outlook” and “Baa2 with Negative Outlook” ratings respectively to your Company. Besides, the Company obtained an issuer specific credit rating of “BBB+ 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.

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

In terms of the MOU entered into with the Ministry of Railways (MOR) for the year 2019-20, 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 2019-20 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 here under: -

- (i) Report on Corporate Governance for the year 2019-20 was submitted to Department of Public Enterprises (DPE) through MoR on 12<sup>th</sup> May, 2020.
- (ii) Completed Data Sheet, containing PE Survey for the year 2018-19, was submitted to DPE on 22<sup>nd</sup> October, 2019.
- (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.

**MOU Rating:** Based on its performance, the Company has been rated ‘Excellent’ by the Department of Public Enterprises (DPE) with a score of 91.82 (Excellent) for the year 2018-19.

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

## **6. Market Borrowings during 2019-20**

The Company was initially assigned a borrowing target of Rs.55,471 Crore including funding of Rolling stock to the extent of 28,400 Crore, financing of Railway Projects under EBR-IF to the tune of Rs.26,440 Crore and meeting the debt financing requirements of RVNL amounting to Rs.631 crore. During the last quarter of the financial year 2019-20, the target was revised to Rs.65,471.96 crore including Rs.32,624 crore towards Rolling Stock, Rs. 33,940 crore towards EBR-IF and Rs.1407.96 crore towards debt financing requirement of RVNL and was further increased by Rs. 2500 crore towards National Project totaling Rs.70,471.96 crore for the year 2019-20. This was the highest ever borrowing target for any financial year in the history of the Company and was an increase of 34.28% over the previous year's target of Rs.52,480.10 crore. The cumulative funding to Railway Sector has crossed Rs.3.39 lakh crore mark.

The total Capital Outlay (Capital EXPENDITURE) of MoR for the year 2019-20 was Rs.1,60,000 crore out of which IRFC's disbursement against the same was significant at Rs. 70,471.96 crore which constitutes 44.04% of total capital outlay for the year 2019-20.

Borrowings made during the year include Taxable Bonds worth Rs.30,095.73 crore (LIC Bonds Rs.4300 crore), External Commercial Borrowings (ECB) of Rs.13,783.85 Crore at exchange rate prevailing on the draw down date, Rupee Term Loans of Rs.25,745.13 Crore and 54EC bonds of Rs.847.25 crore. The weighted average cost and tenor of the pool of borrowings made by the Company during the year 2019-20 remained at 7.37%(semi-annual) as against 8.20% (semi Annual) during the previous year 2018-19, thus registering a decline of 83 bps over previous year, which in turn, has reduced the cost to MoR

The Company was able to achieve this feat through constant monitoring of the markets, proper timing of its borrowings and appropriate selection of instruments.

During the year, the Company constantly diversified its borrowing portfolio to meet the target of borrowings mandated by MoR at the most competitive rates and terms. In its endeavor towards further diversification of its borrowing portfolio, the Company upgraded its Euro Medium Term Note (EMTN) programme to Global Medium-Term Note (GMTN) Programme which facilitated its maiden issuance of bonds through Rule 144A / Reg S route. The bonds under the GMTN Programme were issued in two tranches of USD 700 Million and USD 300 Million with tenor of 10 years and 30 years carrying coupon of 3.249% (Benchmark US Treasury plus 160 bps) and 3.95% (Benchmark US Treasury plus 184 bps) respectively. These are considered as benchmark deals from India. The coupons obtained by IRFC is one of the lowest amongst the issuances, during 2019-20. Besides, the 30-year tenor issuance is the maiden issue by an Indian CPSE. Further, Your Company had raised a sum of USD 300 Million through 10-year USD Dollar denominated loan from SBI at an All-in-cost of 150 bps over 6 M USD LIBOR. IRFC is the first CPSE in recent years to tap the domestic capital market with 15-year bond issuance and raised an aggregate sum of Rs.6682.60 Crore. Further, after constant effort, Multilateral Investment Guarantee Agency (MIGA), a subsidiary of the World Bank, had accorded their in-principle approval for extending guarantee to the extent of USD 1 Billion to your Company for its foreign currency borrowing up to 15 years tenor. This would help your Company in the credit enhancement and enable it to raise foreign currency loans with longer tenors up to 15 years. Your Company was the first entity in India to be accorded this guarantee under the Non-Sovereign window by MIGA.

The Company received approval of Ministry of Finance for issue of 54EC Capital Gain Bonds in October 2017. Since then, Company is making all endeavors to increase its market share in 54EC Bond market. In 2019-20, Company mobilized around Rs.852.28 crore through 54EC Bond which was a significant jump over the mobilization of Rs.187.70 crore from 54EC Bonds in the year 2018-19.

## **7. Redemption of Bonds / Repayment of Loans**

The Directors are pleased to report that during the year under review, your Company successfully redeemed bonds and discharged its other debt obligations amounting to 57,751.83 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at Rs.8415.21 crore, Term Loans worth Rs. 46,315.50 crore , External Commercial Borrowings (ECB) of Rs.21.12 crore and Commercial Papers of value Rs. 3000 Crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs amounting to around Rs. 16,173.32 crore during the next fiscal.

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.

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 during the year.

## **8. Internal Financial Control Systems & their adequacy**

The Company has in place, adequate internal control systems commensurate with the nature and volume of its business. Efficient maintenance of accounts is facilitated by the executives and employees of the Company. Thereafter, the same is audited periodically by the Internal Auditors. The function of Internal Audit has been assigned to a reputed firm of Chartered Accountants. The scope of internal audit is well defined and is very exhaustive to take care of 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 propriety audit of the Company. The Company has implemented Accounts Manual and Internal Audit Manual from financial year 2016-17. The Company has also implemented Manual for Procurement of Goods, Services and Works and HR Manual. The Company has also implemented a policy for temporary placement of surplus funds with the Banks in order to strengthen its cash management system. The track record of your Company with regard to handling its operational risks has been excellent.

Besides, as mandated under Companies Act, 2013, the Statutory Auditors have certified as part of their Audit Report, the effectiveness of Internal Financial Control over financial reporting.

#### **9. RBI Prudential Norms**

Your Company is registered as a Systematically Important Non-Deposit Taking Non-Banking Finance Company with the Reserve Bank of India. Being a Government NBFC, your Company was exempted from the prudential norms prescribed by Reserve Bank of India for NBFC-ND-SI, as contained in the Master Directions issued vide Notification No. DNBR.008/CGM(CDS)-2015, dated 27<sup>th</sup> March, 2015. However, the exemption was withdrawn by Reserve Bank of India from 31<sup>st</sup> May, 2018. As such, the Company has complied with the applicable prudential norms.

The Company has obtained exemption from Reserve Bank of India from the asset classification, income recognition, credit concentration and provisioning norms on the direct exposure to Ministry of Railways, Govt. of India. The Company has also obtained relaxation in respect of lending limit applicable to Railway CPSEs from 20% of its owned funds to 100% of its owned funds.

#### **10. Lease Arrangement with the Ministry of Railways 2019-20**

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 rolling stock assets acquired during

2019-20 through IRFC funding, lease rentals have been fixed at Rs. 54.8928 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 7.77% p.a. payable semiannually as compared to 8.49% last year, down by 72 bps. Viewed in the context of significant increase in the annual borrowing target clocking a year-to-year growth of more than 34% and huge uncertainty prevailing in the market caused by COVID-19 pandemic during the latter part of the FY 2019-20, the pricing is considered very attractive for the Ministry.

### **11. Resource Mobilisation for 2020-21**

In the Budget for 2020-21, the annual borrowing target for IRFC has been fixed at Rs. 58,000 crore which includes Rs. 29,300 crore for funding of Rolling Stock assets and funding of Railway projects through Institutional Finance to the extent of Rs.28,000 crore. A target of Rs. 700 crore for meeting the debt funding requirements of RVNL has also been given.

The Company is confident of meeting the challenge and hopeful to raise the required amount during the year through a judicious mix of Bonds, Loans and External Commercial Borrowings, etc., at the 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. The business of the Company with the Ministry has grown considerably during the last ten years. From an annual target of Rs. 2,957 crore in 2004-05, the final borrowing target assigned for the year 2019-20 was at Rs. 70,471.96 crore. The trend characterized by around twenty-four-fold increase in annual borrowing target with a CAGR of 13.52% over the last twenty-five years is likely to continue.

Being the dedicated market borrowing arm of the Ministry of Railways, your Company constantly strives to raise funds from the financial market at the most competitive rates and terms. The interest rate remained benign during the major part of the year due to change in monetary policy stance from calibrated tightening to neutral in Feb, 2019 and then to accommodative from June, 2019. During the period up to Dec, 2019, policy repo rate was cumulatively cut by 135 bps. However, during the later part of the year, the market remained highly volatile due to the pandemic COVID-19 which led to unprecedented liquidity crunch, temporary spike in the interest rate and widening of corporate spreads. In spite of the fact that your Company was mandated a mammoth final borrowing target in excess of Rs.70,000 Crore and upward revision in the mandate from the original target of Rs.54,471 Crore was communicated to the Company only towards the end of the financial year, the Company had to manoeuvre its borrowing programme meticulously in an adverse macroeconomic environment which helped in maintain its unflinching commitment to making funds available to the Railways at the most competitive possible pricing.

In the Annual Report of Financial Year 2015-16, it was reported that MoR had tied up a loan of Rs.1,50,000 crore with Life Insurance Corporation of India (LIC), to be drawn in tranches over a period of five years for their project funding requirement. It was also reported that IRFC had been entrusted with the job of borrowing the funds from LIC on MoR's behalf.

Under the arrangement, amount totaling to only Rs. 20,500 crore, could be drawn from LIC from 2015-16 to 2019-20 due to its exposure limit constraint as per IRDAI Guidelines.

In the Union Budget for the year 2017-18, the Government had announced listing of shares of your Company on bourses. As a pre-requisite for listing, the public shareholding of such companies has to be not less than 25%, which is to be achieved within a period of three years. The Company had filed the DRHP with the Securities and Exchange Board of India and had completed the roadshows in the prominent

domestic and international financial centers. However, the IPO was postponed at the last moment, due to the unprecedented crash of the stock market in the aftermath of the COVID-19 pandemic. However, post corrections in the stock market and renewed interest of Foreign Portfolio Investors (FPIs) for investment in India, the Company has restarted the process of IPO.

### **13. Impact of Global Health Pandemic COVID-19**

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption.

The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial results. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue monitoring any material change to future economic conditions.

### **14. 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. 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. Your Company's Non-Convertible Debt Securities are listed on the stock exchanges and Company has complied with Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Report on Corporate Governance is enclosed as Annexure- I forming part of this report.

### **15. Corporate Social Responsibility**

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

In terms of Section 135 of the Companies Act, 2013 (the Act), read with Schedule VII thereof and also the CSR Rules, the Company has constituted a CSR Committee (the Committee) comprising Independent Directors, the Chairman & Managing Director and Director Finance, with an Independent Director as the Chairman of the Committee. 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 on CSR activities. The Department of Public Enterprises (DPE) has also issued guidelines in this regard which, inter alia, require the Central Public Sector Enterprises (CPSEs) to frame a 'CSR and Sustainability Policy'.

The 'CSR and Sustainability Policy' of the Company is in place and the same has also been hosted on its website. The Company, like in the past, has undertaken activities for Sustainable Development and CSR, details of which are given hereunder: -

During the year 2019-20, the Company was required to spend Rs. 50.52 crore, being 2% of its average net profits of the last three years, on CSR activities, against which the Company has disbursed a sum of Rs. 34.10 crore and the balance amount of Rs 16.42 crore would be disbursed on receipt of claims from the implementing agencies in future. The Company was committed to Education and Health care as the theme for focused intervention as mandated by Department of Public Enterprises.

Following are the details of Rs. 34.10 Crore disbursed by the Company: -

Rs 34.06 crore was contributed to PM Cares Fund and Rs. 0.04 crore was disbursed for 100 corrective cleft surgeries.

### **CSR Activities proposed during 2020-21**

During the year 2020-21, the Company is required to spend about Rs. 61.23 crore. Preliminary study on projects is being undertaken. The details of all the projects / activities would be provided in the next Annual Report.

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

### **16. 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 Indian Accounting Standards have been followed and there are no material departures;
- b) Accounting policies have been re-drafted taking into account the Ind-AS, judgments and estimates made 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) Proper and sufficient care has been taken 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) Annual accounts have been prepared on 'going concern' basis.
- e) The laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **17. Human Resource Management**

Performance level of your Company has been consistently high despite the fact that it consciously maintains a very lean workforce reflected in its low overhead to turnover ratio of around 0.10%.

In order to further strengthen the Organization Structure for coping with the additional workload due to manifold increase in the annual borrowing target mandated by MoR and significant increase in compliance requirements in the aftermath of implementation of the Companies Act, 2013, SEBI (LODR) Guidelines, migration to IND-AS and introduction of GST, the Company got a study conducted by the Management Development Institute (MDI). Besides, the IPO and listing of its equity shares are to take place shortly which is expected to make the compliance process more stringent. Based on the report submitted by MDI, the Company is planning to increase the employee strength suitably in a phased manner to meet the new challenges.

High levels of efficiency exhibited by the Company's dedicated workforce would not have been 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 programmes involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes.

The Directors are also imparted training on a need-based manner. Shri Kishore J. Devani, Independent Director, attended workshop on 'NBFCs on 13<sup>th</sup> December, 2019, at Mumbai. The main focus of the training was to make the Directors aware of the best corporate governance practices.

While selecting the training programme, the Company lays emphasis on development of skill and knowledge of its executives in the new vistas of Finance and Information Technology, besides developing the leadership and managerial skills for the future.

#### **18. Statutory Auditors & Secretarial Auditors**

M/s KBDS & Company, Chartered Accountants, have been appointed as Statutory Auditors by Comptroller & Auditor General of India to audit the accounts of the Company for the year 2020-21.

Secretarial Audit under Section 204 of the Act has been conducted by M/s Navneet K Arora & Co LLP, 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**

Smt. Aditi Sengupta Ray, Shri Chetan Venugopal and Shri Ashok Kumar Singhal, Independent Directors, have given a declaration that they meet 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**

There are no material changes which will affect 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 as Annexure-I.

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

The Secretarial Auditor in their Secretarial Audit Report has observed as under: -

Observations		Management Reply
Company has not filed E-Form CHG-1 for registration of the Charge till date according to Section 77 of the Companies Act, 2013 in respect of Creation of Charge in favour of Government of India Ministry of Finance dated 7th December, 2018 for availing loan facilities to the tune of Rs.7,500 Crore.	:	The Company had been pursuing with Department of Economic Affairs (DEA) for filing of creation of charge with Registrar of Companies since the availment of the loan. The Company has successfully filed E-Form CHG-1 for registration of the Charge with the Registrar of Companies on 6 <sup>th</sup> August, 2020 and the same has since been approved by MCA on 6 <sup>th</sup> August, 2020 itself.
Filing of quarterly returns viz. NBFC-ND-SI, ALM Returns for the financial year 2019-20 with Reserve Bank of India in compliance with Non-Banking Financial Companies (Reserve Bank) Directions 2016 with the RBI Portal (COSMOS) has been delayed.	:	Filing of quarterly returns viz. NBFC-ND-SI, ALM Returns for the financial year 2019-20 with Reserve Bank of India in compliance of Non-Banking Financial Companies (Reserve Bank) Directions 2016 with the RBI Portal (COSMOS) has been delayed due to technical / validation problem in the RBI portal

Reports of the Secretarial and Statutory Auditors in this regard are enclosed as Annexure- III & Annexure- IV which form part of this Report.

Your Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

### **19.7. Risk Management**

Effective risk management is central to ensuring a robust and healthy finance for the Company. While in risk management, credit risk is accorded high priority amongst various risk mitigation efforts of a business, this is virtually non-existent 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 IRCON International Limited are suitably ringfenced, as the same has either the cash flows originating from the Ministry of Railways or there is a repayment assurance by Ministry of Railways.

Ordinarily, a company carrying out its business with predominantly single client, might be viewed as being faced with a potential threat. However, in the case of your Company, the single client is the owner, who also happens to be the sovereign itself. By virtue of consistently funding about 25% to 30% of plan outlay of the Ministry of Railways, IRFC commands a position of strategic importance for the Ministry. In the year 2019-20, your Company funded about 44% of plan outlay of Ministry of Railways. Funding provided by IRFC has been at a competitive cost which is considered attractive by the Ministry. Your Company has logged an annual growth rate of over 28% 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 is 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 every 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. Further, for the Railway Projects financed through Institutional

Finance, it is proposed to adopt the lease structure akin to the structure of borrowing which will minimise the liquidity and interest rate risk.

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, Company commanding a 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.

Although the foreign exchange fluctuation risk is pass through to MoR, still 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. 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 risk because of longer maturities. The Risk Management Committee regularly monitors the Foreign Exchange Exposure. In accordance with the policy, the Company has hedged part of its foreign currency exposure thereby mitigating the exchange rate fluctuation risk to that extent.

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 of time. Keeping in view the volatility in the foreign exchange markets, the Company has been taking recourse to selective hedging of the ECBs outstanding both on principal and interest amount. With a view to effectively supplementing its in-house expertise on the matter, your Company usually resorts to external expert advice from reputed professional consultants, while taking hedging decisions.

Reserve Bank of India (RBI) has 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 Chairman & Managing Director and Director Finance.

The proceedings of meetings of the Risk Management Committee were regularly placed in the meetings the Board of Directors. Terms of reference of the Risk Management Committee: -

- a. Carry out responsibilities as assigned by the Board.
- b. Monitor and Review Risk Management Plan as approved by the Board.
- c. Review and Recommend Risk Assessment Report and Risk Management Report for approval of the Board.
- d. Ensure that appropriate system of risk management is in place.
- e. Oversee recent developments in the Company and periodic updating of Company's Enterprise Risk Management Program for assessing, monitoring and mitigating the risks.
- f. Periodically, but not less than annually, review the adequacy of the Company's resources to perform its risk management responsibilities and achieve objectives.

The Company has constituted sub-committee of Risk Management Committee to assess and mitigate the foreign exchange fluctuation risk and interest rate risk in External Commercial Borrowings. Minutes of the meetings of the Sub-committee along with the action taken are placed before the Risk Management Committee.

For effective monitoring, control and mitigation of financial risk arising due to mismatch in the Asset Liability position, the Company has formed an Asset Liability Management Committee (ALCO) comprising chairman & Managing Director, Director Finance and Senior Level Officers. The ALCO generates various reports as prescribed



by RBI for monitoring the liquidity and interest rate risks and place the same before the Risk Management Committee from time to time. The terms of reference of ALCO Committee: -

- a. Balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks.
- b. Whether the limits/parameters set by Board have been breached.
- c. Desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc
- d. The results of and progress in implementation of the decisions made in the previous meetings.
- e. View on the current interest rate and base its decisions for future business strategy on this view
- f. A view on future direction of interest rate movements and decide on funding mixes between fixed vs. floating rate funds, wholesale vs retail deposits, money market vs. capital market funding, domestic vs. foreign currency funding, etc

#### **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 is in compliance with the relevant provisions of the Foreign Exchange Management Act, 1999 pertaining to external commercial borrowing and derivatives.

**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 IRFC is a Government Company, provisions of Section 197 are not applicable to 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 now replaces its old electrical items, gadgets, etc. with power efficient units.

**19.16 Foreign exchange earnings & outgo**

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.

### 19.17 Expenditure on R&D

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

### 20. Compliance of MSME Guidelines

Your Company has in place, a Manual for Procurement of Goods, Services and Works which provides guidelines to expedite decision making process by way of consolidating, simplifying and streamlining the various steps to be followed in the process of award of contracts from the procurement of goods, works & services as well as during its implementation on the ground.

The procurement from MSEs in compliance to Public Procurement Policy during the financial year 2019-20 is placed below:

Sl. No.	Particulars	2019-20
1	Total annual procurement (in Rs. in crore)	4.83
2	Target %age of annual procurement (20%) (in Rs. in crore)	0.97
3	Total value of goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs) (in Rs. in crore)	2.57
4	Total value of goods and services procured from only MSEs owned by SC/ST entrepreneurs	----
5	% age of procurement from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement	53.15%
6	% age of procurement from only MSEs owned by SC/ST entrepreneurs out of total procurement	---

### 21. Vigilance Activities

Considering the lean strength and nature of operations, the vigilance activities of the Company is being looked after by a Part-time Chief Vigilance Officer (CVO) nominated by the Ministry of Railways. The CVO carries out internal scrutiny of the activities on a random basis to ensure compliance with the laid down CVC guidelines and procedures.

During the year 2017-18 one complaint was received by the CVC with allegations of misconduct for which investigations have been carried out and memorandum of charge has been issued.

## **22. 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, three 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.

On 21<sup>st</sup> August, 2020, the 'Parliamentary Committee on Official Language' had carried out an inspection to assess the extent of use of Hindi and compliance with the Rajbhasha Guidelines in the Company. The Committee had appreciated the use of Hindi in the Company.

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

**23. Presidential Directives**

Company has not received any Presidential Directive during the year.

**24. 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.

**25. Women Employees**

Your Company has a very small organizational setup, presently comprising 24 employees in all, out of which there are three women employees in the executive cadre. Thus, women employees constitute 12.5% of the total employee strength at present and the Company would endeavour to further improve the number as and when an opportunity arises.

**26. 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.

**27. Board of Directors and Key Managerial Personnel**

Since the last Annual General Meeting in 26<sup>th</sup> September, 2019, following changes have taken place in the composition of the Board of Directors.

1. Mrs. Manjula Rangarajan, Financial Commissioner (Railways), nominated as Chairperson / IRFC on 20<sup>th</sup> November, 2019 vide Ministry of Railways (MoR) Order No. No.2009/PL/47/2 dated 20<sup>th</sup> November, 2019 from 20<sup>th</sup> November, 2019 to 20<sup>th</sup> May, 2020.
2. Shri Vijay Kumar had taken charge of the Managing Director of IRFC vide Ministry of Railways (MoR) Order No. 2015 / E (O) II / 40 / 9 dated 26<sup>th</sup> July, 2018 from 26<sup>th</sup> July, 2018 to 11<sup>th</sup> October, 2019.
3. Shri Amitabh Banerjee was appointed as the Managing Director of IRFC vide Ministry of Railways (MoR) Order No. 2018/E(O)II/40/19 dated 12<sup>th</sup> October, 2019. He took over the charge of Chairman & Managing Director on the IRFC Board on 21<sup>st</sup> May, 2020 vide MoR order No.2018/PL/47/2 dated 21.05.2020.
4. Shri Niraj Kumar, was appointed as Director Finance from 1<sup>st</sup> July, 2015 vide MoR Order No.2014/E(O)II/40/12 dated 1<sup>st</sup> April, 2015. He superannuated on 31<sup>st</sup> July, 2020.
5. Dr. Kumar Vinay Pratap was appointed as part-time Government Director vide Ministry of Railways Order No.2009/PL/47/2 dated 23<sup>rd</sup> April, 2018 from 23<sup>rd</sup> April, 2018 to 18<sup>th</sup> March, 2020.
6. Shri Kishor J. Devani was appointed as Part-time Non-official Director vide MoR Order No.2003/PL/60/1(pt.) dated 1<sup>st</sup> April, 2016. Subsequently, he was reappointed vide MoR Order No. 2009/PL/48/1 (Pt.3) dated 11<sup>th</sup> July, 2019. His tenure completed on 31<sup>st</sup> March, 2020.
7. Shri Baldeo Purushartha, Joint Secretary (IPF), Department of Economic Affairs, Ministry of Finance was appointed on the Board of the Company vide MoR Order No. 2009/PL/47/2 dated 3<sup>rd</sup> June, 2020, as part -time Government Nominee Director with effect from 3<sup>rd</sup> June, 2020.
8. Shri Anand Prakash, EDF/B, Railway Board was appointed on the Board of the Company vide MoR Order No. 2020/PL/47/4 dated 21<sup>st</sup> July, 2020, as Nominee Director on the Board of the Company with effect from 22<sup>nd</sup> July, 2020.

9. Ms. Shelly Verma was appointed on the Board of the Company vide MoR Order No. 2018/E(O)II/40/8 dated 31st August, 2020, as Director Finance / IRFC with effect from 1st September, 2020.

Directors place on record their appreciation of the services rendered and contributions made by Mrs. Manjula Rangarajan, Financial Commissioner (Railways), nominated as Chairperson / IRFC, Shri Vijay Kumar, Financial Commissioner (Railways), additional charge as Managing Director / IRFC, Shri Niraj Kumar, Director Finance / IRFC, Dr. Kumar Vinay Pratap, Nominee Director / IRFC and Shri Kishore J. Devani, Independent Director / IRFC of the Company during their tenure.

Pursuant to Section 203 of the Companies Act, 2013, Director Finance, also designated as CFO and Company Secretary, have been designated as Key Managerial Personnel of the Company.

## **28. 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 31<sup>st</sup> March, 2020 and have had no comments upon or supplements to the Auditors' Report under Section 143(6) of the Companies Act, 2013.

## **29. Acknowledgements**

Your Company is grateful to the Ministry of Railways, Ministry of Finance, Ministry of Corporate Affairs, Public Enterprises Selection Board, Department of Public Enterprises, National Informatics Centre, other Departments of the Government, Securities and Exchange Board of India and the Reserve Bank of India, for their co-operation, assistance, active and timely support, and guidance rendered from time to time. The Company is also thankful to all its Bondholders, Banks, Financial Institutions, Arrangers, Registrar and Transfer Agents, Bond Holders Trustees, National Stock Exchange, Bombay Stock Exchange and Life Insurance Corporation of India 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 in recognition of the valuable contribution made by the Company's small team of officers and employees, which has enabled the Company to successfully meet the increasing level of funding targets set by the Ministry of Railways, while consolidating its position as one of the most vibrant public financial institutions in the country.

For and on behalf of Board of Directors

Place: New Delhi

Date: 29<sup>th</sup> September, 2020

Sd/-

Chairman & 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. The Company is also complying with the Circular, to the extent applicable, dated 1<sup>st</sup> July, 2015 issued by Reserve Bank of India under their Master Circular – “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015”. 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 2019-20. A declaration to this effect, duly signed by the Managing Director (CEO), is at Annexure-VI and forms part of Directors Report.

### **Board of Directors**

As at the end of financial year, there are 7 (Seven) Directors on the Board of the Company. Besides Managing Director and Director Finance, Four Independent Director(s), one Government Director, are also in position. 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. 9 (Nine) such meetings were held during the year under review, as listed below: -

<b>Serial No.</b>	<b>Board Meeting No.</b>	<b>Date</b>
1.	252	11.05.2019
2.	253	26.07.2019
3.	254	05.09.2019
4.	255	26.09.2019
5.	256	11.11.2019
6.	257	26.11.2019
7.	258	16.01.2020
8.	259	17.02.2020
9.	260	25.03.2020

**Attendance at the Meetings of the Board of Directors during 2019-20 :-**

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
Mrs. Manjula Rangarajan Chairperson / IRFC From 20.11.2019	4	4	NA	None	Nil <sup>1</sup>
Shri Vijay Kumar Managing Director/ IRFC From 26.07.2018 to 11.10.2019	4	4	Yes	None	3 <sup>2</sup>
Shri Amitabh Banerjee *Chairman & Managing Director/ IRFC From 12.10.2019	5	5	NA	None	3 <sup>3</sup>
Shri. Niraj Kumar **Director Finance / IRFC From 01.07.2015	9	9	Yes	None	2 <sup>4</sup>
Shri K. V. Pratap Government Director From 23.04.2018 to 18.03.2020	8	5	No	3	1 <sup>5</sup>
Shri Kishore J. Devani Independent Director From 01.04.2016 to 31.03.2020	8	8	Yes	None	3 <sup>6</sup>
Smt. Aditi Sengupta Ray Independent Director From 19.09.2017	9	9	No	None	3 <sup>7</sup>
Shri. Chetan Venugopal Independent Director From 08.03.2018	9	9	Yes	5	3 <sup>8</sup>
Shri Ashok Kumar Singhal Independent Director From 20.07.2018	9	6	No	None	3 <sup>9</sup>

\*Took over the charge of Managing Director on 12<sup>th</sup> October, 2019 and Chairman & Managing Director on the IRFC Board on 21<sup>st</sup> May, 2020 vide MOR order No.2018/PL/47/2 dated 21.05.2020.

\*\*Superannuated on 31<sup>st</sup> July, 2020.

1. Mrs. Manjula Rangarajan, Financial Commissioner (Railways), nominated as Chairperson / IRFC on 20<sup>th</sup> November, 2019 vide Ministry of Railways (MoR) Order No. No.2009/PL/47/2 dated 20<sup>th</sup> November, 2019. She was a Director in NRTU Foundation.
2. Shri Vijay Kumar had taken charge of the Managing Director of IRFC vide Ministry of Railways (MoR) Order No. 2015 / E (O) II / 40 / 9 dated 26<sup>th</sup> July, 2018 from 26<sup>th</sup> July, 2018 to 11<sup>th</sup> October, 2019.

Shri Vijay Kumar, Managing Director remained a Member of the CSR Committee, Stakeholders Relationship Committee and Audit Committee.

3. Shri Amitabh Banerjee was appointed as the Managing Director of IRFC vide Ministry of Railways (MoR) Order No. 2018/E(O)II/40/19 dated 12<sup>th</sup> October, 2019. He took over the charge of Chairman & Managing Director on the IRFC Board on 21<sup>st</sup> May, 2020 vide MoR order No.2018/PL/47/2 dated 21.05.2020.

Shri Amitabh Banerjee, Managing Director remained Member of the CSR Committee, Stakeholders Relationship Committee and Audit Committee.

4. Shri Niraj Kumar, was appointed as Director Finance from 1<sup>st</sup> July, 2015 vide MoR Order No.2014/E(O)II/40/12 dated 1<sup>st</sup> April, 2015.

Shri Niraj Kumar remained Member of the CSR Committee and Stakeholders Relationship Committee.

5. Dr. Kumar Vinay Pratap was appointed as part-time Government Director vide Ministry of Railways Order No.2009/PL/47/2 dated 23<sup>rd</sup> April, 2018. Dr. Kumar Vinay Pratap, Joint Secretary (IPF), Department of Economic Affairs, Ministry of Finance was a Director in ONGC Videsh Limited (OVL), India

Infrastructure Finance Company Limited (IIFCL) and Indian Railway Stations Development Corporation Limited.

Dr. Kumar Vinay Pratap was a member of Nomination & Remuneration Committee in IRFC.

6. Shri Kishor J. Devani was appointed as Part-time Non-official Director vide MoR Order No.2003/PL/60/1(pt.) dated 1<sup>st</sup> April, 2016. Subsequently, he was reappointed vide MoR Order No. 2009/PL/48/1 (Pt.3) dated 11<sup>th</sup> July,2019.

Shri Kishor J. Devani was a member of the Audit Committee, CSR Committee and Nomination & Remuneration Committee of the Company.

7. Smt. Aditi Sengupta Ray appointed as Part-time Non-official Director vide MoR Order No.2003/PI/60/1(pt) dated 19<sup>th</sup> September.2017.

Smt. Aditi Sengupta Ray is a Member of the Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of the Company.

8. Shri. Chetan Venugopal appointed as Part- Time Non-official Director vide MoR Order No.2003/PL/60/1(pt) dated 8<sup>th</sup> March,2018. He was a Director in Ikshu Technologies Bangalore Private Limited, Pierian Digital Private Limited, Flat World Interactive Services Private Limited, E Analytics Partners (India) Private Limited and Pierian Services Private Limited.

Shri. Chetan Venugopal is a Member of the Audit Committee, CSR Committee and Stakeholders Relationship Committee of the Company.

9. Shri Ashok Kumar Singhal appointed as Part- Time Non-official Director vide MOR Order No. 2008/PL/48/1 (Pt.) dated 20<sup>th</sup> July,2018.

Shri. Ashok Kumar Singhal is a Member of the Audit Committee, CSR Committee and Nomination & Remuneration Committee of the Company.

### Remuneration paid to Managing Director and Director Finance

Remuneration was paid by the Company during 2019-20 to its Functional Directors as follows:- (Rs. In Lakhs)

Name of the Director	Salary & Allowances	Perquisites & Benefits	Contribution to PF	Total
*Shri Vijay Kumar Managing Director From 26.07.2018 to 11.10.2019	Nil	Nil	Nil	Nil
**Shri Amitabh Banerjee Chairman & Managing Director From 12.10.2019	24.64	0.59	1.78	27.01
Shri Niraj Kumar, Director Finance	106.17	1.70	3.33	111.20

\* Shri Vijay Kumar, IRAS, Additional Member (Budget) was entrusted the additional charge of the post of Managing Director / IRFC

\*\* \*Took over the charge of Chairman & Managing Director on the IRFC Board on 21<sup>st</sup> May, 2020 via MOR order No.2018/PL/47/2 dated 21.05.2020.

The Directors are neither related to each other, nor have pecuniary relationship with the Company.

A Sitting Fee of Rs. 30,000/- per Meeting is paid to Independent Director(s) for attending Board meetings and Rs. 20,000/- per 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. Minutes of the Meetings of the Committee(s) constituted by the Board are also placed in their next Meeting (of the Board) for their information and noting.

### **Audit Committee**

In accordance with provisions of Section 177 of the Companies Act, 2013 read with the Government Guidelines, the Company has an Audit Committee. At the end of financial year, the Audit Committee comprises of Shri Kishor J. Devani, Non-Official / Independent Director, Ms. Aditi Sengupta Ray Non-Official / Independent Director, Shri Ashok Kumar Singhal, Non-Official / Independent Director, Shri Chetan Venugopal, Non-Official / Independent Director and Managing Director of IRFC. Shri Kishor J Devani was the Chairman of the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

As on date of this report, the Committee comprises Shri Chetan Venugopal, Non-Official / Independent Director, Ms. Aditi Sengupta Ray Non-Official / Independent Director, Shri Ashok Kumar Singhal, Non-Official / Independent Director and Chairman & Managing Director. Shri Chetan Venugopal is the Chairman of the Audit Committee.

During the financial year 2019-20, Six Meetings of the Committee were held on 10<sup>th</sup> May, 2019, 5<sup>th</sup> September, 2019, 11<sup>th</sup> November, 2019, 26<sup>th</sup> November, 2019, 16<sup>th</sup> January, 2020 and 17<sup>th</sup> February, 2020. 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 Meetings attended
1.	Shri. Kishor J. Devani Non- Official / Independent Director	5	5
2.	Shri. Vijay Kumar Managing Director From 26.07.2018 to 11.10.2019	2	2
3	*Shri. Amitabh Banerjee Chairman & Managing Director From 12.10.2019	4	4
4	Smt. Aditi Sengupta Ray Non- Official / Independent Director	6	6
5	Shri Ashok Kumar Singhal Non-Official / Independent Director	6	3
6	Shri Chetan Venugopal Non-Official / Independent Director	5	5

\*\*Took over the charge of Chairman & Managing Director on the IRFC Board on 21<sup>st</sup> May, 2020 via MOR order No.2018/PL/47/2 dated 21.05.2020.

After adoption of the Government Guidelines read with the Companies Act, 2013, Terms of Reference of the Board Level Audit Committee specified by the Board are in conformity with the requirements of Section 177 of the Companies Act, 2013. The terms of reference are as follows: -

- I Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- II Taking on record the appointment of auditors of the company by the Comptroller and Auditor General of India



- III. Recommendation for remuneration and terms of appointment of auditors of our Company based on the order of Comptroller & Auditor General of India;
- IV. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- V. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report;
- VI. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- VII. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- VIII. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- IX. Approval or any subsequent modification of transactions of our Company with related parties;
- X. Scrutiny of inter-corporate loans and investments;
- XI. Valuation of undertakings or assets of our Company, wherever it is necessary;
- XII. Evaluation of internal financial controls and risk management systems;
- XIII. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- XIV. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- XV. Discussion with internal auditors of any significant findings and follow up there on;
- XVI. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- XVII. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- XVIII. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- XIX. To review the functioning of the whistle blower mechanism;
- XX. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- XXI. Review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
  - f. Statement of deviations:
- XXII. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1) of the SEBI Listing Regulations;
- XXIII. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32(7) of the SEBI Listing Regulations;
- XXIV. To review the follow up action on the audit observations of the C&AG audit;
- XXV. Recommend the appointment, removal and fixing of remuneration of Cost Auditors and Secretarial Auditors; and
- XXVI. Carrying out any other function as specified by the Board from time to time.

The powers of the Audit Committee shall include the following: -

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice; and
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.

## **Nomination & Remuneration Committee and Stakeholders' Relationship Committee**

As required in the Section 178(1) of the Companies Act, 2013, the Company is required to constitute Nomination & Remuneration Committee (the Committee) comprising three or more non-executive Directors out of which not less than half shall be independent directors. The Section further requires that Chairperson (of the Company) may be appointed as member of the Committee but shall not chair such Committee.

In compliance with the above, the Board of Directors have constituted a Nomination & Remuneration Committee of the Company. At the end of financial year, the Committee was chaired by Shri Ashok Kumar Singhal. Non- Official / Independent Director, Shri Kishor J. Devani, Non- Official / Independent Director, Smt. Aditi Sengupta Ray, Non - Official / Independent Director and Shri Kumar Vinay Pratap, part-time Government Director, are the other members.

As on date of this report, the Nomination & Remuneration Committee comprises Shri Ashok Kumar Singhal Non-Official / Independent Director, Ms. Aditi Sengupta Ray Non-Official / Independent Director and Shri Chetan Venugopal, Non-Official / Independent Director. Shri Ashok Kumar Singhal is the Chairman of the Nomination & Remuneration Committee.

During financial year 2019-20, Three Meetings of the Committee were held on 10<sup>th</sup> May, 2019, 26<sup>th</sup> September, 2019 and 11<sup>th</sup> November, 2019. Participation of the Members in these Meetings is outlined below :-

Sl. No.	Name of the Member of the Nomination & Remuneration Committee	Number of Meetings held during their tenure	Number of Meetings attended
1.	Shri. Kishor J. Devani Non- Official / Independent Director	2	2

2.	Smt. Aditi Sengupta Ray Non- Official / Independent Director	3	3
3.	Shri. Chetan Venugopal Non- Official / Independent Director	1	1
4.	Shri K. V. Pratap Government Director	3	1
5	Shri Ashok Kumar Singhal Non-Official / Independent Director	2	2

In line with Section 178(5) of the Companies Act, 2013, the Company has constituted Stakeholders Relationship Committee. As on end of the financial year, the Committee comprises Smt. Aditi Sengupta Ray, who is Chairperson of the Committee, Shri Chetan Venugopal, Managing Director / IRFC and Director Finance / IRFC are its Members.

As on the date of this report, the Committee comprises Smt. Aditi Sengupta Ray, who is Chairperson of the Committee, Shri Chetan Venugopal Non-Official / Independent Director, Chairman & Managing Director / IRFC and Director Finance / IRFC are its Members.

During financial year 2019-20, One Meeting of the Committee was held on 26<sup>th</sup> July, 2019. Participation of the Members is outlined below:-

Sl. No.	Name of the Member of the Stakeholders' Relationship Committee	Number of Meetings held during their tenure	Number of Meetings attended
1.	Shri Vijay Kumar Managing Director	1	1
2.	Smt. Aditi Sengupta Ray Non- Official / Independent Director	1	1
3.	Shri. Ashok Kumar Singhal Non- Official / Independent Director	1	1
4.	Shri Niraj Kumar Director Finance	1	1

## CSR Committee

In accordance with provisions of Section 135 of the Companies Act, 2013, read with the Government Guidelines, the Company has CSR Committee. At the end of the financial year, the CSR Committee comprises five members –

Shri Chetan Venugopal, Non-Official / Independent Director is the Chairman of the CSR Committee, Shri Kishor J. Devani, Non-Official / Independent Director, Shri Ashok Kumar Singhal, Non- Official / Independent Director, Chairman & Managing Director and Director Finance are the other members of the Committee. Company Secretary acts as Secretary to the CSR Committee.

As on date of this report, Shri Chetan Venugopal, Non-Official / Independent Director is the Chairman of the CSR Committee, Shri Ashok Kumar Singhal Non-Official / Independent Director, Chairman & Managing Director and Director Finance are the other members of the Committee.

During the financial year 2019-20, Six Meetings of the Committee were held on 10<sup>th</sup> May, 2019, 26<sup>th</sup> July, 2019, 4<sup>th</sup> September, 2019, 11<sup>th</sup> November, 2019, 17<sup>th</sup> February, 2020 and 25<sup>th</sup> March, 2020. Participation of the Members in these Meetings is outlined below: -

Sl. No.	Name of the Member of the CSR Committee	Number of Meetings held during their tenure	Number of Meetings attended
1	Shri. Kishor J. Devani Non- Official / Independent Director	4	4
2	Shri. Vijay Kumar Managing Director From 26.07.2018 to 11.10.2019	3	3
3	*Shri Amitabh Banerjee Chairman & Managing Director From 12.10.2019	3	3

4	Shri Niraj Kumar, Director Finance	6	6
5	Shri. Chetan Venugopal Non- Official / Independent Director	6	6
6	Shri Ashok Kumar Singhal Non- Official / Independent Director	4	2

\*Took over the charge of Chairman & Managing Director on the IRFC Board on 21<sup>st</sup> May, 2020 via MOR order No.2018/PL/47/2 dated 21.05.2020.

**Meeting of Independent Directors** One meeting of Independent Directors was held during the year on 5<sup>th</sup> September, 2019.

#### **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 remained static at 0.13% of the turnover. Last year, the figure was 0.10%.

Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2019-20.

### **Means of Communication**

During 2019-20, Unaudited Half-yearly Financial Results for the half year periods ended 30<sup>th</sup> September, 2019 and 31<sup>st</sup> March, 2020 were subject to limited review by Auditors of the Company, and published in selected national newspapers of repute both in English and Hindi (H1 Financial Results for the period ending 30<sup>th</sup> September, 2019) besides being submitted to the National Stock Exchange and BSE Limited. Besides, the aforesaid Unaudited Half-yearly results as also Unaudited Quarterly results were, hosted on the website of the Company.

Information Memorandum in respect of issuance of the bonds of the Company has been hosted on the website of National Stock Exchange and BSE Limited. Annual Accounts of the Company for the last 10 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 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 have 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), KFin Technologies' 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 31.03.2020, there were no complaints from investors pending for more than 12 days. Registrars have also confirmed that all investor grievances were redressed within 12 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 Amitabh Banerjee, Chairman & Managing Director (CEO) and Ms Shelly Verma, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on\_ 29<sup>th</sup> September, 2020. 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: -

<b>AGM No.</b>	<b>AGM Date</b>	<b>Location</b>	<b>Time</b>
32	26 <sup>th</sup> September, 2019	Committee Room (237), 2 <sup>nd</sup> Floor, Rail Bhawan, New Delhi.	5.30 P.M.
31	27 <sup>th</sup> September, 2018	Committee Room (237), 2 <sup>nd</sup> Floor, Rail Bhawan, New Delhi.	5.00 P.M.
30	12 <sup>th</sup> September, 2017	Committee Room (237), 2 <sup>nd</sup> Floor, Rail Bhawan, New Delhi.	4.00 P.M.

- Six Special Resolutions were passed in the 30<sup>th</sup> Annual General Meeting held on 12<sup>th</sup> September, 2017.
- Three Special Resolutions were passed in the 31<sup>st</sup> Annual General Meeting held on 27<sup>th</sup> September, 2018.
- Three Special Resolutions were passed in the 32<sup>nd</sup> Annual General Meeting held on 26<sup>th</sup> September, 2019.

### **General Shareholder Information**

#### **Annual General Meeting:**

Date : 30<sup>th</sup> September, 2020

Day : Wednesday

Time : 3.00 p.m.

#### **Financial Calendar**

Financial year of the Company spans the period 1<sup>st</sup> April to 31<sup>st</sup> March of the following year.

#### **Publication of Audited/Unaudited Financial Results**

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

<b>Half year ended 30.09.2019 (Audited)</b>	
Financial Express	13.11.2019
Jansatta (Hindi)	13.11.2019
<b>Half year ended 31.03.2020</b>	In view of the CoVID-19 pandemic, SEBI

<b>(Unaudited)</b>	had provided relaxation from publication of advertisements in the newspapers vide SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 <sup>th</sup> May, 2020 and accordingly results were hosted on the website of the Company and submitted to Stock Exchanges.
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### **Dematerialisation of Bonds**

All Bonds issued by the Company have been made available in dematerialized form. The same are listed with National Stock Exchange and Bombay Stock Exchange. However, some of the investors have exercised option to retain the Bonds in physical form. The Listing Fee for the year 2019-20 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 Co. Limited<br>Apeejay House<br>6 <sup>th</sup> Floor,<br>3, Dinshaw Wachh Road<br>Churchgate, Mumbai – 400 020 | For the Bonds issued under<br>81 <sup>st</sup> Series and onwards                         |
| 2. Indian Bank<br>254-260, Shanmugam Salai<br>Chennai – 600 014  | For the Bonds issued under<br>46 <sup>th</sup> “EE” Series to 80 <sup>th</sup> ‘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.

Company has appointed Shri. Vijay Shirode, Jt.GM (Law) & Company Secretary as the Compliance Officer of the Company.

## **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 LLP, New Delhi, which is also required as per Section 204 of the Companies Act, 2013.

The Report was taken on record by the Board of Directors in their Meeting held on 24<sup>th</sup> August, 2020.

## **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:* The Nomination & Remuneration Committee has since been constituted. Scope of work of the Committee is 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 5<sup>th</sup> June, 2015. The scope of work of the Nomination & Remuneration Committee is, 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). Since the Directors on the Board of IRFC are appointed by the Government, the Committee will have no role in search and selection of Non-executive and Independent 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), (iv) and (v) 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. D related to Evaluation of performance of Board of Directors, Committees thereof and of individual Directors.

*Rationale:* This clause is not applicable to IRFC as vide notification no. G.S.R. 463(E) dated 5<sup>th</sup> June, 2015 Section 178 (2) in respect of Evaluation of performance of Board of Directors, Committees thereof and of individual Directors shall not apply to Government Company.

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 & C related to role of Audit Committee in Appointment of the Auditors and Rotation of Audit Partners & Firms.

*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 24 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, economic 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: [www.irfc.nic.in](http://www.irfc.nic.in)

**2. The composition of CSR Committee**

IRFC's CSR Committee for deciding and implementing its CSR activities. Committee comprises Shri Chetan Venugopal, Non-Official / Independent Director is the Chairman of the CSR Committee, Shri Kishor J. Devani, Non-Official / Independent Director, Shri Ashok Kumar Singhal, Non- Official / Independent Director, Chairman & Managing Director and Director Finance are the other members of the Committee. Company Secretary acts as Secretary to the CSR Committee.

As on date of this report, Shri Chetan Venugopal, Non-Official / Independent Director is the Chairman of the CSR Committee, Shri Ashok Kumar Singhal Non-Official / Independent Director, Chairman & Managing Director and Director Finance are the other members of the Committee.

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. 2526.18 crore.

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

The Company was required to spend Rs. 50.52 crore but spent Rs. 34.10 crore towards CSR activities in financial year 2019-20.

**5. Details of CSR spent during the financial year**

(a) Total amount to be spent for the financial year 2019-20  
Rs. 50.52 crore

(b) Amount unspent, if any

Unspent amount Rs. 16.42 crore. Out of the total commitment made for a sum of Rs. 50.52 crore for 2019-20 against 3 projects (list enclosed), a sum of Rs. 34.10 crore was actually disbursed till 31<sup>st</sup> March 2020. The balance amount though committed will actually be disbursed on receipt of claim / bills.

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

(Rs. in crore)

S.N.	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	Amount outlay (budget) project or program s wise	Amount spent on the projects or progra ms: Direct expendi	Cumulative expenditur e up to the reporting period (excluding previous years expenditur	Amount spent: Direct (D) or through implem enting agency (IA)



			programs was undertaken		ture on projects	e)	
1	2	3	4	5	6	7	8
1	100 corrective cleft surgeries	Preventive Healthcare	PAN India	0.45	0.045	0.045	IA
2	Public Toilets to be constructed in circulating areas of Railway stations	Environ- ment Sustaina- bility	PAN India	16.01	----	----	IA
3	Contribution to PM Cares Fund	Preventive health care	PAN India	34.06	34.06	34.06	D
	<b>Total: -</b>			50.52	34.10	34.10	

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.**

Against the commitment of Rs. 50.52 crore the Company has disbursed Rs. 34.10 crore during the year. The balance amount will be disbursed on receipt of claim / bills.

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.

Sd/-  
Amitabh Banerjee  
Chairman & Managing Director

Sd/-  
Chetan Venugopal  
Chairman, CSR Committee

Date: 29<sup>th</sup> September, 2020

Place: New Delhi

## Secretarial Audit Report

[For the Financial Year ended on 31<sup>st</sup> March, 2020]

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by the **Indian Railway Finance Corporation Limited (CIN NO U65910DL1986GOI026363)** (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 **31<sup>st</sup> March 2020** 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 records maintained by the Company for the period ended on **31<sup>st</sup> March 2020** according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) 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 Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (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 India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - Only Debt Securities were listed on the Stock Exchanges, hence, no such transaction was held during the financial year and accordingly the Regulations were not applicable to the Company during the audit period.
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) 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; The Company was not engaged in the activities relating to Registrar to a Issue and was also not acting as Share Transfer Agent, Hence the aforesaid Regulations were not applicable to the Company during the audit period;
- (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; -
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Since the Equity Shares of the Company was not listed, the Regulations stated at (v) (d) to (h) above were not applicable on 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 the documents provided to us and Management Confirmation Certificate provided by the Management of the Company & other audit report and certificates given by other professionals, the company has complied with the following Acts / Laws applicable to the Company during the audit period:
- (a) Reserve Bank of India Act read with Non-Banking Financial Companies (Reserve Bank) Directions 2016 issued by Reserve Bank of India as amended till date;
  - (b) 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;
  - (c) Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs, Government of India;
  - (d) The Employees Provident Fund & Miscellaneous Provisions Act 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952;
  - (e) The Contract Labour (Regulations and Abolition) Act 1970;
  - (f) Maternity Benefit Act 1961;
  - (g) Minimum Wages Act, 1948;
  - (h) Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 and other Environment Laws;
  - (i) Indian Stamp Act 1899;
  - (j) 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) Rules 2013;
  - (k) Right to Information Act 2005.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii) Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 in respect of listing of bonds with BSE Ltd and National Stock Exchange of India Limited.

We have not examined the 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.

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the following observation:

- *Company was required but has not filed E-Form CHG-1 for registration of the Charge till date according to Section 77 of the Companies Act, 2013 in respect of Creation of Charge in favour of Government of India Ministry of Finance dated 7<sup>th</sup> December, 2018 for availing facilities to the tune of Rs.7,500 Crore till 31<sup>st</sup> March 2020 but has subsequently filed and approved by MCA on 06<sup>th</sup> August 2020.*
- *Filing of quarterly returns viz. NBFC-ND-SI, ALM Returns for the financial year 2019-20 with Reserve Bank of India in compliance of Non-Banking Financial Companies (Reserve Bank) Directions 2016 with the RBI Portal (COSMOS) have been delayed.*

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.
- 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, if any, are captured and recorded as part of the minutes.
- 4) a. 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 various private placement of Secured, Redeemable, Non-Convertible, Taxable Bonds & Capital Gain Bonds in the nature of Debentures and has duly complied with the applicable provisions of the laws, rules and guidelines.  
b. Company has allotted 250,00,00,000 shares of face value of Rs. 10/- each to the President of India, the existing holder of the entire paid-up capital of the Company at Share Allotment Committee of Board of Directors held on 30<sup>th</sup> March, 2020. All the applicable compliances of the Companies Act, 2013 relating to allotment of shares duly complied by the Company.

- 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.

**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 / Preferential Issue of Shares / Sweat Equity except as stated above in point No. 4(b);
- b) Buy-back of Securities;
- c) Merger / Amalgamation / Reconstruction etc. and
- d) Foreign Technical Collaborations.

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

**CS Navneet Arora  
Managing Partner  
CS: 3214, COP: 3005  
UDIN: F003214B000610073  
Place: New Delhi  
Date: 24<sup>th</sup> August, 2020**

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

To,  
The Members,  
**Indian Railway Financial Corporation Limited**  
Regd. Office: UG Floor, East Tower,  
NBCC Place, Bhisham 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 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 for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Where ever 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 LLP**  
**Company Secretaries**

**CS Navneet Arora**  
**Managing Partner**  
**FCS: 3214, COP: 3005**  
**UDIN: F003214B000610073**  
**Place: New Delhi**  
**Date: 24<sup>th</sup> August, 2020**

**Annexure IV**

S P M G & Co.  
Chartered Accountants

3322A II Floor, Karol Bagh,  
NEW DELHI - 110 005  
PHONE : 28728769, 28727385  
Website - www.spmg.in

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

To,  
The Members of Indian Railway Finance Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2020.

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 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.

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 S P M G & Co.  
Chartered Accountants  
FRN-509249C

CA Sharad Poddar  
(Partner)  
Membership No. 087853  
UDIN:20087853AAAAAV8198  
Date: 28<sup>th</sup> August, 2020  
Place: Delhi



**ANNEXURE - V**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 2019-20**

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

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**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN – U65910DL1986GOI026363
- 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(s) – 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 - Kfin Technologies 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.	Lease Income	-	79.70
2	Interest Income	-	20.30

**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	938,04,58,800	1200	938,04,60,000	100	1188,04,60,000	-	1188,04,60,000	100	26.65
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	938,04,58,800	1,200	938,04,60,000	100	1188,04,60,000	-	1188,04,60,000	100	26.65
	-	-	-	-	-	-	-	-	-
<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>	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

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>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
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>	-	-	-	-	-	-	-	-	-

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	
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>	938,04,58,800	1,200	938,04,60,000	100	1188,04,60,000	--	1188,04,60,000	100	26.65

### ii) Shareholding of Promoters

S.N.	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	938,04,60,000	100	-	1188,04,60,000	100	-	26.65
	Total	938,04,60,000	100	-	1188,04,60,000	100	-	26.65

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

S.N.	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
	At the beginning of the year	938,04,60,000	100	1188,04,60,000	100
	Date wise increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/	250,00,00,000 Equity Shares of face value of Rs.10/- each were issued on 25.03.2020 to the President of India (Ministry of Railways), the			

	bonus/ sweat equity etc.	sole holder of entire existing Paid-up Share Capital of the Company			
	At the end of the year	1188,04,60,000	100	1188,04,60,000	100

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

S.N.	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:**

S.N.	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

Rs. in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	1,42,82,217.48	31,11,049.99	-	<b>1,73,93,267.47</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest Accrued but not due	3,88,261.19	3,40,919.16	-	<b>7,29,180.35</b>
<b>Total (i+ii+iii)</b>	<b>1,46,70,478.67</b>	<b>34,51,969.15</b>	-	<b>1,81,22,447.82</b>
<b>Changes in Indebtedness during the financial year</b>				
Addition	50,11,869.41	22,09,330.94		<b>72,21,200.35</b>
Reduction	3,93,663.27	5,07,404.88		<b>9,01,068.15</b>
Net Change	<b>46,18,206.14</b>	<b>17,01,926.06</b>		<b>63,20,132.20</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	18293039.4	5144632.7		<b>23437672.10</b>
ii) Interest due but not paid				
iii) Interest Accrued but not due	995645.41	9262.51		<b>1004907.92</b>
<b>Total (i+ii+iii)</b>	<b>19288684.81</b>	<b>5153895.21</b>		<b>24442580.02</b>

## 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 Vijay Kumar From 26.07.2018 till 11.10.2019	Shri Amitabh Banerjee From 12.10.2019	Shri Niraj Kumar, Director Finance	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	24.63	106.16	130.79
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.59	1.69	2.28
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
s					
2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- As % of profit	-	-	-	-
	- Other, specify	-	-	-	-
5.	Other, please specify	-	-	-	-
	<b>Total (A)</b>	<b>Nil</b>	<b>25.22</b>	<b>107.85</b>	<b>133.07</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:

(Rs. in lakh)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
	Independent Directors	Shri Kishore J. Devani	Smt. Aditi Sengupta Ray	Shri Chetan Venugopal	Shri Ashok Kumar Singhal	
	<ul style="list-style-type: none"> <li>• Fee for attending Board Committee Meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	4.80	4.90	5.30	3.60	18.60
	Total (1)	4.80	4.90	5.30	3.60	18.60
	Other Non-Executive Directors	Dr. Kumar Vinay Pratap	Mrs Manjula Rangarajan			
	<ul style="list-style-type: none"> <li>• Fee for attending Board Committee Meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	4.80	4.90	5.30	3.60	18.60
	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
		Shri Vijay Babulal Shirode Deputy General Manager (Law) & Company Secretary (Rs. in lakh)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.87
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.82
	(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	
	<b>Total</b>	<b>25.69</b>



**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					

**Code of Business Conduct-Declaration by the Chairman & 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 2019-2020.

Sd/-  
(Amitabh Banerjee)  
Chairman & Managing Director

Place: New Delhi

Date: 29<sup>th</sup> September, 2020

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

In relation to the audited financial accounts of the Company as at 31<sup>st</sup> March, 2020, 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 with existing accounting standards, applicable laws and regulations.
  
- b) There are to the best of our Knowledge and belief, no transaction entered into by the company during the year which are fraudulent or illegal or violative of the Company's code of conduct.
  
- 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 such internal controls, if any, 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 Audit Committee :
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) That the Company has adopted Indian Accounting Standards (Ind AS) from FY 2018-19 and hence Significant Accounting policies have been re-drafted in accordance with requirements of Ind AS; and
  - iii) That 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.

Sd/-  
(Shelly Verma)  
Director Finance – CFO

Sd/-  
(Amitabh Banerjee)  
Chairman & Managing Director - CEO

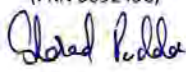
Place: New Delhi

Dated: 29<sup>th</sup> September, 2020

Particulars	Notes	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3	13.80	37.07	11.28
Bank balance other than above	4	993.83	773.59	986.92
Derivative financial instruments	5	-	466.90	968.47
Receivables	6			
- Lease receivables		14,85,798.00	12,50,265.12	10,94,716.56
Loans	7	64,233.71	58,954.87	52,379.55
Investments	8	115.12	131.45	139.78
Other financial assets	9	11,87,487.29	7,40,307.26	4,51,076.00
<b>Total financial assets</b>		<b>27,38,641.75</b>	<b>20,50,936.26</b>	<b>16,00,278.56</b>
<b>Non-financial assets</b>				
Current tax assets (net)	10	5,864.06	-	258.44
Property, plant and equipment	11	110.04	112.25	112.69
Other Intangible assets	12	0.43	0.50	0.27
Other non-financial assets	13	14,725.41	14,987.09	14,033.30
<b>Total non-financial assets</b>		<b>20,699.94</b>	<b>15,099.84</b>	<b>14,404.70</b>
<b>Total Assets</b>		<b>27,59,341.69</b>	<b>20,66,036.10</b>	<b>16,14,683.26</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
Derivative financial instruments	5	4,065.15	3,105.95	7,495.79
Payables	14			
- Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
- Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		0.50	0.08	2.40
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		377.08	121.71	84.75
Debt securities	15	15,52,904.56	12,35,978.99	11,08,442.46
Borrowings (other than debt securities)	16	7,90,862.65	5,03,347.76	2,31,612.82
Other financial liabilities	17	1,01,047.19	72,999.28	56,625.68
<b>Total financial liabilities</b>		<b>24,49,257.13</b>	<b>18,15,553.77</b>	<b>14,04,263.90</b>
<b>Non-financial liabilities</b>				
Current tax liabilities (net)	10	-	29.69	-
Provisions	18	138.03	117.96	108.37
Deferred tax liabilities (net)	19	-	-	-
Other non-financial liabilities	20	322.19	48.15	6,592.73
<b>Total non-financial liabilities</b>		<b>460.22</b>	<b>195.80</b>	<b>6,701.10</b>
<b>Total liabilities</b>		<b>24,49,717.35</b>	<b>18,15,749.57</b>	<b>14,10,965.00</b>
<b>EQUITY</b>				
Equity share capital	21	1,18,804.60	93,804.60	65,264.60
Other equity	22	1,90,819.74	1,56,481.93	1,38,453.66
<b>Total equity</b>		<b>3,09,624.34</b>	<b>2,50,286.53</b>	<b>2,03,718.26</b>
<b>Total Liabilities and Equity</b>		<b>27,59,341.69</b>	<b>20,66,036.10</b>	<b>16,14,683.26</b>

The accompanying statement of significant accounting policies and notes to the financial information are an integral part of this Balance Sheet.

For SPMG & Co.  
Chartered Accountants  
(FRN 509249C)

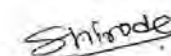
  
(Sharad Poddar)  
(Partner)



M.No. 087853

Place: New Delhi  
Date: 28<sup>th</sup> August 2020

For and on behalf of the Board of Directors  
Indian Railway Finance Corporation Limited

  
(Vijay Babulal Shirode)  
Company Secretary  
& JGM (Law)

   
(Anand Prakash) (Amitabh Banerjee)  
Director Chairman &  
Managing Director

DIN: 08805417

DIN: 03315975

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Revenue from operations</b>			
Interest income	23	28,079.35	17,230.71
Dividend income		5.92	5.14
Lease income	24	1,10,299.37	94,100.09
<b>Total revenue from operations</b>		<b>1,38,384.64</b>	<b>1,11,335.94</b>
Other income	25	0.73	0.01
<b>Total income</b>		<b>1,38,385.37</b>	<b>1,11,335.95</b>
<b>Expenses</b>			
Finance costs	26	1,00,797.81	81,830.60
Impairment on financial instruments	27	21.41	275.44
Employee benefit expense	28	62.65	62.51
Depreciation, amortization and impairment	29	4.58	4.18
Other expenses	30	574.68	147.37
<b>Total expenses</b>		<b>1,01,461.13</b>	<b>82,320.10</b>
<b>Profit before exceptional items and tax</b>		<b>36,924.24</b>	<b>29,015.85</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>36,924.24</b>	<b>29,015.85</b>
Tax expense	31		
Current tax		-	6,469.24
Deferred tax		-	-
Adjustment for earlier years		-	(0.88)
<b>Total Tax Expenses</b>		<b>-</b>	<b>6,468.36</b>
<b>Profit for the period from continuing operations</b>		<b>36,924.24</b>	<b>22,547.49</b>
Profit from discontinued operations		-	-
Tax expense of discontinued operations		-	-
Profit from discontinued operations (after tax)		-	-
<b>Profit for the period</b>		<b>36,924.24</b>	<b>22,547.49</b>
<b>Other comprehensive income</b>			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(0.35)	(2.71)
- Remeasurement of Equity Instrument		(5.17)	3.79
(ii) Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		-	0.58
- Remeasurement of Equity Instrument		-	-
<b>Subtotal (A)</b>		<b>(5.52)</b>	<b>1.66</b>
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income (A + B)</b>		<b>(5.52)</b>	<b>1.66</b>
<b>Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)</b>		<b>36,918.72</b>	<b>22,549.15</b>
<b>Earnings per equity share (for continuing operations)</b>	32		
Basic (Rs.)		3.93	3.43
Diluted (Rs.)		3.93	3.43
<b>Earnings per equity share (for discontinued operations)</b>			
Basic (Rs.)		-	-
Diluted (Rs.)		-	-
<b>Earnings per equity share (for continuing and discontinued operations)</b>	32		
Basic (Rs.)		3.93	3.43
Diluted (Rs.)		3.93	3.43

The accompanying statement of significant accounting policies and notes to the financial information are an integral part of this statement of Profit and Loss.

For SPMG & Co.  
Chartered Accountants  
(FRN- 509249C)

*Sharad Poddar*

(Sharad Poddar)  
(Partner)



M.No. 087853

Place: New Delhi  
Date: 28<sup>th</sup> August 2020

For and on behalf of the Board of Directors  
Indian Railway Finance Corporation Limited

*Shirode*  
(Vijay Babulal Shirode)  
Company Secretary  
& JGM (Law)

*Anand Prakash*  
(Anand Prakash)  
Director

DIN: 08805417

*Amitabh Banerjee*  
(Amitabh Banerjee)  
Chairman & Managing  
Director

DIN: 03315975



Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	36,924.24	29,015.85
<u>Adjustments for:</u>		
Remeasurement of defined benefit plans	(0.35)	(2.71)
Depreciation and amortisation	4.58	4.18
Provision of interest on income tax	20.91	19.66
Loss on sale of fixed assets	0.07	0.16
Profit on sale of fixed assets	-	(0.01)
Discount of commercial paper	1,358.05	1,237.25
Adjustments towards effective interest rate	(1,482.30)	169.04
Dividend income received	(5.92)	(5.14)
Share Issue Expenses	(169.80)	-
<b>Operating profit before working capital changes</b>	<b>36,649.48</b>	<b>30,438.28</b>
<b>Movements in working capital:</b>		
Increase/(decrease) in payables	255.79	34.64
Increase/(decrease) in provisions	(0.84)	2.75
Increase/(decrease) in others non financial liabilities	274.04	(6,544.58)
Increase/(decrease) in other financial liabilities	28,047.91	16,373.60
Decrease/(increase) in receivables	(2,35,532.88)	(1,55,548.55)
Decrease/(increase) in loans and advances	(5,278.84)	(6,575.32)
Decrease/(increase) in bank balance other than cash and cash equivalents	(220.24)	213.32
Decrease/(increase) in other non financial assets	261.68	(953.79)
Decrease/(increase) in other financial assets	(4,45,738.21)	(2,88,729.70)
<b>Cash generated from operations</b>	<b>(6,21,282.11)</b>	<b>(4,11,289.35)</b>
Less: Direct taxes paid (net of refunds)	5,893.75	6,192.53
<b>Net cash flow/(used) in operating activities (A)</b>	<b>(6,27,175.86)</b>	<b>(4,17,481.88)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property plant & equipment and intangible assets	(2.41)	(4.22)
Proceeds from sale of property plant & equipment	0.05	0.10
Proceeds from realization of pass through certificates / sale of investments	11.16	12.12
Dividend income received	5.92	5.14
<b>Net cash flow/(used) in investing activities (B)</b>	<b>14.72</b>	<b>13.14</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity share capital	25,000.00	28,540.00
Issue of Debt Securities (Net of redemptions)	3,08,125.43	1,04,655.95
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	2,89,007.28	2,70,172.83
Issue of commercial paper (net of repayments)	7,416.27	18,646.63
Final dividend paid	(2,000.00)	(3,750.00)
Dividend tax paid	(411.11)	(770.88)
<b>Net cash generated by/(used in) financing activities (C)</b>	<b>6,27,137.87</b>	<b>4,17,494.53</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(23.27)</b>	<b>25.79</b>
Cash and cash equivalents at the beginning of the period	37.07	11.28
<b>Cash and cash equivalents at the end of the period</b>	<b>13.80</b>	<b>37.07</b>

The accompanying statement of significant accounting policies and notes to the financial information are an integral part of this statement.

For SPMG & Co.

Chartered Accountants

(Firm Registration No. 509249C)

*Sharad Poddar*

(Sharad Poddar)  
(Partner)

M.No. 087853



For and on behalf of the Board of Directors

Indian Railway Finance Corporation Limited

*Vijay Babul Shirode*

(Vijay Babul Shirode)  
Company Secretary  
& JGM (Law)

*Anand Prakash*  
(Anand Prakash)  
Director

DIN: 08805417

*Amitabh Banerjee*  
(Amitabh Banerjee)  
Chairman & Managing  
Director

DIN: 03315975

Place: New Delhi

Date: 28<sup>th</sup> August 2020

**Indian Railway Finance Corporation Limited**

CIN U65910DL1986GOI026363

**Statement of changes in equity for the year ended 31 March 2020**

(All amounts in millions of INR, unless stated otherwise)

**A. Equity share capital**

Particulars	Notes	Amount
Balance as at 1 April 2018	21	65,264.60
Changes in equity share capital during the period		28,540.00
Balance as at 31 March 2019	21	93,804.60
Balance as at 1 April 2019		93,804.60
Changes in equity share capital during the period		25,000.00
Balance as at 31 March 2020	21	1,18,804.60

**For SPMG & Co.**

Chartered Accountants

(FRN 509249C)

(Sharad Poddar)

(Partner)

M.No. 087853

Place: New Delhi

Date: 28<sup>th</sup> August 2020



For and on behalf of the Board of Directors  
Indian Railway Finance Corporation Limited

(Vijay Babulal Shirode)

Company Secretary

& JGM (Law)

(Anand Prakash)

Director

Director

DIN: 08805417

(Amitabh Banerjee)

Chairman & Managing

Director

DIN: 03315975



Indian Railway Finance Corporation Limited  
CIN U65910DL1986GOI026363  
Statement of changes in equity for the year ended 31 March 2020  
(All amounts in millions of INR, unless stated otherwise)

B. Other equity

Particulars	Reserve and surplus				Equity instruments through other comprehensive income		Total other equity
	Share issue expenses**	General Reserve	Bond redemption reserve*	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Retained Earnings		
Balance as at 1 April 2018	-	17,397.90	52,947.49	-	3,612.58	64.29	74,022.26
Add: Deferred tax liability being change in accounting policy	-	-	-	-	64,431.40	-	64,431.40
Restated balance as at 01 April 2018	-	17,397.90	52,947.49	-	68,043.98	64.29	1,38,453.66
Total comprehensive income for the period	-	-	-	-	22,545.36	3.79	22,549.15
Transfer to bond redemption reserve	-	-	4,198.10	-	(4,198.10)	-	-
Transfer to general reserve	-	12,929.46	-	-	(12,929.46)	-	-
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	4,509.50	(4,509.50)	-	-
Dividend	-	-	-	-	(3,750.00)	-	(3,750.00)
Dividend tax	-	-	-	-	(770.88)	-	(770.88)
Balance as at 31 March 2019	-	30,327.36	57,145.59	4,509.50	64,431.40	68.08	1,56,481.93
Balance as at 1 April 2019	-	30,327.36	57,145.59	4,509.50	64,431.40	68.08	1,56,481.93
Total comprehensive income for the period	-	-	-	-	36,923.89	(5.17)	36,918.72
Addition during the period	(169.80)	-	-	-	-	-	(169.80)
Transfer to bond redemption reserve	-	-	-	-	57,145.59	-	57,145.59
Transfer to general reserve	-	1,43,704.92	(57,145.59)	-	(1,43,704.92)	-	(57,145.59)
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	7,384.85	(7,384.85)	-	-
Dividend	-	-	-	-	(2,000.00)	-	(2,000.00)
Dividend tax	-	-	-	-	(411.11)	-	(411.11)
Balance as at 31 March 2020	(169.80)	1,74,032.28	-	11,894.35	5,000.00	62.91	1,90,819.74

\* Refer Note 22.2

\*\* Share issue expenses includes stamp duty fees and listing fees for the amount of Rs.118.80 millions and 51.00 millions respectively.

The accompanying statement of significant accounting policies and notes to the financial information in are an integral part of this statement.

For SPMG & Co.  
Chartered Accountants  
(FRN 509249C)

*Sharad Poddar*  
(Sharad Poddar)  
(Partner)

M.No. 087853

Place: New Delhi  
Date: 28<sup>th</sup> August 2020

For and on behalf of the Board of Directors  
Indian Railway Finance Corporation Limited

*Shirode*  
(Vijay Babul Shirode)  
Company Secretary  
& JGM (Law)

*Am*  
(Anand Prakash)  
Director

*Amitabh Barjatke*  
(Amitabh Barjatke)  
Chairman & Managing  
Director  
DIN: 03315975





# IRFC SIGNIFICANT ACCOUNTING POLICIES

Indian Railway Finance Corporation Limited

CIN U65910DL1986GOI026363

Statement of significant accounting policies

## 1. Background

Indian Railway Finance Corporation Ltd., referred to as “the Company” or “IRFC” 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 Company’s principal business is to borrow funds from the financial markets to finance the acquisition / creation of assets which are then leased out to the Indian Railways as finance lease. IRFC is a Schedule ‘A’ Public Sector Enterprise under the administrative control of the Ministry of Railways, Govt. of India. It is also registered as Systemically Important Non-Deposit taking Non Banking Financial Company (NBFC – ND-SI) and Infrastructure Finance Company (NBFC- IFC) with Reserve Bank of India (RBI). The President of India along with his nominees holds 100% of the equity share capital.

The registered address and principal place of business of the Company is Upper Ground Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi - 110003.

## 2. Significant Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

### 2.1 Statement of Compliance

The financial statements have been prepared on going concern basis following accrual system of accounting in accordance with the Indian Accounting Standards (‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules 2015 and subsequent amendments thereto, read with Section 133 of the Companies Act, 2013 and other Accounting principles generally accepted in India.

### 2.2 Basis for preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Unless otherwise stated, all amounts are stated in Millions of Rupees.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.



## IRFC SIGNIFICANT ACCOUNTING POLICIES

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such basis except for, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs for the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 -Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 -Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3- inputs are unobservable inputs for the asset or liability.

### 2.3 Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as under:

#### a) Formulation of accounting policies

The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

#### b) Post-employment benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.





## IRFC SIGNIFICANT ACCOUNTING POLICIES

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### c) Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

### d) Income taxes

Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

## 2.4 Revenue

Company's revenues arise from lease income, interest on lease advance, loans, deposits and investments. Revenue from other income comprise dividend from investment in equity shares and other miscellaneous income etc.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Finance lease income in respect of finance leases is allocated to the accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. (Also see accounting policy on leases at 2.14).

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pre-commencement lease-interest income is determined based on the MOU entered with Ministry of Railways and when it is probable that the economic benefits will flow to the Company and the amount can be determined reliably.

Dividend income is recognized in profit or loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

## 2.5 Foreign Currency Transaction

### Functional and presentation currency

Items included in the financial statements of entity are measured using currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is entity's functional and presentation currency.

### Transactions and Balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.



## IRFC SIGNIFICANT ACCOUNTING POLICIES

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Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

### 2.6 Employee Benefits

#### *Defined contribution plan*

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government/Company administrated Trust. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution.

#### *Defined benefit plan*

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. Gratuity is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of the plan is the present value of the defined benefit obligation net of fair value of plan assets at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of Other Comprehensive Income in the period in which such gains or losses are determined.

#### *Other long-term employee benefits*

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.





## IRFC SIGNIFICANT ACCOUNTING POLICIES

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### *Short-term employee benefits*

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

### **2.7 Taxation**

Tax expense comprises Current Tax and Deferred Tax.

#### **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

The Company is exercising the irrevocable option as permitted by section 115BAA of the Income – tax Act, 1961 whereby by foregoing certain exemptions, deductions and allowances, the tax rate applicable to the Company is lower than the normal tax rate that would have been otherwise applicable to the Company. Henceforth, minimum alternate tax provisions of section 115JB of the Income – tax Act, 1961 are not applicable to the Company.

#### **Deferred Tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### ***Till 31.3.2017***

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income or equity, in which case it is recognized in Other Comprehensive Income or equity.



## IRFC SIGNIFICANT ACCOUNTING POLICIES

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### **After 31.3.2017**

The Company does not recognize deferred tax asset or deferred tax liability because as per Gazette Notification no. S.O. 529(E) dated 5<sup>th</sup> February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India, the provision of Indian Accounting Standards 12 relating to Deferred Tax Assets (DTA) or Deferred Tax Liability (DTL) does not apply to the Company w.e.f. 1 April 2017.

### **Change in accounting policy / retrospective application**

As stated above, the Company has not recognized any deferred tax asset or liability for the accounting period commencing on or after 1<sup>st</sup> April 2017 as per Gazette Notification no. S.O. 529(E) dated 5<sup>th</sup> February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India. However, deferred tax liability of Rs. 64,431.40 Million recognized till 31<sup>st</sup> March 2017 was not reversed and was presented under Non – Financial Liabilities in the Balance Sheet as advised by Ministry of Corporate Affairs, Government of India vide their communication no. Eoffice F.No.17/32/2017 – CL – V dated 26<sup>th</sup> November 2018. However, based on Company's request, the Ministry of Corporate Affairs, Government of India again examined the matter in consultation with Accounting Standards Board of the Institute of Chartered Accountants of India & National Financial Reporting Authority and vide their communication no. Eoffice F.No.17/32/2017 – CL – V dated 20<sup>th</sup> March 2020 advised the Company to apply paragraph 11 of Ind AS 01, First Time adoption of Ind AS read with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the Company has during the current financial year reversed the deferred tax liability of Rs. 64,431.40 million by crediting the retained earnings as at 1<sup>st</sup> April 2017 being the date of transition to Ind AS treating this as a change in accounting policy that results in the financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

This being retrospective application, therefore in accordance with paragraph 40A of Ind AS 1, Presentation of Financial Statements, the Company has presented a third balance sheet at the beginning of the preceding period.

Due to this retrospective application, in the Balance Sheet, the line item 'Deferred Tax Liability' under 'Non – Financial Liabilities' is now stated at Rs. Nil as against Rs. 64,431.40 million with a corresponding increase in 'Retained Earnings' under 'Other Equity' as at the end of the current period, comparative period & beginning of the comparative period, this retrospective applied being applied since 1<sup>st</sup> April 2017, the date of transition. There is no impact on earnings per share either of the current period or the comparative period.

The retrospective application has no impact in future periods.





## IRFC SIGNIFICANT ACCOUNTING POLICIES

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### 2.8 Property, Plant and Equipment (PPE)

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

#### *De-recognition*

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined by comparing the proceeds from disposal, if any, with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

#### *Depreciation*

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

### 2.9 Intangible assets

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.



## IRFC SIGNIFICANT ACCOUNTING POLICIES

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### ***De-recognition***

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains & losses on de-recognition of an item of intangible assets are determined by comparing the proceeds from disposal, if any, with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

### ***Amortization***

Software is amortized over 5 years on straight-line method.

### **2.10 Borrowing costs**

Borrowing costs consist of interest expense calculated using the effective interest method as described in Ind AS 109 'Financial Instruments' and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction/development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of all borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

All other borrowing costs are recognized as an expense in the year in which they are incurred.

### **2.11 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **2.12 Provisions, contingent liabilities and contingent assets**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material,





## IRFC SIGNIFICANT ACCOUNTING POLICIES

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provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

### 2.13 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").



## IRFC SIGNIFICANT ACCOUNTING POLICIES

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An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 2.14 Leases

Till 31<sup>st</sup> March 2019, the Company had adopted Ind AS 17, Leases. In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 notifying Ind AS 116, Leases and withdrawing Ind AS 17, Leases. Ind AS 116 is effective from accounting periods beginning from 1st April 2019.

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the erstwhile standard – i.e. lessors continue to classify leases as finance or operating leases. The Company has applied the transition provisions as mentioned in Appendix C to Ind AS 116. There is no financial impact on the Company on adoption of Ind AS 116.

At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessor

The Company classifies each of its leases as either an operating lease or a finance lease.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The depreciation policy for depreciable underlying assets subject to operating leases is consistent with the Company's normal depreciation policy for similar assets.

Contingent rents are recognised as revenue in the period in which they are earned.





## IRFC SIGNIFICANT ACCOUNTING POLICIES

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Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **Company as a lessee**

At the contract commencement date, the Company recognizes right – of – use asset and a lease liability. A right – of – use asset is an asset that represents a lessee's right to use an underlying asset for the lease term. The Company has elected not to apply the aforesaid requirements to short term leases (leases which at the commencement date has a lease term of 12 months or less) and leases for which the underlying asset is of low value as described in paragraphs B3 – B9 of Ind AS 116.

A right of use asset is initially measured at cost and subsequently applies the cost mode ie less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of lease liability. Ind AS 16, Property, Plant and Equipment is applied in depreciating the right – of – use asset.

A lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently, the carrying amount of the lease liability is increased to reflect interest on lease liability; reduced to reflect the lease payments; and remeasured to reflect any reassessment or lease modifications or to reflect revised in – substance fixed lease payments.

### **2.15 Securitisation of Finance Lease Receivable**

Lease Receivables securitised out to Special Purpose Vehicle in a securitisation transactions are de-recognised in the balance sheet when they are transferred and consideration has been received by the Company.

The resultant gain/loss arising on securitization is recognised in the Statement of Profit & Loss in the year in which transaction takes place.

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.

### **2.16 Leasing of Railway Infrastructure Assets**

In terms of Indian Accounting Standard 116, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease.



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The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.

As such, in respect of Railway Infrastructure Assets, which are under construction and where the Memorandum of Understanding / terms containing the principal provisions of the lease are in effect with the Lessee, pending execution of the lease agreement, the transactions relating to the lease are presented as 'Advances against Lease of Rly. Infrastructure Assets'

### 2.17 Dividends

Dividends and interim dividends payable to the Company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

### 2.18 Material Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

### 2.19 Earnings per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### 2.20 Statement of Cash Flows

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of cash flows'.

### 2.21 Operating Segments

The Managing Director (MD) of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments".

The Company has identified 'Leasing and Finance' as its sole reporting segment.





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### 2.22 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 2.22.1. Financial Assets

##### *Initial recognition and measurement*

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

##### *Subsequent measurement*

##### **Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

##### **Debt instrument at Fair value through Other Comprehensive Income (FVTOCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange



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gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss.

### **Debt instrument at Fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### **Equity investments**

All equity investments in entities other than subsidiaries and joint venture companies are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. The Company has decided to classify its investments into equity shares of IRCON International Limited through FVTOCI.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### ***De-recognition***

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.





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### *Impairment of financial assets*

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.
- (b) Financial assets that are debt instruments and are measured as at FVTOCI.
- (c) Lease receivables under Ind AS 116.
- (d) Loan commitments which are not measured as at FVTPL.
- (e) Financial guarantee contracts which are not measured as at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

### **2.22.2. Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at amortized cost**

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.



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### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

### ***De-recognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **Derivative financial instruments**

#### ***Initial recognition and subsequent measurement***

The Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks of foreign currency loans. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to statement of profit and loss. Where the derivative is designated as a hedging instrument, the accounting for subsequent changes in fair value depends on the nature of item being hedged and the type of hedge relationship designated. Where the difference is a pass through the lessee, the amount is received/reimbursed to the lessee.





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### 2.23 New amended standards:

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116, Leases and consequential amendments to various Ind AS standards. The amendments are effective from accounting periods beginning from 1st April 2019.

#### **Ind AS 116 Leases**

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company is a lessor wherein it has given assets on finance lease to Ministry of Railways. The lessor accounting under Ind AS 116 is similar to Ind AS 17. The Company has not taken any asset on operating lease. Introduction of Ind AS 116 has no impact on the Company with respect to recognition & measurement of finance lease except some additional disclosure requirements.

The Ministry of Corporate Affairs, Government of India in July 2020 vide Companies (Indian Accounting Standards) Rules 2020 inserted a practical expedient which permits lessees not to account for Covid – 19 related rent concessions as a lease modification. As the Company has not availed any Covid 19 related rent concessions, the practical expedient has no applicability on the Company's financial statements.

#### **Key Amendments to other Ind AS:**

##### **Ind AS 12, Income Taxes**

###### *Recognition of income tax consequences of dividends:*

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognized when a liability to pay dividend is recognized. The income tax consequences should be recognized in the statement of profit and loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized. The Company has no impact on application of this amendment on the Company's financial statements.

##### **Ind AS 19, Employee Benefits**

###### *Clarifies that when a plan amendment, curtailment or settlement occurs:*

The updated actuarial assumptions used in remeasuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the



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plan and is dealt with separately in Other Comprehensive Income. The Company has no impact on application of this amendment on the Company's financial statements.

### **Ind AS 109, Financial Instruments**

#### *Prepayment Features with Negative Compensation:*

It allows particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par-amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortized cost or at Fair Value through Other Comprehensive Income (FVOCI) (subject to the business model assessment). Before the amendments, these instruments were measured at Fair Value through Profit and Loss (FVTPL) because the solely payment of principal and interest (SPPI) criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so. The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination. The Company has no impact on application of this amendment on the Company's financial statements.

### **Ind AS 12, Income Tax**

#### *Uncertainty over Income Tax treatments:*

Appendix C in Ind AS 12 is effective from 1st April 2019 and it set out the principles on recognition and measurement principle when there is uncertainty over income tax treatments. An entity shall evaluate whether it is probable that the tax authority shall accept an uncertain tax treatment. If it is probable, the tax base shall be consistent with that of the items used in its income tax filings. If not probable, the Company shall reflect the effect of uncertainty by using either the most likely amount method or expected value method. If the uncertain tax treatment affects current and deferred tax, the entity shall make consistent judgement and estimates for current and deferred tax. The interpretation is effective for annual reporting periods beginning on or after 1st April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company has no impact on application of this amendment on the Company's financial statements.

### **Ind AS 23, Borrowing Costs**

#### *Computation of capitalization cost:*

The amendment clarifies that in computing the capitalization rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs related to specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity. The amendment is applicable to borrowing costs incurred on or after the beginning of the annual reporting period beginning on or after 1 April 2019. The Company has no impact on application of this amendment on the Company's financial statements.





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### **Ind AS 103, Business Combinations**

#### **Ind AS 111, Joint Arrangements**

##### *Remeasurement of previously held interests:*

A new paragraph 42A to Ind AS 103 has been added to clarify that when an entity obtains control of a business that is a joint operation, then the acquirer would remeasure its previously held interest in that business. Such a transaction would be considered as a business combination achieved in stages and accounted for on that basis. Further, paragraph B33CA has been added to Ind AS 111 to clarify that if a party that participates in a joint operation, but does not have joint control, obtains joint control over the joint operation (which constitutes a business as defined in Ind AS 103), it would not be required to remeasure its previously held interests in the joint operation. The amendment points out that although such a transaction changed the nature of the entity's interest in the joint operation, it did not result in a change in the group boundaries. Consequently, no remeasurement of previously held interests would be required. These amendments are applicable prospectively for business acquisitions (in case of Ind AS 103) or transactions where joint control is obtained (in case of Ind AS 111) where the date of the transaction is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019. Presently the provisions of Ind AS 103 and Ind AS 111 are not applicable to the Company.

### **Ind AS 28, Investment in Associates and Joint Ventures**

#### *Long-term interests in associates and joint ventures :*

An entity's net investment in its associate or joint venture includes investment in ordinary shares, other interests that are accounted using the equity method, and other long-term interests, such as preference shares and long term receivables or loans, the settlement of which is neither planned, nor likely to occur in the foreseeable future. These long-term interests are not accounted for in accordance with Ind AS 28, instead, they are governed by the principles of Ind AS 109. As per para 10 of Ind AS 28, the carrying amount of an entity's investment in its associate and joint venture increases or decreases (as per equity method) to recognize the entity's share of profit or loss of its investee associate and joint venture. Paragraph 38 of Ind AS 28 further states that the losses that exceed the entity's investment in ordinary shares are applied to other components of the entity's interest in the associate or joint venture in the reverse order of their superiority. In this context, the amendments to Ind AS 28 clarify that the accounting for losses allocated to long-term interests would involve the dual application of Ind AS 28 and Ind AS 109. The annual sequence in which both standards are to be applied can be explained in a three step process:

##### *Step 1 : Apply Ind AS 109 independently:*

Apply Ind AS 109 (such as impairment, fair value adjustments, etc.) ignoring any adjustments to carrying amount of long-term interests under Ind AS 28 (such as allocation of losses, impairment

##### *Step 2 : True-up past allocations:*

If necessary, prior years' Ind AS 28 loss allocation is trueed up in the current year, because Ind AS 109 carrying value may have changed. This may involve recognizing more prior year's losses, reversing these losses or re-allocating them between different long-term interests.



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Step 3 : *Book current year equity share:*

Any current year Ind AS 28 losses are allocated to the extent that the remaining long-term interest years' losses and then allocations are made against long-term interests.

These amendments are applicable from 1 April 2019. Ministry of Corporate Affairs has provided certain transitional provision for Ind AS 28. Presently the provisions of Ind AS 28 are not applicable to the Company.

### 2.24 Standards issued but not yet effective :

In July 2020, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying certain amendments, as summarized below, to various Ind AS standards. The amendments are effective from accounting periods beginning from 1st April 2020 except for insertion of a Covid 19 related practical expedient to Ind AS 116, Leases (refer 2.23 above).

#### **Amendments to Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors**

Currently Ind AS 1 defines the term 'material, as under:

'Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of financial statements'.

The amendment refines the definition of 'material' which is now as follows:

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general – purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

Consequential amendments have been made to the following standards due to revised definition of material:

Ind AS	Title	Description
10	Events after the Reporting Period	Modification in paragraph 21 relating to disclosures of non – adjusting events after the reporting period.
34	Interim Financial Reporting	Modification of paragraph 24 whereby reference of definition of material as given in Ind AS 1 & Ind AS 8 has been removed.
37	Provisions, Contingent Liabilities and Contingent Assets	Modification in paragraph 75 relating to restructuring plan after the reporting period.

#### **Amendments to Ind AS 103, Business Combinations**

Currently Ind AS 103 defines business as 'an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants'.





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The amendment revises the definition as under:

'Business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities'.

The amendments also:

- Introduces an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is a business or asset acquisition;
- Provides additional guidance on how to assess whether an acquired process is substantive, if the acquired set of activities and assets does not have outputs and if it does have outputs.

### **Amendments to Ind AS 107, Financial Instruments : Disclosures**

#### **Amendments to Ind AS 109, Financial Instruments**

The amendment modifies Ind AS 109 with respect to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform with additional disclosure requirements under Ind AS 107.

The aforesaid amendments are effective from accounting periods beginning from 1st April 2020. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.



**Indian Railway Finance Corporation Limited**

CIN U65910DL1986GG01026363

**Notes to financial statements**

(All amounts in millions of INR, unless stated otherwise)

**Note 3: Cash and cash equivalents**

Particulars	As at	
	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	13.70	36.97
Balances in franking machine	-	-
Deposits with Reserve Bank of India		
- in public deposit account	0.10	0.10
<b>Total</b>	<b>13.80</b>	<b>37.07</b>

**Note 4: Bank balances other than above**

Particulars	As at	
	31 March 2020	31 March 2019
Balances with banks		
- in interest redemption accounts*	96.82	80.91
- in escrow pool account**	897.01	692.68
<b>Total</b>	<b>993.83</b>	<b>773.59</b>

\* 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

\*\* Related to allotment of Section 54EC bond: March 2020 series and February 2020 Series (31 March 2019 : March 2019 series & 01 April 2018: March 2018 series )



Note 5: Derivative financial instruments

The Company enters into derivative contracts for Currency & Interest rate risk. Derivative transactions include forwards, interest rate swaps, cross currency swaps, etc. to hedge the liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purposes.

PART I	As at 31 March 2020				As at 01 April 2018				
	Notional amounts	Fair value- assets	Fair value- liabilities	Notional amounts	Fair value- assets	Fair value- liabilities	Notional amounts	Fair value- assets	Fair value- liabilities
(i) Currency derivatives									
- Spot and forwards	13,884.67	-	3,095.22	12,737.67	-	3,105.95	42,284.96	-	5,141.60
- Currency swaps	13,884.67	-	3,095.22	12,737.67	-	3,105.95	11,982.16	-	2,354.19
Subtotal							54,267.02	-	7,495.79
(ii) Interest rate derivatives									
- Forward rate agreements and interest rate swaps	13,884.67	-	974.93	12,737.67	466.90	-	25,082.16	968.47	-
Subtotal							25,082.16	968.47	-
Total derivative financial instruments	27,769.34	-	4,069.15	25,475.34	466.90	3,105.95	79,349.18	968.47	7,495.79
PART II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) Fair value hedging									
- Currency derivatives	13,884.67	-	3,095.22	12,737.67	-	3,105.95	54,267.02	-	7,495.79
- Interest rate derivatives	-	-	-	-	-	-	-	-	-
Subtotal	13,884.67	-	3,095.22	12,737.67	-	3,105.95	54,267.02	-	7,495.79
(ii) Cash flow hedging									
- Currency derivatives	13,884.67	-	974.93	12,737.67	466.90	-	25,082.16	968.47	-
- Interest rate derivatives	13,884.67	-	974.93	12,737.67	466.90	-	25,082.16	968.47	-
Subtotal	27,769.34	-	4,069.15	25,475.34	466.90	3,105.95	79,349.18	968.47	7,495.79



**Indian Railway Finance Corporation Limited**

CIN U65910DL1986GO1026363

**Notes to financial statement**

(All amounts in millions of INR, unless stated otherwise)

**Note 6 : Receivables**

Particulars	As at	
	31 March 2020	31 March 2019
Trade receivables	-	-
Lease receivables*	14,85,798.00	12,50,265.12
(Unsecured, considered good due from Ministry of Railways, Government of India)		
<b>Total</b>	<b>14,85,798.00</b>	<b>12,50,265.12</b>
		<b>10,94,716.56</b>

\*No impairment loss has been recognised as the entire lease receivables are from Ministry of Railways, Government of India, a sovereign receivable as per Reserve Bank of India letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018. (Refer note- 18)





	As at 31 March 2018					As at 31 March 2019					As at 01 April 2018				
	At Fair Value		Subtotal	Total	Amortised cost	At Fair Value		Subtotal	Total	Amortised cost	At Fair Value		Subtotal	Total	
	Through profit or loss	Designated at fair value through profit or loss				Through Other Comprehensive Income	Through profit or loss				Designated at fair value through profit or loss	Through Other Comprehensive Income			Through profit or loss
<b>Loans</b>															
(A) Term loans	38,879.41	-	38,879.41	38,879.41	78,432.30	-	78,432.30	78,432.30	78,432.30	78,432.30	-	78,432.30	78,432.30	78,432.30	
Loans to Jindal Nigam Limited	24,612.27	-	24,612.27	24,612.27	20,166.64	-	20,166.64	20,166.64	20,166.64	20,166.64	-	20,166.64	20,166.64	20,166.64	
Loans to Jindal International Limited	64,893.68	-	64,893.68	64,893.68	59,191.64	-	59,191.64	59,191.64	59,191.64	59,191.64	-	59,191.64	59,191.64	59,191.64	
Total (A) Gross	64,893.68	-	64,893.68	64,893.68	59,191.64	-	59,191.64	59,191.64	59,191.64	59,191.64	-	59,191.64	59,191.64	59,191.64	
Less: impairment loss allowance*	257.97	-	257.97	257.97	236.77	-	236.77	236.77	236.77	236.77	-	236.77	236.77	236.77	
Total (A) - Net	64,233.71	-	64,233.71	64,233.71	58,954.87	-	58,954.87	58,954.87	58,954.87	58,954.87	-	58,954.87	58,954.87	58,954.87	
(B)(i) Secured by tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iii) Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(iv) Unsecured	64,893.68	-	64,893.68	64,893.68	59,191.64	-	59,191.64	59,191.64	59,191.64	59,191.64	-	59,191.64	59,191.64	59,191.64	
Total (B) Gross	64,893.68	-	64,893.68	64,893.68	59,191.64	-	59,191.64	59,191.64	59,191.64	59,191.64	-	59,191.64	59,191.64	59,191.64	
Less: impairment loss allowance*	257.97	-	257.97	257.97	236.77	-	236.77	236.77	236.77	236.77	-	236.77	236.77	236.77	
Total (B) - Net	64,233.71	-	64,233.71	64,233.71	58,954.87	-	58,954.87	58,954.87	58,954.87	58,954.87	-	58,954.87	58,954.87	58,954.87	
(C)(i) Loans in India	64,893.68	-	64,893.68	64,893.68	59,191.64	-	59,191.64	59,191.64	59,191.64	59,191.64	-	59,191.64	59,191.64	59,191.64	
(ii) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (C) Gross	64,893.68	-	64,893.68	64,893.68	59,191.64	-	59,191.64	59,191.64	59,191.64	59,191.64	-	59,191.64	59,191.64	59,191.64	
Less: impairment loss allowance*	257.97	-	257.97	257.97	236.77	-	236.77	236.77	236.77	236.77	-	236.77	236.77	236.77	
Total (C) - Net	64,233.71	-	64,233.71	64,233.71	58,954.87	-	58,954.87	58,954.87	58,954.87	58,954.87	-	58,954.87	58,954.87	58,954.87	
(D) Loans outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Less: impairment loss allowance*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total (D) - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (Grand Total)</b>	<b>64,233.71</b>	<b>-</b>	<b>64,233.71</b>	<b>64,233.71</b>	<b>58,954.87</b>	<b>-</b>	<b>58,954.87</b>	<b>58,954.87</b>	<b>58,954.87</b>	<b>58,954.87</b>	<b>-</b>	<b>58,954.87</b>	<b>58,954.87</b>	<b>58,954.87</b>	

\* Impairment loss allowance is recognised as per Reserve Bank of India circular no. RB/2017-18/184, DMRB (P) CC. No. 092/03.10.007/2017-18 dated 31 May 2018 read with letter no. DMRB (P) CC. No. 1277/03.10.001/2018-19 dated 21 December 2018 which was earlier exempted vide notification DMRB/PO 006/03.10.119/2016-17 dated 31 September 2016 for all government NBFC company. (Refer note 18)



**Note 8 : Investments**

	As at 31 March 2020					As at 31 March 2019					As at 01 April 2018							
	At Fair Value					At Fair Value					At Fair Value							
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Debt securities	22.23	-	-	-	22.23	33.30	33.30	-	-	-	33.30	45.62	45.62	-	-	-	45.62	45.62
Equity Instruments	-	92.98	-	92.98	92.98	92.98	96.15	96.15	-	96.15	96.15	94.36	94.36	94.36	94.36	-	94.36	94.36
Total (A)	22.23	92.98	-	92.98	115.21	115.21	33.30	98.15	-	98.15	131.45	45.42	45.42	94.36	94.36	-	94.36	139.78
Investments Outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in India	22.23	92.98	-	92.98	115.21	115.21	33.30	98.15	-	98.15	131.45	45.62	45.62	94.36	94.36	-	94.36	139.78
Total (B)	22.23	92.98	-	92.98	115.21	115.21	33.30	98.15	-	98.15	131.45	45.42	45.42	94.36	94.36	-	94.36	139.78
Less: Allowance for impairment (C)	0.09	-	-	-	0.09	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)-(C)	22.14	92.98	-	92.98	115.12	115.12	33.30	98.15	-	98.15	131.45	45.42	45.42	94.36	94.36	-	94.36	139.78

**Details of debt securities:**

Numbers of Senior Pass through Certificates of NVOGX Trust Locos	25	35
Fair value of Senior Pass through Certificates of NVOGX Trust Locos	22.73	33.30

**Details of equity instruments:**

Numbers of Equity Shares of IRCON International Limited	2,44,000	2,44,000
Fair value of Equity Shares of IRCON International Limited	92.98	96.15

The Company holds nominal Equity (less than 0.26%) in IRCON International Limited. The Equity shares of IRCON International Limited were listed on National Stock Exchange with effect from 28 September 2018. The Company has elected to classify its investment in IRCON International Limited as fair value through other comprehensive income. The fair value as on 31 March 2020 & 31 March 2019 has been measured as per the quotation on National Stock Exchange Limited (Level 1 input). The fair market value as at 1 April 2019 has been determined on the basis of book value computed as per the preceding year's annual financial statement of IRCON International Limited as available with the Company (Level 3 input).



**Indian Railway Finance Corporation Limited**

CIN U65910DL1986GOI026363

**Notes to financial statements**

(All amounts in millions of INR, unless stated otherwise)

**Note 9 : Other financial assets**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Amount recoverable from Ministry of Railways on account of exchange rate variation / derivatives#	22,778.73	4,644.90	2,675.79
Amount recoverable from Ministry of Railways - Leased Assets	-	4,729.63	33,270.51
Advance against Railway Infrastructure Assets to be leased (Refer Note No. 45)	10,31,195.28	6,49,088.40	3,98,250.55
Advance Funding Against National Project (Refer Note No. 45)	79,884.94	50,828.17	-
Interest accrued but not due on advance for railway project to be leased	43,945.37	21,340.11	9,649.87
Security deposits	1.43	0.96	1.09
House building advance (secured)*	2.96	3.26	1.01
Advance to employees	3.13	3.05	0.09
Interest accrued but not due on advance to employees**	0.77	0.51	0.83
Interest accrued but not due on loans	9,669.86	9,669.11	7,183.74
Interest accrued but not due on investment	28.51	36.04	40.90
Interest accrued but not due on 54 EC bond application money	13.09	1.33	1.39
Amount recoverable from others	2.01	0.47	0.23
<b>Gross Total</b>	<b>11,87,526.08</b>	<b>7,40,345.94</b>	<b>4,51,076.00</b>
Less: Impairment on interest accrued and due on loans & deposits/ investments ***	38.79	38.68	-
<b>Net Total</b>	<b>11,87,487.29</b>	<b>7,40,307.26</b>	<b>4,51,076.00</b>

\*Includes Rs. 2.28 million for 31 March 2020, Rs. 2.47 million for 31 March 2019, Rs. 0.11 million for 01 April 2018 to Key Managerial Personnel/Officers of the Company.

\*\*Includes Rs. 0.12 million for 31 March 2020, 0.01 million for 31 March 2019, Rs. 0.40 million for 01 April 2018 to Key Managerial Personnel/Officers of the Company.

\*\*\* As per Reserve Bank of India Circular No. RBI/2017-18/181\_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018 (Refer Note no. 42 (a) (i))

# Amount recoverable from Ministry of Railway on account of exchange rate variation / derivatives includes amount recoverable from Ministry of Railways on account of MTM derivatives of the respective period. (Refer Note No. 44)

**Note 10 : Current tax assets (net)**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
TDS & advance tax	31,341.51	25,447.76	23,415.73
Less: Provision for tax (Refer note no. 31)	(25,477.45)	(25,477.45)	(23,157.29)
<b>Total</b>	<b>5,864.06</b>	<b>(29.69)</b>	<b>258.44</b>





Indian Railway Finance Corporation Limited

CIN U65910DL1986GO1026363

Notes to financial statements

(All amounts in millions of INR, unless stated otherwise)

Note 11 : Property, plant and equipment

Particulars	Building	Office Equipment	Computer	Furniture and fixtures	Plant and equipment	Vehicles	Total
<b>Gross block</b>							
Balance as at 1 April 2018	112.32	1.24	0.83	1.20	0.03	0.25	115.87
Additions	-	0.76	0.85	0.03	-	2.25	3.89
Disposals	-	(0.32)	(0.09)	-	-	-	(0.41)
Balance as at 31 March 2019	112.32	1.68	1.59	1.23	0.03	2.50	119.35
Balance as at 1 April 2019	112.32	1.68	1.59	1.23	0.03	2.50	119.35
Additions	-	0.82	1.40	0.11	-	-	2.33
Disposals	-	(0.19)	-	-	-	-	(0.19)
Balance as at 31 March 2020	112.32	2.31	2.99	1.34	0.03	2.50	121.49
<b>Accumulated depreciation</b>							
Balance as at 1 April 2018	2.55	0.16	0.24	0.11	0.03	0.09	3.18
Depreciation expense	3.05	0.35	0.35	0.13	-	0.21	4.09
Adjustments	-	-	-	-	-	-	-
Elimination on disposals of assets	-	(0.13)	(0.04)	-	-	-	(0.17)
Balance as at 31 March 2019	5.60	0.38	0.55	0.24	0.03	0.30	7.10
Balance as at 1 April 2019	5.60	0.38	0.55	0.24	0.03	0.30	7.09
Depreciation expense	3.05	0.34	0.54	0.14	-	0.36	4.43
Adjustments	-	-	-	-	-	-	-
Elimination on disposals of assets	-	(0.07)	-	-	-	-	(0.07)
Balance as at 31 March 2020	8.65	0.65	1.09	0.38	0.03	0.66	11.45
<b>Carrying amount</b>							
Balance as at 1 April 2018	109.77	1.08	0.59	1.09	-	0.16	112.69
Additions	-	0.76	0.85	0.03	-	2.25	3.89
Disposals	-	(0.19)	(0.05)	-	-	-	(0.24)
Depreciation expense	(3.05)	(0.35)	(0.35)	(0.13)	-	(0.21)	(4.09)
Balance as at 31 March 2019	106.72	1.30	1.04	0.99	-	2.20	112.25
Balance as at 1 April 2019	106.72	1.30	1.04	0.99	-	2.20	112.26
Additions	-	0.82	1.40	0.11	-	-	2.33
Disposals	-	(0.12)	-	-	-	-	(0.12)
Depreciation expense	(3.05)	(0.34)	(0.54)	(0.14)	-	(0.36)	(4.43)
Balance as at 31 March 2020	103.67	1.66	1.90	0.96	-	1.84	110.04



**Note 12 : Other intangible assets**

Particulars	Software
<b>Gross block</b>	
Balance as at 1 April 2018	0.34
Additions	0.32
Disposals	-
<b>Balance as at 31 March 2019</b>	<b>0.66</b>
<b>Balance as at 1 April 2019</b>	<b>0.66</b>
Additions	0.08
Disposals	-
<b>Balance as at 31 March 2020</b>	<b>0.74</b>
<b>Accumulated depreciation</b>	
Balance as at 1 April 2018	0.07
Depreciation expense	0.09
Elimination on disposals of assets	-
<b>Balance as at 31 March 2019</b>	<b>0.16</b>
<b>Balance as at 1 April 2019</b>	<b>0.16</b>
Depreciation expense	0.15
Elimination on disposals of assets	-
<b>Balance as at 31 March 2020</b>	<b>0.31</b>
<b>Carrying amount</b>	
Balance as at 1 April 2018	0.27
Additions	0.32
Disposals	-
Depreciation expense	(0.09)
<b>Balance as at 31 March 2019</b>	<b>0.50</b>
<b>Balance as at 1 April 2019</b>	<b>0.50</b>
Additions	0.08
Disposals	-
Depreciation expense	(0.15)
<b>Balance as at 31 March 2020</b>	<b>0.43</b>

**Note 13 : Other non-financial assets**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>Capital Advances</b>			
Advance to FA & CAO, Northern Railway	25.30	25.30	25.30
<b>Advances other than capital advances</b>			
Advance to others	1.67	1.67	1.67
<b>Others</b>			
Prepaid expenses	3.74	4.18	4.88
Tax refund receivable	20.10	249.71	3.66
GST recoverable	14,667.82	14,706.23	13,997.79
Gratuity Funded Assets (Net)	6.78	-	-
<b>Total</b>	<b>14,725.41</b>	<b>14,987.09</b>	<b>14,033.30</b>

**Note 14 : Payables**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note No. 51)	0.50	0.08	2.40
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	377.08	121.71	84.75
<b>Total</b>	<b>377.58</b>	<b>121.79</b>	<b>87.15</b>



Note 15 : Debt Securities

	As at 31 March 2020			As at 31 March 2019			As at 01 April 2018		
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Total
<b>Others</b>									
Bonds from domestic capital market	13,62,599.36	-	-	13,62,599.36	11,36,548.03	-	-	11,36,548.03	10,35,886.91
Bonds from overseas capital market	1,51,671.11	-	-	1,51,671.11	69,571.19	-	-	69,571.19	62,579.67
Commercial Paper	38,634.09	-	-	38,634.09	29,859.77	-	-	29,859.77	29,575.86
<b>Total</b>	<b>15,52,904.56</b>	<b>-</b>	<b>-</b>	<b>15,52,904.56</b>	<b>22,35,978.99</b>	<b>-</b>	<b>-</b>	<b>22,35,978.99</b>	<b>11,08,442.46</b>
Debt securities in India	14,01,233.45	-	-	14,01,233.45	11,66,407.80	-	-	11,66,407.80	10,45,862.79
Debt securities outside India	1,51,671.11	-	-	1,51,671.11	69,571.19	-	-	69,571.19	62,579.67
<b>Total</b>	<b>15,52,904.56</b>	<b>-</b>	<b>-</b>	<b>15,52,904.56</b>	<b>12,35,978.99</b>	<b>-</b>	<b>-</b>	<b>12,35,978.99</b>	<b>11,08,442.46</b>





Indian Railway Finance Corporation Limited

Secured bonds from domestic capital market

The secured bonds issued in the domestic capital market are secured by first pari passu charge on the present/future rolling stock assets/ lease receivables of the Company. Maturity profile and rate of interest of the bonds issued in the domestic capital market and amount outstanding as on various dates is as set out below:

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	31 March 2020	31 March 2019	1 April 2018
1	104th 'A' Series Tax Free Bonds Public Issue	7.50%	Annual	Bullet Repayment	21-Dec-35	3,696.34	3,696.34	3,696.34
2	104th Series Tax Free Bonds Public Issue	7.25%	Annual	Bullet Repayment	21-Dec-35	2,944.16	2,944.16	2,944.16
3	71st "E" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-35	2,200.00	2,200.00	2,200.00
4	70th "E" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-35	150.00	150.00	150.00
5	141th Taxable Non-Cum. Bonds	7.48%	Annual	Bullet Repayment	29-Aug-34	21,070.00	-	-
6	139th Taxable Non-Cum. Bonds	7.54%	Annual	Bullet Repayment	29-Jul-34	24,556.00	-	-
7	138th Taxable Non-Cum. Bonds	7.85%	Annual	Bullet Repayment	01-Jul-34	21,200.00	-	-
8	71st "D" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-34	2,200.00	2,200.00	2,200.00
9	70th "D" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-34	150.00	150.00	150.00
10	71st "C" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-33	2,200.00	2,200.00	2,200.00
11	70th "C" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-33	150.00	150.00	150.00
12	71st "B" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-32	2,200.00	2,200.00	2,200.00
13	70th "B" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-32	150.00	150.00	150.00
14	71st "A" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-31	2,200.00	2,200.00	2,200.00
15	76th "B" Taxable Non-Cum. Bonds	9.47%	Semi Annual	Bullet Repayment	10-May-31	9,950.00	9,950.00	9,950.00
16	70th "A" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-31	150.00	150.00	150.00
17	108th 'A' Series Tax Free Bonds Public Issue	7.64%	Annual	Bullet Repayment	22-Mar-31	11,943.13	11,943.13	11,943.13
18	108th Series Tax Free Bonds Public Issue	7.53%	Annual	Bullet Repayment	22-Mar-31	10,163.76	10,163.76	10,163.76
19	103rd 'A' Series Tax Free Bonds Public Issue	7.53%	Annual	Bullet Repayment	21-Dec-30	10,742.17	10,742.17	10,742.17
20	103rd Series Tax Free Bonds Public Issue	7.28%	Annual	Bullet Repayment	21-Dec-30	20,573.10	20,573.10	20,573.10
21	70th "AA" Taxable Non-Cum. Bonds	8.79%	Semi Annual	Bullet Repayment	04-May-30	14,100.00	14,100.00	14,100.00
22	144th Series Taxable Bonds (ETF)	7.55%	Semi Annual	Bullet Repayment	12-Apr-30	15,800.00	-	-
23	146th Series Taxable Bonds	7.08%	Annual	Bullet Repayment	20-Feb-30	30,000.00	-	-
24	67th "B" Taxable Non-Cum. Bonds	8.80%	Semi Annual	Bullet Repayment	03-Feb-30	3,850.00	3,850.00	3,850.00
25	143rd Taxable Non-Cum. Bonds	7.55%	Semi Annual	Bullet Repayment	06-Nov-29	24,549.00	-	-
26	142th Taxable Non-Cum. Bonds	7.50%	Annual	Bullet Repayment	09-Sep-29	27,070.00	-	-
27	140th Taxable Non-Cum. Bonds	7.48%	Annual	Bullet Repayment	13-Aug-29	25,920.00	-	-
28	136th Series Taxable Bonds	7.95%	Annual	Bullet Repayment	12-Jun-29	30,000.00	-	-
29	135 Series Taxable Bonds	8.23%	Annual	Bullet Repayment	29-Mar-29	25,000.00	25,000.00	-
30	96th Series Tax Free Bonds Public Issue	8.63%	Annual	Bullet Repayment	26-Mar-29	9,479.13	9,479.13	9,479.13
31	96th A Series Tax Free Bonds Public Issue	8.88%	Annual	Bullet Repayment	26-Mar-29	4,364.14	4,364.14	4,364.14
32	134 Series Taxable Bonds	8.30%	Annual	Bullet Repayment	25-Mar-29	30,000.00	30,000.00	-
33	133 Series Taxable Bonds	8.35%	Annual	Bullet Repayment	13-Mar-29	30,000.00	30,000.00	-
34	131st Series Taxable Bonds	8.55%	Annual	Bullet Repayment	21-Feb-29	22,365.00	22,365.00	-
35	92nd Series Tax Free Bonds Public Issue	8.40%	Annual	Bullet Repayment	18-Feb-29	10,901.87	10,901.87	10,901.87
36	92nd A Series Tax Free Bonds Public Issue	8.65%	Annual	Bullet Repayment	18-Feb-29	6,883.59	6,883.59	6,883.59
37	94th A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	12-Feb-29	130.00	130.00	130.00
38	93rd A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	10-Feb-29	16,500.00	16,500.00	16,500.00
39	130th Series Taxable Bonds	8.40%	Annual	Bullet Repayment	08-Jan-29	28,454.00	28,454.00	-
40	129th Series Taxable Bonds	8.45%	Annual	Bullet Repayment	04-Dec-28	30,000.00	30,000.00	-
41	90th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	27-Nov-28	550.00	550.00	550.00
42	89th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	21-Nov-28	7,380.00	7,380.00	7,380.00
43	87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	23-Mar-28	2,211.40	2,211.40	2,203.56
44	87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54%	Annual	Bullet Repayment	23-Mar-28	417.90	427.44	435.27
45	86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34%	Annual	Bullet Repayment	19-Feb-28	23,198.91	23,147.42	23,082.43
46	86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84%	Annual	Bullet Repayment	19-Feb-28	2,390.20	2,441.68	2,506.68
47	83rd 'A' Tax Free Non-Cum. Bonds	7.35%	Annual	Bullet Repayment	06-Dec-27	950.00	950.00	950.00
48	82nd 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	30-Nov-27	300.00	300.00	300.00





49	81st "A" Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	26-Nov-27	667.00	667.00	667.00	667.00
50	124th Series Taxable Non-Cum. Bonds	7.54%	Annual	Bullet Repayment	31-Oct-27	9,350.00	9,350.00	9,350.00	9,350.00
51	123rd Series Taxable Non-Cum. Bonds	7.33%	Annual	Bullet Repayment	28-Aug-27	17,450.00	17,450.00	17,450.00	17,450.00
52	121st Taxable Non-Cum. Bonds	7.27%	Annual	Bullet Repayment	15-Jun-27	20,500.00	20,500.00	20,500.00	20,500.00
53	54th "B" Taxable Non-Cum. Bonds	10.04%	Semi Annual	Bullet Repayment	07-Jun-27	3,200.00	3,200.00	3,200.00	3,200.00
54	120th Taxable Non-Cum. Bonds	7.49%	Annual	Bullet Repayment	30-May-27	22,000.00	22,000.00	22,000.00	22,000.00
55	118th Taxable Non-Cum. Bonds	7.83%	Annual	Bullet Repayment	21-Mar-27	29,500.00	29,500.00	29,500.00	29,500.00
56	80th "A" Series (Non-Retail), Tax Free Bonds Public Issue	8.10%	Annual	Bullet Repayment	23-Feb-27	27,749.81	27,749.81	27,749.81	27,749.81
57	80th "A" Series (Retail), Tax Free Bonds Public Issue	8.30%	Annual	Bullet Repayment	23-Feb-27	3,140.27	3,140.27	3,140.27	3,140.27
58	53rd "C" Taxable Non-Cum. Bonds	8.75%	Semi Annual	Bullet Repayment	29-Nov-26	4,100.00	4,100.00	4,100.00	4,100.00
59	79th "A" Tax Free Non-Cum. Bonds	7.77%	Annual	Bullet Repayment	08-Nov-26	1,915.10	1,915.10	1,915.10	1,915.10
60	76th "A" Taxable Non-Cum. Bonds	9.33%	Semi Annual	Bullet Repayment	10-May-26	2,550.00	2,550.00	2,550.00	2,550.00
61	75th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	31-Mar-26	1,500.00	1,500.00	1,500.00	1,500.00
62	74th Taxable Non-Cum. Bonds	9.05%	Semi Annual	Bullet Repayment	29-Mar-26	10,760.00	10,760.00	10,760.00	10,760.00
63	107th "A" Series Tax Free Bonds Public Issue	7.29%	Annual	Bullet Repayment	22-Mar-26	1,907.14	1,907.14	1,907.14	1,907.14
64	107th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	22-Mar-26	485.97	485.97	485.97	485.97
65	106th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	03-Mar-26	10,500.00	10,500.00	10,500.00	10,500.00
66	102nd "A" Series Tax Free Bonds Public Issue	7.32%	Annual	Bullet Repayment	21-Dec-25	3,689.49	3,689.49	3,689.49	3,689.49
67	102nd Series Tax Free Bonds Public Issue	7.07%	Annual	Bullet Repayment	21-Dec-25	3,674.74	3,674.74	3,674.74	3,674.74
68	100th Series Tax Free Non-Cum. Bonds	7.15%	Annual	Bullet Repayment	21-Aug-25	3,290.00	3,290.00	3,290.00	3,290.00
69	99th Series Tax Free Non-Cum. Bonds	7.19%	Annual	Bullet Repayment	31-Jul-25	11,390.00	11,390.00	11,390.00	11,390.00
70	147th Series Taxable Bonds	6.99%	Annual	Bullet Repayment	19-Mar-25	8,470.00	8,470.00	8,470.00	8,470.00
71	69th Taxable Non-Cum. Bonds	8.95%	Semi Annual	Bullet Repayment	10-Mar-25	6,000.00	6,000.00	6,000.00	6,000.00
72	67th "A" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	03-Feb-25	2,000.00	2,000.00	2,000.00	2,000.00
73	65th "O" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-24	600.00	600.00	600.00	600.00
74	95th Series Tax Free Bonds Public Issue	8.19%	Annual	Bullet Repayment	26-Mar-24	2,311.52	2,311.52	2,311.52	2,311.52
75	95th A Series Tax Free Bonds Public Issue	8.44%	Annual	Bullet Repayment	26-Mar-24	1,297.38	1,297.38	1,297.38	1,297.38
76	132 Series Taxable Bonds	8.25%	Annual	Bullet Repayment	28-Feb-24	25,000.00	25,000.00	25,000.00	25,000.00
77	91st Series Tax Free Bonds Public Issue	8.23%	Annual	Bullet Repayment	18-Feb-24	17,783.21	17,783.21	17,783.21	17,783.21
78	91st A Series Tax Free Bonds Public Issue	8.48%	Annual	Bullet Repayment	18-Feb-24	5,262.55	5,262.55	5,262.55	5,262.55
79	63rd "B" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	15-Jan-24	3,150.00	3,150.00	3,150.00	3,150.00
80	62nd "B" Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	26-Dec-23	2,850.00	2,850.00	2,850.00	2,850.00
81	90th Series Tax Free Non-Cum. Bonds	8.35%	Annual	Bullet Repayment	27-Nov-23	570.00	570.00	570.00	570.00
82	89th Series Tax Free Non-Cum. Bonds	8.35%	Annual	Bullet Repayment	21-Nov-23	4,870.00	4,870.00	4,870.00	4,870.00
83	61st "A" Taxable Non-Cum. Bonds	10.70%	Semi Annual	Bullet Repayment	11-Sep-23	6,150.00	6,150.00	6,150.00	6,150.00
84	65th "N" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-23	600.00	600.00	600.00	600.00
85	145th Series Taxable Bonds	6.59%	Annual	Bullet Repayment	14-Apr-23	30,000.00	30,000.00	30,000.00	30,000.00
86	88th Taxable Non-Cum. Bonds	8.83%	Annual	Bullet Repayment	25-Mar-23	11,000.00	11,000.00	11,000.00	11,000.00
87	87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88%	Annual	Bullet Repayment	23-Mar-23	1,373.50	1,366.17	1,366.17	1,361.09
88	87th Series (Retail), Tax Free Bonds Public Issue	7.38%	Annual	Bullet Repayment	23-Mar-23	278.20	285.53	285.53	290.61
89	86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18%	Annual	Bullet Repayment	19-Feb-23	26,667.46	26,638.41	26,609.55	26,609.55
90	86th Series (Retail), Tax Free Bonds Public Issue	7.68%	Annual	Bullet Repayment	19-Feb-23	1,477.34	1,506.39	1,535.26	1,535.26
91	126th Taxable Non-Cum. Bonds*	7.63%	Annual	Bullet Repayment	25-Jan-23	30,000.00	30,000.00	30,000.00	30,000.00
92	85th Tax Free Non-Cum. Bonds	7.19%	Annual	Bullet Repayment	14-Dec-22	950.00	950.00	950.00	950.00
93	84th Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	07-Dec-22	4,999.00	4,999.00	4,999.00	4,999.00
94	83rd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	06-Dec-22	300.00	300.00	300.00	300.00
95	82nd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	30-Nov-22	410.00	410.00	410.00	410.00
96	81st Tax Free Non-Cum. Bonds	7.21%	Annual	Bullet Repayment	26-Nov-22	2,560.00	2,560.00	2,560.00	2,560.00
97	58th "A" Taxable Non-Cum. Bonds	9.20%	Semi Annual	Bullet Repayment	29-Oct-22	5,000.00	5,000.00	5,000.00	5,000.00
98	54th "A" Taxable Non-Cum. Bonds	9.95%	Semi Annual	Bullet Repayment	07-Jun-22	1,500.00	1,500.00	1,500.00	1,500.00
99	55th "O" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-22	330.00	330.00	330.00	330.00
100	65th "M" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-22	600.00	600.00	600.00	600.00
101	80th Series (Non-Retail) Tax Free Bonds Public Issue	8.00%	Annual	Bullet Repayment	23-Feb-22	28,367.53	28,367.53	28,367.53	28,367.53
102	80th Series (Retail) Tax Free Bonds Public Issue	15%	Annual	Bullet Repayment	23-Feb-22	3,364.85	3,364.85	3,364.85	3,364.85
103	115th Taxable Non-Cum. Bonds	6.73%	Annual	Bullet Repayment	23-Jan-22	8,000.00	8,000.00	8,000.00	8,000.00





104	53rd "B" Taxable Non-Cum. Bonds	8.68%	Semi Annual	Bullet Repayment	29-Nov-21	2,250.00	2,250.00	2,250.00
105	114th Taxable Non Cum - Bonds	6.70%	Annual	Bullet Repayment	24-Nov-21	20,000.00	20,000.00	20,000.00
106	113th Taxable Non Cum - Bonds	7.24%	Annual	Bullet Repayment	08-Nov-21	6,500.00	6,500.00	6,500.00
107	79th Tax Free Non-Cum. Bonds	7.55%	Annual	Bullet Repayment	08-Nov-21	5,396.00	5,396.00	5,396.00
108	78th Taxable Non-Cum. Bonds	9.41%	Semi Annual	Bullet Repayment	28-Jul-21	15,000.00	15,000.00	15,000.00
109	55th "N" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-21	330.00	330.00	330.00
110	77th Taxable Non-Cum. Bonds	9.57%	Semi Annual	Bullet Repayment	31-May-21	12,450.00	12,450.00	12,450.00
111	52nd "B" Taxable Non-Cum. Bonds	8.64%	Semi Annual	Bullet Repayment	17-May-21	7,000.00	7,000.00	7,000.00
112	76th Taxable Non-Cum. Bonds	9.27%	Semi Annual	Bullet Repayment	10-May-21	3,900.00	3,900.00	3,900.00
113	65th "L" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-21	600.00	600.00	600.00
114	127th Taxable Non-Cum. Bonds	7.65%	Annual	Bullet Repayment	15-Mar-21	25,000.00	25,000.00	25,000.00
115	51st Taxable Non-Cum. Bonds	7.74%	Semi Annual	Bullet Repayment	22-Dec-20	4,500.00	4,500.00	4,500.00
116	73rd "B" Tax Free Non-Cum. Bonds	6.72%	Semi Annual	Bullet Repayment	20-Dec-20	8,359.10	8,359.10	8,359.10
117	57th Taxable Non-Cum. Bonds	9.66%	Semi Annual	Redeemable in three Equal instalments commencing from 28-09-2020	28-Sep-20	6,000.00	6,000.00	10,000.00
118	49th "O" - FRB Taxable Non-Cum. Bonds	7.68% <sup>^</sup>	Semi Annual	Bullet Repayment	22-Jun-20	100.00	100.00	100.00
119	72nd Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	22-Jun-20	8,000.00	8,000.00	8,000.00
120	55th "M" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-20	330.00	330.00	330.00
121	119th Taxable Non-Cum Bonds	7.20%	Annual	Bullet Repayment	31-May-20	23,750.00	23,750.00	23,750.00
122	65th "K" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-20	600.00	600.00	600.00
123	68th "B" Tax Free Non-Cum. Bonds	6.70%	Semi Annual	Bullet Repayment	08-Mar-20	9,272.10	9,272.10	9,272.10
124	67th Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	03-Feb-20	1,750.00	1,750.00	1,750.00
125	112th Taxable Non-Cum Bonds	6.92%	Annual	Bullet Repayment	10-Nov-19	15,000.00	15,000.00	15,000.00
126	48th "J" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-19	500.00	500.00	500.00
127	111th Taxable Non Cum - Bonds	7.65%	Annual	Bullet Repayment	30-Jul-19	10,000.00	10,000.00	10,000.00
128	49th "N" - FRB Taxable Non-Cum. Bonds	8.13% <sup>^^</sup>	Semi Annual	Bullet Repayment	22-Jun-19	100.00	100.00	100.00
129	66th Taxable Non-Cum. Bonds	8.60%	Semi Annual	Bullet Repayment	11-Jun-19	5,000.00	5,000.00	5,000.00
130	128th Taxable Non-Cum. Bonds	7.72%	Annual	Bullet Repayment	07-Jun-19	26,000.00	26,000.00	26,000.00
131	55th "L" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-19	330.00	330.00	330.00
132	65th "AA" Taxable Non-Cum. Bonds	8.19%	Semi Annual	Bullet Repayment	27-Apr-19	5,600.00	5,600.00	5,600.00
133	65th "J" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-19	600.00	600.00	600.00
134	105th Series Taxable Non-Cum Bonds	8.33%	Annual	Bullet Repayment	26-Mar-19	15,000.00	15,000.00	15,000.00
135	47th "O" Taxable Non-Cum. Bonds	5.99%	Semi Annual	Bullet Repayment	26-Mar-19	100.00	100.00	100.00
136	63rd "A" Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	15-Jan-19	17,050.00	17,050.00	17,050.00
137	62nd "A" Taxable Non-Cum. Bonds	8.45%	Semi Annual	Bullet Repayment	26-Dec-18	5,000.00	5,000.00	5,000.00
138	48th "I" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-18	500.00	500.00	500.00
139	117th Taxable Non Cum - Bonds	7.15%	Annual	Bullet Repayment	16-Sep-18	14,800.00	14,800.00	14,800.00
140	61st Taxable Non-Cum. Bonds	10.60%	Semi Annual	Bullet Repayment	11-Sep-18	8,550.00	8,550.00	8,550.00
141	116th Taxable Non Cum - Bonds	7.00%	Annual	Bullet Repayment	10-Sep-18	21,650.00	21,650.00	21,650.00
142	46th "EE" Taxable Non-Cum. Bonds	6.20%	Semi Annual	Bullet Repayment	12-Aug-18	250.00	250.00	250.00
143	46th "O" Taxable Non-Cum. Bonds	6.25%	Semi Annual	Bullet Repayment	12-Aug-18	130.00	130.00	130.00
144	49th "M" - FRB Taxable Non-Cum. Bonds	7.11% <sup>^^^</sup>	Semi Annual	Bullet Repayment	22-Jun-18	100.00	100.00	100.00
145	55th "K" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-18	330.00	330.00	330.00
146	60th Taxable Non-Cum. Bonds	9.43%	Semi Annual	Bullet Repayment	23-May-18	6,040.00	6,040.00	6,040.00
147	45th "OO" Taxable Non-Cum. Bonds	6.39%	Semi Annual	Bullet Repayment	13-May-18	70.00	70.00	70.00
148	65th "I" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-18	600.00	600.00	600.00
<b>Total</b>						<b>11,46,906.94</b>	<b>9,72,424.04</b>	<b>8,73,775.04</b>

\* Put/Call option available at the end of 3rd Year

<sup>^</sup> Applicable interest rate as on 31 March 2020, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

<sup>^^</sup> Applicable interest rate as on 31 March 2019, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

<sup>^^^</sup> Applicable interest rate as on 1 April 2018, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

54 EC Bonds Secured in markets





The 54 EC bonds issued in the domestic capital market are secured by first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Maturity Profile and Rate of Interest of the 54EC secured bonds issued in the domestic capital market and amount outstanding as on various dates is as set out below:-							
S.No	Description	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	31 March 2020	1 April 2018
1	54 EC, Mar 2020 Bond Series*	5.75%	Annual	Bullet Repayment	31-Mar-25	1,429.69	-
2	54 EC, Feb 2020 Bond Series*	5.75%	Annual	Bullet Repayment	28-Feb-25	881.04	-
3	54 EC, Jan 2020 Bond Series	5.75%	Annual	Bullet Repayment	31-Jan-25	823.75	-
4	54 EC, Dec 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-Dec-24	926.28	-
5	54 EC, Nov 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Nov-24	711.59	-
6	54 EC, Oct 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-Oct-24	669.18	-
7	54 EC, Sep 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Sep-24	543.41	-
8	54 EC, August 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-Aug-24	571.15	-
9	54 EC, July 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-24	633.99	-
10	54 EC, June 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-24	596.14	-
11	54 EC, May 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-May-24	436.60	-
12	54 EC, Apr 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-24	249.71	-
13	54EC Bond Mar 2019 Series	5.75%	Annual	Bullet Repayment	31-Mar-24	692.68	-
14	54EC Bond Feb 2019 Series	5.75%	Annual	Bullet Repayment	29-Feb-24	145.31	-
15	54EC Bond Jan 2019 Series	5.75%	Annual	Bullet Repayment	31-Jan-24	133.35	-
16	54 EC, Dec 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Dec-23	135.12	-
17	54 EC, Nov 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Nov-23	98.69	-
18	54 EC, Oct 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Oct-23	116.94	-
19	54 EC, Sep 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Sep-23	71.01	-
20	54 EC, Aug 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Aug-23	81.17	-
21	54 EC, July 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-23	137.02	-
22	54 EC, June 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-23	127.56	-
23	54 EC, May 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-May-23	83.58	-
24	54 EC, Apr 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-23	54.52	-
25	54 EC, Mar 2018 Bond Series	5.25%	Annual	Bullet Repayment	31-Mar-21	928.76	928.76
26	54 EC, Feb 2018 Bond Series	5.25%	Annual	Bullet Repayment	28-Feb-21	248.95	248.95
27	54 EC, Jan 2018 Bond Series	5.25%	Annual	Bullet Repayment	29-Jan-21	104.70	104.70
28	54 EC, Dec 2017 Bond Series	5.25%	Annual	Bullet Repayment	31-Dec-20	82.68	82.68
29	54 EC, Nov 2017 Bond Series	5.25%	Annual	Bullet Repayment	30-Nov-20	9.79	9.79
	<b>Total</b>					<b>11,724.36</b>	<b>3,251.83</b>

\* Deemed Date of allotment as per resolution taken in Board Committee meeting held on 15th May 2020, 25th June 2020 and 28th July 2020.

Unsecured bonds from domestic capital market The Unsecured bonds issued in the domestic capital market and outstanding as on various dates is as set out below:-							
S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	31 March 2020	1 April 2018
1	148th Series Taxable Bonds	6.58%	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 October 2030	31-Mar-50	25,000.00	-
2	137th Series Taxable Bonds	7.30% p.a.	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 April 2030	18-Jun-49	18,000.00	-



3	125th Series Taxable Bonds		7.41% p.a.	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 April 2028	22-Dec-47	21,000.00	21,000.00	21,000.00	
4	122nd Series Taxable Bonds		6.77% p.a.	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 April 2028	27-Jun-47	41,000.00	41,000.00	41,000.00	
5	110th Series Taxable Bonds		7.80% p.a.	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 April 2027	22-Jun-46	30,000.00	30,000.00	30,000.00	
6	109th Series Taxable Bonds		8.02% p.a.	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 April 2026	30-Mar-46	50,000.00	50,000.00	50,000.00	
7	101st Series Taxable Bonds		7.87% p.a.	Semi Annual	Redeemable in forty equal half yearly instalments commencing from 15 April 2026	27-Oct-45	20,000.00	20,000.00	20,000.00	
<b>Total</b>								<b>2,05,000.00</b>	<b>1,62,000.00</b>	<b>1,62,000.00</b>

**Reconciliation**

Particulars	31 March 2020	31 March 2019	1 April 2018
Secured Bonds from Domestic Capital Market	11,46,906.94	9,72,424.04	8,73,775.04
54EC Bonds Secured in Market	11,724.36	3,251.83	1,374.88
Unsecured Bonds from Domestic Capital Market	2,05,000.00	1,62,000.00	1,62,000.00
<b>Bonds in Domestic Market as per IGAAP</b>	<b>15,63,631.30</b>	<b>11,37,675.87</b>	<b>10,37,149.92</b>
Less: Unamortised transaction cost	(1,031.94)	(1,127.84)	(1,263.01)
<b>Bonds in Domestic Market as per Ind AS</b>	<b>15,62,599.36</b>	<b>11,36,548.03</b>	<b>10,35,886.91</b>





Unsecured bonds from overseas capital market

The Unsecured bonds issued from overseas capital market and outstanding as on various dates is as set out below:-

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	31 March 2020	31 March 2019	1 April 2018
1	REG-S/144A BONDS USD 300M 3.95% GMTM-2050	3.95% P.a	Semi Annual	Bullet Repayment	13-Feb-50	22,770.00	-	-
2	REG-S/144A BONDS USD 700M 3.249% GMTM-2030	3.249% P.a	Semi Annual	Bullet Repayment	13-Feb-30	53,130.00	-	-
3	Reg-S Bonds Green Bond 1st Series (USD 500 Million)	3.835% p.a	Semi Annual	Bullet Repayment	13-Dec-27	37,950.00	34,815.00	32,750.00
4	Reg-S Bonds USD 500M-EMTN	3.73% p.a	Semi Annual	Bullet Repayment	29-Mar-24	37,950.00	34,815.00	-
5	Reg-S Bonds 3rd Series (USD 500 Million)	3.92% p.a.	Semi Annual	Bullet Repayment	26-Feb-19	-	-	32,750.00
<b>Total Overseas bonds as per IGAAP</b>						<b>1,51,800.00</b>	<b>69,630.00</b>	<b>65,500.00</b>
Less: Unamortised transaction cost						(128.89)	(58.81)	(21.18)
Less: Fair value hedge adjustment-recoverable from Ministry of Railways						-	-	(2,899.15)
<b>Total Overseas bonds as per IND AS</b>						<b>1,51,671.11</b>	<b>69,571.19</b>	<b>62,579.67</b>

Commercial Paper (Unsecured)

Details of Commercial Paper outstanding as on various dates is as set out below:-

S.No	S	Discount Rate	Date of Maturity of Bond	31 March 2020	31 March 2019	1 April 2018		
1	Commercial Paper Series- XVIII	5.50%	21-Apr-20	38,750.00	-	-		
2	Commercial Paper Series- XIII	7.25%	25-Apr-19	-	30,000.00	-		
3	Commercial Paper Series- X	7.40%	13-Apr-18	-	-	10,000.00		
Less: Unexpired discount						(115.91)	(140.23)	(24.12)
<b>Total</b>						<b>38,634.09</b>	<b>29,859.77</b>	<b>9,975.88</b>

Total Indian Bonds	13,62,599.36	11,36,548.03	10,35,886.91
Total Overseas Bonds	1,51,671.11	69,571.19	62,579.67
Commercial Paper	38,634.09	29,859.77	9,975.88
<b>Total Debt Borrowings</b>	<b>15,52,904.56</b>	<b>12,35,978.99</b>	<b>11,08,442.46</b>



Note 16: Borrowings (other than debt securities)

	As at 31 March 2020			As at 31 March 2019			As at 01 April 2018					
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
<b>Term loans</b>												
Secured Loans:												
(i) from banks (Indian)	4,96,250.00	-	-	4,96,250.00	2,71,955.00	-	-	2,71,955.00	42,000.00	-	-	42,000.00
(ii) from bank (foreign)	454.58	-	-	454.58	623.44	-	-	623.44	784.36	-	-	784.36
(iii) from other parties- National small saving fund	1,75,000.00	-	-	1,75,000.00	1,75,000.00	-	-	1,75,000.00	1,00,000.00	-	-	1,00,000.00
Unsecured loans												
(i) from banks (Indian)	22,613.00	-	-	22,613.00	24,198.97	-	-	24,198.97	39,657.00	-	-	39,657.00
(ii) from banks (foreign)	96,539.07	-	-	96,539.07	25,618.35	-	-	25,618.35	49,136.46	-	-	49,136.46
<b>Total (A)</b>	<b>7,90,862.65</b>	<b>-</b>	<b>-</b>	<b>7,90,862.65</b>	<b>5,03,347.76</b>	<b>-</b>	<b>-</b>	<b>5,03,347.76</b>	<b>2,31,612.82</b>	<b>-</b>	<b>-</b>	<b>2,31,612.82</b>
Borrowings in India	6,93,869.00	-	-	6,93,869.00	4,77,103.97	-	-	4,77,103.97	1,81,652.00	-	-	1,81,652.00
Borrowings outside India	96,993.65	-	-	96,993.65	26,243.79	-	-	26,243.79	49,930.82	-	-	49,930.82
<b>Total (B) to tally with (A)</b>	<b>7,90,862.65</b>	<b>-</b>	<b>-</b>	<b>7,90,862.65</b>	<b>5,03,347.76</b>	<b>-</b>	<b>-</b>	<b>5,03,347.76</b>	<b>2,31,612.82</b>	<b>-</b>	<b>-</b>	<b>2,31,612.82</b>



Indian Railway Finance Corporation

Secured Rupee Term Loan

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 various dates is as set out below :-

S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	31 March 2020	31 March 2019	01 April 2018
1	HDFC-IV	7.35%	Repo Rate +	16 Equal Half Yearly instalments of Rs. 3,125 Millions commencing from 26th September 2024	26-Sep-24	50,000.00		
2	Bank of Baroda (III)	7.55%	Linked to MCLR	Total no. of Half Yearly instalments : 15 14 Equal Half Yearly instalments of Rs. 3,333.40 Millions commencing from 17th February 2024 15th Half Yearly instalment (Residual) of Rs. 3,332.40 Millions	17-Feb-24	50,000.00		
3	Oriental bank of commerce	7.50%	Linked to MCLR	Total no. of Half Yearly instalments : 14 13 Equal Half Yearly instalments of Rs. 1,071.40 Millions commencing from 17th August 2023 14th Half Yearly instalment (Residual) of Rs. 1,071.80 Millions	17-Aug-23	15,000.00		
4	Bank of Baroda (II)	7.55%	Linked to MCLR	Total no. of Half Yearly instalments : 14 13 Equal Half Yearly instalments of Rs. 2,142.90 Millions commencing from 21st July 2023 14th Half Yearly instalment (Residual) of Rs. 2,142.30 Millions	21-Jul-23	30,000.00		
5	Canara Bank ***	7.65%	Linked to MCLR	16 Equal half yearly instalments of Rs. 625 Millions commencing from 30th March 2022	30-Mar-22	10,000.00		
6	State bank of India (V) Trench 1 & II	7.45%	Linked to MCLR	Total no. of Half Yearly instalments : 18 17 Equal Half Yearly instalments of Rs. 3,890 Millions commencing from 23rd September 2021 18th Half Yearly instalment (Residual) of Rs. 3,870 Millions	23-Sep-21	70,000.00		
7	Punjab National Bank(IV)	7.50%	Linked to MCLR	10 Equal yearly instalments of Rs. 1,000 Millions commencing from 30th March 2021	30-Mar-21	10,000.00		





8	Punjab National Bank (iii)		7.50%	Linked to MCLR	10 Equal yearly instalments of Rs. 3,000 Millions commencing from 17th February 2021.	17-Feb-21	30,000.00		
9	HDFC-I		7.29%	3M TBILL+SPREAD	19 Equal Half Yearly instalments of Rs. 500 Million each commencing from 29 Sep 2020	29-Sep-20	9,500.00		
10	Bank of Baroda (i)		7.55%	Linked to MCLR	20 Equal Half Yearly instalments of Rs. 1,000 Million each commencing from 28 May 2020	28-May-20	20,000.00		
11	HDFC-II		7.43%	3M TBILL+SPREAD	20 Equal Half Yearly instalments of Rs. 1000 Million each commencing from 4 May 2020	04-May-20	20,000.00		
12	HDFC-III		7.32%	3M TBILL+SPREAD	20 Equal Half Yearly instalments of Rs. 1000 Million each commencing from 24 June 2020	24-Jun-20	20,000.00		
13	State Bank of India (iii)		7.89%	Linked to MCLR	Sanctioned Amount: Rs. 90,000 Million with 20 Equal Half Yearly instalments of Rs. 4500 Million each commencing 3 July 2019 Initial Drawdown: Rs. 80,000 Million Final Drawdown: Rs. 10,000 Million on 26.12.2019 Balance Instalments: 18 Equal Half Yearly instalments Rs. 4500 Million commencing from 3rd July 2020	03-Jul-20	81,000.00	80,000.00	
14	Punjab National Bank (ii)		7.50%	Linked to MCLR	Bullet Repayment	29-Apr-20	10,000.00	10,000.00	
15	Allahabad Bank*		8.25%	Linked to MCLR	Bullet Repayment	28-Apr-20	-	13,000.00	
16	Corporation Bank		7.55%	Linked to MCLR	Bullet Repayment	26-Apr-20	11,500.00	11,500.00	
17	Corporation Bank		7.55%	Linked to MCLR	Bullet Repayment	19-Apr-20	6,250.00	7,500.00	
18	Bank of India-I		7.65%	Linked to MCLR	19 Equal Half Yearly instalments of Rs.1000 Million each commencing from 15 April 2020	15-Apr-20	19,000.00	20,000.00	
19	Bank of India-I		7.65%	Linked to MCLR	17 Equal Half Yearly instalments of Rs.500 Million each commencing from 15 April 2020	15-Apr-20	8,500.00	9,500.00	
20	State Bank of India (ii)		7.85%	Linked to MCLR	17 Equal Half Yearly instalments of Rs.1500 Million each commencing from 15 April 2020	15-Apr-20	25,500.00	28,500.00	
21	State Bank of India (IV)**		8.25%	Linked to MCLR	Bullet Repayment	02-Feb-20	-	10,000.00	
22	State Bank of India (IV)**		8.25%	Linked to MCLR	Bullet Repayment	29-Jan-20	-	20,000.00	
23	J&K Bank		8.20%	Linked to MCLR	Bullet Repayment	01-Dec-19	-	5,000.00	
24	J&K Bank		8.20%	Linked to MCLR	Bullet Repayment	29-Nov-19	-	5,000.00	
25	Andhra Bank		8.25%	Linked to MCLR	Bullet Repayment	10-Sep-19	-	14,905.00	
26	Punjab National Bank		8.10%	Linked to MCLR	Bullet Repayment	10-Sep-19	-	10,000.00	
27	State Bank of India		8.15%	Linked to MCLR	Bullet Repayment	22-Apr-19	-	28,000.00	
28	Canara Bank		8.35%	Linked to MCLR	Bullet Repayment	11-Apr-19	-	5,000.00	
	<b>Total</b>						<b>4,96,250.00</b>	<b>2,77,905.00</b>	<b>42,000.00</b>

Note-1 Date of Maturity indicates the date of payment of next instalment.

\* Prepaid on 16th March 2020

\*\* Prepaid on 21st January 2020

\*\*\* Prepaid on 12th May 2020



**Secured foreign currency term loan**

Foreign Currency loan 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 various dates is as set out below:-

S.No	Description	Interest rate	Interest payment frequency	Date of Maturity of Loan	31 March 2020	31 March 2019	01 April 2018
1	Bank of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-20	455.40	-	-
2	Bank of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-19	-	626.67	-
3	Bank of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-18	-	-	786.00
<b>Total as per IGAAP</b>					<b>455.40</b>	<b>626.67</b>	<b>786.00</b>
Unamortised transaction cost					(0.82)	(1.23)	(1.64)
<b>Secured Foreign Currency Term Loan as per Ind AS</b>					<b>454.58</b>	<b>625.44</b>	<b>784.36</b>

Note-1 Date of Maturity indicates the date of payment of next instalment.



Secured Rupee term loan from National Small Saving Fund (NSSF)						
Rupee term loan from National Small Saving fund is secured by the first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of repayment and the amount outstanding as on various dates is as set out below:-						
S.No	Description	Interest rate (p.a.)	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	
1	National Small Saving Fund (NSSF)-H*	8.11%	Semi Annual	Bullet Repayment	07-Feb-29	75,000.00
2	National Small Saving Fund (NSSF)-I	8.01%	Semi Annual	Bullet Repayment	28-Mar-28	1,00,000.00
	<b>Total</b>					<b>1,75,000.00</b>
						<b>1,75,000.00</b>
						<b>1,00,000.00</b>
						<b>1,00,000.00</b>

\* Pending registration of charge with the Registrar of Companies ('ROC') as on 31 March 2019

Unsecured Rupee Term Loan						
Terms of repayment of the Unsecured Rupee Term Loans from banks and amount outstanding as on various dates is as set out below:-						
S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	
1	Axis Bank	6.05%	Fixed Rate	Bullet Repayment	10-Apr-20	150.00
2	Corporation Bank	6.10%	Fixed Rate	Bullet Repayment	04-Apr-20	5520.00
3	Corporation Bank	6.10%	Fixed Rate	Bullet Repayment	05-Apr-20	10.00
4	Corporation Bank	6.10%	Fixed Rate	Bullet Repayment	08-Apr-20	150.00
5	Corporation Bank	6.10%	Fixed Rate	Bullet Repayment	15-Apr-20	40.00
6	HDFC Bank	6.10%	Fixed Rate	Bullet Repayment	22-Apr-20	2009.00
7	HDFC Bank	6.10%	Fixed Rate	Bullet Repayment	26-Apr-20	4080.00
8	HDFC Bank	6.10%	Fixed Rate	Bullet Repayment	29-Apr-20	3160.00
9	Karnataka Bank	5.90%	Fixed Rate	Bullet Repayment	04-Apr-20	7500.00
10	State Bank of India	8.25%	Linked to MCLR	Bullet Repayment	12-Apr-19	9,198.97
11	Karnataka Bank	8.14%	T-bill plus spread	Bullet Repayment	12-Apr-19	2,500.00
12	Karnataka Bank	8.19%	T-bill plus spread	Bullet Repayment	12-Apr-19	2,500.00
13	United Bank of India	8.15%	Linked to MCLR	Bullet Repayment	12-Apr-19	10,000.00
14	Allahabad Bank	7.85%	Linked to MCLR	Bullet Repayment	02-May-18	12,984.00
15	Vijaya Bank	7.90%	Linked to MCLR	Bullet Repayment	13-Apr-18	708.00
16	Bank of Baroda	7.85%	Linked to MCLR	Bullet Repayment	11-Apr-18	20,000.00
17	J&K Bank	7.60%	Linked to MCLR	Bullet Repayment	01-Apr-18	6,000.00
	<b>Total</b>					<b>22,619.00</b>
						<b>24,198.97</b>
						<b>39,692.00</b>

Unsecured foreign currency term loan						
Terms of repayment of the unsecured rupee term loan from banks and amount outstanding as on various dates is as set out below:-						
S.No	Description	Interest rate (p.a.)	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	
1	Syndicated Foreign Currency Loan-JPY 3,31,890 Mio SBI-SMBC (Equivalent to USD 300M)	6M JPY LIBOR + 0.935% pa	Semi Annual	Bullet Repayment	31-Mar-30	23,414.84
2	Foreign Currency Loan-USD 300M-SBI BAHRAIN	6M USD LIBOR + 1.30% pa	Semi Annual	Bullet Repayment	26-Mar-30	22,770.00
3	Syndicated Foreign Currency Loan-JPY 26231.25 Mio (Equivalent to USD 300M)	6M JPY LIBOR+0.80%	Semi Annual	Bullet Repayment	28-Mar-28	18,506.15
4	Syndicated Foreign Currency Loan-JPY 32,856 (Equivalent to USD 300M)	6M JPY LIBOR + 0.90% pa	Semi Annual	Bullet Repayment	03-Jun-26	23,179.91
5	Loan From AFLAC-2	2.90%	Semi Annual	Bullet Repayment	30-Mar-26	2,811.11
6	Loan From AFLAC-1	2.85%	Semi Annual	Bullet Repayment	10-Mar-26	11,073.56
7	Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	Semi Annual	Bullet Repayment	03-Dec-18	-
	<b>Total as per IGAAP</b>					<b>1,01,755.57</b>
	Less: Unamortised transaction cost					<b>(2,126.28)</b>
	Less: Fair value hedge adjustment- recoverable from Ministry of Railways					<b>(3,090.22)</b>
	<b>Unsecured Foreign Currency Term Loan as per Ind AS</b>					<b>96,539.07</b>
						<b>25,618.35</b>
						<b>49,136.46</b>

Note: Prepayment option on unsecured loans wherever applicable do not attract any additional charges when applied subject to the prepayment being done at the end of interest terms.





**Indian Railway Finance Corporation Limited**

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**Notes to financial statements**

(All amounts in millions of INR, unless stated otherwise)

**Note 17 : Other financial liabilities**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Interest accrued but not due	1,00,490.79	72,918.04	56,567.19
Liability for matured and unclaimed bonds and interest accrued thereon	96.82	80.91	58.16
Amount payable to Ministry of Railways - Leased Assets	459.09	-	-
Earnest money deposit	0.49	0.33	0.33
<b>Total</b>	<b>1,01,047.19</b>	<b>72,999.28</b>	<b>56,625.68</b>

**Note 18 : Provisions**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Provision for employee benefits	18.52	19.36	16.61
Provision for corporate social responsibility	78.94	78.94	78.94
Provision on interest payable on income tax	40.57	19.66	12.82
<b>Total</b>	<b>138.03</b>	<b>117.96</b>	<b>108.37</b>

Provision on asset as per Reserve Bank of India norms presented as a reduction being impairment loss allowance from

- Note 7 - Loans	257.97	236.77	-
- Note 8 - Investments	0.09	-	-
- Note 9 - Other financial assets	38.79	38.68	-
<b>Total</b>	<b>296.85</b>	<b>275.45</b>	<b>-</b>

**Note 19 : Deferred tax liabilities (net)**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Deferred tax liability (net) (Refer accounting policy Note no. 2.7)	-	-	64,431.40
Less: Adjusted in retained earnings due to change in accounting policy (Refer accounting policy note no. 2.7)	-	-	-64,431.40
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 20 : Other non-financial liabilities**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Statutory dues	176.86	1.05	6,477.59
Tax deducted at source payable	145.33	47.10	115.14
Unamortised Portion of Securitisation Gain	-	-	-
<b>Total</b>	<b>322.19</b>	<b>48.15</b>	<b>6,592.73</b>



**Indian Railway Finance Corporation Limited**

CIN U65910DL1986GQ1026363

Notes to financial statements

(All amounts in millions of INR, unless stated otherwise)

**Note 21: Share capital**

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number of shares	Amount (in millions)	Number of shares	Amount (in millions)	Number of shares	Amount (in millions)
<b>Authorised share capital</b>						
No. of shares		15,00,00,00,000		15,00,00,00,000		15,00,00,00,000
Par value per share (Rs.)		10.00		10.00		10.00
<b>Amount (in millions)</b>		<b>1,50,000.00</b>		<b>1,50,000.00</b>		<b>1,50,000.00</b>
<b>Issued, subscribed and fully paid-up</b>						
No of Shares		9,38,04,60,000		6,52,64,60,000		6,52,64,60,000
Issued during the period		2,50,00,00,000		2,85,40,00,000		
Total no of shares		11,88,04,60,000		9,38,04,60,000		6,52,64,60,000
Par value per share (Rs.)		10.00		10.00		10.00
<b>Amount (in millions)</b>		<b>1,18,804.60</b>		<b>93,804.60</b>		<b>65,264.60</b>

(i) Reconciliation of the number of shares outstanding is set out below

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number of shares	Amount (in millions)	Number of shares	Amount (in millions)	Number of shares	Amount (in millions)
Shares outstanding at the beginning of the period	9,38,04,60,000	93,804.60	6,52,64,60,000	65,264.60	6,52,64,60,000	65,264.60
Shares issued during the period	2,50,00,00,000	25,000.00	2,85,40,00,000	28,540.00	-	-
<b>Shares outstanding at the end of the period</b>	<b>11,88,04,60,000</b>	<b>1,18,804.60</b>	<b>9,38,04,60,000</b>	<b>93,804.60</b>	<b>6,52,64,60,000</b>	<b>65,264.60</b>

(ii) The Company has only one class of equity shares having face value of ₹ 10 each and the holder of the equity share is entitled to one vote per share. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

(iii) Details of shares held by shareholders holding more than 5% of shares:

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number of shares	% Holding	Number of shares	% Holding	Number of shares	% Holding
The President of India and his nominees (through Ministry of Railways)	11,88,04,60,000	100%	9,38,04,60,000	100%	6,52,64,60,000	100%

(iv) The company has not, for a period of 5 years immediately preceding the balance sheet date:- issued equity share without payment being received in cash.

- issued equity share by way of bonus share.

- bought back any of its share.

(v) The company has no equity share reserve for issue under options/contracts



**Indian Railway Finance Corporation Limited**

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**Notes to financial statements**

(All amounts in millions of INR, unless stated otherwise)

**Note 22 : Other Equity**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Share issue expenses	(169.80)	-	-
Bond redemption reserve	-	57,145.59	52,947.49
General reserve	1,74,032.28	30,327.36	17,397.90
Retained earnings	5,000.00	64,431.40	68,043.98
Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	11,894.35	4,509.50	-
Equity instruments through other comprehensive income	62.91	68.08	64.29
<b>Total</b>	<b>1,90,819.74</b>	<b>1,56,481.93</b>	<b>1,38,453.66</b>

**Note 22.1: Share issue expenses**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance at the beginning of the period	-	-	-
Addition during the period*	(169.80)	-	-
<b>Restated balance at the end of the period</b>	<b>(169.80)</b>	<b>-</b>	<b>-</b>

\* Share issue expenses includes stamp duty fees and listing fees for the amount of Rs.118.80 million and Rs. 51.00 million respectively.

**Note 22.2: Bond redemption reserve**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance at the beginning of the period	57,145.59	52,947.49	48,749.39
Addition/(deletion) during the period	(57,145.59)	4,198.10	4,198.10
<b>Restated balance at the end of the period</b>	<b>-</b>	<b>57,145.59</b>	<b>52,947.49</b>

The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s 45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31-03-2019 amounting to Rs. 57,145.59 million has been transferred to retained earnings.

**Note 22.3: General reserve**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance at the beginning of the period	30,327.36	17,397.90	6,039.87
Addition during the period	1,43,704.92	12,929.46	11,358.03
<b>Restated balance at the end of the period</b>	<b>1,74,032.28</b>	<b>30,327.36</b>	<b>17,397.90</b>

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of other equity to another and is not an item of other comprehensive income.

**Note 22.4: Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance at the beginning of the period	4,509.50	-	-
Addition during the period	7,384.85	4,509.50	-
<b>Restated balance at the end of the period</b>	<b>11,894.35</b>	<b>4,509.50</b>	<b>-</b>





**Note 22.5: Retained earnings**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance at the beginning of the period	64,431.40	68,043.98	1,432.03
Add: Deferred tax liability due to change in accounting policy ( Refer accounting policy note no. 2.7)*	-	-	64,431.40
	<b>64,431.40</b>	<b>68,043.98</b>	<b>65,863.43</b>
Profit for the year	36,923.89	22,545.36	20,547.33
Transfer from (to) bond redemption reserve.	57,145.59	(4,198.10)	(4,198.10)
Transfer from (to) general reserve.	(1,43,704.92)	(12,929.46)	(11,358.03)
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(7,384.85)	(4,509.50)	-
Dividend	(2,000.00)	(3,750.00)	(2,335.25)
Dividend tax	(411.11)	(770.88)	(475.40)
<b>Restated balance at the end of the period</b>	<b>5,000.00</b>	<b>64,431.40</b>	<b>68,043.98</b>

\* Vide Letter No. Eoffice F.No.17/32/2017-CL-V dated 20th March 2020, MCA has advised the company to apply paragraph 11 of Ind AS 01, First time adoption of Ind AS read with Ind AS 8, Accounting Policies, changes in Accounting Estimates and Errors. Accordingly, the company has during the current financial year reversed the deferred tax liability of Rs. 64431.40 million by crediting the retained earnings (Refer Note-46).

The Board of Directors of the Company have proposed a final dividend of Rs. 5,000.00 Million (31st March 2019: Rs. 2,000.00 Million; 1st April 2018: Rs. 1,750.00 Million) subject to Corporate Dividend Tax in the board meeting held on 28th August 2020 (31st March 2019: 5th September 2019 ; 1st April 2018: 10th September 2018) subject to approval of shareholders in the forthcoming Annual General Meeting.

**Note 22.6: Equity instruments through other comprehensive income**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance at the beginning of the period	68.08	64.29	56.95
Total comprehensive income for the period	(5.17)	3.79	7.34
<b>Restated balance at the end of the period</b>	<b>62.91</b>	<b>68.08</b>	<b>64.29</b>



**Note 23 : Interest income**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
On financial assets measured at amortised cost :		
- Interest on loans	5,548.60	5,251.05
- Interest income from deposits	282.16	202.55
- Interest income from investments	5.05	6.67
- Pre commencement lease - Interest Income	22,198.43	11,757.72
- Interest income on application money	45.11	12.72
<b>Total</b>	<b>28,079.35</b>	<b>17,230.71</b>

**Note 24 : Lease income**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Lease income	1,10,299.37	94,100.09
<b>Total</b>	<b>1,10,299.37</b>	<b>94,100.09</b>

**Note 25 : Other income**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit on sale of fixed assets	-	0.01
Miscellaneous income	0.73	-
<b>Total</b>	<b>0.73</b>	<b>0.01</b>

**Note 26: Finance cost**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on debt securities	1,02,799.80	85,514.61
Interest on borrowings	38,310.56	19,276.33
Discount on commercial paper	1,358.05	1,237.25
Interest on delayed payments to Ministry of Railways	4,971.55	2,993.49
Interest to Income Tax Authorities	20.91	19.66
Other borrowing cost	100.58	114.29
<b>Sub-Total</b>	<b>1,47,561.45</b>	<b>1,09,155.63</b>
Less: Borrowing costs capitalized on Railway Infrastructure Assets	46,763.64	27,325.03
<b>Total</b>	<b>1,00,797.81</b>	<b>81,830.60</b>

**Note 27: Impairment on financial instruments measured at amortised cost**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loans & Interest accrued thereon	21.41	275.44
<b>Total</b>	<b>21.41</b>	<b>275.44</b>

\* The Company being a government owned NBFC, hitherto exempt, is subject to provisioning norms vide Reserve Bank of India circular no. RBI/2017-18/181\_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018. Income Recognition and Asset Classification (IRAC) norms to be complied by 31 March 2019. However RBI had vide letter no DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018 had exempted the Company from the aforesaid requirements to the extent of its direct exposure on the sovereign. Therefore the company had not applied impairment requirements to its exposure with MOR. The computation of impairment is as under:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loan to IRCON International Limited	24,612.27	28,426.30
Loan to Rail Vikas Nigam Limited	39,879.41	30,765.34
Debt securities	22.23	-
Interest accrued on above	9,698.37	9,669.11
<b>Total</b>	<b>74,212.28</b>	<b>68,860.75</b>
Provision @ 0.4%	296.85	275.44

The Company apart from the above is of the view that no further impairment is required as per expected credit loss model prescribed in IND AS 109, Financial Instruments as Ircon International Limited and Rail Vikas Nigam Limited, both, are under the Ministry of Railways, Government of India and the Company do not expect any concern in the repayment of aforesaid loans.



**Note 28 : Employee benefit expense**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	52.08	54.78
Contribution to provident and others funds	9.88	7.32
Staff welfare expenses	0.69	0.41
<b>Total</b>	<b>62.65</b>	<b>62.51</b>

**Note 29: Depreciation, amortisation and impairment**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment	4.43	4.09
Amortisation of intangible assets	0.15	0.09
<b>Total</b>	<b>4.58</b>	<b>4.18</b>

**Note 30 : Other expenses**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Bank charges	0.34	0.37
Fee & subscription	2.66	2.01
Filing fees	-	0.02
Travelling	14.65	4.86
Conveyance	0.95	0.74
Ground rent	0.14	0.14
Printing & stationery	1.93	1.77
Postage, telegram & telephone	0.50	0.29
Director's fees, allowances and expenses	2.31	2.24
Transport hire charges	3.25	2.70
Insurance	0.06	0.02
Manpower Services	15.12	9.49
Vehicle expenses	0.12	0.09
Legal & professional charge	8.53	8.08
Loss on sale of fixed assets	0.07	0.16
Payment to auditors (refer note (i) below)	4.44	4.28
Property tax	0.28	0.28
Office maintenance charges	2.20	3.72
Office equipment maintenance	3.43	2.54
Advertisement & publicity	3.08	5.47
Sponsorship/Donation	0.20	0.62
Newspaper, books and periodicals	0.18	0.23
Electricity charges	2.58	2.19
Exchange rate variation	3.30	0.23
Miscellaneous expenses	9.87	10.05
Corporate social responsibility expenses (Refer note no. 49)	494.49	84.78
<b>Total</b>	<b>574.68</b>	<b>147.37</b>

(i) Payment to the Auditors Comprises net of GST input credit, where applicable)

(a) Annual Audit fees	1.00	1.00
(b) Tax audit fees	0.38	0.33
(c) Quarterly Review fees	0.88	0.69
(d) Internal Audit Fees	0.23	0.23
(e) Certification fees	1.92	1.88
(f) GST Audit Fees	0.03	0.15
<b>Total</b>	<b>4.44</b>	<b>4.28</b>





**Note 31: Income taxes**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income taxes recognised in profit and loss</b>		
<b>Current tax</b>		
In respect of the current period	-	6,469.24
Adjustments for prior periods	-	(0.88)
	-	<b>6,468.36</b>
<b>Deferred tax</b>		
In respect of the current period	-	-
	-	<b>6,468.36</b>
<b>Total income tax expense recognised in the current period</b>	-	<b>6,468.36</b>

The Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 on 20th September, 2019. After exercising the option of Section 115BAA, the taxable income under the provisions of Income Tax Act, 1961 comes to nil. Further after adoption of Section 115BAA, the Company will be outside the scope and applicability of MAT provisions under Section 115JB of Income Tax Act, 1961. Hence, no provision for tax has been made in the financial statements for the year ended 31st March 2020.

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit before tax</b>	<b>36,924.24</b>	<b>29,015.85</b>
Tax rate	25.1680%	34.9440%
Tax thereon	9,293.09	10,139.30
Tax impact on account of unabsorbed depreciation as per computation under normal provisions of the Income tax Act, 1961 under the head 'Profit and Gains of Business'	(9,293.09)	(10,139.30)
Minimum alternate tax on book profits as per section 115JB(1) of Income Tax Act, 1961 (see note 1 below) (Not applicable for half year ended 30th September 2019 as the Company has opted for the provisions of section 115BAA of the Income - tax Act, 1961.	-	6,314.78
Proportionate minimum alternate tax on accretion to other equity on date of transition to Ind AS as per Section 115JB (2C) of the Income Tax Act, 1961 (see note 2 below)	-	153.88
Tax on items recognised in other comprehensive income	-	0.58
Tax on adjustment for earlier years on finalization of assessments by the assessing authorities	-	(0.88)
<b>Total tax expense</b>	-	<b>6,468.36</b>



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Notes to financial statements  
(All amounts in millions of INR, unless stated otherwise)

**Note -1**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Profit for the period as per Ind AS</b>		29,015.85
Less: Ind AS adjustments		2.71
<b>Total (A)</b>		<b>29,013.14</b>
<b>Add:-</b>		
Expenses u/s 14A of Income Tax Act	As the Company has opted for section 115BAA of the Income - tax Act, 1961, the MAT provisions of section 115JB of the Income - tax Act, 1961 are no longer applicable to the Company	0.20
Interest u/s 234 B & C		19.66
Provision for post retirement employee benefits		1.24
Standard asset provision		275.44
<b>Total (B)</b>		<b>296.54</b>
<b>Total (A+B)</b>		<b>29,309.68</b>
<b>Less:-</b>		
Dividend income		5.14
<b>Total (C)</b>		<b>5.14</b>
<b>Book Profit((A+B)-C)</b>		<b>29,304.54</b>
<b>Tax rate</b>		<b>21.5488%</b>
<b>Tax thereon</b>		<b>6,314.78</b>

**Note -2**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Other equity as per Ind AS on date of conversion i.e, 01 April 2018		74,022.26
Adjustment on account of fair value change in the value of investments measured at FVTOCI		64.29
<b>Total</b>		<b>73,957.97</b>
Other equity as per AS on date of conversion i.e, 01 April 2018		70,387.50
<b>Difference</b>		<b>3,570.47</b>
<b>Tax rate</b>		<b>21.5488%</b>
Tax thereon		769.39
<b>Proportionate amount of tax payable during the period ended</b>		<b>153.88</b>

**Income tax recognised in other comprehensive income**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Remeasurements of defined benefit obligation	-	0.58
<b>Total income tax recognised in other comprehensive income</b>		<b>0.58</b>

**Note 32: Earning per share**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net Profit	36,924.24	22,547.49
Weighted average number of equity shares outstanding		
Opening balance at the beginning of the period	9,38,04,60,000.00	6,52,64,60,000.00
Issued during the period	1,36,61,202.19	4,69,15,068.00
Brought back during the period	-	-
Add: Number of potential equity shares on account of receipt of share application money pending allotment	-	-
Weighted average number of equity shares (including diluted equity share) outstanding at the end of the period	9,39,41,21,202.19	6,57,33,75,068.00
Earning per share- Basic [Face value of Rs. 10/- per share]	3.93	3.43
Earning per share- Diluted [Face value of Rs. 10/- per share]	3.93	3.43



**Indian Railway Finance Corporation Limited**

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**Notes to financial statements**

(All amounts in millions of INR, unless stated otherwise)

**Note 33: Leases**

Receivables (Note No. 6) include lease receivables representing the present value of future Lease Rentals receivables on the finance lease transactions entered into by the Company.

The lease agreement in respect of these assets is executed at the year-end based on the lease rentals and implicit rate of return (IRR) with reference to average cost of annual incremental borrowings plus margin decided at that time. Any variation in the lease rental rate or the implicit rate of return for the year is accordingly adjusted at the year end.

Reconciliation of the lease receivable amount on the gross value of leased assets worth Rs. 22,38,107.84 millions (31 March 2019: Rs.19,02,666.75 millions, 1st April 2018: Rs. 16,62,115.90 millions) owned by the Company and leased to the Ministry of Railways(MoR) is as under:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Gross value of assets acquired & leased upto the end of previous financial year	19,02,666.75	16,62,115.90	14,75,417.30
Less: Capital recovery provided upto last Year	(6,52,401.63)	(5,67,399.34)	(4,93,355.40)
Capital recovery outstanding on leased assets as at the end of last year	12,50,265.12	10,94,716.56	9,82,061.90
Add: Gross value of assets acquired and leased during the period	3,35,441.09	2,40,550.85	1,86,698.60
	<b>15,85,706.21</b>	<b>13,35,267.41</b>	<b>11,68,760.50</b>
Less: Capital recovery for the period	(99,908.21)	(85,002.29)	(74,043.94)
<b>Net investment in Lease Receivables</b>	<b>14,85,798.00</b>	<b>12,50,265.12</b>	<b>10,94,716.56</b>

The value of contractual maturity of leases as per Ind AS-17 is as under:-

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Gross investment in lease	21,85,188.13	18,42,569.01	16,09,327.00
Unearned finance income	6,99,390.13	5,92,303.89	5,14,610.44
Present value of minimum lease payment (MLP)	14,85,798.00	12,50,265.12	10,94,716.56

Gross investment in lease and present value of minimum lease payments (MLP) for each of the periods are as under

**Gross investment in lease**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Not later than one year	2,23,394.28	1,90,228.01	1,65,821.30
Later than one year and not later than two years	2,18,765.03	1,86,567.68	1,62,738.26
Later than one year and not later than three years	2,14,010.29	1,81,938.43	1,59,077.93
Later than one year and not later than four years	2,06,824.99	1,77,183.69	1,54,448.68
Later than one year and not later than five years	1,96,693.09	1,69,998.39	1,49,693.93
Later than five years	11,25,500.45	9,36,652.81	8,17,546.90
<b>Total</b>	<b>21,85,188.13</b>	<b>18,42,569.01</b>	<b>16,09,327.00</b>

**Present value of MLP**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Not later than one year	1,12,525.68	95,104.40	82,368.50
Later than one year and not later than two years	1,17,498.21	99,676.79	86,272.27
Later than one year and not later than three years	1,22,194.13	1,03,622.03	90,088.10
Later than one year and not later than four years	1,25,419.42	1,07,208.40	93,211.97
Later than one year and not later than five years	1,26,008.98	1,09,235.28	95,906.66
Later than five years	8,82,151.58	7,35,418.22	6,46,869.06
<b>Total</b>	<b>14,85,798.00</b>	<b>12,50,265.12</b>	<b>10,94,716.56</b>

**Unearned Finance Income & Unguaranteed Residual Income**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Unearned finance income	6,99,390.13	5,92,303.89	5,14,610.44
Unguaranteed residual income	NIL	NIL	NIL

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, the Company has funded Railway projects during the year 2011-12, in respect of which the lease had commenced during the year 2015-16. 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.





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**Notes to financial statements**

(All amounts in millions of INR, unless stated otherwise)

**Note 34: Contingent liabilities and Commitments**

**Contingent liabilities**

a.

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Claims against the Company not acknowledged as debt – Claims by bondholders in the consumer / civil courts	4.27	4.27	0.87

b. Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Supreme Court - amount not ascertainable.

c. The procurement/acquisition of assets leased out by the Company to the Indian Railways is done by Ministry of Railways (MOR), Government of India. As per the lease agreements entered into between the Company and MOR, the Sales Tax/ VAT liability, if any, on procurement/acquisition and leasing is recoverable from MOR. Since, there is no sales tax/ VAT demand and the amount is unascertainable, no provision is considered necessary.

d. Directorate General of GST Intelligence (DGGI), Chennai, Zonal Unit has served a show cause notice dated 16 April 2019 on the Company alleging contravention of provisions of Section 67, 68 and 70 of the Finance Act, 1994 by the Company and as to why service tax of Rs. 2,65,37.65 millions along with interest and penalty be not demanded from the Company.

The Company has submitted reply against the Show Cause notice stating that there is no contravention of provisions of any of the above stated Sections of the Finance Act, 1994 and the Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the Ministry of Railways, India.

**Note 35: Expenditure in Foreign Currency**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
a) Interest/Swap Cost on foreign currency borrowings	3,958.38	4,641.21	3,232.57
b) Processing agent/ fiscal Agent/ admin fees	966.29	8.55	2.90
c) Underwriting/ arranger fees	-	-	486.21
d) International credit rating agencies fees	32.83	11.38	28.90
e) Others	5.47	4.46	14.67
<b>Total</b>	<b>4,962.97</b>	<b>4,665.60</b>	<b>3,765.25</b>

**Note 36: Segment reporting**

The Company has identified "Leasing and Finance" as its sole reporting segment. Thus there is no inter-segment revenue and the entire revenue is presented in the statement of profit and loss is derived from external customers all of whom is domiciled in India, the Company's country of domicile.

All non-current assets other than financial instruments are also located in India.

The Company derives more than 10% of its revenue from a single customer (ie. Ministry of Railways , Government of India (MOR) and entities under the control of MOR). The break up of the revenue is an under:

Particulars	As at	As at
	31 March 2020	31 March 2019
Revenue from MOR & entities under the control of MOR		
- Lease Income	1,10,299.37	94,100.09
- Interest Income	5,548.60	5,251.05
- Pre Commencement lease interest income	22,198.43	11,757.72
<b>Total</b>	<b>1,38,046.40</b>	<b>1,11,108.86</b>



**Note 37: Employee benefits**

37.1 Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Contribution to provident fund	3.13	2.41	2.50
Contribution to gratuity	0.93	0.66	2.13
Contribution to leave encashment	3.93	3.01	2.61
Contribution to post retirement medical and pension	1.89	1.24	3.43

**37.2 The Company operates a funded gratuity benefit plan.**

**A) Actuarial Assumptions**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
<b>Economic Assumptions</b>			
Discount rate	6.55% p.a	7.50% p.a	7.60% p.a
Salary escalation	6.00% p.a	6.00% p.a	6.00% p.a
<b>Demographic Assumptions</b>			
Retirement age	60	60	60
Attrition rate	0.00%	0.00%	0.00%
Mortality table used	100% of IALM (2012-14)	100% of IALM (2006-08)	100% of IALM (2006-08)

**Notes:**

1. The discount rate is based on the prevailing market yield of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and in the employment market.
3. The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**B) Movements in present value of the defined benefit obligation**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Present value of obligation as at the beginning of the year	9.57	7.65	5.90
Acquisition adjustment out	-	-	-
Interest cost	0.73	0.58	0.42
Past service cost	-	-	1.73
Current service cost	0.83	0.65	0.46
Benefit paid	(1.14)	(2.00)	-
Actuarial (gain)/loss on obligations due to change in financial assumptions	0.73	0.07	(0.28)
Actuarial (gain)/loss on obligations- due to experience	(0.45)	2.62	(0.58)
Actuarial (gain)/loss on obligations- demographic changes	(0.01)	-	-
<b>Liability at the end of the year</b>	<b>10.26</b>	<b>9.57</b>	<b>7.65</b>

**C) Movements in the fair value of plan assets**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Fair value of plan assets at the beginning of the year	7.78	7.21	6.41
Contribution from the employer	8.72	-	0.32
Interest Income	0.61	0.57	0.48
Return on plan assets excluding amounts included in interest income	(0.07)	(0.01)	0.01
Benefits paid	-	-	-
Reimbursement paid by the insurer	-	-	-
Actuarial gain/(loss) for the year on asset	-	-	-
<b>Fair value of the plan assets for the period ending</b>	<b>17.04</b>	<b>7.77</b>	<b>7.22</b>



D) Amount recognised in the Balance Sheet

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Present value of funded obligation at the end of the year	10.26	9.57	7.65
Fair value of plan assets at the end of the year	17.04	7.77	7.22
<b>Net liability/ (assets) recognised in the Balance Sheet</b>	<b>(6.78)</b>	<b>1.80</b>	<b>0.43</b>

E) Expenses recognised in the Statement of Profit and Loss during the year:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Current service cost	0.83	0.65	0.46
Past service cost	-	-	1.73
Net interest cost (Income)	0.10	0.01	(0.05)
Expected return on plan assets	-	-	-
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>0.93</b>	<b>0.66</b>	<b>2.14</b>

F) Expenses recognised in Other Comprehensive Income during the year:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Net cumulative unrecognised actuarial gain/(loss) opening			
Actuarial (gain) / loss for the year on PBO	0.27	2.70	(0.86)
Actuarial (gain) / loss for the year on Asset	0.07	0.01	(0.01)
<b>Unrecognised actuarial gain / (loss) for the period ending</b>	<b>0.34</b>	<b>2.71</b>	<b>(0.87)</b>

G) Composition of the plan assets:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Policy of insurance	100.00%	100.00%	100.00%

H) Change in Net benefit obligations

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Net defined benefit liability at the start of the year	1.80	0.43	(0.51)
Acquisition adjustment	-	-	-
Total service cost	0.93	0.66	2.18
Net interest cost (income)	-	-	(0.05)
Re-measurements	0.34	2.71	(0.87)
Reimbursement paid by the insurer	-	-	-
Contribution to the plan assets	(8.71)	-	(0.32)
Benefit paid directly by the enterprise	(1.14)	(2.00)	-
<b>Net defined benefit liability/ (assets) for the period ending</b>	<b>(6.78)</b>	<b>1.80</b>	<b>0.43</b>

I) Bifurcation of PBO at the end of year as current and non current:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Current liability (Amount due within one year)	(1.36)	0.83	0.41
Non-Current liability (Amount due over one year)	(5.42)	0.97	0.02
<b>Total PBO at the end of year</b>	<b>(6.78)</b>	<b>1.80</b>	<b>0.43</b>





J) Bifurcation of defined benefit obligation

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Vested	9.67	8.83	7.47
Non-Vested	0.59	0.74	0.18
	<b>10.26</b>	<b>9.57</b>	<b>7.65</b>

K) Sensitivity analysis of the defined benefit obligation

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
a) Impact of the change in discount rate			
-Impact due to increase of 0.50 %	9.86	9.23	7.36
-Impact due to decrease of 0.50 %	10.67	9.94	7.95
b) Impact of the change in salary increase			
-Impact due to increase of 0.50 %	10.51	9.73	7.88
-Impact due to decrease of 0.50 %	10.07	9.27	7.42

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

L) The employer's best estimate of contribution expected to be paid during the next year:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Expected contribution of the next year	0.79	0.83	0.41

M) These plans typically expose the Company to Actuarial Risks such as investment Risk, Liquidity Risk, Market Risk and Legislative Risk.

<b>Actuarial Risk</b>	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.  Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.
<b>Investment Risk</b>	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
<b>Liquidity Risk</b>	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.
<b>Market Risk</b>	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
<b>Legislative Risk</b>	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.



37.3 Actuarial Assumptions for unfunded Post Retirement Medical Benefits:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Compensated absences</b>			
Discount rate	6.55% p.a	7.50% p.a	7.60% p.a
Future salary increase	N/A	N/A	N/A
Medical inflation Rate	8.90%p.a	8.90%p.a	8.90%p.a
Retirement age	60 years	60 years	60 years
Mortality table	100% of IALM (2012-14)	100% of IALM (2006-08)	100% of IALM (2006-08)

These plans typically expose the Company to Actuarial risks such as Investment Risk, Liquidity Risk and Market Risk.

<b>Actuarial Risk</b>	<p>It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:</p> <p><b>Adverse Salary Growth Experience:</b> Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.</p> <p><b>Variability in morbidity rates:</b> If actual morbidity rates are higher than assumed morbidity rate assumption than the Post Retirement Medical Benefits will be paid earlier than expected.</p> <p><b>Variability in withdrawal rates:</b> If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Post Retirement Medical Benefits will not be paid earlier than expected. This will lead to an actuarial gain in the year of such experience.</p>
<b>Investment Risk</b>	<p>For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.</p>
<b>Liquidity Risk</b>	<p>Employees with high treatment costs and long durations of treatments, accumulate significant level of benefits. Such benefits can lead to strain on the cashflows.</p>
<b>Market Risk</b>	<p>Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits &amp; vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.</p>



37.4 The Company operates a funded leave benefit plan.

A) Actuarial Assumptions

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
<b>Economic Assumptions</b>			
Discount rate	6.55% p.a.	7.50% p.a.	7.60% p.a.
Salary escalation	6.00% p.a.	6.00% p.a.	6.00% p.a.
<b>Demographic Assumptions</b>			
Retirement age	60	60 Years	60 Years
Attrition rate	0.00%	0.00% p.a.	0.00% p.a.
Mortality table used	100% of IALM (2012-14)	100% of IALM (2006-08)	100% of IALM (2006-08)
<b>Leave Availment and Encashment Rate</b>			
Leave Availment Rate	10% p.a.	10% p.a.	10% p.a.
Encashment in service	0.00% p.a.	0.00% p.a.	0.00% p.a.

B) Movements in present value of the defined benefit obligation

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Present value of obligation as at the beginning of the year	9.86	9.17	7.16
Acquisition adjustment out	-	-	-
Interest cost	0.70	0.70	0.51
Past service cost	-	-	1.38
Current service cost	1.22	1.12	1.47
Benefit paid	(2.10)	(2.75)	(0.97)
Actuarial (gain)/loss on obligations- due to change in financial assumptions	0.51	0.04	(0.19)
Actuarial (gain)/loss on obligations- due to experience adjustments	2.02	1.58	(0.19)
Actuarial (gain)/loss on obligations- due to change in demographic assumption	-	-	-
Liability at the end of the year	12.21	9.86	9.17

C) Movements in the fair value of plan assets

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Fair value of plan assets at the beginning of the year	6.19	5.76	3.41
Contribution by employer	2.66	-	1.98
Interest income	0.47	0.48	0.30
Return on plan assets excluding amounts included in interest income	(0.03)	(0.05)	0.07
Benefits paid	-	-	-
Actuarial gain/(loss) for the year on asset	-	-	-
Fair value of the plan assets at the end of the year	9.29	6.19	5.76

D) Amount recognised in the Balance Sheet

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Present value of funded obligation at the end of the year	12.21	9.86	9.17
Fair value of plan assets at the end of the year	9.29	6.19	5.76
Net liability recognised in the Balance Sheet	2.92	3.67	3.41





E) Expenses recognised in the Statement of Profit and Loss during the year:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Current service cost	1.22	1.12	1.47
Past service cost	-	-	1.38
Net interest cost (Income)	0.22	0.22	0.22
Net value of re-measurements on the obligation and planned assets	2.56	1.67	(0.46)
<b>Expense recognised in the Statement of Profit and Loss</b>	<b>4.00</b>	<b>3.01</b>	<b>2.61</b>

F) Components of actuarial gain/loss on obligation

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Due to change in financial assumptions	0.51	0.04	(0.19)
Due to change in demographic assumption	-	-	-
Due to experience adjustments	2.02	1.58	(0.19)
Return on plan assets excluding amounts included in interest income	0.03	0.05	(0.07)
	<b>2.56</b>	<b>1.67</b>	<b>(0.45)</b>

G) Composition of the plan assets:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Policy of insurance:	100%	100%	100%

H) Change in Net benefit obligations

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Net defined benefit liability at the start of the year	3.67	3.41	3.75
Acquisition adjustment	-	-	-
Total service cost	1.22	1.12	2.85
Net interest cost (Income)	0.48	0.22	0.22
Re-measurements	2.30	1.67	(0.45)
Contribution paid to the fund	(2.65)	-	(1.99)
Benefit paid directly by the enterprise	(2.10)	(2.75)	(0.97)
<b>Net defined benefit liability at the end of the year</b>	<b>2.92</b>	<b>3.67</b>	<b>3.41</b>

I) Bifurcation of PBO at the end of year as current and non current:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Current liability (Amount due within one year)	1.61	1.22	1.12
Non-Current liability (Amount due over one year)	1.31	2.45	2.29
<b>Total PBO at the end of year</b>	<b>2.92</b>	<b>3.67</b>	<b>3.41</b>

K) Sensitivity analysis of the defined benefit obligation

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
a) Impact of the change in discount rate			
-Impact due to increase of 0.50 %	11.93	9.64	8.97
-Impact due to decrease of 0.50 %	12.49	10.09	9.38
b) Impact of the change in salary increase			
-Impact due to increase of 0.50 %	12.49	10.09	9.39
-Impact due to decrease of 0.50 %	11.93	9.64	8.96

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.



l) These plans typically expose the Company to actuarial risks such as Investment Risk, Liquidity Risk and Market Risk.

<b>Actuarial Risk</b>	<p>It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:</p> <p><b>Adverse Salary Growth Experience:</b> Salary hikes that are higher than the assumed salary escalation will result into an Increase in Obligation at a rate that is higher than expected. <b>Variability in mortality rates:</b> If actual mortality rates are higher than assumed mortality rate assumption than the leave benefit will be paid earlier than expected. The acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.</p> <p><b>Variability in withdrawal rates:</b> If actual withdrawal rates are higher than assumed withdrawal rate assumption than the leave benefit will be paid earlier than expected. The impact of this will depend on the relative values of the assumed salary growth and discount rate.</p> <p><b>Variability in avallment rates:</b> If actual avallment rates are higher than assumed avallment rate assumption then leave balances will be utilised earlier than expected. This will result in reduction in leave balances and Obligation.</p>
<b>Investment Risk</b>	<p>For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.</p>
<b>Liquidity Risk</b>	<p>Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.</p>
<b>Market Risk</b>	<p>Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits &amp; vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.</p>



**Note 38: Financial Instruments**

**38.1: Capital management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (Debt Securities & Borrowings as detailed in Note 15 & 16 offset by cash and bank balances as detailed in Note 3 ) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

**38.1.1 Gearing ratio**

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Debt (See note 'I' below)	23,43,767.21	17,39,326.75	13,40,055.28
Cash and cash equivalents	18.80	37.07	11.26
Net debt	23,43,753.41	17,39,289.68	13,40,044.00
Total equity	3,09,624.34	2,50,286.53	2,03,718.26
Net debt to equity ratio (in times)	7.57	6.95	6.58

**38.1.2 Net Worth**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Total Assets	27,59,341.69	20,66,036.10	16,14,688.26
Total Liabilities	24,49,717.35	18,15,749.57	14,10,965.00
Net Worth	3,09,624.34	2,50,286.53	2,03,718.26

**38.1.3 Debt Equity Ratio**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Debt	23,43,767.21	17,39,326.75	13,40,055.28
Equity	3,09,624.34	2,50,286.53	2,03,718.26
	7.57	6.95	6.58

Note:

(J) Debt computed as under:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Debt Securities (Note 15)	15,52,904.56	12,35,978.99	11,08,442.46
Borrowing (other than debt securities) (Note 16)	7,90,862.65	5,03,347.76	2,31,612.82
Total Debt	23,43,767.21	17,39,326.75	13,40,055.28



35.2 Financial Instruments - Accounting classification and fair value measurement

35.2.1 Categories of financial instruments

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
<b>Financial assets</b>			
<b>Measured at amortised cost</b>			
Cash and cash equivalents	13.80	37.07	11.28
Bank balance other than above	993.83	773.59	986.92
Investments ( Pass through certificates)	22.14	23.30	45.42
Loans	64,233.71	58,954.87	52,379.55
Other financial assets	11,87,487.29	7,40,307.26	4,51,076.00
Receivables (Lease Receivables)	14,85,798.00	12,50,265.12	10,94,716.56
<b>Measured at fair value through Profit and Loss</b>			
Derivative financial instruments	-	466.90	568.47
<b>Measured at fair value through Other Comprehensive Income</b>			
Investments (RCON)	92.94	98.15	94.30
<b>Financial liabilities</b>			
<b>Measured at amortised cost</b>			
Payables			
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	0.50	0.08	2.40
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	377.08	121.71	84.75
Debt securities	15,52,904.56	12,35,978.99	11,08,442.46
Borrowings (Other than debt securities)	7,90,862.65	5,03,347.76	2,31,612.82
Other financial liabilities (Interest accrued but not due, amount payable to Mofl etc.)	1,01,047.19	77,999.28	56,625.68
<b>Measured at fair value through Profit and Loss</b>			
Derivative financial instruments	4,065.15	3,105.95	7,495.79



**38.2.2: Fair value measurements**

**Fair value hierarchy**

The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices in markets that are not active) or indirectly (i.e. quoted prices for similar assets or liabilities);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2020:

Particular	As at 31 March 2020	Fair Value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	92.98	92.98	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:

Particular	As at 31 March 2019	Fair Value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	98.15	98.15	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April 2018:

Particular	As at 1 April 2018	Fair Value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	94.36	-	-	94.36

**Valuation technique used to determine fair value**

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

The Company holds nominal Equity (less than 0.25%) in IRCON International Limited. The equity shares of IRCON International Limited were listed on National Stock Exchange (NSE) with effect from 28 September 2018. The Company had elected to classify its investment in IRCON International Limited as fair value through other comprehensive income (OCI). The fair value as on 31 March 2020 & 31 March 2019 has been measured as per the quoted on National Stock Exchange (Level 1 Input). The fair market value as at 1 April 2019 has been determined on the basis of book value computed as per the preceding year's annual financial statement of IRCON International Limited as available with the Company (Level 3 Input).

**Dividend received**

Particulars	As at	
	31 March 2020	31 March 2019
Dividend received (IRCON International Limited)	5.92	5.14

**Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.





**38.3 Financial risk management**

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks to as to minimise potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

**38.4: Market risk:**

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Company use derivative instruments to manage market risk against the volatility in foreign exchange rates and interest rates in order to minimize their impact on its results and financial position. Company policy is not to utilize any derivative financial instruments for trading or speculative purposes.

**38.5: Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Liabilities as at				Assets as at	
	As at	As at	As at	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018	31 March 2020	31 March 2019	1 April 2018
Secured foreign currency term loan	454.58	625.44	784.36	-	-	-
Unsecured bonds from overseas capital market	1,51,671.11	69,571.19	62,579.67	-	-	-
Unsecured foreign currency term loans	96,539.07	25,618.35	49,136.46	-	-	-
<b>Total</b>	<b>2,48,664.76</b>	<b>95,814.98</b>	<b>1,12,500.49</b>	-	-	-

**Foreign currency sensitivity analysis**

The following table details the company's sensitivity to a 10% increase and decrease in the INR against the relevant outstanding foreign currency denominated monetary items. 10% sensitivity indicates management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where Rupee appreciates 10% against the relevant currency. A negative number below indicates a decrease in profit or equity where the Rupee depreciates 10% against the relevant currency.

Particulars	As at		As at		As at	
	31 March 2020		31 March 2019		1 April 2018	
	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%
Profit or (loss)	24,866.48	(24,866.48)	9,581.50	(9,581.50)	11,250.05	(11,250.05)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

**38.6: Interest rate risk management**

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Company use financial instruments to manage its exposure to changing interest rates and to adjust its mix of fixed and floating interest rate debt on long-term debt.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's:

- Profit for the year ended 31 March 2020 would decrease/increase by Rs.6,972.21 millions (31 March 2019) decrease/increase Rs. 5,861.05 millions, 1 April 2018: decrease/increase Rs. 5,144.72 millions). This is mainly attributable to the Company's exposure to interest rates on its variable rate debt securities;
- Profit for the year ended 31 March 2020 would decrease/increase by Rs. 3,235.53 million (31 March 2019) decrease/increase Rs. 1,837.40 millions, 1 April 2018: decrease/increase Rs. 845.15 millions). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**38.7: Other price risks**

The Company has a small amount of investment in equity instruments, price risk of which is not considered material.

**38.8: Credit risk management**

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

- Actual or expected significant adverse change in business.
- Actual or expected significant changes in the operating results of the counterparty.
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation.
- Significant increase in credit risk and other financial instruments of the same counterparty.
- Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Credit risk is managed through approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business. The company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables.

The Company's major exposure is from lease receivables from Ministry of Railways, Government of India and loans to Rail Vikas Nigam Limited and IRCON International Limited which are under the control of Ministry of Railways. There is no credit risk on lease receivables being due from sovereign. With respect to loan given to Rail Vikas Nigam Limited and IRCON International Limited, the company consider the Reserve Bank of India directions in terms of its circular no. RB/2017-18/181\_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018 read with letter no. DNBR (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018, to be adequate compliance with the impairment norms as per Ind AS 109, Financial Instruments, as IRCON International Limited and Rail Vikas Nigam Limited, both, are under Ministry of Railways, Government of India and the Company do not expect any concern in the repayment of aforesaid loans.





38.9: Liquidity risk management

Liquidity risk is defined as the potential risk that the Company cannot meet the cash obligations as they become due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Besides, there is a provision in the lease agreements with the Ministry of Railways (MOR) whereby MOR undertakes to provide lease rentals in advance (to be adjusted from future payments) in case the Company doesn't have adequate liquidity to meet its debt service obligations.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars	0-1 year	1-3 years	3-5 years	5+ years	Total	Recognition of borrowings at amortised cost using effective interest rate method	Fair value hedge adjustment-recoverable from Ministry of Railways	Carrying Amount (Balance Sheet amount as per IND AS)
<b>31 March 2020</b>								
Trade Payables-Other Payables	377.58	-	-	-	377.58	-	-	377.58
Other Financial Liabilities								
-Interest accrued but not due	50,625.36	-	-	49,865.43	1,00,490.79	-	-	1,00,490.79
-Unclaimed mature debentures and interest accrued thereon	96.82	-	-	-	96.82	-	-	96.82
-Amount Payable to MOR	459.09	-	-	-	459.09	-	-	459.09
-Earnest Money Deposit	0.49	-	-	-	0.49	-	-	0.49
Debt Securities								
-Bonds in Domestic Market	74,013.98	1,96,603.88	1,27,264.14	9,65,749.30	13,63,631.30	-1,031.94	-	13,62,599.36
-Commercial Paper	38,634.09	-	-	-	38,634.09	-	-	38,634.09
-Bonds in Overseas Market	-	-	37,950.00	1,13,850.00	1,51,800.00	-128.89	-	1,51,671.11
<b>Borrowing (Other than Debt Securities)</b>								
Borrowings in India	76,369.00	69,430.56	98,591.24	4,49,478.20	6,93,869.00	-	-	6,93,869.00
Borrowings outside India	227.70	227.70	-	1,01,755.57	1,02,210.97	-2,127.10	-3,090.22	96,993.65
<b>31 March 2019</b>								
Trade Payables-Other Payables	121.79	-	-	-	121.79	-	-	121.79
Other Financial Liabilities								
-Interest accrued but not due	39,266.18	26,497.39	7,154.47	-	72,918.04	-	-	72,918.04
-Unclaimed mature debentures and interest accrued thereon	80.91	-	-	-	80.91	-	-	80.91
-Amount Payable to MOR	-	-	-	-	-	-	-	-
-Earnest Money Deposit	0.33	-	-	-	0.33	-	-	0.33
Debt Securities								
-Bonds in Domestic Market	76,152.10	1,89,172.40	1,61,167.10	7,11,184.27	11,37,676.87	-1,127.84	-	11,36,548.03
-Commercial Paper	29,859.77	-	-	-	29,859.77	-	-	29,859.77
-Bonds in Overseas Market	-	-	34,815.00	34,815.00	69,630.00	-58.81	-	69,571.19
<b>Borrowing (Other than Debt Securities)</b>								
Borrowings in India	1,32,104.00	77,000.00	28,000.00	2,39,999.97	4,77,103.97	-	-	4,77,103.97
Borrowings outside India	208.89	417.78	-	29,342.05	29,968.72	-618.98	-3,105.95	26,243.79
<b>1 April 2018</b>								
Trade Payables-Other Payables	87.15	-	-	-	87.15	-	-	87.15
Other Financial Liabilities						0	0	-
-Interest accrued but not due	38,422.80	-	-	18,144.35	56,567.19	-	-	56,567.19
-Unclaimed mature debentures and interest accrued thereon	58.16	-	-	-	58.16	-	-	58.16
-Amount Payable to MOR	-	-	-	-	-	-	-	-
-Earnest Money Deposit	0.33	-	-	-	0.33	-	-	0.33
Debt Securities								
-Bonds in Domestic Market	92,170.00	1,50,166.08	2,04,603.89	5,90,209.95	10,37,149.92	-1,263.01	-	10,35,886.91
-Commercial Paper	9,975.89	-	-	-	9,975.89	-	-	9,975.89
-Bonds in Overseas Market	32,750.00	-	-	32,750.00	65,500.00	-21.18	-2,899.15	62,579.67
<b>Borrowing (Other than Debt Securities)</b>								
Borrowings in India	39,692.00	42,000.00	-	1,00,000.00	1,81,692.00	-	-	1,81,692.00
Borrowings outside India	26,396.50	393.00	196.50	28,221.92	55,207.93	-690.47	-4,596.64	49,920.82



38.10: Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The objective of hedges is to minimize the volatility of INR cash flows of highly probable forecast transaction.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

As on 31 March 2020

Types of hedge and risks	Nominal value ( Foreign Currency)		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	USD					
	No. of Outstanding Contracts	Amount				
Forward Contract						USD
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	291.79	3,217.10	10-03-2026	1:1	N/A
2. Buy	2	74.07	848.05	30-03-2026	1:1	N/A

As on 31 March 2019

Types of hedge and risks	Nominal value ( Foreign Currency)		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	USD					
	No. of Outstanding Contracts	Amount				
Forward Contract						USD
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	291.79	2,080.28	10-03-2026	1:1	N/A
2. Buy	2	74.07	558.77	30-03-2026	1:1	N/A

As on 1 April 2018

Types of hedge and risks	Nominal value ( Foreign Currency)		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	USD					
	No. of Outstanding Contracts	Amount				
Forward Contract						USD
1. Sell	-	-	-	-	-	-
2. Buy	6	300.00	2,899.15	26-02-2019	1:1	77.47
3. Buy	3	250.00	2,242.45	03-12-2018	1:1	76.18
Swap Contracts						
1. Buy	2	291.79	1,163.19	10-03-2026	1:1	N/A
2. Buy	2	74.07	320.71	30-03-2026	1:1	N/A
3. Buy	1	200.00	98.17	03-12-2018	1:1	N/A

Disclosure of effects of hedge accounting on financial performance

Cash Flow hedge	Opening	Changes during the year	Closing	Receivables/ (Payables) from MOR	Impact on financial performance
31-Mar-20	466.90	(1,441.83)	(974.93)	1,441.83	-
31-Mar-19	968.47	(501.57)	466.90	501.57	-
01-Apr-18	685.78	282.69	968.47	(282.69)	-

Note 39: Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Capital Fund-Tier I	3,09,620.17	2,50,281.85	2,03,713.11
Capital Fund-Tier II			
Risk weighted assets along-with adjusted value of off balance sheet items	76,631.71	71,629.96	63,396.43
CRAR			
CRAR-Tier I Capital	404.04%	349.41%	321.83%
CRAR-Tier II Capital	404.04%	349.41%	321.83%
Amount of subordinated debt raised as Tier-II capital			
Amount raised by issue of Perpetual Debt Instruments			



Indian Railway Finance Corporation Limited

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Notes to financial statements

(All amounts in millions of INR, unless stated otherwise)

Note 40: The particulars of loans given as required by section 186 (4) of Companies Act, 2013 are as below:

S.No.	Name of Party	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018					
		Amount of loan	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient
1	Rail Vikas Nigam Limited (RVNL) -I	30,219.41	14,079.60	3 + 12 years	Regular project Work	18,766.30	800.00	3 + 12 years	Regular project Work	20,379.55	925.00	3 + 12 years	Regular project Work
2	IRCON International Limited	24,612.27	-	5 years	Station Development	30,765.34	-	5 years	Station Development	32,000.00	32,000.00	5 years	Station Development
3	Rail Vikas Nigam Limited (RVNL) -II	9,660.00	-	3 + 12 years	Regular project Work	9,660.00	9,660.00	3 + 12 years	Regular project Work	-	-	-	-
	<b>Total</b>	<b>64,491.68</b>	<b>14,079.60</b>			<b>59,191.64</b>	<b>10,460.00</b>			<b>52,379.55</b>	<b>32,925.00</b>		





**Note 41: Other Disclosures**

- (a) Lease rental is charged on the assets leased from the first day of the month in which the Rolling Stock 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 ended 31 March 2020, such differential has resulted in an amount of Rs. 583.35 millions accruing to the Company (31 March 2019: Rs. 707.98 millions, 1 April 2018: Rs. 477.42 millions (accruing to MOR)) 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 hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. During the year ended 31st March 2020 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs. 170.37 millions (31 March 2019: Rs. 699.39 millions, 1 April 2018 : Rs.1423.21 millions) on this account from MOR against a sum of Rs. NIL millions (31 March 2019:Rs. 1,732.43 millions, 1 April 2018 : Rs. 2097.67 millions) incurred towards hedging cost and the balance amount of Rs.170.37 millions (31 March 2019: Rs. 1,033.05 millions, 1 April 2018: Rs.674.46 millions) is recoverable from MOR.
- (d) The Leases executed for Rolling Stock in the year 1989-90, 1988-89 & 1987-88 for Rs. 10,725.60 millions, Rs. 8607.27 millions & Rs.7,703.27 millions have expired on 31 March 2020, 31 March 2019 & 31 March 2018 respectively. During the primary and secondary lease periods full value of assets (including interest) has been recovered from the lessee ( MOR). These assets have outlived their useful economic life. Formalities for the transfer of these assets to MOR are under progress and necessary adjustments in the accounts if required, will be carried out on transfer of Rolling Stock to MOR.

**Note 42:**

- (a) (i) The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time have become mandatory with effect from 31 May, 2018. The Reserve Bank of India has granted exemption to the Company in respect of classification of asset, provisioning norms and credit concentration norms to the extent of direct exposure to sovereign.
- (a) (ii) Till the financial year 2017-18, the Company, being a government NBFC, was exempt from creation and maintenance of Reserve Fund as specified u/s 45-IC of Reserve Bank of India Act, 1934. However, the said exemption has been withdrawn by the Reserve Bank of India (RBI) vide Notification No. DNBR (PD) CC.NO.092/0310.001/2017-18 dated 31st May 2018. Accordingly, the Company is now creating the Reserve Fund as required u/s 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Bank from time to time and further, any such appropriation is also required to be reported to the Bank within 21days from the date of such withdrawal. The Company created a reserve of Rs. 4,509.50 millions as on 31st March 2019 u/s 45IC. The reserve for the year 2019-20 will be Rs. 7,384.85 millions.
- (b) 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 February 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company was 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, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 2,48,816.74 millions through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 7 years as on 31st March 2019. The Company had transferred an amount of Rs. 57,145.59 millions to the Bond Redemption Reserve till the end of F.Y. 2018-19.

The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August, 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31st March 2019 amounting to Rs. 57,145.59 million has been transferred to retained earnings.

- (c) The Comptroller & Auditor General of India (C&AG) during the course of their supplementary review of accounts for the Financial year 2018-19 had made an observation that the 'Advance against the Railway infrastructure Assets to be leased.' should have been classified under other non financial assets. Based on the reply furnished by the Company, the C&AG had decided to drop the observation. However, as agreed, during the course of discussion with the C&AG, the matter has been referred to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. Pending reply from the Institute, Company has classified the aforesaid advances as 'other financial assets.'





**Note 43:**

- i The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30 April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994.
- ii The GST Council in their meeting held on 19 May, 2017 has exempted the services of leasing of assets (rolling stock assets including wagons, coaches, locos) by Indian Railways Finance Corporation to Indian Railways from the levy of Goods & Service Tax (GST), Notification No. 12/2017 (Heading 9973) which has been made applicable with effect from 1 July, 2017.
- iii. Company had deposited a sum of Rs 14,664.47 millions under reverse charge mechanism on transfer of funds to MoR for making payments on behalf of Company to contractors for construction of projects. The amount so deposited had been shown as an amount recoverable from MoR. As the above did not involve any supply from MoR to the Company, a refund application has been filed with the GST Deptt. and the amount recoverable from MoR has been transferred to GST Refund Account. The refund application is yet to be disposed of by the GST Department. In the event of non admissibility of refund claim the by the GST Department, the amount would be adjusted against the GST liability on lease rentals from infrastructure assets or other GST liability in future.

**Note 44:**

Increase/Decrease in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs. 16,784.85 millions (31 March, 2019: Increase Rs. 2,670.04 millions, 1 April 2018: Increase Rs. 492.30 millions) has not been charged to the Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs. 92.86 millions (31 March 2019: Rs.5,779.74 millions, 1 April 2018: Rs. 4,017.60 millions) has been recovered from the Lessee, leaving a balance of Rs. 21,803.80 millions recoverable from MoR as on 31 March 2020 (31 March, 2019: Rs.5,111.80 millions, 1 April 2018: Rs. 8221.51 millions).

Effective portion of (loss)/gain on account of decrease/increase in the fair value of the derivative assets (hedging instruments) amounting to (Rs. 1441.83 millions) as on 31st March 2020 (31 March 2019, (Rs.501.57 millions) , 01 April 2018: Rs. 282.69 millions) classified as cash flow hedges has not been recognised in the other comprehensive income as the same is recoverable/refundable to the MoR (Lessee) since the derivatives have been contracted to hedge the financial risk of MoR (Lessee).

**Note 45:**

The Ministry of Railways (MoR) vide letter dated 23 July 2015 had authorized the Company to draw funds from LIC in consultation with MoR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23 May 2017 containing principal terms of the lease transactions. The total sum of Rs. 9,36,552.90 millions disbursed to MoR till the end of 31 March 2020 (31 March 2019:Rs. 5,97,152.90 millions, 1 April 2018: Rs. 3,73,598.90 millions) has been shown as 'Advance against Railway Infrastructure Assets to be leased'. During the year ended 31st March 2020 a sum of Rs.94,642.38 millions (31 March 2019: Rs. 51,935.50 millions, 1 April 2018: Rs. 24,651.65 millions) incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance paid against Infrastructure assets to be leased out to MoR. Under erstwhile Indian GAAP, the said amount was accounted for as Interest Income which under the IndAS has now been reduced from interest expense. In respect of National Project, a total sum of Rs. 75,787.00 millions disbursed to MoR till the end of 31 March 2020 ( 31 March 2019: 50,787 millions, 1 April 2018: Rs. Nil ) has been shown as 'Advance funding against National Project' on which a sum of Rs.4097.94 millions ( 31 March 2019: 41.17 millions, 1 April 2018: Rs. Nil ) has been incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance funding against National Project to be leased out to MoR. The same would be recovered through lease rentals in future over the life of the leases. Details are as under:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Advance paid against infrastructure assets to be leased	9,36,552.90	5,97,152.90	3,73,598.90
-Add: Borrowing cost capitalised on borrowed funds	94,642.38	51,935.50	24,651.65
<b>Total</b>	<b>10,31,195.28</b>	<b>6,49,088.40</b>	<b>3,98,250.55</b>

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Advance funding against National Project	75,787.00	50,787.00	-
-Add: Borrowing cost capitalised on borrowed funds	4,097.94	41.17	-
<b>Total</b>	<b>79,884.94</b>	<b>50,828.17</b>	<b>-</b>

**Capitalisation rate used to determine the borrowing cost**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Capitalisation rate	7.47%	8.01%	7.47%

Note : Revenue on railway infrastructure Projects and National Projects will be recognized only after entering into agreement with MoR.



**Note 46:**

- (a) 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 Rs. 9.15 millions( as certified by approved valuer) ( 31 March 2019: Rs. 9.15 millions, 1 April 2018: Rs. 9.15 millions), which will be accounted for on registration.
- (b) During the period under review an amount of Rs. 72.45 millions on account of the benefit accruing due to reduction in the interest rate pertaining to the financial year 2017-18 has been passed on to MOR during the nine moth period ended on 31st March 2020, by way of reduction of equivalent amount from the Lease Income instead of recognising the same as a prior period item.The amount involved is not considered material in terms of the extant policy of the Company and accordingly, the effect of the same has been considered in the current reporting period.
- (c) The Company has made a provision of Rs.118.80 millions in the financial statements for the year ended on 31st March 2020 towards the stamp duty on account of increase in the Equity Capital infused by MOR from time to time in the earlier years. The aforesaid stamp duty has been computed at the basic rate. The Company is in the process of getting the stamp duty adjudicated by the Collector of Stamps. The actual liability will be known upon receipt of adjudication order and differential amount, if any, will be provided for and paid in the year of adjudication.

**(d) Impact of change in accounting policy in;**

The Company has not recognized any deferred tax asset or liability for the accounting period commencing on or after 1st April 2017 as per Gazette Notification no. S.O. 529(E) dated 5th February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India. However, deferred tax liability of Rs. 64,431.40 Million recognized till 31st March 2017 was not reversed and was presented under Non – Financial Liabilities in the Balance Sheet as advised by Ministry of Corporate Affairs, Government of India vide their communication no. Eoffice F.No.17/32/2017 – CL – V dated 26th November 2018. However, based on Company's request, the Ministry of Corporate Affairs, Government of India again examined the matter in consultation with Accounting Standards Board of the Institute of Chartered Accountants of India & National Financial Reporting Authority and vide their communication no. Eoffice F.No.17/32/2017 – CL – V dated 20th March 2020 advised the Company to apply paragraph 11 of Ind AS 01, First Time adoption of Ind AS read with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the Company has during the current financial year reversed the deferred tax liability of Rs. 64,431.40 million by crediting the retained earnings as at 1st April 2017 being the date of transition to Ind AS treating this as a change in accounting policy that results in the financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

**1) Deferred tax liabilities (net)**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Deferred tax liability (net) before change in accounting policy	64,431.40	64,431.40	64,431.40
Less: Adjusted in retained earnings due to change in accounting policy (Refer accounting policy note no. 2.7)	(64,431.40)	(64,431.40)	(64,431.40)
<b>Deferred tax liability (net) after change in accounting policy</b>	-	-	-

**2) Retained Earnings**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
Balance of retained earning at the beginning of the period before change in accounting policy	-	3,612.58	1,432.03
-Add: Deferred tax liability due to change in accounting policy ( Refer accounting policy note no. 2.7)	64,431.40	64,431.40	64,431.40
<b>Balance of retained earning at the beginning of the period after change in accounting policy</b>	<b>64,431.40</b>	<b>68,043.98</b>	<b>65,863.43</b>

**(e) Estimation of uncertainty relating to the Global Health Pandemic COVID-19**

The outbreak of Coronavirus (COVID -19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has adopted measures to curb the spread of infection in order to protect the health of our employees and ensure business continuity with minimal disruption.

The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant Impact on its financial results. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue monitoring any material changes to future economic conditions.





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**Note 47:**

- (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 March 2020. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31st March 2020 is Rs. 95.29 millions (31 March, 2019: Rs. 80.91 millions, 1 April 2018: Rs.58.16 millions).
- (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. During the year ended 31 March 2020, a sum of Rs. NIL millions was deposited in IEPF (31 March, 2019: Rs.0.07 millions, 1 April 2018: Rs. 0.07 millions).

**Note 48:**

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 Reserve Bank of India (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 Rs. 169.77 millions in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in Pass Through Certificates (PTCs), Rs. 147.54 millions have matured till 31st March 2020, leaving a balance of Rs.22.23 millions. Details of the amount invested in Pass Through Certificates (PTCs) and outstanding as on 31st March 2020 is as follows:

As on 31 March 2020

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
<b>Total *</b>		<b>25</b>		<b>22.23</b>

\* Impairment loss as per Ind AS 109 has been made for an amount of Rs. .09 million

As on 31 March 2019

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
Q	15-Apr-19	5	1.13	5.67
R	15-Oct-19	5	1.08	5.40
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
<b>Total</b>		<b>35</b>		<b>33.30</b>

As on 1 April 2018

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
O	15-Apr-18	5	1.24	6.20
P	15-Oct-18	5	1.18	5.92
Q	15-Apr-19	5	1.13	5.67
R	15-Oct-19	5	1.08	5.40
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
<b>Total</b>		<b>45</b>		<b>45.42</b>



**Note 49: Corporate Social Responsibility**

As per Section 135 of Companies Act 2013 a Corporate Social responsibility Committee has been formed by the Company. During the year the Company has undertaken Corporate Social Responsibility 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 for the year ended 31 March 2020 is Rs. 505.24 millions (excluding Rs. 113.39 millions spent for earlier year).

ii) Amount spent during the year on:

**As on 31 March 2020**

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	Construction/Acquisition of any assets	-	-	-
ii)	On Purpose other than (i) above	454.44	40.04	494.48
ii a)	Sanitation and safe drinking water ( Item No. (i) of Schedule - VII)	389.51	22.97	412.48
ii b)	Promoting Education (Item No. (ii) of Schedule – VII)	51.19	4.87	56.07
ii c)	Social Welfare (Item No.(iii) of Schedule-VII)	-	-	-
ii d)	Forest & Environment, animal welfare etc. ( Item No. (iv) of Schedule-VII)	-	-	-
ii e)	Contribution to 'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	-	-	-
ii f)	Ensuring environment sustainability item No. (iv) of Schedule - (VII)	13.74	12.20	25.94
ii g)	Measures for armed forces veterans,(Item No. (vi) of ScheduleVII)	-	-	-
<b>Grand Total (i+ii)</b>		<b>454.44</b>	<b>40.04</b>	<b>494.48</b>

**As on 31 March 2019**

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	Construction/Acquisition of any assets	-	-	-
ii)	On Purpose other than (i) above	71.97	12.80	84.78
ii a)	Sanitation and safe drinking water ( Item No. (i) of Schedule - VII)	29.54	-	29.54
ii b)	Promoting Education (Item No. (ii) of Schedule – VII)	-	-	-
ii c)	Social Welfare (Item No.(iii) of Schedule-VII)	-	-	-
ii d)	Forest & Environment, animal welfare etc. ( Item No. (iv) of Schedule-VII)	-	-	-
ii e)	Contribution to 'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	-	-	-
ii f)	Ensuring environment sustainability item No. (iv) of Schedule - (VII)	32.44	12.80	45.24
ii g)	Measures for armed forces veterans,(Item No. (vi) of ScheduleVII)	10.00	-	10.00
<b>Grand Total (i+ii)</b>		<b>71.97</b>	<b>12.80</b>	<b>84.78</b>

**As on 1 April 2018**

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	Construction/Acquisition of any assets	-	-	-
ii)	On Purpose other than (i) above	207.29	30.51	237.80
ii a)	Contribution to 'Swachh bharaat Kosh' ( Item No. I of Schedule-VII)	-	-	-
ii b)	Health Care (Item No.(i) of Schedule-VII)	-	-	-
ii c)	Social Welfare (Item No.(iii) of Schedule-VII)	24.78	-	24.78
ii d)	Forest & Environment, animal welfare etc. ( Item No. (iv) of Schedule-VII)	73.65	30.51	104.15
ii e)	Contribution to 'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	108.87	-	108.87
ii f)	Art & Culture, Public Libraries (Item No (v) of Schedule-VII)	-	-	-
<b>Grand Total (i+ii)</b>		<b>207.29</b>	<b>30.51</b>	<b>237.80</b>



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**Note 50:** Interest on deposit & Investment include Tax Deducted at Source amounting to Rs. 3.78 millions for the year ended 31 March 2020(31 March 2019: Rs 3.46 millions, 1 April 2018: Rs. 3.11 millions). Ministry of Railways has also deducted tax at source amounting to Rs. 4051.72 millions ( 31 March 2019: Rs. 3,705.12 millions, 1 April 2018: Rs. 3291.92 millions )on lease rentals.

**Note 51:** Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

Particular	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Principal amount remaining unpaid as at year end	0.50	0.08	2.40
Interest due thereon remaining unpaid as at year end	-	-	-
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006	-	-	-
Interest due and payable for the period of delay in making payment but without adding	-	-	-
Interest accrued and remaining unpaid as at year end.	-	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-	-

**Note 52:** In respect of physical verification of assets given on lease, Ministry of Railways (Lessee) is required to maintain the leased assets in good working condition as per laid down norms, procedures and standards, as detailed & agreed in standard lease agreement. 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.





53.1 Related party disclosures

Related parties and their relationships

i. Transaction with Key Management personnel

Key Management Personnel

Relationship:

As on 31.03.2020

Designation	Name	Period
Chairman & Managing Director	Sh. Amitabh Banerjee	(From 12 October 2019)*
Managing Director	Sh. Vijay Kumar	(From 26 July 2018 to 11 October 2019)
Director - Finance	Sh. Niraj Kumar	(From 1 July 2015)**
Company Secretary	Sh. Vijay Babulal Shirode	(From 9 March 2018)

\* Shri Amitabh Banerjee was appointed as Managing Director on the IRFC Board on 12th October, 2019. He took over the charge of Chairman & Managing Director on the IRFC Board on 21st May, 2020.

\*\*Shri Niraj Kumar was superannuated as on 31st July 2020.

As on 31.03.2019

Designation	Name	Period
Managing Director	Sh. S.K Pattanayak	(From 9 March 2017 to 26 July 2018)
Managing Director	Sh. Vijay Kumar	(From 26 July 2018)
Director - Finance	Sh. Niraj Kumar	(From 1 July 2015)
Company Secretary	Sh. Vijay Babulal Shirode	(From 9 March 2018)

As on 01.04.2018

Designation	Name	Period
Managing Director	Sh. S.K Pattanayak	(From 9 March 2017)
Director - Finance	Sh. Niraj Kumar	(From 1 July 2015)
Company Secretary & Group General Manager (TL)	Sh. S.K Ajmani	(Uptill 8 March 2018)
DGM(CS) & Law	Sh. Vijay Babulal Shirode	(From 9 March 2018)

Transactions:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Salary/Allowances	9.39	6.46	12.71
Reimbursements	0.26	0.30	3.86
Incentives	6.55	1.44	1.58
<b>Totals</b>	<b>16.20</b>	<b>8.20</b>	<b>18.15</b>

ii. Details of significant transactions and outstanding balances with Ministry of Railways are as under

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
- Lease Receivables	14,85,798.00	12,50,265.12	10,94,716.56
- Advance for Railways Infrastructure Assets	10,31,195.28	6,49,088.40	3,98,250.55
- Advance for National Project	79,884.94	50,828.17	-
- Interest accrued but not due on advance for railway project to be leased	43,945.37	21,340.11	9,649.87
- Other (Payable)	(459.09)	-	-
- Other Receivables	22,778.73	9,374.53	35,946.30

Particulars	Year ended	Year ended	As at
	31 March 2020	31 March 2019	1 April 2018
- Lease Income	1,10,299.37	94,100.09	82,784.48
- Pre-commencement Lease-interest income	22,198.43	11,757.72	7,391.46

53.2 Transaction with Government related entities

i. The Company is a Government related entity as the entire equity shareholding of the Company is held by the President of India through Ministry of Railways, Government of India. The Company is also related to Rail Vikas Nigam Limited and IRCON International Limited which are also government related entities and with whom the Company has transactions. The Company has exempted from disclosure in para 25 of Ind AS 24, 'Related Party Transactions' being a government related entity.

ii. Details of significant transactions with Rail Vikas Nigam Limited and IRCON International Limited .

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
- Closing Balances of Loan to Rail Vikas Nigam Ltd	39,879.41	28,426.30	20,379.55
- Closing Balances of Loan to IRCON International Ltd.	24,612.27	30,765.34	32,000.00
- Interest Income received thereon	5,548.60	5,251.05	2,343.28
- Interest Receivables	9,669.86	9,669.11	7,183.74



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Note 54: Additional disclosures in accordance with RBI directions on Corporate Governance

54.1: Investments

Particulars		As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
1	Value of investments			
	i			
	Gross value of investments			
	(a) In India	115.21	131.45	139.78
	(b) Outside India	-	-	-
	ii			
	Provisions for depreciation			
	(a) In India	-	-	-
	(b) Outside India	-	-	-
	iii			
	Net value of investments			
	(a) In India	115.21	131.45	139.78
	(b) Outside India	-	-	-
2	Movement of provisions held towards depreciation on investments			
	i			
	Opening balance	-	-	-
	ii			
	Add: Provisions made during the year	0.09	-	-
	iii			
	Less: Write-off/ write-back of excess provisions during the year	-	-	-
	iv			
	Closing balance	0.09	-	-

54.2: Derivatives

54.2.1: Forward rate agreement/ Interest rate swap

Particulars		As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
i	The notional principal of swap agreements	27,769.33	25,475.35	37,064.31
ii	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	466.90	968.47
iii	Collateral required by the NBFC upon entering into swaps	-	-	-
iv	Concentration of credit risk arising from the swaps	-	-	-
v	The fair value of the swap book	(4,065.16)	(2,639.05)	(1,385.72)





54.2.2: Disclosure of risk exposure in derivatives

Qualitative disclosure

The Company enters into derivatives for the purpose of hedging and not for trading/speculation purposes.

The Company has framed a risk management policy duly approved by the board in respect of its External Commercial Borrowings (ECBs). A risk management committee comprising the Managing Director and Director Finance has been formed to monitor, analyze and control the currency and interest rate risk in respect of ECBs.

The Company avails various derivative products like currency forwards, Cross Currency swap, Interest rate swap etc. for hedging the risks associated with its ECBs.

Quantitative disclosures

As at 31 March, 2020

Particulars	Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i Derivatives (notional principal amount) For hedging	-	13,884.67	13,884.67
ii Marked to market positions			
a) Asset	-	-	-
b) Liability	-	3,090.22	974.93
iii Credit exposure	-	2,082.70	416.54
iv Unhedged exposure	-	-	1,71,171.45

As at 31 March, 2019

Particulars	Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i Derivatives (notional principal amount) For hedging	-	12,737.67	12,737.67
ii Marked to market positions			
a) Asset	-	-	466.90
b) Liability	-	3,105.95	-
iii Credit exposure	-	1,910.65	849.03
iv Unhedged exposure	-	-	17,231.05

As at 1 April, 2018

Particulars	Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i Derivatives (notional principal amount) For hedging	42,284.86	11,982.16	25,082.16
ii Marked to market positions			
a) Asset	-	-	968.47
b) Liability	5,150.91	2,354.19	-
iii Credit exposure	845.70	1,797.32	1,393.44
iv Unhedged exposure	84,682.92	-	30,125.77



#### 54.2.3. 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) The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations in respect its External Commercial Borrowings.

Outstanding foreign exchange forward contracts entered into by the Company which have been used for hedging the foreign currency risk on repayment of external commercial borrowings (principal portion):

As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	INR equivalent (million)	No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	INR equivalent (million)	No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	INR equivalent (million)
-	-	-	-	-	-	9	550	42,284.86

(b) 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 March 2020			As at 31 March 2019			As at 1 April 2018			Remarks
No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	1	JPY 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	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

(c) The foreign currency borrowings which have not been hedged, are as follows:

As at 31 March 2020		As at 31 March 2019		As at 1 April 2018		Remarks
No. of Contracts	Borrowing outstanding in foreign Currency	No. of Contracts	Borrowing outstanding in foreign Currency	No. of Contracts	Borrowing outstanding in foreign Currency	
1	USD 6.00 Million	1	USD 9.00 Million	1	USD 12.00 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 500 Million	1	USD 500 Million	1	USD 500 Million	
1	USD 500 Million	1	USD 500 Million	2	USD 350 Million	
1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	
1	JPY 32,856 Million (Equivalent to USD 300 Million)					
1	USD 300 Million					
1	USD 700 Million					
1	USD 300 Million					
1	JPY 33,189 million (Equivalent to USD 300 Million)					

(d) Other than currency forward contracts, the Company also resorts to interest rate derivatives like Cross Currency Interest Rate Swap and Interest Rate Swap for hedging the interest rate risk associated with its external commercial borrowings.

The Company recognizes these derivatives in its Financial Statements at their Fair Values. Further, in view of the fact that these derivatives are Over the Counter (OTC) contracts customized to match the residual tenor and value of the underlying liability, the Company relies on the valuations done by the counter parties to the derivative transactions using the theoretical valuation models.

No. of transaction	Description of Derivative	Notional Principal	Fair Value Asset / (liability) at 31 March 2020	Fair Value Asset / (liability) at 31 March 2019	Fair Value Asset / (liability) at 1 April 2018
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(3,090.22)	(3,105.95)	(2,354.19)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(974.93)	466.90	870.30
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	-	-	98.17



54.3: Disclosures relating to securitisation

The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25 January 2010 and 24 March 2011. As per IND AS 109, financial instruments, the gain on these transactions was recognised in the year of transactions, itself.

54.3.1: In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MRR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 31 March 2020 is Rs. 22.23 millions (31 March 2019: Rs. 33.30 millions & 1 April 2018 : Rs. 45.42 millions). The details are as below:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
1 No. of SPVs sponsored by the NBFC for securitisation transactions	2	2	2
2 Total amount of securitised asset as per books of the SPVs sponsored	991.25	1,511.66	2,078.89
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet *	22.23	33.30	45.42
a) Off-balance sheet exposures			
First loss	-	-	-
Others	22.23	33.30	45.42
b) On-balance sheet exposures			
First loss	-	-	-
Others	-	-	-
4 Amount of exposures to securitisation transactions other than MRR	NIL	NIL	NIL

\* Impairment loss as per Ind AS 109 has been made for an amount of Rs. .09 million

54.3.2: Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the financial year ended on 31 March 2020. (31 March 2019: NIL, 1 April 2018 : NIL).

54.3.3 : Company has not undertaken any assignment transaction during the financial year ended on 31 March 2020. (31 March 2019: NIL, 1 April 2018 : NIL).

54.3.4 : Company has neither purchased nor sold any non-performing financial assets during the financial year ended on 31 March 2020 (31 March 2019: NIL, 1 April 2018 : NIL).

54.4: Asset liability management maturity pattern of certain items of Assets and Liabilities

Refer financial instrument notes 38.9

54.5: Exposures

54.5.1: Exposure to real Estate sector

The Company does not have any exposure to real estate sector.

54.5.2: Exposure to capital market

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
i Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares			
- At Cost	19.99	19.99	19.99
- At Fair Value	92.98	98.15	94.36
ii Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-	-
iii Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-	-
iv Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process)	-	-	-
v Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-	-
vi Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	-	-	-
vii Bridge loans to companies against expected equity flows / issues	-	-	-
viii All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-
<b>Total exposure to capital market</b>	<b>92.98</b>	<b>98.15</b>	<b>94.36</b>

54.5.4: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company.

54.5.5: Unsecured advances

The outstanding amounts against unsecured loans, advances & lease receivables are as under:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Ministry of Railways, Government of India			
- Lease receivables	14,85,798.00	12,50,265.12	10,94,716.56
- Other receivables/(payables)	-	-	-
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	39,879.41	28,426.30	20,379.55
IRCON International Limited	24,612.27	30,765.34	32,000.00
Interest accrued thereon (RVNL & IRCON)	9,669.86	9,669.11	7,183.74
<b>Total</b>	<b>15,59,959.54</b>	<b>13,19,125.87</b>	<b>11,54,279.85</b>





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54.6: Miscellaneous

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
54.6.1: Registration obtained from other financial sector regulators	NIL	NIL	NIL

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
54.6.2: Disclosure of Penalties imposed by RBI and other regulators	NIL	NIL	NIL

54.6.3: Ratings assigned by credit rating agencies and migration of ratings during the year

a. Rating assigned by credit rating agencies and migration of ratings during the year:

S.No	Rating Agencies	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
	<b>Long Term Rating</b>			
1	CRISIL	CRISIL AAA / Stable	CRISIL AAA	CRISIL AAA
2	ICRA	ICRA AAA / Stable	ICRA AAA	ICRA AAA
3	CARE	CARE AAA / Stable	CARE AAA	CARE AAA
	<b>Short Term Rating</b>			
1	CRISIL	CRISIL A1+	CRISIL A1+	CRISIL A1+
2	ICRA	ICRA A1+	ICRA A1+	ICRA A1+
3	CARE	CARE A1+	CARE A1+	CARE A1+

b. Long term foreign currency issuer rating assigned to the Company

S.No	Rating Agencies	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
	<b>Long Term Rating</b>			
1	Fitch Rating	BBB-/Stable	BBB-/Stable	BBB-/Stable
2	Standard & Poor	BBB-/Stable	BBB-/Stable	BBB-/Stable
3	Moody's	Baa3/Stable	Baa2/Stable	Baa2/Stable
4	Japanese Credit Rating Agency	BBB+/Stable	BBB+/Stable	BBB+/Stable

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
54.6.4 (a) : Net Profit or Loss for the period	-	-	481.60
54.6.4 (b) : Prior period items	-	-	-
54.6.4 (c) : Changes in accounting policies ( Refer note no.46 (d))	64,431.40	64,431.40	64,431.40

Note 54.7

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
54.7.1: Provisions and Contingencies	Refer Note 34	Refer Note 34	Refer Note 34
54.7.2: Drawn down from reserves	NIL	NIL	NIL

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
54.7.3: Concentration of Deposits, Advances, Exposures and NPAs			
54.7.3.1: Concentration of Deposits (for deposit taking NBFCs)	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC



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54.7.3.2: Concentration of advances

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Total advances to twenty largest borrowers	26,61,111.93	20,09,136.56	15,45,346.66
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	100%	100%

54.7.3.3: Concentration of exposures

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
Total exposure to twenty largest borrowers/ customers	26,61,204.91	20,09,234.71	15,45,441.02
Percentage of exposure to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/customers	100%	100%	100%

54.7.3.4: Concentration of NPAs NIL NIL NIL

54.7.3.5: Sector-wise NPAs NIL NIL NIL

54.7.4: Movement of NPAs NIL NIL NIL

54.7.5: Overseas Assets NIL NIL NIL

54.7.6: Off-balance sheet SPVs sponsored NIL NIL NIL

54.8: Disclosure of complaints

54.8.1: Investor complaints

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
(a) No. of complaints pending at the beginning of the year	-	-	-
(b) No. of complaints received during the year	1,345	1,073	603
(c) No. of complaints redressed during the year	1,345	1,073	603
(d) No. of complaints pending at the end of the year	-	-	-





**Note 55: Current and non current classification**

As required by the paragraph 61 of Ind As 1, Presentation of financial statements, the classification into current and non current of line item of assets and liabilities as in the balance sheet is as under :

**a) Classification of balance sheet as at 31 March 2020**

Line Item	As at 31 March 2020		
	Amount	Current	Non-current
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	13.80	13.80	-
Bank balance other than (a) above	993.83	993.83	-
Derivative financial instruments	-	-	-
Receivables			
- Trade receivables	-	-	-
- Lease receivables	14,85,798.00	1,12,525.68	13,73,272.32
Loans	64,233.71	2,657.44	61,576.27
Investments	115.12	10.05	105.07
Other financial assets	11,87,487.29	4,599.95	11,82,887.34
<b>Total financial assets</b>	<b>27,38,641.75</b>	<b>1,20,800.75</b>	<b>26,17,841.00</b>
<b>Non-financial assets</b>			
Current tax assets (net)	5,864.06	5,864.06	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	110.04	-	110.04
Other Intangible assets	0.43	-	0.43
Other non-financial assets	14,725.41	-	14,725.41
<b>Total non-financial assets</b>	<b>20,699.94</b>	<b>5,864.06</b>	<b>14,835.88</b>
<b>Total Assets</b>	<b>27,59,341.69</b>	<b>1,26,664.81</b>	<b>26,32,676.88</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	4,065.15	-	4,065.15
Trade payable	377.58	377.58	-
Debt securities	15,52,904.56	1,12,291.99	14,40,612.57
Borrowings (other than debt securities)	7,90,862.65	1,54,346.29	6,36,516.36
Other financial liabilities	1,01,047.19	51,192.73	49,854.46
<b>Total financial liabilities</b>	<b>24,49,257.13</b>	<b>3,18,208.59</b>	<b>21,31,048.54</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	-	-	-
Provisions	138.03	121.14	16.89
Deferred tax liabilities (net)	-	-	-
Other non-financial liabilities	322.19	322.19	-
<b>Total non-financial liabilities</b>	<b>460.22</b>	<b>443.33</b>	<b>16.89</b>
<b>Total liabilities</b>	<b>24,49,717.35</b>	<b>3,18,651.92</b>	<b>21,31,065.43</b>
<b>Equity</b>			
Equity share capital	1,18,804.60	-	1,18,804.60
Other equity	1,90,819.74	-	1,90,819.74
<b>Total equity</b>	<b>3,09,624.34</b>	<b>-</b>	<b>3,09,624.34</b>
<b>Total Liabilities and Equity</b>	<b>27,59,341.69</b>	<b>3,18,651.92</b>	<b>24,40,689.77</b>



b) Classification of balance sheet as at 31st March 2019

Line Item	As at 31 March 2019		
	Amount	Current	Non-current
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	37.07	37.07	-
Bank balance other than (a) above	773.59	773.59	-
Derivative financial instruments	466.90	-	466.90
Receivables	-	-	-
- Lease receivables	12,50,265.12	95,104.40	11,55,160.72
Loans	58,954.87	8,779.57	50,175.30
Investments	131.45	11.06	120.39
Other financial assets	7,40,307.26	10,267.89	7,30,039.37
<b>Total financial assets</b>	<b>20,50,936.26</b>	<b>1,14,973.58</b>	<b>19,35,962.68</b>
<b>Non-financial assets</b>			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	112.25	-	112.25
Other intangible assets	0.50	-	0.50
Other non-financial assets	14,987.09	14,961.79	25.30
<b>Total non-financial assets</b>	<b>15,099.84</b>	<b>14,961.79</b>	<b>138.05</b>
<b>Total Assets</b>	<b>20,66,036.10</b>	<b>1,29,935.37</b>	<b>19,36,100.73</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	3,105.95	-	3,105.95
Trade payable	121.79	121.79	-
Debt securities	12,35,978.99	1,06,011.36	11,29,967.63
Borrowings (other than debt securities)	5,03,347.76	1,24,312.45	3,79,035.31
Other financial liabilities	72,999.28	38,510.91	34,488.37
<b>Total financial liabilities</b>	<b>18,15,553.77</b>	<b>2,68,956.51</b>	<b>15,46,597.26</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	29.69	29.69	-
Provisions	117.96	80.98	36.98
Deferred tax liabilities (net)	-	-	-
Other non-financial liabilities	48.15	48.15	-
<b>Total non-financial liabilities</b>	<b>195.80</b>	<b>158.82</b>	<b>36.98</b>
<b>Total liabilities</b>	<b>18,15,749.57</b>	<b>2,69,115.33</b>	<b>15,46,634.24</b>
<b>Equity</b>			
Equity share capital	93,804.60	-	93,804.60
Other equity	1,56,481.93	-	1,56,481.93
<b>Total equity</b>	<b>2,50,286.53</b>	<b>-</b>	<b>2,50,286.53</b>
<b>Total Liabilities and Equity</b>	<b>20,66,036.10</b>	<b>2,69,115.33</b>	<b>17,96,920.77</b>



c) Classification of balance sheet as at 1 April 2018

Line Item	As at 1 April 2018		
	Amount	Current	Non-current
<b>Assets</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	11.28	11.28	-
Bank balance other than (a) above	986.92	986.92	-
Derivative financial instruments	968.47	98.17	870.30
Receivables	-	-	-
- Lease receivables	10,94,716.56	82,368.55	10,12,348.01
Loans	52,379.55	2,413.25	49,966.30
Investments	139.78	12.12	127.66
Other financial assets	4,51,076.00	39,481.02	4,11,594.98
<b>Total financial assets</b>	<b>16,00,278.56</b>	<b>1,25,371.31</b>	<b>14,74,907.25</b>
<b>Non-financial assets</b>			
Current tax assets (net)	258.44	258.44	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	112.69	-	112.69
Other Intangible assets	0.27	-	0.27
Other non-financial assets	14,033.30	14,008.00	25.30
<b>Total non-financial assets</b>	<b>14,404.70</b>	<b>14,266.44</b>	<b>138.26</b>
<b>Total Assets</b>	<b>16,14,683.26</b>	<b>1,39,637.75</b>	<b>14,75,045.51</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	7,495.79	5,141.60	2,354.19
Trade payable	87.15	87.15	-
Debt securities	11,08,442.46	1,31,981.77	9,76,460.69
Borrowings (other than debt securities)	2,31,612.82	63,844.41	1,67,768.41
Other financial liabilities	56,625.68	37,020.28	19,605.40
<b>Total financial liabilities</b>	<b>14,04,263.90</b>	<b>2,38,075.21</b>	<b>11,66,188.69</b>
<b>Non-financial liabilities</b>			
Current tax liabilities (net)	-	-	-
Provisions	108.37	93.29	15.08
Deferred tax liabilities (net)	-	-	-
Other non-financial liabilities	6,592.73	6,592.73	-
<b>Total non-financial liabilities</b>	<b>6,701.10</b>	<b>6,686.02</b>	<b>15.08</b>
<b>Total liabilities</b>	<b>14,10,965.00</b>	<b>2,44,761.23</b>	<b>11,66,203.77</b>
<b>Equity</b>			
Equity share capital	65,264.60	-	65,264.60
Other equity	1,38,453.66	-	1,38,453.66
<b>Total equity</b>	<b>2,03,718.26</b>	<b>-</b>	<b>2,03,718.26</b>
<b>Total Liabilities and Equity</b>	<b>16,14,683.26</b>	<b>2,44,761.23</b>	<b>13,69,922.03</b>

For the purpose of this note:-

i) The Company classify an assets as current when,

-It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

-It holds the asset primarily for the purpose of trading;

-It expects to realise the asset within twelve months after the reporting period or;

-The asset is cash or a cash equivalents (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

ii) The Company classify a liability as current when,

-It expects to settle the liability in its normal operating cycle;

-It holds the liability primarily for the purpose of trading;

-The liability is due to be settled within twelve months after the reporting period or;

-It does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period (see paragraph 73). Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affects its classification.

All other liabilities are classified as non current.





**Note 56 SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY AS REQUIRED UNDER MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016**

S. No.	Particulars	As at 31st March 2020		As at 31st March 2019		As at 1 April 2018	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>Liabilities Side:</b>							
<b>1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :</b>							
(a) Debentures/ Bonds							
- Secured							
		11,57,742.13	-	9,74,691.31	-	8,74,035.51	-
- Unsecured							
		4,56,528.94	-	2,31,427.91	-	2,24,431.07	-
(b) Deferred Credits							
		-	-	-	-	-	-
(c) Term Loans							
		7,90,862.65	-	5,03,347.76	-	2,31,612.82	-
(d) Inter-corporate loans and Other Borrowings							
		-	-	-	-	-	-
(e) Commercial Paper							
		38,634.09	-	29,859.77	-	9,975.88	-
(f) Public Deposits							
(g) Fixed Deposits accepted from Corporates							
		-	-	-	-	-	-
(h) FCNR Loans							
		-	-	-	-	-	-
(i) External Commercial Borrowings							
		-	-	-	-	-	-
(j) Associated liabilities in respect of securitization transactions							
		-	-	-	-	-	-
(k) Subordinate debt (including NCDs issued through Public issue)							
		-	-	-	-	-	-
(l) Other Short Term Loans and credit facilities from banks							
		-	-	-	-	-	-
<b>2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>							
(a) In the form of Unsecured debentures -							
		-	-	-	-	-	-
(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security							
		-	-	-	-	-	-
(c) Other public deposits							
		-	-	-	-	-	-
<b>Asset side:</b>							
<b>3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>							
(a) Secured							
		-	-	-	-	-	-
(b) Unsecured							
		12,51,669.21	-	7,99,216.52	-	5,03,410.01	-
<b>4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :</b>							
(i) Lease assets including lease rentals under sundry debtors :							
(a) Financial lease							
		14,85,798.00	-	12,50,265.12	-	10,94,716.56	-
(b) Operating lease							
		-	-	-	-	-	-
(ii) Stock on hire including hire charges under sundry debtors :							
(a) Assets on hire							
		-	-	-	-	-	-
(b) Repossessed Assets							
		-	-	-	-	-	-
(iii) Other loans counting towards AFC activities:							
(a) Loans where assets have been repossessed							
		-	-	-	-	-	-
(b) Loans other than (a) above							
		-	-	-	-	-	-
<b>5) Break-up of Investments :</b>							
<b>Current Investments :</b>							
1. Quoted :							
(i) Shares:(a) Equity							
		-	-	-	-	-	-
(b) Preference							
		-	-	-	-	-	-
(ii) Debentures and Bonds							
		-	-	-	-	-	-
(iii) Units of mutual funds							
		-	-	-	-	-	-
(iv) Government Securities							
		-	-	-	-	-	-
2. Unquoted :							
(i) Shares:(a) Equity							
		-	-	-	-	-	-
(b) Preference							
		-	-	-	-	-	-
(ii) Debentures and Bonds							
		-	-	-	-	-	-
(iii) Units of mutual funds							
		-	-	-	-	-	-
(iv) Government Securities							
		-	-	-	-	-	-
(v) Investments in Pass Through Certificates under securitization transactions							
		-	-	-	-	-	-
(vi) Commercial Papers							
		-	-	-	-	-	-
(vii) Investments in Pass Through Certificates under securitization transactions							
		-	-	-	-	-	-
<b>Long Term Investments :</b>							
1. Quoted :							
(i) Shares: (a) Equity							
		92.98	-	98.15	-	-	-
(b) Preference							
		-	-	-	-	-	-
(ii) Debentures and Bonds							
		-	-	-	-	-	-
(iii) Units of mutual funds							
		-	-	-	-	-	-
(iv) Government Securities							
		-	-	-	-	-	-
2. Unquoted :							
(i) Shares:(a) Equity							
		-	-	-	-	94.36	-
(b) Preference							
		-	-	-	-	-	-
(ii) Debentures and Bonds							
		-	-	-	-	-	-
(iii) Units of mutual funds							
		-	-	-	-	-	-
(iv) Government Securities							
		-	-	-	-	-	-
(v) Investments in Pass Through Certificates under securitization transactions							
		22.23	-	33.30	-	45.42	-



6) Borrower group-wise classification assets financed as in (3) and (4) above :

Category	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total	Secured	Unsecured	Total
<b>1. Related Parties</b>									
(a) Subsidiaries	-	-	-	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-	-	-	-
(c) Other related parties	-	27,37,467.21	-	-	20,49,481.63	-	-	15,98,126.58	-
<b>2. Other than related parties</b>									
<b>Total</b>	-	27,37,467.21	-	-	20,49,481.63	-	-	15,98,126.58	-

7) Investor group-wise classification of all investments ( current and long term ) in shares and securities ( both quoted and unquoted ):

Category	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Market value/Break up/or fair value of NAV	Book value ( net of provision)	Market value/Break up/or fair value of NAV	Book value ( net of provision)	Market value/Break up/or fair value of NAV	Book value ( net of provision)
<b>1. Related Parties</b>						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	92.98	92.98	98.15	98.15	94.36	94.36
<b>2. Other than related parties</b>						
<b>Total</b>	115.21	115.12	131.44	131.44	139.78	139.78

8) Other information:

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	1 April 2018
<b>i) Gross Non-Performing Assets :</b>			
(a) Related parties	-	-	-
(b) Other than related parties	-	-	-
<b>ii) Net Non-Performing Assets :</b>			
(a) Related parties	-	-	-
(b) Other than related parties	-	-	-
<b>iii) Assets acquired in satisfaction of debt :</b>			
	-	-	-





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Note 57 DISCLOSURE AS REQUIRED UNDER RBI NOTIFICATION NO. RBI/2019-20/170 DOR (NBFC).CC .PD .NO .109/22.10.106/2019-20 DATED 13 MARCH 2020 ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS

- (i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2020

	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard *	Stage 1	15,60,103.26	296.85	15,59,806.41	296.85	-
	Stage 2	-	-	-	-	-
Subtotal for standard		15,60,103.26	296.85	15,59,806.41	296.85	-
<b>Non-Performing Assets (NPA)</b>						
<b>Substandard</b>	Stage 3					
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>						
Loss	Stage 3					
<b>Subtotal for NPA</b>						
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1					
	Stage 2					
	Stage 3					
<b>Subtotal</b>						
<b>Total</b>	Stage 1	15,60,103.26	296.85	15,59,806.41	296.85	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Total</b>		15,60,103.26	296.85	15,59,806.41	296.85	-

\* Standard assets includes amount recoverable from ministry of railways being due from sovereign. The Reserve Bank of India has granted exemption to the Company in respect of classification of asset, provisioning norms and credit concentration norms to the extent of direct exposure to sovereign ( refer note no. 42(a) (i) )



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- (ii) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2019

	Asset classificat ion as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowance s (Provision s) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard *	Stage 1	13,19,293.36	275.45	13,19,017.91	275.45	-
	Stage 2	-	-	-	-	-
Subtotal for standard		13,19,293.36	275.45	13,19,017.91	275.45	-
<b>Non-Performing Assets (NPA)</b>						
<b>Substandard</b>	Stage 3					
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>						
Loss	Stage 3					
<b>Subtotal for NPA</b>		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1					
	Stage 2					
	Stage 3					
<b>Subtotal</b>		-	-	-	-	-
<b>Total</b>	Stage 1	13,19,293.36	275.45	13,19,017.91	275.45	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Total</b>		13,19,293.36	275.45	13,19,017.91	275.45	-

\* Standard assets includes amount recoverable from ministry of railways being due from sovereign. The Reserve Bank of India has granted exemption to the Company in respect of classification of asset, provisioning norms and credit concentration norms to the extent of direct exposure to sovereign ( refer note no. 42(a) (i) )



**Indian Railway Finance Corporation Limited**  
**CIN U65910DL1986GOI026363**

**Notes to financial statements**

(All amounts in million of INR, unless stated otherwise)

(iii)

A comparison between provisions required under extant prudential norms on income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 as at 1 April 2018

	Asset classificat ion as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowance s (Provision s) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	11,54,460.53	-	11,54,460.53	-	-
	Stage 2	-	-	-	-	-
Subtotal for standard		11,54,460.53	-	11,54,460.53	-	-
<b>Non-Performing Assets (NPA)</b>						
<b>Substandard</b>	Stage 3					
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>						
Loss	Stage 3					
<b>Subtotal for NPA</b>		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1					
	Stage 2					
	Stage 3					
<b>Subtotal</b>		-	-	-	-	-
<b>Total</b>	Stage 1	11,54,460.53	-	11,54,460.53	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Total</b>		11,54,460.53	-	11,54,460.53	-	-



**Indian Railway Finance Corporation Limited**

**CIN U65910DL1986GOI026363**

**Notes to financial statements**

(All amounts in million of INR, unless stated otherwise)

Since the total impairment allowances under Ind AS 109 is equal to the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2020, no amount is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

- (ii) **In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.**

As at 31 March 2020, there are no loan accounts that are past due beyond 90 days but not treated as impaired.





**Indian Railway Finance Corporation Limited**

**CIN U65910DL1986GOI026363**

**Notes to financial statements**

(All amounts in million of INR, unless stated otherwise)

**Note 58 DISCLOSURES AS REQUIRED UNDER COVID 19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING ISSUED BY RBI VIDE NOTIFICATION NO. RBI/2019-20/220 DOR.No. BO.BC.63/21/04.048/2019 -20 DATED 17 APRIL 2020**

S.no	Particulars	Amount
i	Respective amounts in SMA / overdue categories, where the moratorium / deferment was extended in terms of paragraph 2 & 3 of the aforesaid notification	Nil
ii	Respective amount where asset classification benefit is extended	Nil
iii	Provisions made during quarter 4 of Financial year 2019 - 20	Nil
iv.	Provisions adjusted during the respective accounting periods against slippages and residual provisions in terms of paragraph 6 of the aforesaid notification	Nil





Indian Railway Finance Corporation Limited

CIN U65910DL1986GOI026363

Notes to financial statements

(All amounts in million of INR, unless stated otherwise)

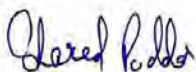
**Note 59:**

a) Previous year figures have been regrouped/ rearranged, whenever necessary, in order to make them comparable with those of the current year.

**Note 60: Approval of financial statements**

a) The financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 28th August 2020.

For SPMG & Co.  
Chartered Accountants  
(FRN 509249C)



(Sharad Poddar)  
(Partner)

M.No. 087853



For and on behalf of the Board of Directors  
Indian Railway Finance Corporation Limited



(Vijay Babulal Shirode)  
Company Secretary &  
JGM (Law)



(Anand Prakash)  
Director  
DIN: 08805417



(Amitabh Banerjee)  
Chairman & Managing Director  
DIN: 03315975

Place: New Delhi

Date: 28<sup>th</sup> August 2020



## Independent Auditor's Report

To the Members of  
**Indian Railways Finance Corporation Limited**  
Report on the Financial Statements

### OPINION

We have audited the standalone financial statements of **Indian Railway Finance Corporation Limited** ("the Company"), which comprise the standalone balance sheet as at 31st March, 2020 and the standalone statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of Changes in Equity, and the standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

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 Companies Act, 2013 (the "Act") in the manner so required and 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 31st March, 2020, and the profit and other comprehensive income, changes in equity, and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules there-under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTERS

We draw attention to the Comptroller & Audit General (C&AG) of India Auditor's observations regarding the presentation/classification of the "Advance given against railway infrastructure assets to be Leased" on to the railways and advance funding against National projects into "Non financial Assets-Capital Advances" instead of "Other Financial Assets" as treated by the company. The total amount under observation is Rs. 6,99,916.58 Millions as at March 31, 2019. As agreed with C & AG, the company has referred the matter to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. The reply from ICAI is awaited.

As informed to us by the management of the company, the company is still waiting for the Expert opinion from The Institute of Chartered Accountants of India, the same accounting treatment has been followed while preparing the financials as on March 31, 2020. The total amount under the head "Other Financial Assets" is Rs. 11,11,080.22 Millions as on March 31, 2020. Our opinion is not modified in respect of this matter.





## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated:-

S.No.	Key Audit Matters	Auditor's Response
1.	<p>The government has introduced new section 115BAA by the Taxation Law (Amendment) Ordinance, 2019 w.e.f F.Y 2019-20, which provides an option to opt for a income tax rate of 22%, Surcharge 10% &amp; Health and Education Cess at 4% by any domestic company.</p> <p>By opting this total effective tax rate will be at 25.168% (under normal provision of income tax) as against earlier effective tax rate of 34.944% (under normal provision of income tax).</p> <p>However, the earlier effective tax rate under MAT was 21.549% which was applicable on the company.</p>	<ul style="list-style-type: none"> <li>After adoption of irrevocable option of section 115BAA of Income Tax Act, 1961, the taxable income under the normal provision income tax may become NIL. Further after adoption of section 115BAA, the company will be outside the scope and applicability of MAT Provision under section 115JB of Income Tax Act, 1961. Hence, no tax liability may be there w.e.f F.Y 2019-20 on the company.</li> <li>However, the accumulated MAT Credit of Rs. 36,836.86 Millions as on 31.03.2019 by adoption of section 115BAA is not going to be claimable by the company against their future tax liability under normal provisions of Income Tax Act, 1961. As per the past records, the company was not able to adjust/claim MAT Credit against the normal tax liability and the same has not been provided in the books of accounts accordingly.</li> <li>In view of above, the company is not likely to loose any amount against the accumulated MAT credit of Rs. 36,836.86 Millions.</li> <li>Hence no tax provision has been created for the year ended March 31, 2020.</li> </ul>
2.	<p>The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16<sup>th</sup> August, 2019 which exempts NBFC listed companies registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934 from creation of Debenture Redemption Reserve. However the Company is required to invest or deposit a sum of not less than fifteen percent of the amount of debentures maturing during the year ending on the 31<sup>st</sup> day of March of the</p>	<p>The Bond Redemption Reserve as on 31.03.2019 amounting to Rs. 57,145.59 Millions has been transferred to General Reserve.</p>





	next year as prescribed under these rules	
3.	The Ministry of Corporate Affairs, Government of India vide its letter no. 17/16/2017-CL-V dated 20 <sup>th</sup> March 2020, has granted reversal of its accumulated deferred tax balance and consider the same as a part of net worth of the company.	<ul style="list-style-type: none"> <li>The Ministry of Corporate Affairs, Government of India advised the company to apply paragraph 11 of Ind AS 01, First Time adoption of Ind AS read with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the Company has during the current financial year reversed the deferred tax liability of Rs. 64,431.40 million by crediting the retained earnings as at 1<sup>st</sup> April 2017 being the date of transition to Ind AS treating this as a change in accounting policy that results in the financial statements providing reliable and more relevant information about the effects of the transactions, other events or conditions on the entity's financial position, financial performance or cash flows</li> <li>This being retrospective application, therefore in accordance with paragraph 40A of Ind AS 1, Presentation of Financial Statements, the Company has presented a third balance sheet at the beginning of the preceding period.</li> </ul>
4	<p><b><u>IT systems and controls</u></b></p> <p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</p>	<ul style="list-style-type: none"> <li>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</li> <li>We tested IT general controls. This included testing requests for access to systems were reviewed and authorized.</li> <li>We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization.</li> <li>In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.</li> <li>The accounting software used by the company is not Ind AS complied as on date. However, the management is working upon the same to make it Ind AS complied.</li> </ul>
5	<p><b><u>Adoption of Ind AS 116 Leases</u></b></p> <p>As described in Note 2.14 to the standalone</p>	Our Audit Procedure on adoption of Ind AS 116 include:-





	<p>financial statements, the Company has adopted Ind AS 116 Leases effective from accounting periods beginning from 1st April 2019. The application and the company has applied the transition provisions as mentioned in Ind AS 116.</p>	<ul style="list-style-type: none"> <li>• Assessed and tested new process and controls in respect of lease accounting standard (Ind AS 116):</li> <li>• Assessed the Company's evaluation on the identification of leases based on the contractual agreement and our knowledge of the business.</li> <li>• The revenue has been recognized in conformity with the provision of Ind AS 116 with respect to the finance lease to the extent it is applicable to the company.</li> </ul>
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## OTHER INFORMATION

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## MANAGEMENT RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

In preparing the Standalone Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.





## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work: and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant





ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flow 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) In terms of Notification No. GSR 463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Sub-section 2 of Section 164 of the Act, are not applicable to the Company, being a government company.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
3. The company being the government company wholly owned by the Central Govt., therefore section 197 (16) of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5<sup>th</sup> June 2015.
4. 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) Rules, 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 34 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 38 to the financial statements;





- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
5. As required by section 143(5) of the Companies Act, 2013, we have considered the directions/sub-directions issued by the Comptroller and Audit General of India, the action taken and its impact to the Financial Statements to the company given in "Annexure-C"

**For SPMG & Co.**  
**Chartered Accountants**  
**Firm Reg. No. 509249C**

*Sharad Poddar*



**CA Sharad Poddar**  
**(Partner)**  
**M. No. - 087853**  
**UDIN: 20087853AAAAAT3762**

**Place: New Delhi**  
**Dated: August 28<sup>th</sup>, 2020**



**Annexure A to the Independent Auditor's Report on the financial statements**

**(Referred to in Para 1 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Indian Railway Finance Corporation Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2020)**

1. a) The Company has maintained 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 Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the company except the title deed of office building is yet to be executed in favour of the company and also the same has been disclosed in Note 46 (a) of the financial statements.

d) The company has given an amount of Rs. 3,39,400.00 Millions during the year ended 31<sup>st</sup> March, 2020 (31 March, 2019 Rs 2,23,554.00 Millions) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects and Rs. 25,000.00 Millions during the year ended 31<sup>st</sup> March, 2020 (31 March, 2019 50,787.00 Millions) to Ministry of Railways under leased arrangement for financing the National Project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 45)
2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.
5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section





73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.

6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clauses 3(vi) of the Companies (Auditor's Report) Order are not applicable to the Company.
7. a) According to the information and explanations given to us and 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, Employees' State Insurance, Income- tax, Goods and Service tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 34 of the financial Statement)
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Goods and Service tax, Sales Tax, Service Tax, Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2020 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 disputed dues in respect of Goods and Service tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 34 of the financial Statement.
8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or dues to debenture holders/bond holders or government as at Balance Sheet date.
9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies raised by way of initial public offer or further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.
10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
11. The company being the government company wholly owned by the Central Govt., therefore section 197 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5<sup>th</sup> June 2015.





12. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
14. According to the information and explanations given by the management, and based on our examination of records, the Company has raised money through private placement of Equity Shares from Ministry of Railways during the year. Further, the company has not made any preferential or private placement of fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

**For SPMG & Co.**  
**Chartered Accountants**  
**Firm Reg. No. 509249C**

*Sharad Poddar*



**CA Sharad Poddar**  
**(Partner)**  
**M. No. - 087853**  
**UDIN: 20087853AAAAAT3762**

**Place: New Delhi**  
**Dated: August 28<sup>th</sup>, 2020**



## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-sec on 3 of Sec on 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **OPINION**

We have audited the internal financial controls with reference to financial statements of Indian Railway Finance Corporation Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note")

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI') (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material





misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

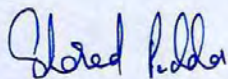
A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:-

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For SPMG & Co.  
Chartered Accountants  
Firm Reg. No. 509249C**



**CA Sharad Poddar  
(Partner)  
M. No. - 087853  
UDIN: 20087853AAAAAT3762**

**Place: New Delhi  
Dated: August 28<sup>th</sup>, 2020**

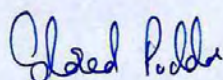


## ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

### Directions u/s 143(5) of Companies Act, 2013

S. No.	Directions	Auditor's Remarks
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	According to the information and explanations given to us and on the basis of our examination of the IT system of the company, the company has adequate IT controls to process all the accounting transactions through IT system except accounting transaction related to Ind AS are not automated. However, the management is working upon the same to make it Ind AS complied.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company.
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, no such funds is received or receivable for specific schemes from central/state agencies.

For SPMG & Co.  
Chartered Accountants  
Firm Reg. No. 509249C



CA Sharad Poddar  
(Partner)

M. No. - 087853

UDIN: 20087853AAAAAT3762



Place: New Delhi

Dated: August 28<sup>th</sup>, 2020





**NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR  
ENDED 31<sup>ST</sup> MARCH, 2020**

To  
**Board of Directors**  
**Indian Railway Finance Corporation Limited**

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The Company is engaged in the business of non-banking financial institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. is B- 14.00013 dated 22.11.2010. Further, the Company is entitled to continue to hold such registration in terms of its asset / income pattern as on 31.03.2020.
2. The Company is meeting the requirement of net owned funds applicable to an Infrastructure Finance Company as contained in Master Direction-Non Banking Financial Company-Systemically Important Non Deposit taking Company and deposit taking Company (Reserve Bank) Direction 2016.
3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed any resolution for non-acceptance of any public deposits during the year 2019-20.
4. The Company has not accepted any public deposits during the financial year 2019-20.
5. For the Financial year ending 31 March, 2020, the Company has complied with the Accounting Standards, Income recognition norms as per the RBI Master Directions on Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016. Further, the Company, has followed the Accounting Standards, Income recognition, asset classification and provisioning for Bad and Doubtful debts being a government non-banking financial company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) except the income recognition and assets classification (IRAC) norms, standard assets provisioning and exposure norms to Ministry of Railways, Government of India granted by RBI vide their letter no. DNBR(PD)CO.No.1271/03.10.001/2018-19 dated 21.12.2018.





6. As per the information and explanation given to us, the statement of capital funds, risk assets/exposures and risk ratio (NBS-7 Return) has been filed by the company for the quarter ended 31.3.2020 on the basis of the provisional financial results

**For SPMG & Co.**  
**Chartered Accountants**  
**Firm Reg. No. 509249C**

*Sharad Poddar*

**CA Sharad Poddar**  
**(Partner)**  
**M. No. - 087853**  
**UDIN: 20087853AAAAAU7451**



**Place: New Delhi**  
**Dated: August 28<sup>th</sup>, 2020**



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

To,  
The Members of  
Indian Railway Finance Corporation Limited

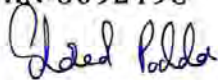
We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2020.

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 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.

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 S P M G & Co.**  
**Chartered Accountants**  
**FRN-509249C**



**CA Sharad Poddar**  
**(Partner)**

**M. No. - 087853**

**UDIN: 20087853AAAAAV8198**



**Date: August 28<sup>th</sup>, 2020**

**Place: Delhi**



**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 2020.**

The preparation of financial statements of **INDIAN RAILWAY FINANCE CORPORATION LIMITED** for the period ended 31 March 2020 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 the 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 28.08.2020

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **INDIAN RAILWAY FINANCE CORPORATION LIMITED** for the period ended 31 March 2020 under section 143(6)(a) of the Act. 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 supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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



**(K. S. Ramuwalia)**  
**Principal Director of Audit**  
**Railway Commercial, New Delhi**

**Place: New Delhi**  
**Dated: 23. 09.2020**