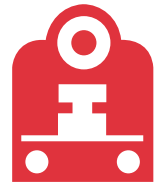


ANNUAL REPORT 2012-13



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



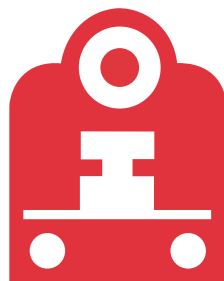
Shareholders in the Annual General Meeting held in September 2013

Company Management in the Annual General Meeting held in September 2013



Inspection Meeting by Second Sub-Committee of Parliamentary Official Language Committee on 17th September, 2013

ANNUAL REPORT 2012-13



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

Corporate Vision

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

Corporate Mission

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

Corporate Objectives

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

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

Contents

1.	Board of Directors	4
2.	Chairman's Statement.....	6
3.	Directors' Report.....	10
4.	Report on Corporate Governance.....	22
5.	Secretarial Audit Report.....	31
6.	Annual Accounts	34
7.	Auditor's Report.....	73
8.	Comments of the C&AG of India.....	77



Board of Directors



Shri R. Kashyap
Chairman
(From 31.07.2013)



Smt. Vijaya Kanth
Chairperson
(From 11.01.2012
to 30.06.2013)



Shri Rajiv Datt
Managing Director
(From 14.11.2012)



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



Ms. Sharmila Chavaly
Director
(From 21.11.2012)



Shri Rajesh Khullar
Director
(Upto 21.11.2012)



CHIEF VIGILANCE OFFICER



Ms. Sumita Mukherjee

Shri Sanjeev K. Ajmani
Company Secretary

Bankers
Corporation Bank • Vijaya Bank

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

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





Chairman's Statement

Dear Shareholders,



Shri R. Kashyap
Chairman

I am extremely happy to welcome you all to the Twenty Sixth Annual General Meeting of the Indian Railway Finance Corporation Limited. The audited accounts of your Company for the year ended 31st March 2013, along with the Directors' Report and its accompaniments are with you. I trust I have your consent to take them as read.

A landmark in asset financing by your Company was achieved when its cumulative funding to the Rail Sector crossed the magical Rs. One Lakh crore mark during 2012-13. I am also happy to share with you that considering the strategic importance as the sole and efficient funding vehicle in the Rail Sector, and the astral role played by it consistently over the last twenty six years, your Company has recently been upgraded by the Government to Schedule 'A' status. This in itself is a significant achievement. Before I present an account of your Company's performance in 2012-13, I would like to dwell on the global and domestic macroeconomic environment as the same has a bearing on the performance and prospects of your Company.

The Compounded Annual Growth Rate of the Indian Economy for the decade ending 2012-13 stands at 7.9%. However, there has been a slow down in the growth rates in 2011-12 and 2012-13 at 6.2 percent and 5 percent respectively. There is a perceptible weakness in industrial growth, with the industry more or less stagnant in the past few months. Growth in the first four months of 2013-14 has come down further to 4.4 percent. The challenges facing the Indian Economy contemporarily are high levels of Current Account Deficit, stress on the fiscal position, relatively high levels of inflation and, in recent months, volatility in the money markets and a sharp decline in the value of

the Rupee. Yet, the problems confronting India are not unique. Almost all emerging economies have been facing headwinds leading to slow down in the growth rates, worsening Current Account Deficits and depreciation of local currencies vis-à-vis the US Dollar. However, in recent months there has been some improvement in the outlook of advanced economies like US and Japan, and if the trend sustains, this may have a positive impact on the emerging economies in the medium term.

The Government of India has been trying to address the problems confronting the Indian Economy. However, global events such as the likelihood of tapering of Quantitative Easing by the US despite status quo decided for the present on 18th September, geopolitical concerns in the middle-east and their impact on global oil prices could impact the Indian Economy. The monetary policy statement of Reserve Bank of India Governor earlier today also signals a cautiously optimistic approach.

In July, 2013, RBI took a number of steps including raising the bank rate by 200 basis points and squeezing credit growth to counter currency volatility. As a result of these steps, yields on Government and Corporate Bonds have gone up significantly. During the first quarter of the financial year, yield on 10 Year Government Bond averaged 7.55 percent. Today, it hovers around 8.68 percent to 8.84 percent. There is also significant volatility in the currency and the Rupee has depreciated sharply from the beginning of the year vis-à-vis major currencies.

The silver lining in the current scenario is the fact that the monsoon this year has been excellent. This is likely to have a positive impact on the rural demand and the impact is expected to manifest itself in the later half of the financial year. Most economists expect growth rates to bottom out in the current year and there should be a pickup from 2014-15. The current year,

therefore, holds unprecedented challenges.

Despite the uncertain global environment and moderation in the growth of Indian economy, Indian Railways continued to perform well in 2012-2013. Both freight and passenger earnings continued to grow year-on-year. While freight earnings increased by 23.60 per cent, passenger earnings went up by 10.90 per cent over the previous year. Total earnings of Indian Railways grew by a healthy 18.95 percent. Indian Railways continue to play a critical role in the country's growth. Since its inception over twenty six years ago, your Company has played a stellar role in supporting rolling stock acquisition by Indian Railways. To the end of March 2013, your Company had funded moving asset acquisition to the tune of Rs 97,481.67 crore, besides providing funding support of Rs 2,606.04 crore to other Railway entities including Rail Vikas Nigam Limited, RailTel Corporation, Konkan Railway Corporation Ltd., Rail Land Development Authority and Pipavav Rail Corporation Ltd.

Funding of rolling stock for the Ministry of Railways (MOR) remains the core business of your Company. During 2012-13, your Company funded acquisition of 581 locomotives, 1,958 passenger coaches and 14,801 freight wagons. From its setting up to the end of March 2013, your Company has funded acquisition of 6,654 locomotives, 38,571 passenger coaches and 1,77,039 freight wagons. This mirrors your Company's importance in the overall asset acquisition plans of the Ministry of Railways.

I would now like to share with you some of the highlights of your Company's performance since the last Annual General Meeting held in August, 2012. You may recall that for the year 2012-13, your Company was set a borrowing target of Rs 15,000 crore comprising of Rs 14,896 crore for acquisition of rolling stock assets and Rs 104 crore by way of a further loan to Rail Vikas Nigam Limited (RVNL) for investment in bankable projects being executed by them for the Ministry of Railways. The target in respect of rolling

stock financing was revised downwards through the Revised Estimates of MOR to Rs 14,796 crore. Thus, the total mandate for borrowing was Rs 14,900 crore. While ensuring that its debt was serviced at the due dates without delay of even a single day, the full amount raised was remitted by your Company to Ministry of Railways consistent with the stipulated schedule of seven days after receipt of demand.

Financial year 2012-13 was characterised by remarkable uncertainty prevailing in the domestic financial market. Capitalising on some strengthening in the International Financial markets, the Government made concerted efforts to contain the fiscal deficit. The Reserve Bank of India reduced the Policy Rates to revive investment growth. However, widening Current Account Deficit and unabated food inflation, persuaded Reserve Bank of India to refrain from reducing interest rates in line with the market expectations. This was reflected in only a marginal reduction in the benchmark 10 Year G-Sec which averaged 8.40 percent during the year 2011-12 to 8.23 percent during 2012-13, down by only 17 basis points. In spite of unstable market conditions, the weighted average cost of borrowing during the year by your Company was 8.12 per cent which was 0.98 per cent lower than the average cost achieved by all 'AAA' entities put together. This equates to a saving of Rs 1,433.92 crore in interest cost over the total tenor of borrowing during the year. Further, taxable bonds were issued in the domestic market by the Company at margin of 66 bps over the 10 Year G-Sec whereas an average 'AAA' rated borrower paid margin of 93 basis points. Thus, the Company was able to borrow from this source at a cost lower by 27 basis points as compared to other 'AAA' rated agencies. Despite difficult conditions in the global markets your Company successfully raised Rs 1,564.85 crore by way of External Commercial Borrowings (ECB) at a very attractive fixed rate of 3.417%. The ECB cost in rupee terms was lower by 176 basis points as compared to domestic cost of borrowings of the Company.



Shareholders are aware that IRFC constantly monitors global markets to look for opportunities for fund raising and hedging at the most competitive rates at opportune time. Keeping in view the volatilities in the market, the Company adopted the strategy to keep 100% of the amount of incremental borrowing from the offshore market unhedged, with a resolve to take appropriate hedging measures as and when market conditions turn favourable.

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

I now turn to the financial performance of your Company during 2012-13. Profit Before Tax at Rs 1,454.17 crore has registered an impressive year-on-year growth of 43.52 per cent. However, Profit After Tax has gone up moderately by 8.48% from Rs. 480.78 crore for the previous year ended 31st March, 2012 to Rs. 521.57 crore for the current year ending 31st March, 2013. Significantly, Profit After Tax for the year under review has been arrived at after taking into account the impact of additional provision of Deferred Tax Liability (DTL) to the tune of Rs. 166.77 crore attributable to increase in the effective corporate tax rate from 32.445% to 33.99%. In all, an amount of Rs 640.34 crore has been set apart in the Accounts for 2012-13 towards DTL. As the Members are aware, requirement to provide for DTL in its accounts over and above payment of Minimum Alternate Tax at prescribed rates, and payment of high dividend amounts year after year, has had an adverse impact on the growth of net worth of the Company. In spite of equity infusion of Rs 2,720 crore during the last seven

years, the financial gearing has moved up from a secure level of 6:1 a few years ago to uncomfortable levels close to 10:1 in the recent past. Besides prudential norms for Non-Banking Finance Companies, one of the covenants of the loan agreements entered into with various overseas lenders also requires the Company to maintain debt-to-equity ratio within 10:1. Adverse movements in this ratio become a cause for concern for investors and rating agencies. One of the measures adopted by your Company to mitigate the position has been to peg the total dividend for the year at Rs 110 crore, which is about 21 per cent of Profit After Tax but significantly lower than 20 per cent of Paid-up Capital.

The management of IRFC constantly endeavours not only to deliver the most cost-competitive incremental borrowing year after year but also to regularly review the existing portfolio with a view to lowering costs. As part of financial re-engineering/restructuring exercise, the Company decided to prepay its high cost bearing Rupee Term Loans to the extent of Rs. 4,123 crore which would lead to a saving of Rs. 280.43 crore over the residual life of these loans. The Company diversified its sources of funding by availing for the first time ever a Working Capital Demand Loan from a Bank, leading to more efficient fund management.

Your Company attaches high importance to activities related to Corporate Social Responsibility (CSR) and Sustainable Development (SD). While finalizing the Memorandum of Understanding signed with the Ministry of Railways for the year 2012-13, the Task Force constituted by the Department of Public Enterprises had mandated that your Company allocate Rs 3 crore for 5 (five) different activities under CSR in the year 2012-13. As regards Sustainable Development, Rs. 1 crore was to be spent on 5 (five) different activities. All the CSR and Sustainable Development activities have since been successfully completed. In the coming years, your Company is committed to pursuing these activities with similar

vigour, consistent with Government guidelines.

For the current fiscal year, your Company has been assigned a borrowing target of Rs 15,103 crore which is marginally higher than the final mandate of Rs 14,900 crore for 2012-13. The target comprises Rs 14,849 crore for financing rolling stock acquisition and Rs 254 crore as a loan to be given to RVNL for financing bankable projects. The Ministry is contemplating a small increase in the quantum of assistance to RVNL during the year. Recognizing the importance of creating infrastructure for boosting growth, the Honourable Finance Minister in his budget speech for 2013-14 announced permission for issuance of tax free bonds to the extent of Rs 60,000 crore by select entities. IRFC has been assigned a significant share of Rs 10,000 crore and this would form a major source in the overall borrowing programme of your Company. Preparatory work for issue of tax free bonds has commenced.

Despite the scale of operations and the challenging environment in which IRFC operates, your Company has consistently maintained high levels of productivity and efficiency. With its human resource assets comprising only 18 staff and executives, IRFC is widely respected for its business skills, quick decision making and highly effectual negotiating capabilities based on transparency and fair play. The result is that the Company has been successfully mobilising large financial resources at benchmark pricing levels.

The Company strives to maintain the highest standards of corporate governance and has adhered to the guidelines laid down by the law and various regulatory bodies.

Consistently high service levels have been ensured, partly by outsourcing some of the back office activities to professional agencies. There are no un-redressed investor grievances. The overhead to turnover ratio is at an enviable 0.12 per cent. The standing earned by the Company in financial markets at home and

overseas is the direct outcome of the management's deep understanding of business, ethical and transparent business practices and accumulation and nurturing of professional expertise over the last two and a half decades. The support it receives from the Ministry of Railways and the trust reposed by the Ministry in the Company's professional capabilities has enhanced its stature.

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

R. Kashyap
Chairman

Place : New Delhi

Dated : 20th September, 2013



Directors' Report

Dear Shareholders,

It gives me great pleasure to present, on behalf of the Board of Directors of your Company, their 26th Annual Report covering snapshot of the business and operations of your Company together with the audited accounts, Auditor's Report and review of the accounts by the Comptroller & Auditor General of India for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Summarised below is the position of key financial results of your Company for the year ended 31st March, 2013:

(` in lakh)

	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
I.	Revenue from operations	554959.74	464194.17
II.	Other income	194.71	116.82
III.	Total Revenue (I+II)	555154.45	464310.99
IV.	Expenses:		
	Finance costs	407831.36	362038.50
	Depreciation and amortization expense	36.91	35.12
	Other expenses	1869.37	918.44
	Total Expenses	409737.64	362992.06
V.	Profit before tax (III-IV)	145416.81	101318.93
VI.	Tax expense:		
	(1) Current tax	29286.28	20342.90
	(2) Tax For Earlier Years	-60.13	0.00
	(3) Deferred tax	64034.10	32897.86
	Total Taxes	93260.25	53240.76
VII.	Profit (Loss) for the current year from continuing operations (V-VI)	52156.56	48078.17

Profit Before Tax (PBT) of your Company went up to Rs.1,454.17 crore during 2012-13 as compared to Rs. 1,013.19 crore for the previous year, registering a robust growth of 43.52%.

Profit After Tax (PAT) of the Company has gone up to Rs.521.57 crore as against Rs. 480.78 crore in the last year, a trend compliant growth of 8.48%. However, after discounting the impact of provision of excess Deferred Tax Liability (DTL) to the extent of Rs. 166.77

crore due to upward revision in the effective tax rate, the adjusted PAT works out to Rs. 688.34 crore, up by an impressive 43.17%.

Dividend

Your Company seeks to strike a judicious balance between the need for providing an appropriate return to the Shareholders and retaining a reasonable portion of the profit to maintain a healthy financial

leverage with a view to supporting and sustaining future borrowings and growth consistent with Ministry of Railway's (MOR's) expectations. The overriding requirement to maintain Debt to Equity ratio of the Company within the limits laid down by the RBI restricts the Company from declaring large quantum of dividend. The Board had, therefore, declared an Interim Dividend of Rs. 100 crore during 2012-13.

It is further proposed to declare a final dividend of Rs. 10 crore. The total amount of Rs. 110 crore comprising interim and final dividend works out to about 21% of the PAT of the Company.

Reserves

After taking into consideration the dividend and dividend tax, a sum of Rs.405.34 crore has been transferred to Bond Redemption Reserve. As the dividend being paid is below 10% of the Paid-up Share capital of the Company, no transfer of fund to General Reserve is proposed, which is in line with the provisions of the Companies Act, 1956.

Share Capital

The entire paid up capital of the Company amounting to Rs.2,952 crore continues to be held by the President of India and his nominees. This includes the recently infused equity of Rs. 600 crore, which lay in the form of Share Application money as on 31st March, 2013.

INDEPENDENT EVALUATORS' ASSESSMENT

Credit Ratings

Domestic: During the financial year 2012-13, the Company's long term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA (Stable)" and "CARE AAA [Triple A]" by CRISIL, ICRA and CARE respectively. With a view to comply with the requirements of Basel II norms, the Company also got its short term borrowing

programme rated, obtaining the highest rating of "CRISIL A1+", "[ICRA] A1+", and "CARE A1+ [A One Plus]" by CRISIL, ICRA and CARE, respectively.

International: During the financial year 2012-13, three international credit rating agencies – Standard & Poor's, Fitch and Moody's – have awarded to IRFC "BBB-(Negative)", "BBB-(Stable)" and "Baa3 (stable)" ratings respectively. Besides, the Company obtained an issue specific credit rating of "BBB+(Stable)" from Japanese Credit Rating Agency. Each of the four credit ratings is equivalent to India's sovereign rating, and is investment grade.

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

Based on evaluation of its performance for the year 2011-12, the Company obtained 'Excellent' grading from the Department of Public Enterprises. The Company is committed to continuing all efforts to maintain high standards of performance in future as well.

The Company attaches high importance to suggestions made by the Task Force appointed by the Department of Public Enterprises each year to coordinate finalisation of MOU with the Ministry of Railways. During the MOU meeting held in February, 2012, the Task Force articulated that 50% of the budget expenditure on activities related to Corporate Social Responsibility (CSR) be spent on non-railway activities. The Company successfully undertook the activities in railway as well as non-railway sector in the year 2012-13. The activities have been discussed in a separate para in this Report.

The Task Force had also desired in the same meeting that with a view to ensuring measurability and reliability of achievements against the parameters set out in the MOU, the figures be either reflected in the Annual Report for the year 2012-13 or related information be made available in the public domain. Accordingly, some of the related information is given



hereunder :-

- (i) Report on Corporate Governance for the year 2012-13 was submitted to Department of Public Enterprises (DPE) through MOR on 24.05.2013.
- (ii) Completed Data Sheet, containing PE Survey, was submitted to DPE on 30.08.2012.
- (iii) The Company achieved 69.17% of the weight assigned for the parameter 'Human Resource Management'.
- (iv) The Company agreed to parameter 'Reservation of SC, ST and OBC in appointment' for appointments to be made in future.
- (v) The Company has implemented pay revision for its employees with effect from 01.01.2007.
- (vi) The Company has completely switched over from CDA to IDA pattern of pay scales. No pay under CDA pattern was paid to any employee during 2012-13.
- (vii) 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.
- (viii) A Resolution regarding 'Listing of shares of IRFC' was passed by the Board of Directors of the Company and same was submitted to DPE on 13.02.2013.
- (ix) In line with the Guidelines issued by DPE in September, 2011 for Sustainable Development, a Board Level Committee was constituted by the Company for planning and approval of plan for Sustainable Development.

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

Market Borrowings during 2012-13

For the year 2012-13, the Company was given a target of borrowing of Rs.15,000 crore for creation of rolling

stock assets for the Ministry of Railways. This also included a target of Rs.104 crore to be given by way of loan to Rail Vikas Nigam Ltd. (RVNL) for investment in bankable projects being executed by them for the MOR. Targets for Railways were revised downwards through Revised Estimates of Ministry of Railways to Rs.14,796 crore. The borrowing programme of your Company was judiciously executed after taking into account factors like favourable market conditions and interest rate movements in domestic and international markets.

The notification for Tax-free Bonds from Ministry of Finance (MOF) was received in the last week of November, 2012 under which the Company was authorised to raise Rs. 10,000 crore through this route. In spite of difficult market conditions, the Company was able to mobilize a total amount of Rs. 6,916.04 crore through mix of private placement and public issue, which was about 39% of the total amount mobilised by all the issuers. In line with Notification issued by MOF, retail investors were given an incentive of 50 basis points.

Due to lukewarm response of investors in Tax-free Bonds in March, 2013, the remaining funds were raised through Taxable Bonds and Bank Loans. Funds amounting to USD 300 Million (Rs.1,564.85 crore) were raised through ECB in October, 2012.

Thus, the Company raised Rs.6,916.04 crore through Tax-free Bonds, Rs. 1,100 crore through Taxable Bonds, Rs.1,015 crore as Term Loans from different Banks and USD 300 million (Rs.1,564.85 crore) from ECB route. The remaining amount was met by the Company through bridge loan and its own resources. Thus, the entire mandated amount was successfully raised and remitted.

The weighted average cost of borrowing during the year was 8.12% which compares favourably with similar 'AAA' rated entities. The weighted average tenor of incremental borrowing during the year was 9.82 years which compares well with the weighted

average tenor of the lease.

Assets amounting to Rs.15,034.50 crore have been finally identified by MOR in the last week of July, 2013.

Redemption of Bonds/Repayment of Loans

Your Directors are pleased to report that during the year under review, your Company successfully redeemed bonds and discharged its other debt obligations amounting to Rs.6,517.73 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at Rs.2,074.63 crore, Term Loans worth Rs.4,416.90 crore and External Commercial Borrowings (ECB) of Rs. 26.20 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs amounting to around Rs. 5,435 crore during the current financial year.

Risk Management

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

As regards the Operational Risk, the Company has in place adequate internal control systems commensurate with the nature and volume of its business. The same is commented upon periodically by the Internal Auditors. A multiple tier control mechanism is in place. Besides control exercised by and specific accountability assigned to executives and employees of the Company for various functions,

efficient maintenance of accounts is facilitated by a professional and reputed firm of Chartered Accountants engaged as Retainers of Accounts. The function of Internal Audit has been assigned to another reputed firm of Chartered Accountants. The Statutory Auditors of the Company are appointed by Comptroller and Auditor General (C&AG) of India, and the appointment is rotated periodically. Besides, the accounts of the Company are subject to supplementary audit by the office of C&AG as required under the Companies Act. The C&AG also conducts Proprietary Audit of the Company. The track record of your Company in regard to handling its operational risk has been excellent.

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

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

The cash flows of your Company are highly predictable, shielding it largely against liquidity



related issues even in a volatile market. Besides, with the quality of credit to it commanding high level of respect amongst investors, both domestic and international, the Liquidity Risk in the case of IRFC is perceived at a very low level.

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

Some of the outstanding foreign currency borrowings of the Company with maturity profile longer than five years carry amortised half-yearly principal repayments. As a result, the risk gets significantly mitigated by virtue of repayments taking place progressively at different points in time. Hedging of principal repayment in such cases is considered only selectively in a need based manner, taking due note of the high hedging cost associated with longer dated debt. Keeping in view the current depreciation of INR vis-à-vis USD, the Company intends to watch the situation and would suitably hedge the transactions at appropriate times. At present, all the outstanding borrowings from offshore market are in USD terms and have been left unhedged for the time being and

would be hedged at opportune time. Till such time, the Exchange Rate Variation (notional) and Interest Rate Variation risks would stand transferred to MOR in terms of the Lease Agreement. Besides measures for protection of principal against exchange rate risk, your Company also engages in safeguarding its position against interest rate variation on foreign currency borrowings in a prudent manner, taking a judicious view of all relevant factors. With a view to effectively supplementing its in-house expertise in the matter, your Company usually resorts to expert advice from reputable professional consultants while taking hedging decisions.

Reserve Bank of India have made it mandatory for all the Banks offering derivative products to ensure that all their clients intending to enter into such contracts have Risk Management Policy in place, duly approved by their Board of Directors.

Since your Company enters into derivative transactions in a need based manner at opportune time to minimise risks, requests have been received from Banks to draft such policy. Accordingly, a policy is being framed and after its approval from the Board, the same shall be shared with the Banks.

Classification of IRFC as NBFC

Your Company's classification by the Reserve Bank of India continues to be 'NBFC-Infrastructure Finance Companies (IFC)'. Such classification allows your Company to avail further leverage in respect of bank credit both in the form of lower provisioning and higher permissible exposure limits for banks. Further, IRFC's Bonds with residual maturity of at least seven years qualify for categorisation as held to maturity (HTM) instruments like SLR Bonds, with associated benefits. The Company also qualifies for external commercial borrowing under automatic route, not requiring prior approval of Reserve Bank of India, if the total outstanding foreign currency borrowing remains within 75% of its net worth.

Upgradation of the Company to Schedule 'A'

Your Company has been upgraded from Schedule 'B' to Schedule 'A' by the Department of Public Enterprises, Government of India, on 30th January, 2013. This would enable the Company to strengthen its operations and compete with its peer companies more efficiently in domestic as well as offshore market.

Lease Arrangement with the Ministry of Railways 2012-13

As you are aware, the financial relationship of the Company with the Ministry of Railways is based on a Finance Lease arrangement which is regulated by a standard lease agreement. In respect of the incremental assets acquired during 2012-13 through IRFC funding, lease rentals have been fixed at Rs. 57.545 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 8.62% p.a. Viewed in the context of the relatively high interest rates ruling during most parts of the year, the pricing is considered attractive for the Ministry. As regards the cost to be charged from RVNL for the lending to them during the year, the same has been worked out based on the average cost of borrowings during the year other than the cost associated with external commercial borrowings and Tax-free Bonds. The cost to RVNL has accordingly been fixed at 9.20% p.a.

As reported in the last Annual Report, your Company was directed by MOR for funding of their select capacity enhancement projects to the extent of Rs. 2,078 crore during the year 2011-12. The Company had successfully raised funds for the same through Tax-free Bonds at the weighted average cost of 8.12%. It has been decided to charge a margin of 50 basis points thereon resulting in cost (IRR) of 8.62% to MOR. The funds have been provided under lease structure and the lease period is for 15 years. The lease shall commence after completion of the projects. Till then,

MOR shall continue to pay 'Lease Advance' to the Company equal to the Company's interest obligation on these bonds.

Fixed Deposits

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

Resource Mobilisation for 2013-14

The Ministry of Railways has decided that during 2013-14, Rolling Stock Assets with estimated value of Rs.15,103 crore would be funded through extra budgetary resource to be provided by IRFC and major part of it, like last year, is expected to be mobilised through Tax-free Bonds. Notification in this behalf is awaited from Ministry of Finance. The aforementioned target includes a sum of Rs.254 crore to meet the requirements of Rail Vikas Nigam Limited.

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

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

In the Directors Reports for 2010-11 and 2011-12, a note of caution was sounded with regard to funding of select capacity enhancement projects. It is their view that the existing business model of financing Rolling



Stock Assets has served the Company well. This is reflected in the highest ratings being assigned to the Company. The Directors are of the considered view that all necessary steps need to be taken to ensure that the risk perception attached to lending to IRFC does not undergo any adverse change.

The business of the Company with the Ministry has grown considerably during the recent years. From an annual target of Rs.2,510 crore in 2002-03, the borrowing target assigned for the current year 2013-14 stands at Rs.15,103 crore, including the funding support to be provided to RVNL. The trend represented by this more than six-fold increase in annual borrowing target over a period of ten years is likely to continue. This is bound to further accentuate the problem of the Company's financial gearing coming under stress. Frequent instances of additional equity infusion – Rs. 300 crore in March 2009, Rs. 291 crore in November 2009, Rs. 511 crore in October 2010, Rs. 500 crore in January, 2012, Rs. 250 crore in March, 2012 and Rs. 600 crore (pending allotment as on 31.03.2013) – did help to some extent, but the Company is already faced with a pressing need for further equity infusion to sustain its daunting borrowing programme during the current year. Given the nature of the problem, the Company would do well to explore all possible options for equipping itself appropriately to meet this challenge. It is in this context that the Authorised Capital was enhanced from Rs.2,000 crore to Rs.5,000 crore in June, 2011 with the approval of the Shareholders. Likewise, an appropriate increase in its paid up capital from the present Rs.2,952 crore is also planned.

Ministry of Finance, in the current fiscal has allowed Government owned institutions, including your Company, to raise Rs. 50,000 crore from the market by issuance of Tax-free Bonds. MOF is yet to make allocations for the entities. With increase in number of peers and also the total amount, it would become a daunting task. Still, IRFC is confident to meet the challenge and hopeful to raise the required amount

during the year.

Reserve Bank of India (RBI) have issued fresh Guidelines for issuance of Bonds through Private Placement by NBFCs. These Guidelines, inter alia, provide for minimum time gap of six months between two private placement issues, restriction on the number of investors from whom offers are to be invited to 49 and placing of funds in an Escrow Account till security is created. These Guidelines would adversely affect the fund raising programme of the Company. For the present, the Guideline relating to minimum time gap between two successive issuances for private placement of Bonds has been put on hold till 30th September, 2013. Meanwhile, a representation has been made by the Company to RBI seeking exemption from applicability of these Guidelines.

Report on Corporate Governance

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

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

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

Directors Responsibility Statement

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed, and proper explanation relating to material departures, if any, included;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud or other irregularities; and
- d) The Directors have prepared the Annual Accounts on 'going concern' basis.

Internal Control Systems and their adequacy

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

Human Resource Development

Performance level of your Company has been consistently high despite the fact that it consciously maintains a very lean workforce. The small working

strength of 18 personnel is complemented to an extent by outsourcing a few non-core activities to professional agencies.

Such high levels of efficiency would not be possible but for the Company laying deep emphasis on upgrading skills of its employees and keeping them abreast of latest developments and industry practices. The Company is committed to enhancing the professional expertise of all its employees. As a matter of general practice, the Company relies on training interventions involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes. In the year 2012-13, 6 (six) employees and 8 (eight) officers were sent for training to improve their knowledge and skills in their relevant areas of operations.

With a view to further increase the efficiency and to cater to growing business of your Company, MDI Gurgaon have been engaged to suggest suitable organisational restructuring.

Corporate Social Responsibility & Sustainable Development

For the year 2012-13

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



choice for undertaking CSR activities.

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

In order to comply with the CSR Guidelines, it had been agreed in consultation with the Task Force appointed by Department of Public Enterprises, that the Company would spend Rs. 3 crore towards CSR in 5 (five) different activities during the year 2012-13. In line with the MOU for the year 2012-13 signed with MOR, half of the amount was required to be spent in non-Railway Sector. The activities included (i) renovation of Retiring rooms for passengers at New Delhi & Delhi Stations (ii) improvement of Hospital facilities at New Delhi & Delhi Railway Stations for general public and passengers (iii) installation of 4 (four) large R.O. Systems at Bahadurgarh Railway Station for passengers of all class (iv) part funding of construction of school building, supply of furniture, computers & other equipments, facilities for the school under construction at Village Wazirpur, Distt. Gurgaon for poor section of the society and (v) distribution of tricycles, wheel chairs, crutches, walking sticks, hearing aids, etc. to physically challenged persons belonging to poor section of the society in U.P.

It was further agreed that the Company would undertake 5 (five) activities under the Sustainable Development programme also and a sum of Rs. 1 crore would be spent thereon. These activities were (i) installation of solar panels at Bahadurgarh Railway Station, (ii) installation of Rain Water Harvesting System at Bahadurgarh Railway Station, (iii) providing of Saplings at different Railway Complexes, (iv) training of Railway personnel in Sustainable Development, and (v) training of Company personnel

in Sustainable Development.

All the CSR and Sustainable Development activities have since been successfully completed. It is also worth mentioning here that the Company organised a camp at Kannauj (U.P.) for distribution of aids to physically challenged persons belonging to the weaker sections of the society. An overwhelming response was received and the aids were distributed to 742 physically challenged persons. The Company appointed Artificial Limbs Manufacturing Company, a Government of India enterprise, for the base line survey and implementation. The project was constantly monitored by the Company. The Company intends to organise more such camps for greater visibility and social impact.

A sum of Rs. 3.13 crore and Rs. 1.07 crore was incurred on CSR and Sustainable Development respectively during the year. The funds have been utilised by the respective agencies.

For the year 2013-14

The DPE has issued fresh Guidelines on CSR and Sustainability and the same have become effective from 01.04.2013. The salient features of the new guidelines, inter alia, are that all the CPSEs are required to have CSR and Sustainable Development Policy approved by the Board, more involvement of the Board and Company officials is required now for overseeing and implementation of these activities, implementation of CSR activities by CPSEs themselves, implementing these activities in project mode, permission to CPSEs to join hands & pool their resources to undertake large project for greater social impact, permission to engage specialised agencies at nominal fee for implementation of the activities, transfer of unutilised funds of the CSR budget to 'Sustainability Fund' after two years, setting apart 5% of the amount of annual budget for emergency needs including for relief work during natural calamities / disasters, etc.

It has been agreed in consultation with the Task Force that the Company would spend Rs. 10.50 crore on CSR and Sustainable Development during the year 2013-14. The activities include (i) Waste water recycling plant for railway washing yard at New Delhi & Delhi Railway Station, (ii) Rain water harvesting at New Delhi & Anand Vihar Terminal, (iii) Rain water harvesting at Hazarat Nizamuddin & Safdarjung Railway Stations, (iv) Construction of School Building jointly with RITES in specified backward district and (v) Camp with ALIMCO for physically handicapped persons in U.P.

The State of Uttarakhand was devastated by natural calamity in June 2013, which resulted in loss of human lives besides massive destruction of infrastructure and property. Your Company has always risen to occasion whenever need to discharge its responsibility has arisen. To help the affected people as well as State Government a contribution of Rs. 50 lakh has been made in Chief Minister's Relief Fund, Uttarakhand.

Official Language

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

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

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

Right to Information Act, 2005

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

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

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

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

Particulars of Employees receiving high remuneration

There was no employee of the Company who received remuneration in excess of the limits prescribed under



section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975.

Women Employees

Your Company has a very small organizational setup, comprising 18 employees in all. Out of these, four employees are in Section Officers grade and two in Assistant Manager category. These include two women employees, one as Assistant Manager and one Section Officer. The Company would endeavour to further improve the number as and when an opportunity offers.

Board of Directors

Since the last Annual General Meeting in August, 2012, a few changes have taken place in the composition of the Board of Directors. Shrimati Vijaya Kanth, Chairperson, demitted Office on retirement on 30th June, 2013. Shri R. Kashyap has, thereafter, been appointed as Chairman of the Company on 31st July, 2013. He holds a post graduate degree in Physics from Delhi University and in Finance from Strathclyde University (UK). He has rich experience in finance in Railway as well as in corporate sector. During his earlier association, he served the Company as Director Finance for about 4 years and Managing Director for 5 years.

Ms. Sharmila Chavaly, Joint Secretary (I & I), Department of Economic Affairs, Ministry of Finance, has been nominated as part-time Government Director of the Company in place of Shri Rajesh Kumar Khullar vide Ministry of Railways Order No. 2009/PL/47/2 dated 21st November, 2012. The Order was received in our Office on 14.12.2012. Ms. Chavaly holds post graduate degree in Humanities from Jawahar Lal Nehru University, Delhi. She has rich experience of about 28 years in finance.

The Board of Directors wishes to place on record its deep appreciation of the able leadership provided by Shrimati Vijaya Kanth as Chairperson of the Company.

The Board also wishes to place on record its appreciation for the rich contribution made by Shri Rajesh Kumar Khullar, in the deliberations in the meetings of the Board and Committees thereof during his tenure.

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

Statutory Auditors

M/s Bansal Sinha & Co., Chartered Accountants, have been appointed as Statutory Auditors by Comptroller & Auditor General of India to audit the accounts of the Company for the year 2013-14. The Report contains no qualification on the Accounts.

Comments of the Comptroller & Auditor General of India

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2013 and have had no comments upon or supplements to the Auditors' Report under Section 619(4) of the Companies Act, 1956.

Acknowledgements

Your Company is grateful to the Ministry of Railways, Ministry of Finance, Public Enterprises Selection Board, Department of Public Enterprises, National Informatics Centre, other Departments of the Government and the Reserve Bank of India, for their co-operation, assistance, active & timely support, and guidance rendered from time to time. The Company is also thankful to all its Bondholders, Banks, Financial Institutions, Arrangers, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange, Life Insurance Corporation of India and General Insurance Corporation of India and its subsidiaries for reposing their confidence and trust in the Company. The Company looks forward to their continued support for sustaining its excellent

performance levels. The Company expresses gratitude to the Comptroller & Auditor General of India, the Statutory Auditors and the Internal Auditors for their valuable support and guidance.

The Board of Directors express their deep appreciation of the valuable contribution made by the Company's small team of officers and employees, which has enabled the Company to successfully meet the increasingly more exacting targets set by the Ministry of Railways, concurrently consolidating its position as one of the most vibrant public financial institutions in

the country. The Company also gratefully acknowledges the highly useful and substantive contribution of Retainer of Accounts and its Registrars and Transfer Agents.

For and on behalf of Board of Directors

Place: New Delhi
Date: 6th August, 2013

R. Kashyap
Chairman



Report on Corporate Governance

ANNEXURE - I

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

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

Company's Philosophy on the Code of Corporate Governance

The Company looks upon Corporate Governance as an enterprise-wide endeavour targeted at value creation in the form of striking optimum balance between the profit it earns for its Shareholders and the spread it charges from Ministry of Railways in the cost of funds transferred to them. This is sought to be achieved by conducting the business in a professional manner, using a combination of delegation and accountability amongst key executives in the Company; focussed attention and transparency in operations of the Company; skill upgrades through need-based training, etc.; and high level of investor / lender satisfaction through timely debt servicing 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.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 2012-13. A declaration to this effect, duly signed by the Managing Director (CEO), is at Annexure 'A' and forms part of this Report.

Board of Directors

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

Meetings of Board of Directors

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

Serial No.	Board Meeting No.	Date
1.	207	04.05.2012
2.	208	31.07.2012
3.	209	05.11.2012
4.	210	11.02.2013

Attendance at the Meetings of the Board of Directors during 2012-13

Name of the Director	Number of Meetings of BOD held during their tenure	Number of Meetings attended	Attendance at the AGM	Directorship in other Companies	No. of Committee positions held in public companies including IRFC
Smt. Vijaya Kanth, Chairperson / IRFC (11.01.2012 to 30.06.2013)	4	4	Yes	None	1
Shri Rajiv Datt Managing Director/IRFC From 14.11.2011	4	4	Yes	None	1
Shri Rajesh Kumar Khullar Director / IRFC (13.05.2011 to 21.11.2012)	3	3	No	4	1
Ms. Sharmila Chavaly Director / IRFC From 21.11.2012	1	0	NA	2 *	3 **
Shri D.C. Arya Director Finance / IRFC From 31.12.2011	4	3	Yes	None	None

Notes :

1. Only Audit Committee and Shareholders' Grievance Committee have been reckoned while considering Committee positions.
2. Consequent upon his transfer out of Ministry of Finance, Shri Rajesh Kumar Khullar ceased to be Director of the Company w.e.f. 21.11.2012.
3. Ms. Sharmila Chavaly has been appointed Director / IRFC in place of Shri Rajesh Kumar Khullar vide Government of India Orders issued by Ministry of Railways on 21.11.2012. However, official communication in this behalf was received by the Company only on 14.12.2012.

* Ms. Sharmila Chavaly is Director in ONGC Videsh Nigam Limited and India Infrastructure Finance Company Limited.

** In both the above said Companies, she is member of the Audit Committee besides being member of the said Committee in IRFC.



Remuneration paid to Managing Director and Director Finance

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

- (i) Rs. 75,000 - Rs. 90,000 to Shri Rajiv Datt, Managing Director
- (ii) Rs. 65,000 - Rs. 75,000 to Shri D.C. Arya, Director Finance

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

A Sitting Fee of Rs. 5,000/- per Meeting is paid to Independent Director(s) for attending Board meetings or meetings of Committee(s) of the Board. The enhancement in the fee is under active consideration of the Company.

Information placed before the Board

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

Constitution of Audit Committee

In accordance with provisions of Section 292-A of the Companies Act, 1956 read together with the Government Guidelines, the Company has an Audit Committee. At present, the Audit Committee comprises three members -Shri R. Kashyap, Financial Commissioner (Railways) and Chairman / IRFC, Ms. Sharmila Chavaly, Director / IRFC and Shri Rajiv Datt, Managing Director / IRFC. Shri R. Kashyap is the Chairman of the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

Shri R. Kashyap and Ms. Sharmila Chavaly shall immediately cease to be the members of the Committee on appointment of the Independent Directors by the Government.

During the financial year 2012-13, four Meetings of the Committee were held on 4th May, 2012, 31st July, 2012, 5th November, 2012 and 11th February, 2013. Participation of the Members in these Meetings is outlined below :-

Sl. No	Name of the Member of the Audit Committee	Number of Meetings held during their tenure	Number of Meeting attended
1.	Smt. Vijaya Kanth, <i>Financial Commissioner (Railways) / Chairperson (IRFC)</i>	4	4
2.	Shri Rajesh Kumar Khullar <i>Director</i>	3	3
3.	Ms. Sharmila Chavaly <i>Director</i>	1	0
3.	Shri Rajiv Datt <i>Managing Director</i>	4	4

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

- To hold discussion with Auditors periodically about :-
 - Internal control systems and compliance thereof.
 - Scope of audit including observations of the auditors.

- Review of the quarterly, half yearly and annual financial statements before submission to the Board.
 - Any other matter as may be referred to it by the Board.
- ⊙ To perform the following functions :-
- Overseeing the Company's financial reporting process and system for disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
 - Reviewing with the management the annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries, qualifications in draft audit reports, related party transactions & the going concern assumption.
 - Holding discussions with external auditors to ascertain any area(s) of concern.
 - Reviewing the Company's financial and risk management strategies.

Remuneration Committee & Shareholders' Grievance Committee

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

In compliance with the above, the Board of Directors had constituted a Remuneration Committee of the Company. However, due to completion of tenure of Independent Directors, the Remuneration Committee has ceased to exist from 16.10.2011. Due to non-appointment of the Independent Directors, no meeting of the Remuneration Committee could be held during the years 2011-12 and 2012-13. The same shall be reconstituted after appointment of Independent Directors by the Government.

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

Disclosures

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

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

The Company has complied with the applicable Guidelines on Corporate Governance issued by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India.

No items of expenditure have been debited in books of accounts, which are not for the purpose of the business. Further, there was no expense which is of personal nature and incurred for the Board of Directors and / or Top Management.

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



Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2012-13.

Means of Communication

During 2012-13, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2012 and 31st March, 2013 were subject to limited review by Auditors of the Company, and published in selected national newspapers of repute both in English and Hindi, besides being submitted to the National Stock Exchange. The same were also sent by registered post to all the registered Bondholders of the Company. Besides, the aforesaid Unaudited Half-yearly results as also Unaudited Quarterly Results were, hosted on the website of the Company.

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

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

Training of Board Members

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

accounts, etc.

Whistle Blower Policy

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

Registrar & Transfer Agents / Investors' Grievance Committee

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

As on 31.03.2013, there were no complaints from investors pending for more than 15 days. Registrars have also confirmed that all investor grievances were redressed within 15 days of receipt of the same.

CEO / CFO Certification

As required under the Government Guidelines, a Certificate related to truthfulness of Financial Statements, bonafide nature of transactions & adequacy of internal controls, etc., duly signed by Shri Rajiv Datt, Managing Director (CEO) and Shri D.C. Arya, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on 6th August, 2013.

General Body Meetings

Details of venue and timing of last three Annual

General Meetings (AGM) are as under :-

AGM No.	AGM Date	Location	Time
25	28th August 2012	Committee Room (237), 2nd, Floor, Rail Bhawan, New Delhi.	4.00 P.M.
24	15th September, 2011	Conference Hall, Rail Bhawan, New Delhi.	3.30 P.M.
23	25th August, 2010	Committee Room (237), 2nd, Floor, Rail Bhawan, New Delhi	4.00 P.M.

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

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

General Shareholder Information

Annual General Meeting :

Date : 20th September, 2013

Day : Friday

Time : 4.00 p.m.

Financial Calendar

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

Publication of Unaudited Financial Results

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

Half year ended 30.09.2012	
• Business Standard - English / Hindi	7th November, 2012
• Economic Times - English / Hindi	7th November, 2012
• Nav Bharat Times - Hindi	7th November, 2012

Half year ended 31.03.2013

- Business Standard - English / Hindi 15th May, 2013
- Economic Times - English / Hindi 15th May, 2013
- Nav Bharat Times - Hindi 15th May, 2013

Dematerialisation of Bonds

All Bonds issued by the Company have been made available in dematerialized form. The same are listed with National Stock Exchange. However, some of the investors have exercised option to retain the Bonds in physical form. The Listing Fee for the year 2013-14 has been paid to the Stock Exchanges.

Compliance Certificate on Corporate Governance

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

Secretarial Audit

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

The Report was taken on record by the Board of Directors in their Meeting held on 6th August, 2013.

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

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

Guideline No.1. A.1(ii) regarding issuance of formal letters of appointment to Non-Executive Directors



(NED's) and disclosing the same to the shareholders at the time of ratification of NED's appointment or re-appointment on the Board of the Company.

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

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

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

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

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

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

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

Guideline Nos. C.2. (ii), (iii) and (iv) in regard to determination of remuneration of Executive Directors

and executive Chairman, etc. and informing the principles, criteria and the basis of remuneration policy of the Company to the Shareholders.

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

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

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

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

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

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

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

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

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

A N N E X U R E - 'A'

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

I hereby affirm that all Board Members and Senior Management personnel have confirmed compliance on their part of the "Code of Business Conduct and Ethics for Board Members and Senior Management" for the year 2012-13.

Place : New Delhi

Date : 30.07.2013

Rajiv Datt
Managing Director

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

In relation to the audited financial accounts of the Company as at 31st March, 2013, we hereby certify that

- a) We have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent or illegal.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware, and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

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

Dated : 30.07.2013

D.C. Arya
Director Finance (CFO)

Rajiv Datt
Managing Director(CEO)



BANSAL SINHA & CO.
Chartered Accountants

18/19, Old Rajinder Nagar
New Delhi - 110 062
Phone : 25722270, 25853424
Fax : 011-41046530
E-mail : bsc@bansalsinha.com
Visit us at www.bansalsinha.com

Auditors' Certificate on Compliance of conditions of Corporate Governance

To,

The Members of Indian Railway Finance Corporation Limited.

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2013.

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

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

1. Constitution of Board due to non appointment of minimum number of Independent Directors by the Government of India.
2. Constitution and convening of Audit Committee meetings without minimum number of Independent Directors in the Audit Committee.
3. Chairing of Audit Committee meetings by an independent Director.
4. Constitution of Remuneration Committee due to non appointment of Independent Directors.

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

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

Ravinder Khullar
Partner
Membership No. 082928
Date: August 6, 2013

Secretarial Audit Report

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

- 1) We have examined the registers, records and documents of the Indian Railway Finance Corporation Limited ("The Company") for the financial year ended on March 31st, 2013 according to the provisions of-
 - The Companies Act, 1956 and the Rules made under that Act;
 - The Depositories Act, 1996 and the Regulations and Bye- laws framed under that Act;
 - The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) and Securities Contract (Regulation) Act. 1956 ('SCRA') and the Rules made under this Act;
 - The Simplified Debt Listing Agreements entered into with National Stock Exchange Limited & Bombay Stock Exchange Limited;
 - Non Banking Financial Companies (Reserve Bank) Directions 1998 issued by Reserve Bank of India;
 - Guideline on Corporate Social Responsibility for Central Public Sector Enterprises - March 2010 issued by the Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India;
 - Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs, Government of India.
- 2) We have conducted with the required degree of professional care, the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the Company in accordance with the standards commonly accepted and practiced by the corporate sector in India. These corporate actions are responsibility of the Company. Secretarial Audit is conducted in such a manner that provides us a reasonable basis for evaluating the aforesaid corporate actions / statutory compliances and expressing our opinion thereon.
- 3) Based on our verification of the registers, records and documents and also the information provided by the Company, its Officers, agents and authorized representatives during Secretarial Audit, we hereby report that in our opinion, the Company during the aforesaid period, has complied with the applicable statutory provisions of the Companies Act, 1956 and the Memorandum & Articles of Association of the Company. Further the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereunder:
 - a) Maintenance of various statutory registers and documents and making necessary entries therein;
 - b) Closure of the Register of Bond holders;
 - c) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government except delay in filing of Form No 5 INV in respect of Statement of Unclaimed and Unpaid Amount pursuant to Rule 3 of Investor Education and Protection Fund (Uploading



- of information regarding unpaid and unclaimed amount lying with the Companies) Rules, 2012;
- d) Service of documents by the Company to its Members, Bond holders, Bond Trustees and the Registrar of Companies;
 - e) Notice of the Board meetings and Committee meetings of the Directors;
 - f) The meetings of the Directors and Committees of the Directors including passing of resolution by circulation;
 - g) The 25th Annual General Meeting held on 28th August, 2012;
 - h) Minutes of the General Meetings and of the Board and Committee thereof;
 - i) Approvals of the Members, the Board of Directors, the Committees of Directors and Government authorities, wherever required;
 - j) Constitution of the Board of Directors / Committee(s) of Directors and appointment, retirement of Directors including the Managing Director and Whole-time Director except requirement of having minimum number of Independent Directors on the Board in compliance of listing guidelines and Corporate Governance Guidelines Issued by Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India. Independent Directors are yet to be appointed by the Government of India.
 - k) Payment of remuneration to the Directors including the Managing Director and Whole-time Director;
 - l) Appointment and remuneration of Auditors;
 - m) Issue and allotment of shares and bonds and issue and delivery of original certificates of shares and corporate actions of the bonds for issuance of bonds in dematerialized form;
 - n) Payment of interest on bonds and redemption of Bonds;
 - o) Declaration and payment of dividends;
 - p) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
 - q) Borrowings and registration, modification and satisfaction of charges;
 - r) Investment of the Company's funds including inter corporate loans and investments and loans to others;
 - s) Form of balance sheet as prescribed under Part I of Schedule VI to the Act and Profit & Loss Account as per Part II of the said Schedule;
 - t) Contracts, common seal, registered office and publication of name of the Company; and
 - u) Generally, all other application provisions of the Act and Rules made under that Act.
- 4) We further report that
- a) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel.
 - b) The Company had filed an application with the Company Law Board through Registrar of Companies NCT of Delhi & Haryana, New Delhi under section 621A of the Companies

Act, 1956 (the Act) for compounding of non compliance under Section 252 of the Act. The Order has been passed by the Northern Bench of Company Law Board in this behalf vide their Order No CA No 16/298/ 2012 –CLB dated 21st January, 2013 under which the requisite compounding fee has been deposited with them.

Further the Company was not required to have any other approvals of the Central Government, Regional Director, Registrar and /or such authorities under the various provisions of the Act.

- c) There was no prosecution initiated against the Company and no fines or penalties were imposed under the Companies Act, SEBI ACT, SCRA, Depositories Act, Listing Agreement and Rules Regulations and Guidelines framed under these Acts, its Directors and Officers except depositing of compounding fee as stated in point No 4(b) above.
- 5) We further report that the Company has complied with the applicable statutory provisions during the financial year under review with the regard to the applicable laws and we have to report specifically that-
- a) The Company has complied with the provisions of Depositories Act, 1996 and the Bye- laws framed there under by the Depositories with regard to dematerialization/remuneration of securities and reconciliation of records of dematerialized securities with all securities issued by the Company;
- b) The Company has complied with the compliance in respect of Non Banking Financial Companies (Reserve Bank) Directions 1998;
- c) The Company has complied with Corporate Governance Guidelines for Central Public

Sector Enterprises, 2010 issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India except (a) constitution of Board due to non appointment of minimum number of Independent Directors by the Government of India during the period (b) constitution and convening of Audit Committee Meetings without minimum number of Independent Directors on the Audit Committee Meetings and chaired by Independent Director and (c) constitution of Remuneration Committee due to non appointment of Independent Directors;

- d) The Company has complied with the provisions of Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India;
- e) The Company has complied with the provisions of Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises –March 2010 issued by the Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India;
- f) The Company has complied with the requirement under the Simplified Debt Listing Agreements entered into with the National Stock Exchange of India Limited.

For Navneet K Arora & Co.,
Company Secretaries

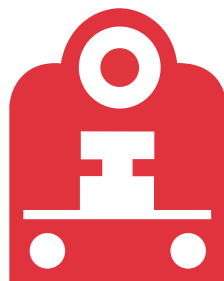
CS Navneet Arora
Proprietor

Place: New Delhi

Date : 30th July, 2013

C.P. No. 3005, FCS – 3214

ANNUAL REPORT 2012-13



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



Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2013

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2013	As at 31-03-2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	235200.00	210200.00
(b) Reserves & Surplus	3	344228.23	304852.53
		579428.23	515052.53
(2) Share Application Money Pending Allotment	4	60000.00	25000.00
(3) Non-Current Liabilities			
(a) Long Term Borrowings	5	5229162.97	4695024.93
(b) Deferred Tax Liabilities (Net)	6	367075.17	303041.07
(c) Other Long Term Liabilities	7	478.68	727.47
(d) Long Term Provisions	8	14.04	4.06
		5596730.86	4998797.53
(4) Current Liabilities			
(a) Short Term Borrowings	9	102600.00	40565.40
(b) Other Current Liabilities	10	728065.03	427252.50
(c) Short Term Provisions	11	8680.36	924.89
		839345.39	468742.79
Total		7075504.48	6007592.85
II. ASSETS			
(5) Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1291.69	1309.19
(ii) Intangible Assets		1.53	0.00
(b) Non-Current Investments	13	1266.48	1457.92
(c) Long Term Loans and Advances	14	6511530.95	5413364.36
(d) Other Non-Current Assets	5	44877.85	44151.94
		6558968.50	5460283.41
(6) Current Assets			
(a) Cash and Cash Equivalents	16	40476.86	154596.13
(b) Short Term Loans and Advances	17	1791.64	14913.23
(c) Other Current Assets	18	474267.48	377800.08
		516535.98	547309.44
Total		7075504.48	6007592.85
Significant Accounting Policies and Notes on Financial Statements	1 to 47		

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

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

For and on behalf of the Board of Directors

Ravinder Khullar
(Partner)
M.No. 082928

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

D.C.Arya
Director Finance

Rajiv Datt
Managing Director

Place: New Delhi
Date : 06-08-2013

R. Kashyap
Chairman

Indian Railway Finance Corporation Ltd.

Statement of Profit and Loss for the year ended 31st March 2013

(` in Lakhs)

Particulars	Note No.	Year ended 31-03-2013	Year ended 31-03-2012
Revenue from Operations	19	554959.74	464194.17
Other Income	20	194.71	116.82
Total Revenue		555154.45	464310.99
Expenses:			
Employee Benefits Expense	21	298.30	188.22
Finance Costs	22	407831.36	362047.84
Depreciation and Amortization Expense		36.91	35.12
Other Expenses	23	1571.07	720.88
Total Expenses		409737.64	362992.06
Profit Before Exceptional and Extraordinary Items and Tax		145416.81	101318.93
Exceptional Items		-	-
Profit Before Extraordinary Items and Tax		145416.81	101318.93
Extraordinary Items		-	-
Profit Before Tax		145416.81	101318.93
Tax Expenses:			
(1) Current Tax		29286.28	20342.90
(2) Tax For Earlier Years		-60.13	0.00
(3) Deferred Tax		64034.10	32897.86
		93260.25	53240.76
Profit (Loss) for the year		52156.56	48078.17
Earnings per equity share (in `):	24		
(1) Basic		221.75	283.89
(2) Diluted		218.52	283.78
Significant Accounting Policies and Notes on Financial Statements	1 to 47		

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

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

For and on behalf of the Board of Directors

Ravinder Khullar
(Partner)
M.No. 082928

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

D.C.Arya
Director Finance

Rajiv Datt
Managing Director

Place: New Delhi
Date : 06-08-2013

R. Kashyap
Chairman



Indian Railway Finance Corporation Limited

Cash Flow Statement for the Year Ended 31st March 2013

(` in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
A. Cash Flow from Operating Activities :		
Profit Before Tax:	145416.81	101318.93
Adjustments for:		
1. Depreciation	36.91	35.12
2. (Profit) / Loss on sale of fixed assets (Net)	0.15	1.49
3. Lease Rentals advance amortised	5255.26	4751.21
4. Exchange Rate Variation	364.67	421.97
5. Amortisation of Interest Restructuring Advance	59.11	101.61
6. Amortisation of Gain on asset securitisation	-574.77	-1210.74
7. Provision for Interest Payable to Income Tax Authorities	457.32	69.36
8. Dividend Received	-28.06	-13.18
	150987.40	105475.77
Adjustments for-		
9. Assets given on financial lease during the year	-1503449.88	-1260421.10
10. Capital Recovery on assets given on financial lease	367925.72	293528.91
11. Advance for Project Funding	-5388.12	-210136.50
12. Receipt on account of Long term loans during the year	14588.33	13562.32
13. Term Loans disbursed during the year	-10400.00	-10790.00
14. Loans & Advances (Net of Adv. Tax & ERV)	13516.65	-9461.65
15. Cash and Cash Equivalents (Fixed Deposits with maturity of more than 3 months)	118811.00	-102536.00
16. Other Non Current Assets	-725.91	-3633.95
17. Other Current Assets	-897.91	-3100.16
18. Current Liabilities	46943.51	30992.68
19. Provisions	537.70	304.21
20. Direct Taxes Paid	-23625.68	-20528.83
	-982164.60	-1282220.07
Net Cash flow from Operations	-831177.20	-1176744.31
B. Cash Flow from Investment Activities:		
1. Purchase of Fixed Assets	-21.93	-9.33
2. Proceeds from sale of Fixed Assets	0.84	0.50
3. Dividend Received	28.06	13.18
4. Proceeds from Pass Through Certificates	209.76	229.89
Net Cash Flow from investment activities	216.73	234.24
C. Cash flow from Financing Activities::		
1. Dividend & Dividend Tax Paid during the year	-11622.25	-11660.88
2. Share Capital Raised during the year	0.00	50000.00
3. Share Application Money received	60000.00	25000.00
4. Funds raised through Bonds	801615.79	1138500.00
5. Bonds Redeemed during the year	-207463.33	-56443.34
6. Term Loans raised during the year	1145860.00	294272.00
7. Term Loans repaid during the year	-1091496.24	-298376.92
8. Funds raised through External Commercial Borrowings	156485.10	95695.00
9. Repayment of External Commercial Borrowings	-17726.86	-57816.11
Net Cash Flow from financing activities	835652.20	1179169.76
Net Cash Flow During the year(A+B+C)	4691.73	2659.69
Opening Balance of Cash & Cash Equivalents:		
Balance in the Current Accounts	683.67	461.99
Balance in the Term Deposit Accounts(original maturity of three months or less)	5100.00	2662.00
Balance in Franking Machine	0.44	0.43
Balance in RBI-PLA	1.02	1.02
Closing Balance of Cash & Cash Equivalents	10476.86	5785.13

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement notified under the Companies (Accounting Standard) Rules, 2006.

2. Figures in bracket represent cash outflow from respective activities.

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

-Balance in Current Accounts	475.19	683.67
-Balance in Term Deposit Accounts (original maturity of three months or less)	10000.00	5100.00
-Balance in Franking Machine	0.65	0.44
-Balance in RBI-PLA	1.02	1.02
Total	10476.86	5785.13

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

5. Balance in Current Accounts includes a sum of ` 334.94 lacs lying unpaid in Interest/Redemption Accounts is not available for use by the Company.

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

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

For and on behalf of the Board of Directors

Ravinder Khullar
(Partner)
M.No. 082928

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

D.C.Arya
Director Finance

Rajiv Datt
Managing Director

Place: New Delhi
Date : 06-08-2013

(R. Kashyap)
Chairman

Significant Accounting policies and Note on Financial Statements for the year Ended 31st March, 2013

Company Overview

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

1. Significant Accounting Policies

I. Basis for preparation of Financial Statements

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

b) Use of Estimates

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

II. Revenue Recognition

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

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

c) Lease Income in respect of the assets given on lease for a part of the year is recognised on the basis of the assets leased to the Ministry of Railways on monthly pro-rata basis of the total mandated amount for that year.

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



- e) Income relating to nonperforming assets is recognised on receipt basis in accordance with the guidelines issued by the Reserve Bank of India.

III. Foreign Currency Transactions

a) Initial Recognition

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

b) Recognition at the end of Accounting Period

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

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

c) Exchange Differences

- i) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.
- ii) Notional exchange differences arising on reporting of outstanding monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.
- iii) In respect of forward exchange contracts, the difference between the forward rate and exchange rate on the date of transaction are recognised as income or expenses over the life of the contract.

IV. Investments

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

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

V. Leased Assets

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

VI. Fixed Assets, Depreciation and Amortization

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

VII. (a) Securitisation of Lease Receivables

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

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

(b) Assignment of Lease Receivables

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

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

- a) Bond Issue expenses including management fee on issue of bonds (except discount on deep discount bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds.
- b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit and Loss in the year the loan is availed.
- c) Incidental expenses incurred in connection with the Securitisation transaction executed during the year are charged to the Statement of Profit and Loss.

IX. Taxes on Income

Tax expense comprises Current Tax and Deferred Tax.

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

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.



X. Employee Benefits

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

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employees have rendered services entitling them to contributions.
- b) Long-term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable as per actuarial valuations. Actuarial gain and losses in respect of such benefits are recognised in the Statement of Profit and Loss.

XI. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

XII. Borrowing Costs

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

2. Share Capital

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
AUTHORISED 500,00,000 (previous year 500,00,000) Equity Share of ` 1000/-each	500000.00	500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 2,35,20,000 (previous year 2,10,20,000) Equity Shares of ` 1000/- each	235200.00	210200.00
Total	235200.00	210200.00

2.1 The Company has only one class of shares referred to as Equity Share having a par value of ` 1,000/- each. Each holder of equity shares is entitled to one vote per share.

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2013, the total dividend appropriation was ` 12792.20 lakhs (previous year ` 11622.25 lakhs) including corporate dividend tax of ` 1792.20 lakhs (previous year ` 1622.25 lakhs).

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

Particulars	As at 31-03-2013 No. of shares	As at 31-03-2012 No. of shares
Equity Shares at the beginning of the year	21020000	16020000
Add: Shares issued for cash at par	2500000	5000000
Equity Shares at the end of the year	23520000	21020000

2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2013		As at 31-03-2012	
	No of shares	% held	No of shares	% held
President of India and his nominees (through Ministry of Railways)	23520000	100%	21020000	100%

3. Reserves and Surplus

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Securities Premium Reserve		
Opening Balance	0.00	0.00
Add: Received during the year	11.34	0.00
Closing Balance - 'A'	11.34	0.00
Bonds Redemption Reserve		
Opening Balance	244431.14	207975.22
Add: Transfer from Surplus	39364.36	36455.92
Closing Balance - 'B'	283795.50	244431.14
General Reserve		
Opening Balance	60421.39	60421.39
Add: Transfer from Surplus	0.00	0.00
Closing Balance - 'C'	60421.39	60421.39



Surplus		
Opening Balance	0.00	0.00
Add: Profit for the year after taxation as per statement of Profit and Loss	52156.56	48078.17
Surplus available for appropriation	52156.56	48078.17
Less: Appropriations		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	39364.36	36455.92
Interim Dividend	10000.00	10000.00
Proposed Final Dividend	1000.00	0.00
Dividend Tax	1792.20	1622.25
Closing Balance - 'D'	0.00	0.00
Total A + B + C + D	344228.23	304852.53

4. Share Application Money Pending Allotment

The Company has raised fresh capital by offering 60,00,000 equity shares of ₹ 1,000/- each at par on private placement basis to its existing shareholder i.e., President of India through Ministry of Railways, Government of India. The Company has received full amount of application money of ₹ 60000 lakhs before 31st March 2013. The allotment in respect of this has, however, been approved in the Board of Directors meeting held on 13th May 2013 and shares have been accordingly been allotted and issued.

5. Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2013		As at 31-03-2012	
	Non Current	Current	Non Current	Current
Secured				
Bonds from Domestic Capital Market	4108373.45	151763.38	3458532.38	207463.33
Rupee Term Loans from Banks	24344.23	148717.74	397719.60	77678.61
Foreign Currency Term Loans	11415.60	4333.51	14755.38	2532.18
Total Secured Borrowings	4144133.28	304814.63	3871007.36	287674.12
Unsecured				
Bonds from Overseas Capital Market	339750.00	0.00	165522.50	0.00
Rupee Term Loans from Banks	102236.94	184360.00	5096.94	1860.00
Foreign Currency Term Loans	643042.75	54360.00	653398.13	0.00
Total Unsecured Borrowings	1085029.69	238720.00	824017.57	1860.00
Total Long Term Borrowings	5229162.97	543534.63	4695024.93	289534.12

5.1 All the bonds issued in the domestic capital market and outstanding as on 31-03-2013 are secured by first pari passu charge on the present / future Rolling stock assets / lease receivables of the Company.

5.1.1 Maturity profile and Rate of Interest of the bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2013 is set out below:

Series	Interest Rate	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	04-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	04-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	04-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	04-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet Repayment	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	04-May-31
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet Repayment	04-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet Repayment	03-Feb-30
87th 'A' Series Cat-1, Tax Free Bonds Public Issue	7.04% Annual	21655.00	Bullet Repayment	23-Mar-28
87th 'A' Series Cat-2, Tax Free Bonds Public Issue	7.54% Annual	4733.38	Bullet Repayment	23-Mar-28
86th 'A' Series Cat-1, Tax Free Bonds Public Issue	7.34% Annual	227957.61	Bullet Repayment	19-Feb-28
86th 'A' Series Cat-2, Tax Free Bonds Public Issue	7.84% Annual	27913.42	Bullet Repayment	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet Repayment	06-Dec-27
82nd 'A' Tax Free Non-Cum. Bonds	7.38% Annual	3000.00	Bullet Repayment	30-Nov-27
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670.00	Bullet Repayment	26-Nov-27
54th "B" Taxable Non-Cum. Bonds	10.04%, Semi Annual	32000.00	Bullet Repayment	07-Jun-27
80th 'A' Series Cat-1, Tax Free Bonds Public Issue	8.10%, Annual	270517.71	Bullet Repayment	23-Feb-27
80th 'A' Series Cat-2, Tax Free Bonds Public Issue	8.30%, Annual	39047.48	Bullet Repayment	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet Repayment	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet	28-Nov-26



			Repayment	
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet Repayment	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet Repayment	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet Repayment	29-Mar-26
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet Repayment	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet Repayment	03-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-24
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500.00	Bullet Repayment	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet Repayment	26-Dec-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet Repayment	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet Repayment	25-Mar-23
87th Series Cat-1, Tax Free Bonds Public Issue	6.88% Annual	13433.50	Bullet Repayment	23-Mar-23
87th Series Cat-2, Tax Free Bonds Public Issue	7.38% Annual	3083.50	Bullet Repayment	23-Mar-23
86th Series Cat-1, Tax Free Bonds Public Issue	7.18% Annual	264826.56	Bullet Repayment	19-Feb-23
86th Series Cat-2, Tax Free Bonds Public Issue	7.68% Annual	16641.48	Bullet Repayment	19-Feb-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500.00	Bullet Repayment	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990.00	Bullet Repayment	07-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet Repayment	06-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100.00	Bullet Repayment	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600.00	Bullet Repayment	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet Repayment	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.81%, Semi Annual	15000.00	Bullet Repayment	07-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-22
80th Series Cat-1 Tax Free Bonds Public Issue	8%, Annual	278310.30	Bullet Repayment	23-Feb-22
80th Series Cat-2 Tax Free Bonds Public Issue	8.15%, Annual	39013.51	Bullet Repayment	23-Feb-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet Repayment	29-Nov-21

79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960.00	Bullet Repayment	28-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet Repayment	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet Repayment	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000.00	Bullet Repayment	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000.00	Bullet Repayment	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet Repayment	22-Dec-20
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet Repayment	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	8.24%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet Repayment	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet Repayment	08-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet Repayment	03-Feb-20
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19
49th "N" - FRB Taxable Non-Cum. Bonds	8.15%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet Repayment	11-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet Repayment	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet Repayment	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet Repayment	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in 5 yearly equal instalments starting from 28-09-2018	28-Sep-18



48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet Repayment	11-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	8.24%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet Repayment	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-18
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet Repayment	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-17
48th "HH" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-17
42nd "O" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-17
46th "N" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-17
49th "L" - FRB Taxable Non-Cum. Bonds	8.23%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet Repayment	07-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-17
45th "NN" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-17
65th "H" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-17
47th "M" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-17
68th "A" Tax Free Non-Cum. Bonds	6.3%, Semi Annual	64262.00	Bullet Repayment	08-Mar-17
53rd "A" Taxable Non-Cum. Bonds	8.57%, Semi Annual	12500.00	Bullet Repayment	29-Nov-16
43rd "NN" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-16
48th "GG" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-16
42nd "N" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-16
46th "M" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-16
49th "K" - FRB Taxable Non-Cum. Bonds	8.22%*, Semi	1000.00	Bullet	22-Jun-16

	Annual		Repayment	
55th "I" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-16
52nd "A" Taxable Non-Cum. Bonds	8.41%, Semi Annual	11000.00	Bullet Repayment	17-May-16
45th "MM" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-16
65th "G" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-16
47th "L" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-16
73rd Tax Free Non-Cum. Bonds	6.05%, Semi Annual	18808.00	Bullet Repayment	20-Dec-15
43rd "MM" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-15
48th "FF" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-15
42nd "M" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-15
46th "L" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-15
49th "J" - FRB Taxable Non-Cum. Bonds	8.06%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-15
55th "H" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-15
45th "LL" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-15
70th Taxable Non-Cum. Bonds	7.845%, Semi Annual	7000.00	Bullet Repayment	04-May-15
65th "F" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-15
47th "K" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-15
68th Tax Free Non-Cum. Bonds	6%, Semi Annual	35011.00	Bullet Repayment	08-Mar-15
17th Tax free Non-Cum. Bonds	9%, Semi Annual	20000.00	Bullet Repayment	28-Feb-15
43rd "LL" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-14
48th "EE" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-14
48th "H" Taxable Non-Cum. Bonds	6.85%, Semi Annual	2960.00	Bullet Repayment	14-Sep-14
42nd "L" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-14
46th "K" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-14
22nd Taxable Non-Cum. Bonds	11.50%, Semi Annual	160.00	Redeemable in 2 yearly equal installments starting from 27-07-2014	27-Jul-14
16th "O" Taxable Non-Cum. Bonds	12.80%, Quarterly	1000.00	Bullet	15-Jul-14



15th "O" Taxable Non-Cum. Bonds	12.90%, Quarterly	1000.00	Bullet Repayment	22-Jun-14
49th "I" - FRB Taxable Non-Cum. Bonds	8.18%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-14
55th "G" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-14
45th "KK" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-14
65th Taxable Non-Cum. Bonds	7.45%, Semi Annual	35100.00	Bullet Repayment	27-Apr-14
65th "E" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-14
Total		4108373.45		

5.1.2 Maturity profile and Rate of Interest of the bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2013 is set out below:

Series	Interest Rate	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
13th "AA" Taxable Non-Cum. Bonds	10%, Semi Annual	1333.38	Bullet Repayment	31-Mar-14
64th Taxable Non-Cum. Bonds	8.49%, Semi Annual	18200.00	Bullet Repayment	30-Mar-14
47th "J" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-14
63rd Taxable Non-Cum. Bonds	8.46%, Semi Annual	83000.00	Bullet Repayment	15-Jan-14
62nd Taxable Non-Cum. Bonds	8.40%, Semi Annual	10000.00	Bullet Repayment	26-Dec-13
43rd "KK" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-13
48th "DD" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-13
48th "G" Taxable Non-Cum. Bonds	6.85%, Semi Annual	2960.00	Bullet Repayment	14-Sep-13
42nd "K" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-13
46th "DD" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-13
46th "J" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-13
46th "JJJ" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1500.00	Bullet Repayment	12-Aug-13
22nd Taxable Non-Cum. Bonds	11.50%, Semi Annual	70.00	Amortised Repayment	27-Jul-13
16th "N" Taxable Non-Cum. Bonds	12.80%, Quarterly	1000.00	Bullet Repayment	15-Jul-13
15th "N" Taxable Non-Cum. Bonds	12.90%, Quarterly	1000.00	Bullet Repayment	22-Jun-13
49th "H" - FRB Taxable Non-Cum. Bonds	8.19%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-13
55th "F" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	07-Jun-13

45th "E" Taxable Non-Cum. Bonds	6.10%, Semi Annual	7900.00	Bullet Repayment	13-May-13
45th "JJ" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-13
65th "D" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-13
Total		151763.38		

*Applicable interest rate as on 31-03-2013 (Interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

5.2 Rupee Term Loans availed from Banks are secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment of Secured Term Loans and amount outstanding as on 31-03-2013 is set out below:

(₹ in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Allahabad Bank(1)	9%, Fixed	01-Apr-13	Half Yearly	0.00	669.59	669.59
Central Bank of India(1)	8.25%, Fixed	01-Apr-13	Half Yearly	0.00	1000.00	1000.00
Central Bank of India(2)	8.25%, Fixed	01-Apr-13	Half Yearly	657.00	1334.00	1991.00
Central Bank of India(3)	8.25%, Fixed	01-Apr-13	Half Yearly	1984.00	668.00	2652.00
Central Bank of India(4)	8.25%, Fixed	01-Apr-13	Half Yearly	1984.00	668.00	2652.00
HDFC Bank Ltd.	8.44%, Fixed	01-Apr-13	Half Yearly	100.00	200.00	300.00
United Bank of India (1)	8.91%, Fixed	01-Apr-13	Half Yearly	1342.00	666.00	2008.00
United Bank of India (2)	8.91%, Fixed	01-Apr-13	Half Yearly	2008.00	666.00	2674.00
ICICI Bank Ltd.	11.50%, Fixed	01-Apr-13	Half Yearly	5769.23	3846.15	9615.38
Bank of Tokyo - Mitsubishi UFJ Ltd.	7.80%, Fixed	15-May-13	Annual	8000.00	4000.00	12000.00
Central Bank of India(5) (Note-1)	10.25%, Linked to Base Rate	30-Jun-13	Quarterly	0.00	50000.00	50000.00
Indian Bank (Note-1)	10.20%, Linked to Base Rate	26-Apr-14	Bullet	0.00	15000.00	15000.00
Andhra Bank	10.25%, Linked to Base Rate	28-Apr-14	Bullet	2500.00	0.00	2500.00
Corporation Bank (Note-1)	10.25%, Linked to Base Rate	26-Mar-18	Bullet	0.00	40000.00	40000.00
Canara Bank (Note-1)	10.25%, Linked to Base Rate	26-Mar-18	Bullet	0.00	30000.00	30000.00
Total				24344.23	148717.74	173061.97

Note-1 The Company has prepaid these loans on 8th April 2013.

Note-2 Date of Maturity indicates the date of payment of 1st installment where the loan is repaid in installments.



- 5.3 Foreign Currency Term Loans availed are secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment of the Foreign Currency term loan and amount outstanding as on 31-03-2013 is as follows:

(` in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Export Development Canada-1	6M USD LIBOR+0.30%	15-Apr-13	Half Yearly	0.00	202.15	202.15
Export Development Canada-3	6M USD LIBOR+0.23%	15-Apr-13	Half Yearly	0.00	869.76	869.76
Bank of India	6M USD LIBOR+1.25%	30-Apr-13	Half Yearly	11415.60	3261.60	14677.20
Total				11415.60	4333.51	15749.11

Note-1 Date of Maturity indicates the date of payment of 1st installment.

- 5.4 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 31-03-2013 is set out below:

Particulars	Interest Rate	Amount outstanding (` in Lakhs)	Term of Repayment	Date of Maturity
Reg-S Bonds 2nd Series (USD 300 Million)	3.417%, Semi Annual	163080.00	Bullet Repayment	10-Oct-17
US PP Bonds 2017 (USD 125 Million)	5.94%, Semi Annual	67950.00	Bullet Repayment	28-Mar-17
Reg-S Bonds 1st Series (USD 200 Million)	4.406%, Semi Annual	108720.00	Bullet Repayment	30-Mar-16
Total		339750.00		

- 5.5 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2013 is as follows:

(` in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Union Bank of India(2) (Note-2)	10.25%, Linked to Base Rate	26-Mar-18	Bullet	0.00	92500.00	92500.00
IDBI Ltd.	8.50%, Fixed	01-Apr-15	Quarterly	3236.94	1860.00	5096.94
Allahabad Bank(2) (Note-1)	10.20%, Linked to Base Rate	26-Apr-14	Bullet	0.00	40000.00	40000.00
Bank of Baroda	10.25%, Linked to Base Rate	26-Apr-14	Bullet	24000.00	0.00	24000.00
Vijaya Bank (Note-3)	10.20%, Linked to Base Rate	26-Apr-14	Bullet	0.00	50000.00	50000.00
Union Bank of India(1)	10.25%, Linked to Base Rate	15-Apr-14	Bullet	25000.00	0.00	25000.00
Bank of India	10.25%, Linked to Base Rate	15-Apr-14	Bullet	50000.00	0.00	50000.00
Total				102236.94	184360.00	286596.94

Note-1 The Company has prepaid these loans on 8th April 2013.

Note-2 The Company has prepaid this loan in 2 installments of ` 10000 lakhs and ` 82500 lakhs on 6th April 2013 and 8th April 2013 respectively.

Note-3 The Company has prepaid this loan in 2 installments of Rs. 8750 lakhs and Rs. 41250 lakhs on 8th April 2013 and 12th April 2013 respectively.

Note-4 Date of Maturity indicates the date of payment of 1st installment where the loan is repaid in installments.

5.6 Terms of Repayment of the Unsecured Foreign Currency Loans (classified as long term borrowings) and amount outstanding as on 31-03-2013 is as follows:

(` in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	79309.42	0.00	79309.42
Loan From AFLAC-2	Fixed, 2.90%	10-Mar-26	Bullet	20133.33	0.00	20133.33
Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	28-Sep-16	Bullet	108720.00	0.00	108720.00
Syndicated Foreign Currency Loan-USD 350 Mio	6M USD LIBOR+1.34%	28-Sep-15	Bullet	190260.00	0.00	190260.00
Syndicated Foreign Currency Loan-USD 450 Mio	6M USD LIBOR+2.34%	29-Sep-14	Bullet	244620.00	0.00	244620.00
Syndicated Foreign Currency Loan-USD 100 Mio	6M USD LIBOR+1.45%	25-Nov-13	Bullet	0.00	54360.00	54360.00
Total				643042.75	54360.00	697402.75

6. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Liability on account of difference between WDV as per Income Tax Act, 61 and the Companies Act, 1956.	756046.30	621110.77
<u>Less:</u> Deferred Tax Asset on account of Unabsorbed Depreciation	388689.48	317972.36
<u>Less:</u> Deferred Tax Asset on account of Provision for CSR Expenses	281.65	97.34
Net Deferred Tax Liability	367075.17	303041.07

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

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



7. Other Long Term Liabilities

(` in Lakhs)

Particulars	As at 31-03-2013		As at 31-03-2012	
	Non Current	Current	Non Current	Current
Secured				
Unamortised Portion of Securitisation Gain*	478.68	248.79	727.47	574.77
Total	478.68	248.79	727.47	574.77

*Out of the unrecognised gain of ` 1302.24 Lakhs (P.Y. ` 2512.98Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of ` 574.77 Lakhs (P.Y. ` 1210.74 Lakhs) has been recognised during the year ended 31st March 2013, leaving a balance of ` 727.47 Lakhs out of which ` 478.68 Lakhs is Non Current and ` 248.79 Lakhs is Current (P.Y. ` 1302.24 Lakhs; Non Current ` 727.47 Lakhs and Current ` 574.77 Lakhs) as on 31-03-2013 to be recognised over the remaining life of the Pass Through Certificates.

8. Long Term Provisions

(` in Lakhs)

Particulars	As at 31-03-2013		As at 31-03-2012	
	Non Current	Current	Non Current	Current
Provision for Leave Encashment (Net of funded assets)	10.67	0.00	2.36	1.12
Provision for Gratuity (Net of funded assets)	1.47	0.00	0.00	0.00
Provision for Leave Travel Concession	1.90	1.33	1.70	1.12
Total	14.04	1.33	4.06	2.24

9. Short Term Borrowings

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Secured		
Rupee Term Loans from Banks	0.00	14740.00
	0.00	14740.00
Unsecured		
Loans from Banks	102600.00	10800.00
Foreign Currency Demand Loan	0.00	15025.40
	102600.00	25825.40
Total	102600.00	40565.40

10. Other Current Liabilities

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Current Maturities of Long Term Debts (Ref. Note 5)	543534.63	289534.12
Amount payable to MOR	21826.78	0.00
Interest Accrued but not due	151225.49	132974.49
Unamortised Securitisation Gain (Ref. Note 7)	248.79	574.77
Liability for Matured and Unclaimed Bonds / Interest (Ref Note 35)	334.94	497.79
Other Payables:	0	0
Statutory Dues	1.49	1.33
Tax Deducted at Source Payable	2110.67	1623.75
Dividend Tax	1622.25	1622.25
Others	7159.99	424.00
Total	728065.03	427252.50

11. Short Term Provisions

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Provision for Tax (NET of Taxes Paid)	6251.60	449.43
Provision for Interest Payable on Income Tax	428.85	173.22
Provision for CSR & SD	828.63	300.00
Provision for Employee Benefits (Refer Note No.8)	1.33	2.24
Proposed Final Dividend	1000.00	0.00
Tax on Proposed Final Dividend	169.95	0.00
Total	8680.36	924.89

12. Fixed Assets

(` in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As at 01-04-12	Additions during the year	Sale / Adjustment during the year	As at 31-03-13	Upto 01-04-12	For the year	Adjustments during the year	As at 31-03-13	As at 31-03-12
	<u>Tangible Assets</u>									
1.	Office Building	1524.23			1524.23	274.82	24.85		299.67	1224.56
2.	Airconditioners, Room Coolers/Heaters	18.71	0.40		19.11	9.18	0.90		10.08	9.03
3.	Office Equipments	19.87	7.93	0.73	27.07	8.12	1.18	0.27	9.03	18.04
4.	Furniture & Fixtures	84.68	0.04		84.72	59.66	5.27		64.93	19.79
5.	Franking Machine	0.68	1.19	0.68	1.19	0.13	0.04	0.15	0.02	1.17
6.	Computer	48.63	4.49	2.65	50.47	39.39	3.40	2.65	40.14	10.33
7.	Motor Car	7.01	5.97	2.74	10.24	6.14	0.70	2.74	4.10	6.14
8.	Photo Copier	1.90			1.90	0.28	0.09		0.37	1.53
9.	Water Cooler	0.29			0.29	0.14	0.01		0.15	0.14
10.	Electric-Installation	1.80			1.80	0.77	0.09		0.86	0.94
	Total	1707.80	20.02	6.80	1721.02	398.61	36.53	5.81	429.33	1291.69
	<u>Intangible Assets</u>									
1.	Computer Software	0.00	1.92	-	1.92	-	0.38	-	0.38	1.53
	Total	0.00	1.92	-	1.92	-	0.38	-	0.38	1.53
	Total Fixed Assets	1707.80	21.94	6.80	1722.94	398.61	36.91	5.81	429.71	1293.22
	Previous Year	1701.47	9.33	3.00	1707.80	364.49	35.12	1.00	398.61	1309.19

13. Non Current Investments (At Cost)

(₹ in Lakhs)

Particulars	As at 31-03-2013		As at 31-03-2012	
	Non Current	Current	Non Current	Current
Investments (Unquoted Non-Trade)				
Investments in Equity				
Equity Shares of IRCON International Ltd. No of Equity Shares 48800* (P.Y.24400)	199.85	0.00	199.85	0.00
Other Investments	0		0	
Senior Pass Through Certificates 'E' to 'W' Series of NOVO X Trust Locomotives	1066.63	191.44	1258.07	209.76
Aggregate Value of Unquoted Investments	1266.48	191.44	1457.92	209.76

* Includes 24400 equity shares allotted during the year as fully paid up bonus shares

14. Long Term Loans & Advances

(₹ in Lakhs)

Particulars	As at 31-03-2013		As at 31-03-2012	
	Non Current	Current	Non Current	Current
Secured Considered Good				
House Building Advance	15.82	3.97	0.67	0.24
Unsecured Considered Good	0	0	0	0
Capital Advances	0	0	0	0
- Advance to FA & CAO	253.01	0.00	253.01	0.00
- Advance to Indian Railways for Projects (Ref. Note 29)	215524.62	0.00	210136.50	0.00
Lease Receivables from Ministry of Railways	5983811.26	434422.23	4937876.72	344832.61
Security Deposits	12.91	300.00	10.86	301.80
Loan to Railtel Corporation of India Ltd.	0.00	0.00	0.00	2080.00
Loan to Rail Vikas Nigam Ltd.	167740.00	15591.67	172931.67	12508.33
Advance to Employees*	1.38	1.15	1.76	1.16
Funded Assets (Net) on account of Gratuity/Leave Encashment	0.00	0.00	2.36	0.00
Amount Recoverable from MOR on account of Exchange Rate Variation (Ref. Note 28)	134269.65	4817.60	76414.12	344.70
Lease Rentals Paid in Advance (Ref. Note 34a)	9893.75	5812.77	15704.72	5257.05
Interest Restructuring Advance to IDBI (Ref. Note 42b)	8.55	15.25	23.81	24.40
Interest Restructuring Advance to LIC (Ref. Note 42a)	0.00	8.16	8.16	34.70
Total	6511530.95	460972.80	5413364.36	365384.99

* includes ₹ 0.35 Lakhs (P.Y. ₹ 0.74 Lakhs) to Directors of the company



15. Other Non Current Assets

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Unsecured Considered Good		
Interest Accrued but not due on Loans	44659.03	44027.14
Interest Accrued on Investment in Pass Through Certificates	216.78	123.49
Interest Accrued on Advances to Employees	2.04	1.31
Total	44877.85	44151.94

16. Cash & Cash Equivalents

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Balance with Banks		
- In Current Accounts	140.25	185.88
- In Term Deposit Accounts	40000.00	153911.00
- In Interest / Redemption Accounts (Ref. Note 35)	334.94	497.79
Deposit with Reserve Bank of India	0	0
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.65	0.44
Total	40476.86	154596.13

17. Short Term Loans & Advances

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Unsecured Considered Good		
Deposit with NCRDC New Delhi	4.38	4.38
Amount Recoverable from MOR	0.00	13120.88
Advance to Bank for the interest payment on Bonds	5.26	5.26
Tax Refund Receivable*	1746.82	1746.82
Amount Recoverable from Others	1.58	2.21
Prepaid Expenses	16.95	33.38
Advance to RITES	16.17	0.00
Advance to Employees	0.48	0.30
Total	1791.64	14913.23

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

18. Other Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Current Maturities of Long Term Loans and Advances (Ref. Note 14)		
Lease Receivables from Ministry of Railways	434422.23	344832.61
Security Deposits	300.00	301.80
Loan to Rail Vikas Nigam Ltd	15591.67	12508.33
Loan to Rail Tel Corporation of India Ltd	0.00	2080.00
House Building Advance	3.97	0.24
Advance to Employees	1.15	1.16
Amount Recoverable from MOR on account of Exchange Rate Variation	4817.60	344.70
Lease Rentals Paid in Advance	5812.77	5257.05
Interest Restructuring Advance to IDBI	15.25	24.40
Interest Restructuring Advance to LIC	8.16	34.70
Current Maturity of Investments	0	0
Senior Pass Through Certificates 'E' to 'F' Series of NOVO X Trust Locomotives (Ref. Note 13)	191.44	209.76
Interest Accrued but not due on Loans & Deposits	13103.24	12205.33
Total	474267.48	377800.08

19. Revenue from Operations

(₹ in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Lease Income:		
- On Finance Lease Transactions	509548.64	421437.65
Interest Income from:		
- Loans	20790.32	20615.46
- Deposits	23907.71	20783.08
- Investments	138.30	147.24
	44836.33	41545.78
Other Financial Services		
- Gain on Assets Securitization	574.77	1210.74
Total	554959.74	464194.17

20. Other Income

(₹ in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Dividend Income	28.06	13.18
Interest on Income Tax Refund	0.00	8.42
Provisions written back	165.94	95.22
Profit on sale of Fixed Assets	0.50	0.00
Misc. Income	0.21	0.00
Total	194.71	116.82



21. Employee Benefits

(` in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Salaries, Incentives etc.	267.66	165.23
Contribution to Provident and Other Funds	30.02	22.94
Staff Welfare Expenses	0.62	0.05
Total	298.30	188.22

22. Finance Cost

(` in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Amortisation of Lease Rentals paid in advance	5255.26	4751.21
Interest on Bonds	297227.09	260444.84
Interest on Rupee Term Loans	30317.40	53571.69
Interest and Swap Cost on Foreign Currency Loans	34732.54	31055.76
Interest on delayed payment to MOR	35251.49	1065.60
Interest to Income Tax Authorities	457.32	69.36
Bond Issue Expenses / Expenses on Raising of Loans*	3816.94	10261.67
Bond/Loan/Securitization Servicing Expenses	408.65	405.74
Exchange Rate Variation on Foreign Currency transaction (Gain)/Loss	364.67	421.97
Total	407831.36	362047.84

* includes ` 11.24 Lakhs (P.Y. ` 9.34 Lakhs) paid to Auditors.

23. Other Expenses

(` in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Filing Fee	0.43	0.38
Legal & Professional Charges	78.89	69.85
Commission / Brokerage	0.59	0.77
Advertisement & Publicity	17.47	14.24
Printing & Copying Charges	4.67	5.12
Stationery Charges	7.41	7.64
News Paper, Books & Periodicals	2.70	0.69
Conveyance Expenses	11.98	11.68
Travelling - Local	0	0
- Directors	39.36	9.01
- Others	13.80	7.55
Travelling - Foreign	0	0
- Directors	12.09	14.51
- Others	6.17	13.56
Transport Hire Charges	29.20	22.48
Office Maintenance Expenses	42.82	39.72
Vehicle Running & Maintenance	3.13	2.50

Office Equipment Maintenance	8.90	7.41
Electricity Charges	15.53	11.30
Loss on Sale of Fixed Assets	0.65	1.49
Postage Charges	2.38	4.47
Telephone Charges	7.84	7.46
Training Expenses	10.01	1.20
Bank Charges	1.98	3.23
Payment to Auditors	0	0
- Audit Fees	6.74	3.79
- Tax Audit Fee	1.87	1.26
- Quarterly Review	5.16	3.76
- Other Certification etc.	0.19	1.27
- Reimbursement of Expenses	2.17	1.61
	0	0
Miscellaneous Expenses	33.18	25.79
Insurance	0.26	0.06
Fees & Subscription	41.75	2.95
Sponsorship/Donation	1.00	0.66
Stipend	0.49	0.30
Ground Rent	1.15	1.15
Property Tax	1.96	1.96
Corporate Social Responsibility	961.56	301.25
Sustainable Development	106.49	100.00
Prior Period Adjustment	89.10	18.81
Total	1571.07	720.88

24. Earnings Per Share

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Net Profit (₹ in Lakhs)	52156.56	48078.17
Weighted Average Number of Equity shares outstanding	23520000	16935301
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	347945	6831
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	23867945	16942132
Earnings Per Share (₹) – Basic [Face value of ₹ 1,000/- per share]	221.75	283.89
Earnings Per Share (₹) – Diluted [Face value of ₹ 1,000/- per share]	218.52	283.78

25.

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

- (ii) Interest payable to MOR on the value of assets identified prior to actual payments made during part of the year is worked out on the assumption of monthly pro-rata creation of assets of the amount mandated by MOR for that year which is adjusted at the end of the year after obtaining final list of assets and signing of the lease agreement at the end of the year.
 - (c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in case of the foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year, such differential has resulted in an amount of ` 8684 Lakhs accruing to the company (P.Y. ` 7578 Lakhs), which has been accounted for in the Lease Income.
 - (ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional swap cost adopted for working out the cost of funds on the leases executed with MOR. Swap cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account and accordingly, the same is adjusted against the lease income. During the year ended 31st March, 2013 in respect of these foreign currency borrowings, the company has recovered a sum of ` 12630 Lakhs (P.Y. ` 11133 Lakhs) on this account from MOR and in absence of any swap cost (P.Y. ` 2203 Lakhs), the same (P.Y. ` 8930 Lakhs) has been refunded to MOR.
26. (a) The Reserve Bank of India has issued Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 vide notification no.DNBS.193 DG(VL)-2007 dated 22nd February 2007. The Company, being a Government Company and not accepting / holding public deposits, these Directions, except the provisions contained in Paragraph 19 thereof, are not applicable to the Company. Further, Reserve Bank of India (RBI) vide letter dated 19th March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has asked for exemption from the applicability of prudential norms relating to single party exposure and assignment of zero risk weight to lease receivables from MOR vide letter dated 3rd May, 2010.
- (b) In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.
 - (c) In terms of Ministry of Corporate Affairs (MCA) circular no.04/2013 dated 11th February, 2013, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 25% of the value of the bonds raised through Public issue. The Company has raised ` 1207133.45 Lakhs through public issue of bonds in FY 2011-12 and FY 2012-13. The average residual maturity of the above mentioned bonds is more than 10 years as on 31st March 2013. However, the company has restricted its dividend payment to ` 11000 lakhs only and

the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31st March, 2013 has been transferred to Bond Redemption Reserve.

27. The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon. Consequent upon the introduction of the negative list and mega exemptions, the specific exemptions granted under Section 93(2) by the Govt. of India is available to the Company in terms of the expert opinion.
28. Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to ` 62740 Lakhs (P.Y. ` 96534 Lakhs) has not been charged to Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The exchange rate variation on foreign currency loans repaid during the year amounting to ` 411 Lakhs (P.Y. ` 223 Lakhs) has been recovered from the Lessee, leaving a balance of ` 139088 Lakhs recoverable from MOR as on 31-03-2013 (P.Y. ` 76759 Lakhs).
29. Advance given to Railways for Railway Projects amounting to ` 215524.62 Lakhs (P.Y. ` 210136.50 Lakhs) is inclusive of Capitalized Interest and Finance Charges (net) of ` 7675.19 Lakhs (P.Y. ` 2287.07 Lakhs) accrued till the Balance Sheet date.
30. Derivative Instruments
The Company judiciously contracts financial derivative instruments in order to hedge currency and / or interest rate risk. All derivative transactions contracted by the company are in the nature of hedging instruments with a defined underlying liability. The company does not deploy any financial derivative for speculative or trading purposes.
- a. In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 31-03-2013			As at 31-03-2012		
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million



The foreign currency borrowings outstanding as on 31-03-2013, which have not been hedged, are as follows:

As at 31-03-2013		As at 31-03-2012		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 27 Million	1	USD 30 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 1.97 Million	2	USD 3.94 Million	--
7	USD 1725 Million	6	USD 1425 Million	Back to back recovery of exchange rate variation from MOR.

- b. The Company has three (P.Y. three) Interest Rate Swap outstanding in respect of foreign currency borrowings to hedge its floating rate linked to LIBOR. The Interest Rate Swap has been executed on a notional principal of USD 900 Million (P.Y. USD 900 Million).

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

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

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

32. Contingent Liabilities

- a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: ` 16 Lakhs (P.Y. ` 50 Lakhs).
- b. Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Delhi High Court and amount not quantifiable.
- c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2010–11. The disputed demand of tax amounting to ` 43.27 Lakhs pertains to the Assessment Years 2007-08, 2009-10 and 2010-11, out which ` 14.05 Lakhs has been adjusted by the Department from the refunds pertaining to other years. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident

that the demands, as adjusted, will be either deleted or substantially reduced and accordingly no provision is considered necessary.

- d. The Company does not pay sales tax on purchase of leased assets. In the event of Sales tax on purchase / lease of rolling stock becoming payable, the same is recoverable from Ministry of Railways in terms of the lease agreements. Since, there is no sales tax demand and the amount is unascertainable, no provision is made in the accounts.
- e. The Companies (Second Amendment) Act, 2002 provides for levy of cess, towards rehabilitation / revival of sick industrial companies, which shall not be less than 0.005% but not more than 0.10% of the turnover or the gross receipts as the Central Government may from time to time specify by notification in the Official Gazette. Since no notification has been issued, provision for cess has not been made.

33. Expenditure in Foreign Currency (on payment basis)

(` in Lakhs)

	Year ended 31-03-2013	Year ended 31-03-2012
a) Interest / Swap Cost on Foreign currency borrowings (Net of Amount recovered on account of IRS / IRC and from MoF)	30907.57	30999.18
b) Processing Agent / Fiscal Agent / Admin. fee	27.76	765.86
c) Underwriting / Arranger fee	163.97	2585.98
d) International Credit Rating Agencies Fees	202.13	182.44
e) Others	217.04	43.18

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

Year of Lease	No. of Leases	Value of assets taken on lease (` in Lakhs)	Amount paid in settlement of future lease rentals (` in Lakhs)	Year of payment
1999-00	6	102085	37492 3841 35534	2001-02 2002-03 2003-04
2000-01	2	54997	29423 22302	2001-02 2003-04
Total	8	157082	128592	

Amount paid in settlement of future lease rentals as above, is being amortised in the accounts over the remaining period of the leases. During the year, an amount of ` 5255 Lakhs (P.Y. ` 4751 Lakhs) has been charged to Statement of Profit and Loss on account of such amortisation.



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

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

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

- 35.(a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2013. The company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2013 is ₹ 334.94 Lakhs (P.Y. ₹ 497.79 Lakhs).
- (b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. Accordingly, during the year, the Company deposited a sum of ₹ 77.56 Lakhs (P.Y. ₹ 91.98 Lakhs) in IEPF.
36. Long Term Loans and Advances (Note No.14) include Lease Receivables representing the present value of future Lease Rentals receivable on the finance lease transactions entered into by the company since inception as per the Accounting Standard (AS) – 19 issued by the Institute of Chartered Accountants of India.

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth ₹ 9162664 Lakhs (P.Y. ₹ 7659214 Lakhs) owned by the company and leased to the Ministry of Railways is as under:

(₹ in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	7659214	6398793
Less: Capital Recovery provided upto last Year	2376505	2082976
Capital Recovery outstanding on leased assets as at the end of last year	5282709	4315817
Add: Gross Value of Assets acquired and Leased during the year	1503450	1260421
	6786159	5576238
Less: Capital Recovery for the year	367926	293529
Net investment in Lease Receivables	6418233	5282709

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

(` in Lakhs)

Particulars	As at 31-03-2013	As at 31-03-2012
Gross Investment in Lease	9941920	8206425
Unearned Finance Income	3523687	2923716
Present Value of Minimum Lease Payment (MLP)	6418233	5282709

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

(` in Lakhs)

Particulars	As at 31-03-2013		As at 31-03-2012	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	928955	434422	767989	344833
Later than one year and not later than five years	3516828	1745477	2908222	1443740
Later than five years	5496137	4238334	4530214	3494136
Total	9941920	6418233	8206425	5282709

The unearned finance income as on 31-03-2013 is ` 3523687 Lakhs (Previous Year ` 2923716 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is ` Nil (P.Y. ` Nil).

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

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

In terms of the RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value



of the receivables being securitised. Accordingly, the company had invested ` 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, ` 439.65 Lakhs have matured till the year ending 31st March 2013, leaving a balance of ` 1258.07 Lakhs.

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

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(` in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Present value of Defined Benefit Obligation at the beginning of the year	39.04	34.64	28.81	18.39	2.82	2.09
Interest Cost	3.17	2.98	2.25	1.54	0.18	0.16
Current Service Cost	5.33	4.63	4.73	4.63	0.68	0.61
Benefits Paid	0.00	0.00	-2.23	-1.06	-1.31	-0.54
Actuarial (Gain) / Loss on obligations	2.33	-3.21	2.23	5.31	0.86	0.50
Present value of Defined Benefit Obligation at the end of the year	49.87	39.04	35.79	28.81	3.23	2.82

Changes in the Fair Value of Plan Assets:

(` in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Fair Value of Assets at the beginning of the year	41.40	34.97	25.32	24.17	0.00	0.00
Expected Return on plan assets	3.59	3.06	2.02	1.98	0.00	0.00
Contributions	2.97	2.99	0.00	0.00	0.00	0.00
Benefits Paid	0.00	0.00	-2.23	-1.06	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.43	0.38	0.01	0.23	0.00	0.00
Fair Value of Plan Assets at the end of the year	48.39	41.40	25.12	25.32	0.00	0.00

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

(` in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Opening net Liability / (Asset) at the beginning of the year	-2.36	-0.33	3.48	-5.78	2.82	2.09
Expenses	6.80	0.96	7.19	9.26	1.72	1.27
Contribution	-2.97	-2.99	0.00	0.00	-1.31	-0.54
Closing net Liability / (Asset) at the end of the year	1.47	-2.36	10.67	3.48	3.23	2.82

Actuarial Gain / Loss recognised:

(` in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Actuarial Gain / (Loss) for the year – obligation	(2.33)	3.21	(2.23)	(5.30)	(0.86)	(0.50)
Actuarial Gain / (Loss) for the year plan assets	0.43	0.38	0.01	0.23	0.00	0.00
Total Gain / (Loss)	(1.90)	3.59	(2.22)	(5.07)	(0.86)	(0.50)
Actuarial Gain / (Loss) recognised in the year	(1.90)	3.59	(2.22)	(5.07)	(0.86)	(0.50)

Amount recognised in the Balance Sheet:

(` in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Present value of obligations as at the end of the year	49.87	39.04	35.79	28.81	3.23	2.82
Fair Value of plan assets	-48.39	-41.40	-25.12	-25.33	0.00	0.00
Liability (assets)	1.48	-2.36	10.67	3.48	3.23	2.82
Unrecognised Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Liability (assets) recognised in the Balance Sheet	1.48	-2.36	10.67	3.48	3.23	2.82



Expenses recognised in statement of Profit & Loss:

(` in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Current Service Cost	5.33	4.62	4.73	4.63	0.68	0.61
Interest Cost	3.17	2.98	2.25	1.54	0.18	0.16
Expected return on plan assets	-3.59	-3.05	-2.02	-1.98	0.00	0.00
Net Actuarial (Gain) / Loss recognized in the year	1.90	-3.59	2.22	5.07	0.86	0.50
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Expenses recognised in Statement of Profit & Loss	6.81	0.96	7.18	9.26	1.72	1.27

Bifurcation of Obligation:

(` in Lakhs)

Obligation	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Current	0.00	0.00	2.95	1.12	1.33	1.12
Non-Current	49.87	39.04	32.84	27.69	1.90	1.70
Total	49.87	39.04	35.79	28.81	3.23	2.82

Actuarial Assumptions:

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)		LTC (Non-Funded)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
Discount Rate	8.13% p.a.	8.61% p.a.	8.13% p.a.	8.61% p.a.	8.13% p.a.	8.61% p.a.
Expected Return on Plan Assets	8% p.a.	8% p.a.	8% p.a.	8% p.a.	-	-
Mortality	Indian Assured Lives Mortality (1994-96) (modified) Ultimate					
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.	6% p.a.	N/A
Disability	Nil	Nil	Nil	Nil	Nil	Nil
Attrition	0% p.a.	0% p.a.	0% p.a.	0% p.a.	0% p.a.	0% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.	60 yrs.	60 yrs.

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

Defined Contribution Plan

(` in Lakhs)

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Employers' Contribution to EPF	14.31	8.48

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

(` in Lakhs)

	Year ended 31-03-2013					Year ended 31-03-2012				
	Incentive/PRP*	Gratuity & Leave Encashment*	LTC*	CSR	Income Tax / FBT	Incentives/PRP*	Gratuity & Leave Encashment*	LTC*	CSR	Income Tax / FBT
Opening Bal.	65.35	1.12	2.82	300.00	51785.36	31.00	-6.11	2.08	0.00	31442.46
Addition during the year	40.00	13.99	1.72	961.56	29286.29	34.35	10.22	1.27	300.00	20342.90
Amount used / incurred	0.00	-2.97	-1.31	-432.94	-13512.39	0.00	-2.99	-0.54	0.00	0.00
Unused Amount reversed during the year	0.00	0.00	0.00	0.00	60.13	0.00	0.00	0.00	0.00	0.00
Closing Balance	105.35	12.14	3.23	828.62	67499.12	65.35	1.12	2.81	300.00	51785.36

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

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

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



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

Key Management personnel:

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

Amount paid to Key Management Personnel:

Particulars	(` in Lakhs)	
	2012-13	2011-12
Salary / Allowances	30.08	16.77
Reimbursement	14.12	0.16
Foreign Service Contribution	0.00	0.90
Incentive	38.27	11.68

42. (a) During the year 2003-04, the company restructured the rate of interest on certain outstanding borrowings from LIC and paid ` 2403 Lakhs as advance, representing a portion of the future savings in the interest cost. This advance amount is being amortised over the balance tenor of the borrowings. During the year, a sum of ` 35 Lakhs (P.Y. ` 66 Lakhs) has been amortised, leaving a balance of ` 8 Lakhs as on 31-03-2013 (P.Y. ` 43 Lakhs).
- (b) During the year 2004-05, the company restructured the rate of interest on certain outstanding borrowings from IDBI Ltd. and paid ` 1378 Lakhs as advance, representing a portion of the future savings in the interest cost. This advance amount is being amortised over the balance tenor of the borrowings. During the year, a sum of Rs. 24 Lakhs (P.Y. ` 35 Lakhs) has been amortised, leaving a balance of ` 24 Lakhs as on 31-03-2013 (P.Y. ` 48 Lakhs).
43. Interest on Deposits (Note No.19) includes Tax Deducted at Source amounting to ` 5.20 Lakhs (P.Y. ` 69 Lakhs). Ministry of Railways has also deducted tax at source amounting to ` 18418 Lakhs (P.Y. ` 14824 Lakhs).
44. Certain disclosures are required to be made under the Micro, Small and Medium Enterprises Development Act, 2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Act. As the Company has not received the relevant information under the Act till finalisation of accounts, no disclosure has been made in the account.
45. The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

46. Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.
47. (a) Unless otherwise stated, the figures are in Lakhs.
 (b) Previous year figures have been regrouped / rearranged, wherever necessary, in order to make them comparable with those of the current year.

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

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

For and on behalf of the Board of Directors

Ravinder Khullar
 (Partner)
 M.No. 082928

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

D.C.Arya
 Director Finance

Rajiv Datt
 Managing Director

Place: New Delhi
 Date : 06-08-2013

R. Kashyap
 Chairman



IRFC – Auditor's Report 2012-13

Bansal Sinha & Co.
Chartered Accountants

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Independent Auditor's Report
To the Members of Indian Railway Finance Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Railway Finance Corporation Limited ('the Company') which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. Since the Company is a Government Company, clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956 regarding obtaining written representations from the Directors of the Company, is not applicable to the Company in terms of Notification No. GSR-829 (E) dated 21.10.2003;

For Bansal Sinha & Co.
Chartered Accountants
Firm's registration number: 006184 N

New Delhi
August 6, 2013

Ravinder Khullar
Partner
Membership Number: 082928



ANNEXURE TO AUDITORS' REPORT

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

1. (a) The Company is maintaining proper records of Fixed Assets showing required particulars including quantitative details and situation of fixed assets and the procedures of physical verification of Fixed Assets followed by the management, in our opinion, are reasonable and adequate. However, these records do not include the particulars of fixed assets leased to Ministry of Railways as the same is shown as lease receivables in the books of accounts.
(b) The procedures of physical verification of fixed assets followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company. No physical verification is being carried out for leased fixed assets as the same are booked as Lease receivables in the books of accounts. However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.
(c) In our opinion, the company has not disposed off substantial part of fixed assets during the period and hence going concern status of the company is not affected.
2. The Company is not in the business of trading, manufacturing, mining or processing, it does not hold any inventory, hence did not require physical verification.
3. The Company has neither taken nor granted any loans or advances in the nature of loan to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation provided to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit we have not come across any continuing failure to correct major weaknesses in the internal control system.
5. Based on the audit procedures applied by us and the information and explanation provided by the management, we are of the opinion that there was no transaction during the period that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. Based on our scrutiny of the company's records and according to the information and explanation provided by the management, in our opinion, the company has not accepted any deposits from the public within the meaning of the Rule 2(b) of the Companies (Acceptance of Deposits) Rules, 1975 and contravening the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The provisions under Clause (d) of sub-section (1) of Section 209 of the Companies Act, pertaining to maintenance of cost records, do not apply to the Company.
9. In respect of statutory dues, on the basis of information and explanations given to us by the company, we report that:
 - (a) The company is generally regular in depositing undisputed statutory dues, with the appropriate authorities, including Provident Fund, ESI, Income-tax, Wealth- tax, Investor Education Fund, Service Tax, Customs duty, Excise Duty, Cess, Sales Tax/VAT and other material statutory dues applicable to it (*Refer Note 27 for Service Tax and 32 (d) for Sales Tax/VAT*)
 - (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2013 from the date they became payable. However, in the absence of any directives/ notifications with regard to cess payable under Section 441A of the Companies Act, 1956, the Company has not been able to ascertain its liability towards the same and hence no liability on

this account has been provided in the books of accounts.

- (c) According to the records of the company, there are no dues of income tax/wealth tax/Service Tax etc., which have not been deposited by the company on account of any dispute.
10. The company does not have accumulated losses as at March 31, 2013 and not incurred any cash losses during the year and immediately preceding financial year.
 11. In our opinion, the company has not defaulted in making repayments to banks, financial institutions and debenture holders.
 12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion, and to the best of our information and according to the explanation provided by the management, the company is neither a chit fund nor a nidhi/mutual benefit fund/society. Hence in our opinion, the requirements of clause 4(xiii) of the 'Order' do not apply to the company.
 14. As per records of the company and according to the information and explanation provided by the management, the company has not been dealing or trading in shares, securities, debentures and other investments and as such the clause 4 (xiv) of the Order is not applicable to the company.
 15. The company has not given guarantees in connection with loans taken by others from banks or financial institutions and as such the clause 4 (xv) of the Order is not applicable to the company.
 16. In our opinion, the company has utilized the term loans for the purpose for which loans were availed.
 17. According to the information and explanation given to us and on the overall examination of the Balance Sheet, we report that no funds raised for the short term basis have been used for long term investments except to the extent of ₹ 2437 crores which have been used for long term leasing in anticipation of lease recovery in April 2013.
 18. According to the records of the company and the information and explanation given to us, the company has received application money for preferential allotment of 60,00,000 shares of ₹ 1000/- each for cash at par, to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The allotment was pending as at the close of the year.
 19. According to the information and explanation given to us, during the year under audit, the company has issued bonds for which it has created the security envisaged in the Bond conditions.
 20. The company has raised ₹ 221360 lacs through private placement of 22136 bonds of ₹ 1000000/- each and ₹ 580244.45 lacs through Public issue of 58024445 bonds of ₹ 1000/- each. The company has utilised the funds for the purpose for which the funds were raised.
 21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Bansal Sinha & Co.
Chartered Accountants
Firm's registration number: 006184 N

New Delhi
August 6, 2013

Ravinder Khullar
Partner
Membership Number: 082928



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN RAILWAY FINANCE CORPORATION LTD. FOR THE YEAR ENDED 31 MARCH 2013

The preparation of financial statements of Indian Railway Finance Corporation Ltd. for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This stated to have been done by them vide their Audit Report dated 06.08.2013.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 on the financial statements of Indian Railway Finance Corporation for the year ended 31 March 2013. 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 the accounting records. On the basis of my audit nothing significant has come to my knowledge which give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

Place : New Delhi
Date : 21.08.2013

Dinesh Bhargav
Pr. Director Railway Commercial



Members of the Task Force, constituted by DPE, attending the Meeting for finalisation of MOU for the year 2013-14

MOR & Company officials attending the MOU Meeting for the year 2013-14



Ministry and Company Officials with signed copies of MOU for the year 2013-14.



Aids under CSR being distributed on 3rd November, 2012 at Kannauj (U.P)

Aids under CSR being distributed on 3rd November, 2012 at Kannauj (U.P)



Assessment camp conducted by ALIMCO to identify physically challenged persons from weaker sections of society, entitled to receive free aids under CSR programme of the Company for the year 2012-13

Rest of Management Team of IRFC



Hon'ble Minister of Railways,
Mr. Mallikarjun Kharge, receiving
cheque for relief for the flood victims of
Uttarakhand. This amount was sent
to Chief Minister's Relief Fund,
Uttarakhand.



Signing of MOU for year 2013-14
with the Ministry of Railways



Sanjeev Jain
GM (F&A)



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



Sh. S. Radhakrishnan
GM (ECB)



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



Sh. Anup Kumar Dubey
Asstt. Manager



Smt. Nithya Vardharajan
Asstt. Manager



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

Upper Ground Floor, East Tower, NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi- 10003