



PRIVATE PLACEMENT OFFER LETTER DATED APRIL 1, 2021 SERIES-V 54EC  
(PRIVATE & CONFIDENTIAL) (FOR ADDRESSEE ONLY)



## INDIAN RAILWAY FINANCE CORPORATION LIMITED

(A Government of India Enterprise)

**Registered & Corporate Office:** Room Nos. 1316 - 1349, 3rd Floor, Hotel The Ashok,  
Diplomatic Enclave, 50-B, Chanakyapuri, New Delhi – 110021

**E-Mail:** [gma@irfc.nic.in](mailto:gma@irfc.nic.in) & [irfc54ecbonds@gmail.com](mailto:irfc54ecbonds@gmail.com)

**Website:** [www.irfc.nic.in](http://www.irfc.nic.in); **CIN:** L65910DL1986GOI026363

**PRIVATE PLACEMENT OF SECURED, NON-CONVERTIBLE, NON-CUMULATIVE, REDEEMABLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES OF Rs. 10,000/- EACH FOR CASH AT PAR ON “ON TAP” BASIS WITH BENEFITS UNDER SECTION 54EC OF THE INCOME TAX ACT, 1961, IRFC CAPITAL GAIN TAX EXEMPTION BONDS –SERIES-V (“BONDS”), FOR Rs. 1000 CRORE PLUS GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION BY INDIAN RAILWAY FINANCE CORPORATION LIMITED (“IRFC” OR THE “ISSUER” OR THE “COMPANY”)**

**(PRIVATE & CONFIDENTIAL)  
(FOR ADDRESSEE ONLY)**

### TRUSTEE FOR THE BONDHOLDERS SBICAP Trustee Company Limited

Mistry Bhavan,  
4<sup>th</sup> Floor, 122 Dinshaw Vachha Road  
Churchgate,  
Mumbai–400020  
Tel.022-43025553

E-mail: [corporate@sbicaptrustee.com](mailto:corporate@sbicaptrustee.com)  
Website: [www.sbicaptrustee.com](http://www.sbicaptrustee.com)  
SEBI Registration Number: IND000000536

### REGISTRAR TO THE ISSUE

**KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited)**

Unit: IRFCBonds  
Selenium Tower B,  
Plot No. 31 & 32  
Gachibowli, Financial District,  
Nankramguda, Serilingampally,  
Hyderabad –500032

Tel: (040)67161598/1600  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
[brahma.k@kfintech.com](mailto:brahma.k@kfintech.com)

### Bankers to the Issue:

AXIS BANK LTD	ICICI BANK LTD
HDFC BANK LTD	
IDBI BANK LTD	CANARA BANK

For list of bank branches please visit our website [www.irfc.nic.in](http://www.irfc.nic.in)

For list of arrangers please visit our website [www.irfc.nic.in](http://www.irfc.nic.in)

Note: IRFC reserves right to update list of arrangers from time to time. Investors are requested to visit IRFC website from time to time.

### ISSUE SCHEDULE

Issue Opening Date	April 1, 2021
Issue Closing Date	March 31, 2022

**LISTING:** The Bonds will not be listed on any stock exchange.



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## I. DISCLAIMER

This Information Memorandum is neither a Prospectus nor a statement in lieu of Prospectus. It does not and shall not deem to constitute an offer or an invitation to the Public to subscribe to the Capital Gain Bonds issued by Indian Railways Finance Corporation Limited (“IRFC” or “Company” or “Issuer”). This Information Memorandum is not intended for distribution and is for the consideration of the person to whom it is addressed and should not be reproduced/redistributed by the recipient. It cannot be acted upon by any person other than to whom it has been specifically addressed. Multiple copies hereof given to the same entity shall be deemed to be offered to the same person. The bonds mentioned herein are being issued strictly on a private placement basis and this offer does not and shall not deem to constitute a public offer/invitation.

This Information Memorandum is not intended to form the basis of evaluation for the potential investors to whom it is addressed and who are willing and eligible to subscribe to these Bonds issued by IRFC. This Information Memorandum has been prepared to give general information regarding IRFC to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. IRFC believes that the information provided in this Information Memorandum as of the date hereof is true and correct in all respects. IRFC and the Arrangers do not undertake to update this Information Memorandum to reflect subsequent events and thus, it should not be relied upon without first confirming its accuracy with IRFC.

Potential investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risks of investing in the Bonds. It is the responsibility of potential investors to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the potential investors to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Potential investors should conduct their own investigation, due diligence and analysis before applying for the Bonds. Potential investors should not rely solely on information provided in the Information Memorandum or by the Arrangers nor would providing of such information by the Arrangers be construed as advice or recommendation by the Issuer or by the Arrangers to subscribe to and purchase the Bonds. Potential investors also acknowledge that the Arrangers do not owe them any duty of care in respect of their offer to subscribe for and purchase of the Bonds. Potential investors should also consult their own tax advisors on the tax implications of the acquisition, ownership and redemption of Bonds and income arising thereon. IRFC reserves the right to withdraw the Private Placement prior to the closing date at its discretion. In such an event, the Issuer may, at its sole discretion, will make the allotment under the new series of IRFC 54EC bonds, if open for subscription at that time.

For Indian Railway Finance Corporation Limited

**Mr. Anup Kr Dubey**  
**Manger (Finance)**

**April 1, 2021**  
**New Delhi**



AY	Assessment Year
Allotment/ Allot/ Allotted	The issue and allotment of the Bonds to the successful Applicants in the Issue.
Applicant/Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Private Placement Offer Letter and the Application Form
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds for present Bonds
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners in the records of the Company.
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)
Board/ Board of Directors	The Board of Directors of Indian Railway Finance Corporation Ltd. Or Committee thereof, unless otherwise specified
Bond(s)	Secured, Redeemable Non-Convertible, Taxable Bonds in the nature of Debentures of face value of Rs.10,00,000 each ("Bonds") to be issued by Indian Railway Finance Corporation Ltd. ("IRFC" or "Issuer" or the "Company") through private placement route under the terms of this Private Placement OfferLetter
Book Closure / Record Date	Record date for the Bonds shall be 15 days prior to each interest payment date and/or redemption date.
BSE	BSE Limited
BSE Bond-EBP Platform	EBP platform of BSE for issuance of debt securities on private placement basis.
CAR	Capital Adequacy Ratio
CARE	Credit Analysis & Research Limited
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CBDT	Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
CIT (Appeals)	Commissioner of Income Tax (Appeals)
CRISIL	CRISIL Limited
Companies Act	The Companies Act, 1956 as amended from time to time
Companies Act, 2013	The Companies Act, 2013, as amended and to the extent notified by the MCA and read with the rules framed there under
MD	Managing Director of IRFC
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of the Issuer, whether constituting a charge on the assets of the Issuer or not, but excludes security receipts and securitized debt instruments.
Deemed Date of Allotment	The cut-off date declared by the Issuer from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
DP	Depository Participant



DRR	Bond/ Debenture Redemption Reserve
EPS	Earnings Per Share
EBP	Electronic Bidding Platform.
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors
FPI	Foreign Portfolio Investors as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014 registered with SEBI.
Financial Year/ FY / Fiscal	Period of twelve months ending March 31, of a particular year
Gol	Government of India/ Central Government
Trustees	Trustees for the Bondholders in this case being SBI Caps Trustee Company Limited
ICRA	ICRA Limited
Issuer/ IRFC/ Company	Indian Railway Finance Corporation Ltd. A company incorporated under Companies Act, 1956, as amended
Independent Director	An Independent Director referred to in sub-section (6) of section 149 of the Companies Act, 2013
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Key Managerial Personnel	Key managerial personnel, in relation to the Company, shall mean: Managing Director & Chief Executive Officer or the Manager; Company Secretary; Whole-Time Directors; Chief Financial Officer; and any such other officer as may be prescribed under the Companies Act.
Listing Agreement	Listing Agreement as may be issued by SEBI.
MF	Mutual Fund
Memorandum/ Memorandum of Association	Memorandum of association of the Company as originally framed or as altered from time to time in pursuance of any previous company law or of the Companies Act, 2013
MoF	Ministry of Finance
MoR	Ministry of Railways
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Ltd.
NSE Bond Platform	EBP platform of NSE for issuance of debt securities on private placement basis.
NRI	Non-Resident Indians
PAN	Permanent Account Number
Private Placement/ The Issue/ The Offer	Offer of Bonds or invitation to subscribe to the Secured Redeemable Non- Convertible Taxable Bonds in the nature of Debentures of face value of Rs.10 lakhs each bond ("Bonds") to be issued by Indian Railway Finance Corporation Ltd. (other than by way of Public Offer) through issue of this Private Placement Offer Letter to the Investors on such conditions including the form and manner of private placement as prescribed under the Companies Act, 2013 and RBI Circular No. RBI/2014-15/475DNBR(PD)CCNO.021/03.10.001/2014-15,datedFebruary20, 2015, as amended
Private Placement Offer Letter	Private Placement Offer Letter shall mean this Private Placement Offer Letter
GIR	General Index Registration Number
Rupee/ INR/ Rs.	Indian National Rupee
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
ROC	Registrar of Companies, National Capital Territory of Delhi & Haryana
RBI Guidelines	Any rule, regulations, guidelines or amendment as may be issued by RBI from time



	to time
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013- 14/43/207 dated January 31, 2014, SEBI (Listing obligations and Disclosure Requirements) Regulations 2015, Guideline/ Regulations issued by the Statutory Authorities, etc. as amended.
TDS	Tax Deducted at Source



### III. GENERAL INFORMATION

**Name of the Issuer** : Indian Railway Finance Corporation Limited  
**Date of Incorporation** : 12<sup>th</sup> December, 1986  
**CIN** : U65910DL1986GOI026363  
**Registered & Corporate Office** : Room Nos. 1316 - 1349, 3rd Floor, Hotel The Ashok, Diplomatic Enclave, 50-B, Chanakyapuri, New Delhi – 110021  
**Tel. No.** : (011) 24369766/69  
**Fax No.** : +91-11-24369770  
**Website** : [www.irfc.nic.in](http://www.irfc.nic.in)  
**E-mail** : [gma@irfc.nic.in](mailto:gma@irfc.nic.in) & [irfcbonds2@gmail.com](mailto:irfcbonds2@gmail.com)

**Compliance Officer For the Issue** : **Mr. Vijay Babulal Shirode**  
**Joint General Manager (Law) & Company Secretary**  
**Indian Railway Finance Corporation Limited**  
**Registered Office:** Room Nos. 1316 - 1349, 3rd Floor, Hotel The Ashok, Diplomatic Enclave, 50-B, Chanakyapuri, New Delhi – 110021  
Tel No.: (011) 24369766-69  
Fax No.: +91-11-24368721 / 24369770  
E-mail: [cs@irfc.nic.in](mailto:cs@irfc.nic.in)

**Chief Financial Officer of the Issuer** : **Ms. Shelly Verma**  
**Director Finance**  
Indian Railway Finance Corporation Limited  
Registered Office: Room Nos. 1316 - 1349, 3rd Floor, Hotel The Ashok, Diplomatic Enclave, 50-B, Chanakyapuri, New Delhi – 110021  
Tel No.: (011) 24369766-69, 24369789  
Fax No.: +91-11-24369770  
E-mail: [df@irfc.nic.in](mailto:df@irfc.nic.in)

**Trustee to the Bonds** : **SBICAP Trustee Company Limited**  
Mistry Bhavan, 4<sup>th</sup> Floor  
122 Dinshaw Vachha Road,  
Churchgate,  
Mumbai – 400020  
Tel. 022-43025553  
[E-mail: corporate@sbicaptrustee.com](mailto:corporate@sbicaptrustee.com)  
[Website: www.sbicaptrustee.com](http://www.sbicaptrustee.com)  
SEBI Registration Number: IND000000536

**Credit Rating Agencies** : **CRISIL Limited**  
CRISIL House, Central Avenue  
Hiranandani Business Park, Powai  
Mumbai – 400076  
Tel: +91-22-3342 3000  
Fax: +91-22-3342 3050  
[Email: crisilratingdesk@crisil.com](mailto:crisilratingdesk@crisil.com)  
[Website: www.crisil.com](http://www.crisil.com)



**ICRA Limited**

Building N. 8, 2<sup>nd</sup> Floor, Tower A  
DLF Cyber City, Phase- II  
Gurugram – 122002  
Tel: +91-124-4545 300  
Fax: +91-124-4545 350  
Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)  
Investor Grievance Email: [vw@icraindia.com](mailto:vw@icraindia.com)  
Website: [www.icra.in](http://www.icra.in)

**Credit Analysis & Research Limited**

B-47 3<sup>rd</sup> Floor, Inner Circle  
Connaught Place, New Delhi – 110001  
Tel: +91-11-45333200  
Fax: +91-11-45333238  
E-mail: [jyotsana.gadgil@careratings.com](mailto: jyotsana.gadgil@careratings.com)  
Website: [www.careratings.com](http://www.careratings.com)

**Registrar to the Issue** : **KFin Technologies Private Limited**  
**(Formerly known as Karvy Fintech Private Limited)**  
Unit: IRFC Bonds  
Selenium Tower B, Plot No. 31 & 32  
Gachibowli, Financial District,  
Nankramguda, Serilingampally,  
Hyderabad – 500032  
Tel: (040) 67161598/1600  
E- mail: [einward.ris@kfintech.com&brahma.k@kfintech.com](mailto: einward.ris@kfintech.com&brahma.k@kfintech.com)

**Auditors of the Issuer** : **M/s. K B D S & Co.**  
Chartered Accountants  
G-4/4, First Floor,  
Sector-16, Rohini,  
New Delhi 110089  
Tel: +011-47580181/27882573  
Email: [kbdsandco@gmail.com](mailto: kbdsandco@gmail.com)  
Firm Registration No.: 323288E

**Arrangers** : **For list of arrangers please visit our website [www.irfc.nic.in](http://www.irfc.nic.in)**

**Note: IRFC reserves right to update list of arrangers from time to time.  
Investors are requested to visit IRFC website from time to time.**





#### IV. OUR MANAGEMENT

##### 1. CURRENT DIRECTORS OF THE ISSUER

The composition of the Board of Directors of the Issuer as on date of this Private Placement Offer Letter is as under:

Sr. No.	Name, Designation and DIN	Age	Address	Occupation	Director of the Company since	Other Directorships
1.	<b>Mr. Amitabh Banerjee</b> <i>Chairman &amp; Managing Director</i> <b>DIN: 03315975</b>	56	Room No-1, A2/10, Safdarjung Enclave, South West- Delhi- 110029	Service	12-Oct-2019	Nil
2.	<b>Ms. Shelly Verma</b> <i>Director (Finance) and Chief Financial Officer</i> <b>DIN: 07935630</b>	55	Flat No.A-602, Dwarka Apartments, Plot Number 21, Sector 7, Palam, Dwarka Sec-6, South West Delhi-110075	Service	01-Sept-2020	Nil
3.	<b>Mr. Baldeo Purushartha</b> <i>Par -time Government Director</i> <b>DIN: 07570116</b>	46	Government Quarter No. DII/ 43 Kaka Nagar, New Delhi 110 003	Service	03-June-2020	Indian Railway Stations Development Corporation Limited, India Infrastructure Finance Company Limited, ONGC Videsh Limited, National Investment And Infrastructurefund Trustee Limited, Air India Assets Holding Limited & Asian Infrastructure Investment Bank
4.	<b>Mr. Ashok Kumar Singhal</b> <i>Non-official Director (Independent Director)</i> <b>DIN: 08193963</b>	64	Plot No. 04 Sector 18A, Phase-II, Dwarka, New Delhi – 110 075	Professional	20-July-2018	NIL
5.	<b>Mr. Bhaskar Choradia</b> <i>Part-time Government Director</i> <b>DIN: 08975719</b>	45	168, Vakil Colony, HiranMagri, Sector 11, Udaipur Rajasthan, India-313001	Service	27-Nov-2020	NIL

None of the current directors of the Issuer appears in the RBI's defaulter list or ECGC's default list.


**Relationship with Other Directors:**

None of the Directors of the Company are, in any way, related to each other

**2. CHANGE IN DIRECTORS OF THE ISSUER SINCE LAST THREE YEARS**

Changes in the Board of Directors of the Issuer during the last three years are as under:

<b>Name of Directors, Designation and DIN</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason for change</b>
<b>Mr. A.K. Prasad</b> <i>FC Railways &amp; Chairman</i> <b>DIN: 08125752</b>	August 14, 2018	March 1, 2019	Superannuated
<b>Mr. B.N. Mohapatra</b> <i>Chairman</i> <b>DIN: 00772188</b>	April 20, 2017	January 31, 2018	Cessation
<b>Mr. Niraj Kumar Chhabra</b> <i>Director (Finance)</i> <b>DIN: 00795972</b>	July 1, 2015	July 31, 2020	Cessation
<b>Mr. S.K. Pattanayak</b> <i>Managing Director</i> <b>DIN: 02396063</b>	March 9, 2017	July 26, 2018	Cessation
<b>Ms. Aditi Sengupta Ray</b> <i>Independent Director</i> <b>DIN: 00447385</b>	September 19, 2017	September 19, 2020	Cessation
<b>Mr. Chetan Venugopal</b> <i>Independent Director</i> <b>DIN: 00317183</b>	March 8, 2018	March 8, 2021	Cessation
<b>Mr. Ashok Kumar Singhal</b> <i>Independent Director</i> <b>DIN: 08193963</b>	July 20, 2018	-	Appointment
<b>Mr. Vijay Kumar</b> <i>Addl. Member Budget and Managing Director/IRFC</i> <b>DIN: 08189249</b>	July 26, 2018	October 11, 2019	Cessation
<b>Mr. Kishor Jinabhai Devani</b> <i>Independent Director</i> <b>DIN: 07502684</b>	April 1, 2019	April 1, 2020	Cessation
<b>Mr. Amitabh Banerjee</b> <i>Chairman &amp; Managing Director</i> <b>DIN: 03315975</b>	October 12, 2019	-	Appointment (Re-designated from Managing Director to Chairman and Managing Director on May 21, 2020)
<b>Mrs. Manjula Rangarajan</b> <i>Part-time Chairperson</i> <b>DIN: 08607897</b>	November 20, 2019	May 21, 2020	Cessation
<b>Dr. Kumar Vinay Pratap</b> <i>Director</i> <b>DIN: 07606296</b>	April 23, 2018	March 18, 2020	Cessation
<b>Mr. Baldeo Purushartha</b> <i>Nominee Director</i> <b>DIN: 07570116</b>	June 3, 2020	-	Appointment



Name of Directors, Designation and DIN	Date of Appointment	Date of Cessation	Reason for change
<b>Mr. Anand Prakash</b> Nominee Director <b>DIN: 08805417</b>	July 22, 2020	October 26, 2020	Cessation
<b>Ms. Shelly Verma</b> Director Finance <b>DIN: 07935630</b>	September 1, 2020	-	Appointment
<b>Mr. Bhaskar Choradia</b> Nominee Director <b>DIN: 08975719</b>	November 27, 2020	-	Appointment

## Remuneration of Directors during the current year and last three financial years

### A. Managing Director/ Whole Time Director

The following table sets forth the details of remuneration paid to our Managing Director and Director (Finance) and Chief Financial Officer for the six months period ended September 30, 2020:

(In Rs. Lacs )

Name of Director	Designation	Remuneration
Mr. Amitabh Banerjee*	Chairman and Managing Director	28.20
Ms. Shelly Verma**	Director (Finance) and Chief Financial Officer	4.40

\* Mr. Amitabh Banerjee was re-designated as Chairman and Managing Director with effect from May 21, 2020.

\*\* Ms. Shelly Verma was appointed as a Director on our Board with effect from September 1, 2020.

The following table sets forth the details of remuneration paid to our Managing Director and Director (Finance) for the year ended March 31, 2020:

(In Rs. Lacs )

Name of Director	Designation	Remuneration
Mr. Amitabh Banerjee*	Managing Director	27.00
Mr. Niraj Kumar	Director (Finance)	80.70

\* Mr. Amitabh Banerjee was appointed as our Managing Director from October 12, 2019.

The following table sets forth the details of remuneration paid to our Managing Director and Director (Finance) for the financial year ended March 31, 2019:

(In Rs. Lacs )

Name of Director	Designation	Total Salary
Mr. S.K. Pattanayak*	Managing Director	13.22
Mr. Vijay Kumar*	Managing Director	Nil
Mr. Niraj Kumar	Director (Finance)	66.54

\* Mr. S. K. Pattanayak was Managing Director upto July 26, 2018. Mr. Vijay Kumar, IRAS, Additional Member (Budget) was entrusted the additional charge of the post of Managing Director/ IRFC from July 26, 2018.

The following table sets forth the details of remuneration paid to our Managing Director and Director (Finance) for the financial year ended March 31, 2018:

(In Rs. Lacs )

Name of Director	Designation	Total Salary
Mr. S.K. Pattanayak*	Managing Director	39.60
Mr. Niraj Kumar	Director (Finance)	53.48



\*Mr. S. K. Pattanayak was appointed our Managing Director on February 16, 2017 replacing Mr. P.V. Vaidialingam who had relinquished additional charge of the Managing Director. He ceased to be MD / IRFC with effect from July 26, 2018.

## B. Non-Executive Directors

The Part time Non-Official Independent Director(s) do not have any material pecuniary relationship with the Company. A sitting fee of Rs.30,000/- per meeting is payable to the independent directors for attending the Board meetings and Rs.20,000/- per meetings of Committee(s) of the Board. No remuneration/ fee is paid to Government Nominee Directors.

The following table sets forth the details of sitting fees paid to Independent Directors:

(In Rs.)

Period	Total Amount
Six months period ended September 30, 2020	23,50,000.00
Year ending 31 <sup>st</sup> March 2020	37,60,000.00
Year ending 31 <sup>st</sup> March 2019	19,00,000.00
Year ending 31 <sup>st</sup> March 2018	6,60,000.00
Year ending 31 <sup>st</sup> March 2017	5,22,000.00

## C. Interests of our Directors

Our Company has not entered into any contract, agreements and arrangement during the two years preceding the date of this Private Placement Offer Letter in which the directors are interested directly or indirectly and no payments have been made to them in respect of such contracts or agreements.

Our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Our Directors may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Bonds pursuant to this Issue, if any.

Further, none of our current directors are listed as a defaulter in the RBI Defaulter list and/or the ECGC List.

## D. Interest of Key Managerial Personnel / Promoters in the Offer

NIL

## E. Litigation or Legal Action against any promoter of the Company

Since the Government of India is the promoter of the Company, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a Statutory Authority against the promoter of the Company during the last three years.

## F. DETAILS OF ANY INQUIRY, INSPECTIONS OR INVESTIGATIONS INITIATED OR CONDUCTED UNDER THE COMPANIES ACT OR ANY PREVIOUS COMPANY LAW IN THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF PRIVATE PLACEMENT OFFER LETTER AGAINST THE COMPANY AND ITS SUBSIDIARIES

There has been no inquiry, inspection or investigation initiated or conducted against the Company or its subsidiaries under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Private Placement Offer Letter. Further there was no prosecution filed, fines imposed, compounding of offences against the Company or its subsidiaries in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.



**G. DETAILS OF ACTS OF MATERIAL FRAUDS COMMITTED AGAINST THE COMPANY IN THE LAST THREE YEARS, IF ANY, AND IF SO, THE ACTION TAKEN BY THE COMPANY**

There has been no act of material fraud committed against the Company in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

**H. OUTSTANDING BORROWINGS/ DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, AT A PREMIUM OR DISCOUNT, OR IN PURSUANCE OF AN OPTION**

NIL



**V. DETAILS OF STATUTORY AUDITORS OF THE ISSUER**

**1. CURRENT STATUTORY AUDITORS OF THE ISSUER (FY2020-21)**

Details of the statutory auditors of the Issuer for financial year 2020-21 are as under:

<b>Name</b>	<b>Address</b>	<b>Auditors since</b>
M/s. K B D S & Co. Chartered Accountants	G-4/4, First Floor, Sector-16, Rohini, New Delhi 110089	2020-21

**2. CHANGE IN STATUTORY AUDITORS OF THE ISSUER SINCE LAST THREE YEARS**

Details of change in auditor since last three years:

<b>Name</b>	<b>Address</b>	<b>Date of Appointment/ Resignation</b>	<b>Auditor of the Company Since (in case of resignation)</b>	<b>Remarks</b>
M/s. K B D S & Co. Chartered Accountants	Flat No.4, Pocket G-4, 1st Floor, Opp. Jain Bharati Model School, Sector-16, Rohini, Delhi-110089	Date of Appointment : September 30, 2020	-	M/s. K B D S & Co. Chartered Accountants has been appointed as the Statutory Auditors of the Company by the C&AG for FY 2020-21
M/s. SPMG & Co. Chartered Accountants	3322-A,2nd Floor, Bank Street, Karol Bagh, New Delhi- 110005	Date of Cessation: September 30, 2020	Since FY 2016-17	M/s SPMG & Co., Chartered Accountants, has been appointed as the Statutory Auditors of the Company by the C&AG for FY 2016-17 and reappointed as Statutory Auditors by the C&AG for the years 2017-18, 2018-19 and 2019-20



## VI. MANAGEMENT'S PERCEPTION OF RISKFACTORS:-

Prospective investors should carefully consider all the information in this Private Placement Offer Letter, including the risks and uncertainties described below, before making an investment in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business prospects, results of operations and financial condition. If any of the following or any other risks actually occur, our business prospects, results of operations and financial condition could be adversely affected and the price of, and the value of your investment in the Bonds could decline and you may lose all or part of your redemption amounts and/ or interest amounts.

### RISKS RELATING TO OUR BUSINESS AND INDUSTRY

- 1. We derive a significant amount of our revenue from operations from the Indian Railways. A loss of or reduction in business from the Indian Railways, any direct borrowing by the Indian Railways or introduction of any new avenues of funding by the Ministry of Railways, Government of India (the "MoR") could have an adverse effect on our business.***

We are the dedicated market borrowing arm of the Indian Railways. The vast majority of our revenue is generated from leasing Rolling Stock Assets to the Indian Railways. Lease income, interest on loans and pre commencement lease interest income together represented 99.75% and 99.87% of our total revenue from operations in Fiscal 2020 and in the six months ended September 30, 2020, respectively. Our business and revenues are substantially dependent on the policies of the MoR and operations of the Indian Railways. Any change that might affect the MoR's ability and willingness to meet its contractual obligations under the Standard Lease Agreement entered into with us will have an adverse impact on our financial position of our Company. Further, any shift in the funding pattern of the Indian Railways, such as, reduced demand for Rolling Stock Assets or reliance on internal accruals or preference to other funding arrangements, such as, public private partnerships, will have an adverse impact on our results of operations. Any corporatization or privatization of the Indian Railways allowing the MoR to raise funds directly from banks, NBFCs and other financial institutions will also have an adverse impact on our business, results of operation and financial condition. Therefore, the overall prospects of our business is closely tied to our relationship with the MoR. We do not have any control over the GoI and its related entities, including, the MoR, or its policies and any adverse changes in the policies of the GoI may have an adverse impact on our business, results of operations and financial condition.

- 2. Our business is dependent on the continued growth of the Indian railway sector, which makes us susceptible to GoI initiatives to modernize the railways and other policies. Any slowdown in the growth of Indian Railways will impact our business and results of operations.***

The Indian Railways faces significant competition in the transport sector from other means of transportation such as transport by road, sea and air. While the Indian Railways continuously looks to augment its infrastructure and undertake other necessary improvements to the railway network, competition in freight traffic from the road sector is likely to intensify further, as present projects for upgrading road networks are completed. The Indian Railways' vulnerability to competition from other means of transportation could increase if cross- subsidies between freight and passenger fares remain at the current high levels, particularly when the road network is improving and oil pipelines are being built. Therefore, any slowdown in the growth of the Indian Railways Sector and changes in the policies of, or in the level of direct or indirect support to us provided by, the Government of India in these or other any areas could have a material adverse effect on our business, financial condition and results of operations.

- 3. Our ability to operate efficiently is dependent on our ability to maintain diverse sources of funds at a low cost. Any disruption in our funding sources or any inability to raise funds at a low cost could have a material adverse effect on our business, financial condition and results of operations.***

Our liquidity largely depends on timely access to and costs associated with, raising capital. Our funding requirements historically have been met through various sources including from taxable and tax-free bonds in India, term loans from banks/ financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitization and lease financing. Our finance costs were Rs.6,637.57crore, Rs.8,183.06 crore, Rs.10,162.66 crore and Rs.5,440.98 crore in Fiscals 2018, 2019 and 2020 and in the six months ended September 30, 2020 respectively. Our Cost of Borrowings was 6.82%, 7.09%, 7.27% in Fiscal 2018, 2019 and 2020 respectively and 3.55% (non annualized) in the six months ended September 30, 2020. As we are fundamentally dependent upon funding from the debt markets and commercial borrowings, our ability to continue to obtain funds from the debt markets and through commercial borrowings on acceptable terms



and our ability to access new sources of funding, markets or investors, is dependent on various factors, such as, our ability to maintain our existing credit ratings, which are based on several factors, many of which are outside our control, including the economic conditions in the Indian economy and liquidity in the domestic and global financial markets. Further, since we are a non-deposit taking NBFC, we have restricted access to funds in comparison to banks and deposit taking NBFCs.

Our ability to operate efficiently is dependent on our ability to maintain a low effective cost of funds. Therefore, timely access to, and the costs associated with, raising capital and our ability to maintain a low effective cost of funds in the future is critical. Our business depends and will continue to depend on our ability to access diversified low cost funding sources.

If we are unable to obtain adequate financing or financing on terms satisfactory to us and in a timely manner or are unable to access new sources of funding or markets and investors, our ability to grow or support our business and to respond to business challenges could be limited and our business, prospects, financial condition and results of operations would be materially and adversely affected.

**4. In the event the margin on the Rolling Stock Assets leased to the MoR by our Company is not favourable, it may have an adverse impact on our financial condition and results of operation.**

We operate on a cost-plus based model. We receive lease rentals which include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of incremental borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement, which we enter with the MoR for leasing of Rolling Stock Assets subsequent to the end of the relevant fiscal year. The margin is determined by the MoR in consultation with us at the end of each Fiscal.

In Fiscal 2020 we were entitled to a margin of 40 bps over the weighted average cost of incremental borrowing for financing Rolling Stock Assets. In Fiscal 2018, the margin for financing Rolling Stock Assets was reduced to 30 bps from 50 bps in Fiscal 2017. There can be no assurance that the margin determined will be favourable for us. Any adverse determination of the margin will also impact our profitability and results of operation including leverage capacity. In the event the margin determined is not favourable, it may also adversely affect our financial condition and results of operation.

**5. Our Statutory Auditors have been subject to the peer review process of the ICAI, they have not presently received the peer review certificate to be issued by ICAI, accordingly in relation to the aforesaid, we are not in strict compliance with certain provisions of the SEBI ICDR Regulations and the SEBI Listing Regulations.**

In terms of Paragraph 11(I)(A)(i) of Part A of Schedule VI to the SEBI ICDR Regulations, the Restated Financial Statements included in this offer letter are required to be audited and certified by the Statutory Auditors who must have a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India ("ICAI"). Our Statutory Auditors have been subject to the peer review process of the ICAI, though they have not presently received the peer review certificate to be issued by ICAI, accordingly in relation to the aforesaid, we are not in strict compliance with certain provisions of the SEBI ICDR Regulations. Further to an e-mail dated December 1, 2020 received by our Statutory Auditors in this regard from the peer review board of ICAI, such peer review certificate is expected to be issued by ICAI to our Statutory Auditors subsequent to a meeting of the peer review board of the ICAI, with the effective date of such certificate being from December 1, 2020. Pursuant to the SEBI exemption letter dated November 27, 2020, our Company has been exempted from compliance with the requirements of the SEBI ICDR Regulations, in relation to the Statutory Auditors holding a valid peer review certificate. Accordingly, although our Statutory Auditors have been subject to the ICAI peer review process since they have not presently received the peer review certificate to be issued by ICAI, we are not in strict compliance with the provisions of the SEBI ICDR Regulations and the SEBI Listing Regulations. We may be subject to penalties for non-compliance with the provisions of the SEBI Listing Regulations and SEBI ICDR Regulations which could have an adverse effect on our reputation, business operations, financial conditions and results of our operations.

**6. Mismatch in the tenor of our leases and borrowings may lead to reinvestment and liquidity risk, which may adversely impact our financial condition and results of operations.**

A majority of our revenues is derived from the Standard Lease Agreements. These agreements with respect to Rolling Stock Assets currently provide for a primary lease period of 15 years, followed by a secondary lease period of another 15 years, unless otherwise revised by mutual consent. We receive lease rentals, which include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of incremental borrowing as well as a certain margin, within the primary lease period. Typically, the weighted average cost of incremental borrowing factors in any expenses incurred by us with respect to any foreign currency





hedging costs and / or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. Repayments occur half yearly by instalments during the primary lease period. While a majority of our borrowings require us to make bullet repayments, we also have certain borrowings where we are required to make one-time repayments. Such repayment of such borrowings in certain years may give rise to a temporary mismatch. This may potentially give rise to a liquidity risk and interest rate risk when we are required to refinance our loans and other borrowings. If we are unable to refinance our borrowings on favourable terms or reinvest the lease rentals on favourable terms, it could adversely affect our business, financial condition and results of operations.

**7. Any change in the terms of the Standard Lease Agreement entered into by us with the MoR may have an adverse effect on our business, financial position and result of operations.**

We enter into a Standard Lease Agreement with the MoR on an annual basis, subsequent to the end of the relevant fiscal year, in respect of Rolling Stock Assets leased by us to the MoR during the relevant Fiscal. Under the terms of the Standard Lease Agreement, the MoR covenants that in the event we are unable to redeem our bonds on maturity and/ or repay our loans resulting from inadequate cash flows, the MoR is required to make good such shortfall through bullet payments in advance before the maturity dates of such bonds/ term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. If such assurance/ undertakings cease to be valid or the MoR fails to comply with the performance of such undertakings or such undertakings are amended or modified or altered or if we waive compliance with any provision of such undertakings, it may result in an event of default thereby accelerating repayment under the various bonds issued by us and we will not have any direct right of action or right of subrogation against the MoR. In addition, the MoR may not provide such assurances/ undertakings in the subsequent Standard Lease Agreements.

Further, expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations are typically included in the weighted average cost of incremental borrowing, which is determined by the MoR in consultation with us at the end of each Fiscal. However, there can be no assurance that the MoR will allow us to continue to include such hedging costs pertaining to foreign currency and interest rates in the weighted average cost of incremental borrowing under subsequent Standard Lease Agreements and should the MoR decline to include such costs in the weighted average cost of incremental borrowing, it may adversely affect our financial conditions and results of operations.

**8. The Standard Lease Agreement is executed after the end of the Fiscal to which it relates and there can be no assurance that the agreement will be executed each year.**

The Standard Lease Agreement governs the lease rentals for the Rolling Stock Assets payable by the MoR to us and specifies details of the Rolling Stock Assets leased to the MoR by our Company. The lease rentals include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of incremental borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement and determined at the end of the relevant fiscal year. The weighted average cost of incremental borrowing and margin are determined by the MoR in consultation with us. The lease rentals are calculated as equal to half yearly payments to be made by the MoR, so as to ensure that our obligation to repay and settle our debts is fully met during primary lease period of 15 years.

The Standard Lease Agreement is executed at the end of Fiscal but comes into effect from the date of commencement of that Fiscal. Lease rentals during any particular year are calculated using the weighted average cost of incremental borrowing and margin relevant to that Fiscal. There can be no assurance that such arrangements will be honoured with respect to our ownership of the Rolling Stock Assets or in relation to the lease rentals in a timely manner or at all. Any failure to execute the Standard Lease Agreement may adversely affect our business, results of operations, prospects and financial condition.

In addition, in relation to funding of Project Assets under Extra Budgetary Resources (Institutional Financing) ("EBR-IF"), the MoR entered into a MoU dated March 11, 2015 with LIC to avail Rs.1,50,000 crore over a period of five years, commencing from Fiscal 2016. Based on this MoU, we have entered into a MoU dated May 23, 2017 with the MoR to be the intermediary for the funding from LIC. Subsequently, the MoU between MoR and LIC expired in Fiscal 2020. Funds raised are being utilized for implementing identified railway projects. However, we are yet to execute the project agreements with the MoR in relation to such railway projects including the development agency agreement and lease agreement. There can be no assurance that the MoR will enter into such agreements in a timely manner or at all. Any failure to execute project agreements may impact our title to project assets being funded by us under such arrangements and could have an adverse impact on our business, financial condition and results of operation.

**9. Any downgrade in our credit ratings or India's debt rating could increase our finance costs and adversely affect our ability to borrow funds and our business, results of operations, financial condition and cash flows.**



The cost and availability of capital depends in part on our domestic and international credit ratings. Credit ratings reflect the opinions of rating agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Any downgrade in our credit ratings could cause our lenders to impose additional terms and conditions to any financing or refinancing arrangements that we enter into in the future.

We have been accorded ratings of 'AAA' by CRISIL, 'ICRA (AAA)' by ICRA and 'CARE AAA' by CARE each with respect to our debt programme. International credit rating agencies such as Moody's have rated us Baa3 (Negative) while Fitch, Standard & Poor's and Japan Credit Rating Agency have rated us BBB-'Negative', BBB- (Stable) and BBB+ (Stable). These ratings continue to remain valid till such time these are modified by the respective rating agency. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our business, results of operations, financial condition and cash flows.

Our borrowing costs and our access to the debt capital markets depends significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "Negative" outlook (Moody's), BBB-with a "stable" outlook (S&P), BBB+ with a "stable" outlook (Japan Credit Rating Agency) and BBB- with a "Negative" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance.

**10. Non-availability of funding from the Life Insurance Corporation of India ("LIC") matching the requirement of funds by Indian Railways for railway projects under EBR-IF may affect the asset-liability position of our Company.**

We have in the past raised funds from the LIC. The MoR had entered into a MoU dated March 11, 2015 with LIC to avail Rs.1,50,000 crore over a period of five years, commencing from Fiscal 2016. Based on this MoU, we entered into a MoU with the MoR dated May 23, 2017 to be the intermediary for the funding from LIC. The MoU provides for a tenor of 30 years for each installment, with capitalization of interest accruing in the first five years and repayment of principal in equal semi-annual installments in 20 years commencing after a moratorium of 10 years. In terms of the MoU executed between our Company and the MoR, the repayment terms by the MoR are to be kept similar to the structure of funding from LIC. Subsequently, the MoU between MoR and LIC expired in Fiscal 2020. This arrangement with the LIC has subsequently ended in Fiscal 2020.

Going forward we may not be able to avail funding from the LIC matching the requirements of the Indian Railways and accordingly, we will be required to arrange funds from other sources to bridge the shortfall which has shorter tenor as compared to the tenor of funding that we have availed from the LIC in the past. Accordingly, unavailability of funding from the LIC matching the requirement of funds by Indian Railways for railway projects under EBR-IF may affect our asset-liability position. Further, we have requested the MoR to maintain the tenor of lease between our Company and the MoR corresponding to the tenor of borrowing for railway projects. In the event of a mismatch between the tenor of the loans to the MoR and that of the bonds issued/ loans raised by our Company for financing railway projects, our results of operations and financial condition may be adversely affected.

**11. We were required to prepare and present our financial statements under Ind AS with effect from April 1, 2018 with a transition date of April 1, 2017. Our Ind AS financial statements for Fiscals 2018, 2019 and 2020, and for the six months ended September 30, 2019 and 2020, which form the basis of our Restated Financial Statements included in this offer letter, are not comparable with our historical previous GAAP financial statements.**

From April 1, 2018, we were required to prepare our financial statements in accordance with Ind AS with a transition date of April 1, 2017. Our historical financial statements for Fiscal 2018 was originally prepared in accordance with previous GAAP. Ind AS varies in many respects from previous GAAP, and accordingly our Ind AS audited financial statements for the six months ended September 30, 2019 and 2020 and for Fiscals 2018, 2019 and 2020, which form the basis of our Restated Financial Statements included in this Offer letter, are not comparable with our historical previous GAAP financial statements.

**12. We are currently exempt from provisioning requirements in respect of deferred tax asset or deferred tax liability, however, there can be no assurance that the MCA will not withdraw the exemption in future.**

Pursuant to circular S.O. 529 (E) dated February 5, 2018 and subsequent amendment through circular dated April 2, 2018 (collectively, the "DTL Circulars") issued by the MCA, a government company which is engaged in the business of infrastructure finance leasing with not less than 75% of its total revenue being generated from business



with government companies or other entities owned or controlled by the GoI are exempt from the requirements of provisioning in respect of Ind AS 22 or Ind AS 12 relating to deferred tax asset or deferred tax liability, respectively with effect from April 1, 2017. Subsequently, the MCA vide their communication no. Eoffice F.No.17/32/2017-CL-V dated March 20, 2020, advised our Company to apply paragraph 11 of Ind AS 01, first time adoption of Ind AS read with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, our Company has during Fiscal 2020 reversed the deferred tax liability of Rs.64,43.14 crore by crediting the retained earnings as at April 1, 2017, being the date of transition to Ind AS.

Our profitability may be adversely affected if any of these DTL circulars are withdrawn. Further, there can be no assurance that the MCA will not withdraw the existing exemptions, which may adversely affect our business, net worth, financial condition and results of operations.

**13. We are involved in certain legal proceedings, any adverse developments related to which could materially and adversely affect our business, reputation and cashflows.**

There are outstanding legal proceedings involving our Company which are incidental to our business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour or that no further liability will arise out of these proceedings. A summary of the outstanding criminal proceedings, tax proceedings, actions taken by statutory and regulatory authorities and other 'material' litigation as per the Materiality Policy, if any, involving our Company is set out below:

**Litigation involving our Company**

(Rs. in crore)

S. No.	Nature of litigation	Number of cases	Approximate amount involved*
<i>Litigation against our Company</i>			
1.	Criminal	Nil	Not Applicable
2.	Tax	2	2,654.71
3.	Actions taken by statutory and regulatory authorities	Nil	Not Applicable
4.	Other 'material' litigation as per the Materiality Policy	1	Nil
<i>Litigation by our Company</i>			
1.	Criminal	1	0.06
2.	Other 'material' litigation as per the Materiality Policy	Nil	Not Applicable
3	Tax	1	1466.44

\* to the extent quantifiable

The amounts claimed in the abovementioned proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. Further, such legal proceedings could divert management time and attention and consume financial resources.

**14. Our Company is not in compliance with certain provisions of the SEBI Listing Regulations.**

As of the date of this PPOL, the composition of our Board of Directors is not in compliance with the requirements of the SEBI Listing Regulations. Currently, the Board of Directors comprises of six directors, out of which two directors are whole time directors (including the Chairman and Managing Director), two directors are nominee directors of the GoI and two directors are independent directors. Accordingly, the composition of the Board of Directors is not in compliance with the applicable provisions of the SEBI Listing Regulations. Accordingly, in order to be compliant with the applicable corporate governance requirements of the SEBI Listing Regulations, our Company is required to appoint two additional independent directors. In this regard, the Company has by way of e-mails dated July 31, 2020 and September 29, 2020, informed the MoR of the statutory requirement of appointing additional independent directors on its Board of Directors, to ensure compliance with applicable corporate governance norms. Being a CPSE and under the administrative control of the MoR, we are required to follow the procedures and guidelines specified by the MoR from time to time, including in relation to corporate governance. Further, as specifically provided under Article 198 of the Articles of Association of the Company, directors of the Company are appointed by the President of India, acting through the MoR. To that extent, the appointment and selection of the Board of Directors of our Company, is beyond our control.

Pursuant to the exemption letter dated November 27, 2020, our Company was exempted from compliance with the above mentioned requirements of the SEBI ICDR Regulations and the SEBI Listing Regulations in relation to appointment of Independent Directors, till listing of the Equity Shares. Now our Company will be required to



comply with inter alia the above mentioned requirements of the SEBI Listing Regulations. Further, we may be subject to penalties for non-compliance with any of the aforementioned provisions of the SEBI Listing Regulations and SEBI ICDR Regulations which could have an adverse effect on our reputation, business operations, financial conditions and results of our operations.

**15. Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.**

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depends upon an evaluation of information regarding markets or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events.

Although we have established policies and procedures, they may not be fully effective to accomplish our objectives. As the company seeks to expand the scope of its operations, it also faces the risk of failing to develop risk management policies and procedures that are designed for such operations in a timely manner or at all. Our future success will also depend, in part, on our ability to respond to evolving NBFC sector standards and practices on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully adapt to evolving market standards and practices. Any inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

**16. Our ability to raise foreign currency borrowings may be constrained by Indian law.**

One of the sources of our funds is external commercial borrowings. As of September 30, 2020, we had Rs.25,006.97crore in external commercial borrowings denominated in U.S. Dollars and Japanese Yen. Further, our ability to raise foreign currency borrowings is limited to USD 750 million or equivalent per financial year under the automatic route without the prior approval of the Reserve Bank of India, subject to compliance with parameters and other terms and conditions set out in the external commercial borrowings policy/ framework issued by the Reserve Bank of India. As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required regulatory approvals for borrowings in foreign currencies will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition and results of operations.

We are subject to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and the Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations RBI/FED/2018-19/67 FED Master Direction No. 5/2018-19 dated 26 March 2019 (“**ECB Guidelines**”), including applicable regulations, guidelines and circulars issued by the RBI, which governs all forms of borrowing from non-resident entities other than by the issue of non-convertible debentures in domestic market, affecting our ability to freely raise foreign currency borrowings. For instance, under the ECB Guidelines, we are restricted to borrowing from certain ‘recognised lenders’ that are defined therein. The borrowings that we avail are subject to restrictions such as prescriptions on permissible end uses, minimum maturity period specifications and hedging requirements. We are also subject to caps on the maximum amount we may raise, beyond which we shall be required to obtain the approval of the RBI for any additional borrowings. Such provisions may affect our ability to borrow effectively and on favourable terms.

**17. If we are unable to manage our growth effectively, our business and financial results could be adversely affected.**

Our business has grown since we began operations in 1986. Our total assets increased by 27.86% from Rs.1,61,451.04 crore as of 31 March 2018 to Rs.2,06,438.29 crore as of 31 March 2019 and by an additional 33.46% to Rs.2,75,504.13crore as of 31 March 2020 and was Rs.2,91,986.58 crore as of 30 September 2020. We intend to continue to grow our business, which could place significant demands on our financial and other internal risk controls. It may also exert pressure on the adequacy of our capitalisation, making management of asset quality increasingly important.



Our ability to sustain and manage growth depends primarily upon our ability to manage key operational issues, such as our ability to raise funds on acceptable terms and at competitive rates which in turn depends on various factors, including the regulatory environment and policy initiatives in India, lack of liquidity in the market, developments in the international markets affecting the Indian economy, investors' and/ or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. If we are unable to maintain the quality of our assets, obtain adequate financing or financing on terms satisfactory to us and in a timely manner, our ability to grow or support our business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations would be materially and adversely affected.

Our ability to sustain and manage growth is also affected by factors outside of our control, such as GDP growth, changes in regulatory policies, changes in demand for rolling stock by Ministry of Railways and changes in interest rates. We may not be able to successfully maintain growth rates due to unfavorable changes in any one or more of the aforementioned factors. Our inability to effectively manage any of these operational issues or react to external factors may materially and adversely affect our business, prospects, financial condition, and results of operations.

**18. Post completion of the Initial Public Offering by our Company, our cost of borrowings may go up**

Before IPO, our Company was wholly owned by the GoI which made us eligible for certain benefits, such as, inclusion of offshore issuance of bonds/ notes of USD 500 Million and above in the Morgan Stanley Capital International Emerging Markets Bond Index. Rating agencies factor our strategic importance to the MoR due to the ownership by the GoI and business with only the MoR and other entities owned by the MoR which helped us obtain credit rating at par with sovereign ratings from domestic and international credit rating agencies. We believed that these factors enabled our Company to borrow at competitive rates and terms. In terms of the extant SEBI ICDR Regulations, the minimum public shareholding must be 25% within three years of listing. There have been press reports in September 2020 that JP Morgan has opted not to include India's government bonds in one of its flagship emerging market indices. In the event this is implemented, it may adversely affect our results of operations and financial position. Following completion of the initial public offering by our Company, the cost of borrowings of our Company may be affected due to change in risk perception of the investors and rating agencies and non-inclusion of our bonds in the Morgan Stanley Capital International Emerging Market Bond Index which may affect our results of operations and financial position.

**19. Our Company is subject to supervision and regulation by the RBI, as an NBFC-ND-SI and Infrastructure Finance Company and other regulatory authorities and changes in the RBI's regulations and other regulations, and the regulation governing our Company or the industry in which our Company operates could adversely affect our business.**

We are registered with the Reserve Bank of India as a NBFC (Systematically Important) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, we are regulated principally by the RBI and are subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs.

Earlier, NBFCs which were government companies in terms of the Companies Act, 2013, were exempt from the prudential norms as prescribed by the RBI for NBFCs. This exemption has since been withdrawn with effect from May 31, 2018. However, the RBI has granted exemption to our Company from asset classification, provisioning and exposure norms to the extent of its exposure to the MoR. Further, we have been granted exemption by the RBI from credit concentration norms to the extent of 100% of our owned funds for our exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%. Accordingly, our Company has been adhering to the prudential norms prescribed by the RBI for NBFC-ND-SI except its exposure to sovereign, *i.e.* the MoR. Further, we have decided to follow the asset classification and provisioning norms as provided by the RBI for loans/ leases/ advances to entities other than Indian Railways. Further our company is subject to reporting obligations to the RBI. Further our Company is not in compliance with RBI guideline DNBR (PD) CC No.099 dated May 16, 2019 on account of non-appointment of a chief risk officer.

The RBI's regulation of NBFC-ND-SIs may change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and financial performance. For instance, the RBI has introduced the Master Direction – Non-Banking Financial Company – Systemically



Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, which are applicable to an NBFC-ND-SI. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented.

There can be no assurance that the RBI and/ or the GoI will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs. We cannot assure you that we will continue to remain exempt from capital adequacy and other prudential norms. Any change in the rules applicable to us as an NBFC-ND-SI may adversely affect our business, financial condition and results of operations.

**20. Our statutory auditors have made certain emphasis of matters in the audit reports and observations in the report on 'Other Legal and Regulatory Requirements' relating to our historical audited financial statements and their examination report on the Financial Information which may affect our future financial results.**

The Statutory Auditors have made certain emphasis of matters in the audit reports for the six months ended September 30, 2020. These are in relation to reconciliation and confirmation of the 'amounts payable to the MoR – Leased Assets' and claim of GST input tax credit. The Statutory Auditors have also made certain observations in their report on 'Other Legal and Regulatory Requirements' as required by the Companies (Auditor's Report) Order, 2016, to our audited financial statements for Fiscal Years 2018, 2019 and 2020 and for the six months ended September 30, 2020 and their examination report on the Restated Financial Information. These observations are in relation to, amongst others, the records of the fixed assets not including the particulars of the fixed assets leased to the Ministry of Railways, no physical verification being carried out for the leased fixed assets and the sale/ transfer deed of office building yet to be executed in our favour.

There can be no assurance that our statutory auditors will not include such emphasis of matters in the audit reports or such observations in their report on 'Other Legal and Regulatory Requirements' relating to our audited financial statements in the future, or that such emphasis of matters and observations will not affect our financial results in future fiscal periods. Investors should consider these remarks in evaluating our financial condition, results of operations and cash flows.

**21. The success of our business operations is dependent on our senior management team and Key Management Personnel as well as our ability to attract, train and retain employees.**

As of September 30, 2020, we had 26 permanent employees. The continued success of our business operations is attributable to our senior management team and Key Management Personnel. We believe that the experience of our senior management team has enabled us to experience consistent growth and profitability as well as maintain a robust liquidity and capital position. Our ability to sustain our growth depends upon our ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges. Considering the small size of our management team, our ability to identify, recruit and retain our employees is critical.

Further, as per the provisions of our Articles of Association, the MoR has the right to appoint Directors and other GoI representatives to our Board and for such period as may be determined by the GoI. We may be unable to attract and retain appropriate managerial personnel of our choice. We may also face attrition of our existing workforce. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We are in receipt of a complaint alleging that our CMD has been named as one of the parties in a first information report filed against certain officers of another public sector undertaking in his capacity as a former director (finance) of that entity. Any inability to attract and retain talented employees, or the resignation or loss of Key Management Personnel, or retain our existing personnel, may have an adverse impact on our business and future financial performance.

**22. Our business, financial condition and results of operations may be materially adversely affected by global health epidemics, including the recent COVID-19 outbreak, and the continuing effect of the same cannot be predicted.**

An outbreak of a novel strain of coronavirus disease 19 ("COVID-19"), was recognised as a pandemic by the World Health Organization, on 11 March 2020. Governments and municipalities across the world instituted measures in an effort to control the spread of COVID-19, including lockdowns, quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. By the end of March, the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility.



In order to contain the spread of COVID-19 virus, the Government of India initially announced a 21-day lockdown on 24 March 2020, which, after being subject to successive extensions, is currently being relaxed. In compliance with the lockdown orders announced by the Indian Government, our company temporarily closed its office and substantially, all of our employees were compelled to work remotely. The rapid shift to a remote working environment creates inherent productivity, connectivity, and oversight challenges. Governmental restrictions have been inconsistent and it is not clear when a return to worksite locations or travel will be permitted or what restrictions will be in place in those environments. The extent and/ or duration of ongoing workforce restrictions and limitations could impact our ability to comply with various reporting requirements to the regulators in a timely manner, among others. In addition, the changed environment under which we are operating could have an impact on its internal controls over financial reporting as well as its ability to meet a number of its compliance requirements in a timely or quality manner.

On account of COVID-19, the operations of Indian Railways were suspended. The operations were subsequently resumed in a limited manner. The lockdown imposed by the Government of India hampered the activities of the Indian Railways, the development of rolling stock assets and led to delays in development of Project Assets. If the COVID-19 outbreak progresses in ways that continue to disrupt our operations or the operations of the Indian Railways including through lockdowns and limited operations and access to business resources, such disruption may impact the growth rate of the Indian Railways and its consequent demand for funding. Accordingly, this would also materially negatively affect our operating results for Fiscal 2021 and subsequent periods.

With the outbreak of COVID-19, international stock markets began to reflect the uncertainty associated with the slow-down in the global economy. Reduced levels of international travel experienced since the beginning of January, large declines in oil prices and the significant decline in the Dow Jones Industrial Average at the end of February and beginning of March 2020 were largely attributed to the effects of COVID-19. In addition, the widespread lockdowns implemented by various countries since March 2020 had further slowed-down the global economy and disrupted daily operations of most companies. If the spread of COVID-19 continues to limit the level of economic activity globally and in particular in India, this likely would negatively affect our operating results, cash flow and business.

Further, our ability to ensure the safety of its workforce and continuity of operations while conforming with measures implemented by the central and state governments in relation to the health and safety of our employees may result in increased costs. For instance, a number of our employees contracted COVID-19. In the event other employees or members of our management team contract COVID-19, its operations may be adversely affected. Further, in the event any of our employees contract COVID-19, we may be required to quarantine our employees and shut down our office, as necessary. Risks arising on account of COVID-19 can also threaten the safe operation of the Issuer's offices and impact the well-being of our employees.

The ultimate impact of such a pandemic will depend on a number of factors, many of which are outside our control. These factors include the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity in India and globally, the eventual level of infections in India and the impact of any actions taken by governmental bodies or health organisations (whether mandatory or advisory) to combat the spread of the virus.

**23. Our inability to maintain Liquidity Coverage Ratio ("LCR") as prescribed in the 'Liquidity Management Framework' issued by the RBI for NBFCs with effect from December 1, 2020 may subject to us penalties thereby adversely affecting our financial performance and business operations.**

The RBI has introduced the 'Liquidity Management Framework' which *inter-alia* mandates all the deposit accepting NBFCs irrespective of their asset size and non-deposit accepting systematically important NBFCs with asset size of ₹ 100 billion and above, to maintain a liquidity buffer in the form of LCR representing high liquid assets from December 1, 2020. In terms of RBI notification titled "*Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies*" dated November 4, 2019, such NBFCs are initially required to maintain a minimum LCR at 50% of the net cash flows over the next 30 calendar days which will then progressively increase to 100% by December 1, 2024. In the event, we are unable to comply with the aforesaid requirements we may be subject to penalties that will adversely impact our business, financial condition and results of operations.

**24. We may fail to obtain certain regulatory approvals in the ordinary course of our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses which may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.**

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain regulatory



approvals, sanctions, licenses, registrations and permissions for operating and expanding our business. In particular, we require approval from RBI for our funding activities and are also required to obtain a loan registration numbers from the RBI in relation to our external commercial borrowings. We may not receive or be able to renew such approvals in the time frames anticipated by us, or at all, which could adversely affect our business. If we do not receive, renew or maintain the regulatory approvals required to operate our business it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future. Further, the approvals that we have obtained stipulate certain conditions requiring our compliance. If we fail to obtain any of these approvals or licences, or renewals thereof, in a timely manner, or at all or fail to comply with the conditions our business may be adversely affected.

In addition to the numerous conditions required for the registration as a NBFC with the RBI, we are required to maintain certain statutory and regulatory approvals for our business. In the future, we will be required to obtain new approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such approvals in the timeframe anticipated by us or at all. Failure by us to obtain the required approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

There may be future changes in the regulatory system or in the enforcement of the laws and regulations including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, or exchange controls, that could have an adverse effect on non-deposit taking NBFCs. In addition, we are required to make various filings with the RBI, the ROC and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other Regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with such requirements, we may be subject to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect our business. In addition, any historical or future failure to comply with the terms and conditions of our existing regulatory or statutory approvals may cause us to lose or become unable to renew such approvals.

**25. *Post IPO the GoI will continue to retain majority shareholding in the company, which will allow it to exercise significant influence over the company. Further, the GoI could require the company to take actions aimed at serving the public interest, which may not necessarily be profitable or financially feasible.***

Post IPO, the GoI controls 86.36% of our paid up Equity Share capital. Accordingly, the GoI will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board, the adoption of amendments to our Articles of Association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. Further, the President of India may from time to time issue directions as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest.

As a result of controlling ownership by the GoI, the company is required to adhere to certain restrictions and may not be able to diversify its borrowing portfolio by issuing different instruments without the prior approval of the GoI. There can be no assurance that the GoI will grant us such approvals in the future. The GoI will retain control over the decisions requiring adoption by the company's shareholders acting by a simple majority. This concentration of ownership may also delay, defer or even prevent a change in its control and may make some transactions more difficult or impossible without the support of the GoI. The interests of the GoI with respect to such matters and the factors that it will take into account when exercising its voting rights may not be consistent with and may conflict with the interests of its other shareholders, including the investors who purchased the Equity Shares in initial public offering.

Pursuant to the company's Articles of Association, the GoI may, from time to time, issue such directives or instructions as may be considered necessary in regard to the conduct of its business and affairs and may vary and annul any such directive or instruction. The GoI will have the power to elect and remove the Directors and therefore determine the outcome of most proposals for corporate action requiring approval of the Board or the shareholders, including with respect to the payment of dividends. Under the company's Articles of Association, the GoI may issue directives with respect to the conduct of its business or its affairs or change in control or impose other restrictions.

In addition, the GoI influences the company's operations through various departments and policies. The company's business is dependent, directly and indirectly, on the policies and support of the GoI, in many significant ways, including with respect to the cost of its capital, the financial strength of the MoR, the





management and growth of its business and its overall profitability. Additionally, the MoR is also significantly affected by the policies and support of the Gol. In particular, given the importance of the Indian Railways to the Indian economy, the Gol could require the company to take actions aimed at serving the public interest, which may not necessarily be profitable or financially feasible. Any such actions or directives may adversely impact the company's business, financial condition and results of operation.

**26. Our indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to obtain additional financing, raise capital, conduct our business and operations in the manner we desire.**

Incurring indebtedness is a core requirement of the nature of our business, and a large outstanding borrowings portfolio could have significant implications on our business and results of operations. We will continue to incur additional indebtedness in the future. As of September 30, 2020, our total borrowings were Rs.2,45,349.32 crore. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flows may be used towards servicing of our existing debt, which will reduce the availability of our cash flows to fund working capital and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as a portion of our indebtedness is at variable interest rates; and
- there could be a material adverse effect on our business, prospects, results of operations and financial condition if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements.

Some of the financing arrangements entered into by us include restrictive conditions and covenants that require us to obtain lenders consents and/ or intimate the respective lenders in advance, prior to carrying out certain activities and entering into certain transactions. For instance, we are required to obtain consent from our lenders in an instance where (i) shareholding of the Gol in our Company falls below 51%; (ii) our Company effectuates a change in its capital structure; and (iii) our Company amends its charter documents. In the event that such consents or waivers are not granted to us in a timely manner or at all, and if we do not repay any such loans from lenders from which we have been unable to obtain consents by such time, we would be in breach of the relevant financing covenants.

A failure to observe the covenants under our financing arrangements or failure to obtain necessary consents may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger cross-default provisions and the enforcement of security provided. There can be no assurance that we will be able to persuade our lenders to grant extensions or refrain from exercising such rights which may adversely affect our operations and cash flows. As a result, we may have to dedicate a substantial portion of our cash flows from our operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Additionally, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing or generate sufficient cash to fund our liquidity requirements. Further, as a result, the MoR may have to infuse equity or additional capital.

In addition, we also have unsecured loans which may be recalled at any time at the option of such lenders. Certain of our secured loans may also permit the lenders to recall the loan on demand. Such recalls on borrowed amounts may be contingent upon happening of an event including events beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls which may adversely affect our operations and cash flows.

In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all. Occurrence of any of the above contingencies with respect to our indebtedness could materially and adversely affect our business prospects, financial condition and results of operations.

**27. The company's loan agreements in respect of certain offshore borrowings contain 'change of control' provisions that trigger mandatory prepayment in the event the shareholding of the Gol in the Company falls below 51%.**

The company meets a portion of its annual borrowing target mandated by the MoR through mobilization of funds



from offshore markets. The senior unsecured debt facility agreements and Euro Medium Term Note programme documents entered into by the Company contain 'change of control' clauses. The clauses state that in the event the holding of the GoI in the Company falls below 51%, the Company may be required to redeem the debt prior to maturity as a result of such change in control.

In the event such clauses are triggered, the company may be exposed to refinancing and liquidity risks. Besides, the company has entered into derivative transactions to hedge foreign currency exchange risk and interest rate risk associated with such borrowings which may be required to be wound-up subjecting it to incur additional cost towards unwinding charges that may affect its results of operations and financial position if the company is unable to build in such costs as part of the weighted average cost of incremental borrowing which are included in the lease rentals payable by the MoR.

**28. Fluctuations in the value of the Indian Rupee against other foreign currencies may have a material adverse effect on our cost of borrowings.**

Changes in currency exchange rates influence our results of operations. A significant portion of our borrowings are denominated in currencies other than Indian Rupees, most significantly the U.S. Dollar and Japanese Yen. Significant fluctuations in currency exchange rates between the Indian Rupee and these currencies and interest such currencies may increase the cost of our borrowings. Although we selectively enter into hedging transactions to minimize our currency exchange risks and build in such costs in the weighted average cost of incremental borrowing which are included in the lease rentals payable by the MoR, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, Japanese Yen or other relevant foreign currencies. In the event we are unable to build such costs in the weighted average cost of incremental borrowing to the MoR, our financial condition and results of operations may be adversely affected.

**29. We will be required to comply with the provisions of the Ministry of Corporate Affairs to Companies (Share Capital and Debentures) Rules, 2014 that require us to maintain a certain percentage of non-convertible debentures maturing during the year in specified investments or deposits and any non-compliance with such rules may expose our Company to the levy of penalties.**

The Ministry of Corporate Affairs has amended the Companies (Share Capital and Debentures) Rules, 2014 by its notification dated 16 August 2019. In terms of the notification, listed NBFCs registered with the RBI under section 45-IA of the Reserve Bank of India Act, 1934 are exempt from creation of debenture redemption reserve for the nonconvertible debentures issued by it. Until 31 March 2019, our company was required to create debenture redemption reserve to the extent of 25% (50% until 31 March 2012) of the value of the bonds raised through public issue by the redemption dates of such bonds. Accordingly, the balance outstanding against bond redemption reserve as of 31 March 2019 amounting to Rs.5,714.56 crore have been transferred to retained earnings. In the event our company does not have adequate funds to comply with the rules, it may lead to imposition of penalties by the Ministry of Corporate Affairs and impede our Company's ability to raise further funds through issuance of NCDs in the domestic capital market. As NCDs have remained an important source of fund raising in the past, it may have adverse impact on our Company's business and results of operations. Further, typically the yield on specified investments/ deposits as prescribed by Ministry of Corporate Affairs is lower than our weighted average cost of incremental borrowing of our Company and margin included as part of lease rentals, in accordance with the Standard Lease Agreement, payable to us by the Ministry of Railways, which may, therefore, entail built-in losses leading to adverse impact on our results of operations and financial performance if it is unable to build in such costs as part of the weighted average cost of incremental borrowing which are included in the lease rentals payable by the Ministry of Railways.

**30. As an NBFC, we may be subject to periodic inspections by the RBI. Non-compliance with observations made by RBI during these inspections could expose us to penalties and restrictions.**

We are subject to periodic inspections by the RBI to verify correctness or completeness of any statement, information or particulars furnished to the RBI for the purpose of obtaining any information or particulars which we have failed to furnish on being called upon to do so. In past inspection reports, RBI has, among other things, identified deficiencies in our systems and operations such as non-appointment of chief risk officer, negative cumulative mismatch beyond the tolerance limits specified in the company's asset liability management policy, liquidity ratio being less than the comfortable level of one, delay in filing of returns in RBI Portal (COSMOS), the information technology systems and its management being less than adequate for the operations of our company. If we are unable to resolve such deficiencies to the satisfaction of the RBI, our ability to conduct its business may be adversely affected. While, as on the date of this offer letter, the RBI has not made any major observations against us; there can be no assurance that the RBI will not make observations in the future. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse impact on our business prospects, financial condition and results of operations.



**31. We have experienced negative cash flows in relation to our operating activities and investment activities in recent years/ periods. If we do not generate sufficient cash flows from our operations or experience negative cash flows in the future, our results of operations, liquidity and ability to service our indebtedness and fund our operations would be adversely affected.**

The following table sets forth certain information relating to our cash flows for the periods indicated. We may, in future, experience negative operating cash flows.

	Six months ended September 30, 2020	Fiscal		
		2020	2019	2018
(Rs. crore)				
Net cash flow/ (used) in operating activities	(10,904.16)	(62,717.59)	(41,748.19)	(28,076.13)
Net cash flow from investment activities	0.58	1.47	1.31	1.68
Net cash flow from financing activities	10,903.86	62,713.79	41,749.45	28,074.64
Net cash flow/ (used) during the year	0.28	(2.33)	2.58	0.19

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially affect our ability to operate our business and implement our growth plans.

Further, we have substantial debt service obligations and contractual commitments and our lease income, available cash and borrowings may not be adequate to meet our future liquidity needs. We cannot assure you that our businesses will generate sufficient cash flow from operations such that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to repay our existing indebtedness or fund our other liquidity needs. If we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected which will have a significant adverse effect on our results of operations and financial condition.

**32. We have decided to exercise the option under section 115 BAA of the Income Tax Act, 1961 and have not made any provision for tax for the current Fiscal while foregoing allowances such as unutilised and unexpired MAT credits of the earlier years exposing us to higher tax provisions if the provisions of section 115BAA of the Income Tax Act, 1961 are amended.**

We have decided to exercise the option permitted under section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. In terms of the aforesaid notification, companies exercising the option under section 115 BAA will be subject to reduced corporate tax rate of 22% (effective tax rate 25.17% after surcharge and cess). However, certain exemptions/ deductions will have to be foregone. Since our Company's taxable income under normal assessment is nil, we would not be required to pay any tax on exercising the option to adopt section 115BAA, we would also be outside the ambit of section 115JB of the Income Tax Act, 1961. Till now, the Company was paying Minimum Alternate Tax under the provisions of section 115 JB of the Income Tax Act, 1961. In the event of Company has taxable income under normal assessment in future, we will not be able to avail the foregone MAT credit, leading to higher incidence of tax which may adversely affect the financial performance, results of operations and financial position. Any subsequent change in the extant income tax provisions may enhance our tax liability and adversely affect our financial performance and results of operations.

**33. We face competition from financial and other institutions in raising funds from the market and may not be able to raise funds on terms beneficial to us.**

We face competition from financial and other institutions aiming to raise funds from the market. The market for raising funds is competitive and our ability to obtain funds on acceptable terms, or at all, will depend on various factors including our ability to maintain our credit ratings. In addition, since we are a non-deposit accepting NBFC, we may have restricted access to funds in comparison to banks and deposit taking NBFCs. Our primary competitors are public sector undertakings, public sector banks, financial institutions and other NBFCs. In the event that the terms and conditions of the debt instruments offered by such institutions are more attractive than those offered by us, we may not be able to raise debt from the market to the extent and on terms and conditions beneficial to us. If we are unable to raise such debt, it would lead to an increase in our cost of borrowings and thus, potentially affect our financial condition and results of operations.



**34. We have in this PPOL included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.**

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this PPOL. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. We have also included in this PPOL, financial information, including, AUM, net gearing ratio and Cost of Borrowings that may be different from those followed by other financial services companies. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs and financial services companies.


**35. We have certain contingent liabilities and commitments, and any crystallization of our contingent liabilities and commitments may adversely affect our financial condition.**

Our Restated Financial Statements disclosed the following contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets:

- As of September 30, 2020, claims against our Company not acknowledged as debts (Claims by bondholders in the consumer/ civil courts) amounted to Rs.0.43 crore.
- Claims against our Company not acknowledge as debt – relating to service matter pending in the Supreme Court - amount not ascertainable.
- The procurement/ acquisition of assets leased out by our Company to the Indian Railways is done by MoR. As per the lease agreements entered into between our Company and the MOR, the sales tax/ value added tax liability, if any, on procurement/ acquisition and leasing is recoverable from the MOR.
- The Directorate General of GST Intelligence, Chennai, Zonal Unit has served a show cause notice dated 16 April 2019 on our company alleging contravention of provisions of sections 67, 68 and 70 of the Finance Act, 1994 by our company and why service tax of Rs.2,653.77 crore along with interest and penalty be not demanded from our company. Our company has submitted reply against the said show cause notice stating that there is no contravention of provisions of any of the above stated sections of the Finance Act, 1994. On 21 October 2020, the Commissioner, CGST, Delhi East, requested comments from the DGGI, Chennai zonal unit and our company is in the process of filing the counter comments to the department.
- The income tax assessments of our company have been completed up to the Assessment Year 2016-17. The disputed demand of tax including interest thereon amounted to Rs.0.95 crore. Our company has already filed appeals against these tax demands and the same are pending at various appellate levels. Further, after adjusting the liability amount, refund order for Assessment Year 2016-17 was initiated.

In the event that any of these contingent liabilities materialize, the Issuer's business prospects, financial condition and results of operations may be adversely affected.

**36. We may not be able to adequately protect our intellectual property rights.**

Our ability to compete effectively depends in part upon protection of our intellectual property rights. Currently, we have registered our logo , and slogans, "Bhavishya Path Par" and "Future on Track" slogans under class 36 of the Trade Marks Act. Even though we has obtained registration for these trademarks, we may not always be successful in safeguarding the same from infringement or passing off. Additionally, there can be no assurance that we will be able to effectively recover damages for any infringement of our trademarks through legal proceedings. Further, there can be no assurance that we will be able to renew our existing trademark registrations after expiry. To the extent we are unable to effectively protect our intellectual property, our business and goodwill may be adversely affected.

**37. Our financial performance may be affected in the event of any delay or default by the MoR relating to the payment of lease rentals and / or other payments that are due to our Company under the terms of the Standard Lease Agreement.**



Under the terms of the Standard Lease Agreement, our Company is entitled to receive lease rentals (including the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year) and/ or certain other payments due to our Company as specified under the Standard Lease Agreement. Under the current provisioning norms as specified by RBI, and pursuant to the exemption granted by RBI by way of its letter dated December 21, 2018, our Company is exempt from the provisioning norms to the extent of our direct exposure to the sovereign. Pursuant to the Standard Lease Agreement, the MoR currently pays the semi annual lease rents in advance. The Standard Lease Agreement does not include any provision where our Company can claim any additional amount from the MoR in the event of a delay by the MoR towards its payment obligations. Our business, financial performance and cash flows may be adversely affected in the event of any delay or default by the MoR relating to the payment of lease rentals and/ or other payments under the terms of the Standard Lease Agreement.

**38. Liabilities arising due to interpretational differences of provisions of GST law on implementation and execution of contracts for construction of railway projects directly between us and railway contractors would devolve on us. In case we are unable to recover such liabilities from the MoR our business operations and financial condition may be adversely affected.**

Our Company has implemented various provisions of the Central Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017. Our company's interpretation of applicable provisions may be different from the interpretation of Revenue Department / GST Department of the Government which may result in increase in tax liabilities and interest and penalties thereon. As per the terms of the Standard Lease Agreement, indirect taxes, duties and cess are recoverable from them. Furthermore, for construction of railway projects funded by us, up till now, the Ministry of Railways was our agent for appointment of contractors, overseeing the construction and progress of projects, payment to contractors and other related activities till the completion and leasing of projects to the Ministry of Railways. We were the undisclosed principal. The construction contracts for projects funded by the Issuer were executed between the Ministry of Railways and the railway contractors. However, with effect from 1 May 2020, our company is the disclosed principal and the Ministry of Railways will act as the agent for all construction contracts for railway projects funded by it. The new contracts would be executed between our Company and railway contractors. The contracts for the existing projects funded by us have been novated in the name of our Company. Our company has also obtained GST registration in certain states where it has funded such projects and are under implementation. On account of being the principal under such contracts, any civil and criminal liability arising out of disputes with contractors would devolve directly on us. Our company would also be liable for interest and penalties, if any, due to non-compliance of applicable GST and income tax laws on payment to railway contractors by the Ministry of Railways out of funds transferred by our company to them. We expect that all liabilities will be indemnified by the Ministry of Railways to our Company. However, formal agreements in this regard between the Ministry of Railways and our Company are yet to be executed. In the event, we are unable to get the aforesaid agreements executed with the Ministry of Railways or are unable to recover damages, taxes, interest and penalties paid by it, it may adversely affect our company's business, results of operations and financial condition.

**39. We have entered into certain transactions with related parties in the past and any such transactions or any future related party transactions may potentially involve conflicts of interest, which may adversely affect our business, prospects, financial condition, and results of operation.**

We have entered into certain transactions with related parties, including our Promoter and our Directors, and may continue to do so in future. In the six months ended September 30, 2020 and Fiscal 2020, 2019 and 2018, the total amount of such related party transactions was Rs.2,92,153.87 crore, Rs.2,86,495.06 crore, Rs.2,15,734.39 crore and Rs.1,68,945.31 crore respectively. While we believe that all such transactions are in compliance with applicable laws and are on arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties, or that we will be able to maintain existing terms in cases where the terms are more favourable than if the transaction had been conducted on arm's length basis. It is likely that we will enter into other related party transactions in the future. Any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business prospects, financial condition and results of operations, including because of potential conflicts of interest or otherwise.

**40. We have not registered the title documents to our Registered and Corporate Office premises and accordingly the title to our office premises may be imperfect.**

We have entered into agreements to sale dated April 11, 2002 and November 21, 2002 in respect of the premises where our Registered Office and Corporate Office is located. Pursuant to the terms of the agreements to sale we



took possession of our registered and corporate office. However, the execution of the sale deed in respect of such premises is pending and is subject to the permission of the government. Accordingly, we presently do not hold title to such premises.

In case the sale deed is not executed and we are required to vacate the premises, we cannot assure you whether we will be able to purchase/ lease alternative premises on terms favourable to us, which could disrupt our business operations.

- 41. We have made certain delayed quarterly filings with RBI in the recent past and accordingly, we may be subject to action for non-compliance in this regard by RBI. Consequently, we may be subject to regulatory actions and penalties for any such past or future non-compliance and our business, financial condition and reputation may be adversely affected.**

There was a delay in filing our quarterly returns (NBFC-ND-SI and ALM returns) with RBI for the Financial Year 2019-20, in furtherance to the requirements of the Non-Banking Financial Companies (Reserve Bank) Directions 2016 on the RBI Portal (COSMOS) on account of technical / validation problems on the RBI portal. While no action has currently been taken or initiated by RBI in this regard, we cannot assure you that no future action will be taken by the RBI or any other regulatory authority for such non-compliance, or that we will be able to rectify or mitigate any such non-compliances, in a timely manner or at all. Any adverse regulatory views and consequential actions that we may be required to undertake, may be time consuming and may adversely impact our profitability, results of operations and future prospects.

- 42. Our Company has filed an application for adjudication of stamp duty on equity infusions made into the Company by the Govt from time to time since inception which may expose our Company to penalties.**

We have filed applications on December 24, 2019, December 21, 2019, December 20, 2019 and April 16, 2019 with the Collectorate of Stamps for adjudication of stamp duty on equity infusions made in our company by Government from time-to-time which is currently pending. The Collectorate of Stamp may invoke the provisions of the Indian Stamp Act and levy penalty for failure to deposit the stamp duty in time on the equity infusions made by the Government in our company from time-to-time since inception which may adversely affect the financial performance and results of operations of our company.

- 43. Insurance obtained by us may not adequately protect us against all losses and could adversely affect our business prospects, financial condition and results of operations.**

Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. There can, however, be no assurance that the terms of our insurance policies will be adequate to cover any loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that our company will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against our company that exceeds our company's available insurance coverage or changes in our company's insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business prospects, financial condition and results of operations.

- 44. We utilize the services of certain third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.**

We engage third party service providers from time to time for services including internal auditing, accounting functions, housekeeping, security and secretarial services. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. Any disruption or inefficiency in the services provided by our third party service providers could affect our business and reputation.

- 45. Our ability to pay dividends in the future will depend upon future earnings, guidelines issued by the DPE, financial condition, cash flows, working capital requirements and capital expenditures.**

As per the CPSE Capital Restructuring Guidelines, all central public sector enterprises are required to pay a minimum annual dividend of 30.00% of profit after tax or 5.00% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the legal provisions and the conditions mentioned in the aforesaid guidelines. However, an exemption from paying dividends may be granted by the DIPAM in accordance with the CPSE Capital Restructuring Guidelines, upon application to its Administrative Department to those CPSEs fulfilling certain criteria including having a high financial gearing (leverage ratio). Accordingly, our Company had written a letter dated September 20, 2017 to the MoR seeking exemption from the CPSE Capital Restructuring Guidelines and requesting the MoR to refer this exemption to DIPAM. Similar representations have also been



made by our Company to DIPAM.

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, guidelines issued by the DPE, financial condition, financial gearing, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including results of operations, financial conditions, contractual restrictions and restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future.

**46. System failures or inadequacy and security breaches in computer systems may adversely affect our business.**

In the course of our business operations, we collect, process, store, use and otherwise have access to a large volume of information. Our computer networks and IT infrastructure may be vulnerable to computer hackers, computer viruses, worms, malicious applications and other security problems resulting from unauthorized access to, or improper use of, such networks and IT infrastructure by our employees, third-party service providers or even independent third parties. We recently experienced an instance of a cyber security incident in relation to our website that required us to temporarily take down our website. Although our security systems have anti-virus software, such malicious attacks or malware related disruptions may jeopardize the security of information stored in and transmitted through our IT infrastructure and computer systems. We may therefore be required to incur significant expenses to protect against the threat of such security breaches and/ or to alleviate problems caused by such breaches. Unauthorized access and malware sabotage techniques and systems change frequently and generally are not recognized until launched against a target. We may be unable to anticipate these techniques or implement adequate preventative measures. Even if we anticipate these cyber security incidents, we may not be able to prevent or counteract such attacks or control the impact of such attacks in a timely manner or at all.

Any security breach, data theft, unauthorized access, unauthorized usage, virus or similar breach or disruption could result in loss or disclosure of confidential information, damage to our reputation, litigation, regulatory investigation or other liabilities. Further, we could be adversely affected if additional legislation or amendments to existing regulations are introduced to require changes in our business practices or if such legislation or regulations are interpreted or implemented in ways that adversely affect our business, financial condition and results of operations.

**47. Some of the information disclosed in this PPOL is based on information from industry sources and publications which have not been independently verified by us.**

Some of the information disclosed in this PPOL is based on information from the Ministry of Railways and certain other industry publications and sources, which have not been verified by us independently. Industry sources and publications generally state that the information contained therein has been obtained from sources considered to be reliable, but their accuracy, adequacy or completeness are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

**48. We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.**

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any anti-money laundering activity, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties.

**49. We rely on borrowings from institutional investors and such borrowings are subject to exposure norms prescribed by regulatory authorities and the trading in our non-convertible debentures and bonds may be infrequent, limited or sporadic, which may affect our ability to raise debt financing in future.**

We rely on borrowings from institutional investors through issuance of bonds on a private placement basis. The fact that such institutions are subject to single party, group and sectoral exposure limits imposed by the regulatory authorities, our ability to raise funds from these institutions may be limited in future. In addition, our bonds and non-convertible debentures are listed on the debt segment of the BSE and NSE. Trading in our debt securities has been limited and we cannot assure you that the debt securities will be frequently traded on the BSE or NSE or that there would be any market for our debt securities. Further, we cannot predict if and to what extent a



secondary market may develop for the debt securities or at what price such debt securities will trade in the secondary market or whether such market will be liquid or illiquid.

## EXTERNAL RISK FACTORS

### *Risks Relating to India and Other External Risk Factors*

**50. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our Company's financial condition.**

Our financial statements are prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles or U.S. GAAP, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

**51. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.**

Our results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, financial performance and operations.

We mainly derive revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, and emerging market conditions in Asia also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues.

**52. Natural disasters, acts of war, political unrest, epidemics, terrorist attacks or other events which are beyond our control, may cause damage, loss or disruption to our business and have an adverse impact on our business, financial condition, results of operations and growth prospects.**

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to who we export our products could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 virus. A worsening of the current outbreak of COVID-19 pandemic or future outbreaks of COVID-19 virus or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business.

**53. Financial instability in other countries may cause increased volatility in Indian financial markets.**





The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in global financial markets across the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cashflows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of the UK's future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations.

**54. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.**

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Finance Act, 2020 ("**Finance Act**"), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("**DDT**"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after 31 March 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and likely be subject to tax deduction at source. The company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such Dividend.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017.

For instance, the Finance Act, 2019 stipulates any sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act, 2019 has also clarified that the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our company's business and operations.

Further, the Government of India has announced the union budget for Fiscal 2021, pursuant to which the Finance Act, effective from July 1, 2020, has introduced various amendments. As such, there is no impact that the Finance Act, 2020 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure may result in it being deemed to be in contravention of such laws and/or may require us to apply for additional approvals.



We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specified terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

**55. *Difficulties faced by other financial institutions or the Indian financial sector generally could cause our business to suffer.***

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such “systemic risk”, may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. For instance, towards the end of 2018, defaults in debt repayments by a large NBFC in India, Infrastructure Leasing & Financial Services Limited, which had a significant shareholding from government-owned institutions, led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to renew loans and raise capital in recent times. If any event of similar nature or magnitude affecting the market sentiment surrounding the sector occurs again in the future, it may result in increased borrowing costs and difficulties in accessing cost-effective debt for us. Our cost of borrowings is sensitive to interest rate fluctuations which exposes us to the risk of reduction in spreads, on account of volatility in interest rates. In addition, our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can impact us negatively during periods of market illiquidity.

**56. *Investors may not be able to enforce a judgment of a foreign court against us.***

We are incorporated under the laws of India and all of our Directors and key management personnel reside in India. The majority of our assets, and the assets of certain of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (the “CPC”). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, whether or not predicated solely upon the general laws of the non-reciprocating territory, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment in India and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment.

**57. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

The Indian economy has had sustained periods of high inflation in the recent past which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs. Continued high rates of inflation may increase our expenses related to salaries or wages



payable to our employees or any other expenses. There can be no assurance that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

## RISKS RELATING TO THE BONDS

**58. There is no guarantee that the Bonds issued pursuant to this Issue will be listed on NSE and BSE in a timely manner, or at all.**

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until the relevant stock exchanges as well as SEBI approve of the listing, which will be available only after an updated document is accordingly filed with the relevant authorities at the time of such listing. Approval for listing and trading will require all relevant documents authorizing the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the NSE and/or BSE. If permission to deal in and for an official quotation of the Bonds is not granted by the Stock Exchanges, the Bonds will remain unlisted.

**59. There has been only a limited trading in the Bonds of such nature and the same may not develop in future, therefore the price of the Bonds may be volatile.**

There has been only a limited trading in bonds of such nature in the past. Although the Bonds shall be listed on NSE and BSE, there can be no assurance that a public market for these Bonds would be available on a sustained basis. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are being issued.

Further, the price of our Bonds may fluctuate after this Issue due to a wide variety of factors, including:

- Changes in the prevailing interstate;
- Volatility in the Indian and global securities markets;
- Our operational performance, financial results and our ability to expand our business;
- Developments in India's economic liberalization and deregulation policies;
- Changes in India's laws and regulations impacting our business;
- Changes in securities analysts' recommendations or the failure to meet the expectations of securities analysts;
- The entrance of new competitors and their positions in the market; and
- Announcements by our Company of its financial results.

We cannot assure that an active trading market for our Bonds will be sustained after this Issue, or that the price at which our Bonds are initially offered will correspond to the prices at which they will trade in the market subsequent to this issue.

**60. Foreign Investors, including Eligible NRIs, FIIs and Eligible QFIs subscribing to the Bonds are subject to risks in connection with (i) exchange control regulations, and, (ii) fluctuations in foreign exchange rates.**

The Bonds will be denominated in Indian rupees and the payment of interest and redemption amount shall be made in Indian rupees. Various statutory and regulatory requirements and restrictions apply in connection with the Bonds held by Eligible NRIs, FIIs and Eligible QFIs ("**Exchange Control Regulations**"). Amounts payable to Eligible NRIs, FIIs and Eligible QFIs holding the Bonds, on redemption of the Bonds and/or the interest paid/payable in connection with such Bonds or the amount payable on enforcement of security would accordingly be subject to prevailing Exchange Control Regulations in case of applicants who have invested on repatriation basis.

Any change in the Exchange Control Regulations may adversely affect the ability of such Eligible NRIs, FIIs and Eligible QFIs to convert such amounts into other currencies, in a timely manner or at all. Further, fluctuations in the exchange rates between the Indian rupee and other currencies could adversely affect the amounts realized by Eligible NRIs, FIIs and Eligible QFIs on redemption or payment of interest on the Bonds by us. Additionally, our Bonds are quoted in Indian rupees in India and Investors may be subject to potential



losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency. Investors are subject to currency fluctuation risk and convertibility risk since the Bonds are quoted in Indian rupees on the Indian stock exchanges on which they are listed. Returns on the Bonds will also be paid in Indian rupees. The volatility of the Indian rupee against the U.S. dollar and other currencies subjects Investors who convert funds into Indian rupees to purchase our bonds to currency fluctuation risks.

**61. Investor may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.**

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all.

**62. Changes in prevailing interest rates may affect the price of the Bonds.**

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e., when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon rate, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the trading price of the Bonds.

**63. Any downgrading in our domestic and international credit rating of our Bonds may affect the trading price of our Bonds.**

CRISIL Ltd. (“CRISIL”) has accorded “CRISIL AAA/Stable” vide its letter Ref No. INRAFIC/246332/LTBP/210420201 dated April 21, 2020, ICRA Ltd. (“ICRA”) vide its letter No. D/RAT/2020-21/11/01 dated April 20, 2020 has also assigned a credit rating of “[ICRA] AAA” with a Stable Outlook and Credit Analysis & Research Ltd. (“CARE”) has accorded “CARE AAA” with a Stable Outlook vide its letter Ref No. CARE/DRO/RL/2020-21/1052 dated April 21, 2020 for FY 2020-21.

Further, international rating agencies like Japan Credit Rating Agency Limited has affirmed its BBB+ (Stable Outlook) rating on the long term senior debts and the Japanese Yen bonds issued by the Company. Standard & Poor’s, Moody’s and Fitch have assigned BBB- (Stable Outlook), Baa3 (Negative Outlook) and BBB- (Negative Outlook) rating respectively to the foreign currency borrowings of the Company.

These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the Bonds and may also affect our ability to raise further debt. For the rationale for these ratings by domestic Credit Rating Agencies, refer to the Annexure.

**64. Payments made on the Bonds will be subordinate to certain tax and other liabilities as laid down by law.**

The Bonds will be subordinate to certain liabilities preferred by law such as to claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of the liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying the aforesaid senior ranking claims, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by Investors in the Bonds on our bankruptcy, winding-up or liquidation.

**65. Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of bonds.

**66. The Bonds are subject to the risk of change in-law.**



The terms and conditions of the Bonds are based on Indian law in effect as of the date of issue of the relevant Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant Bonds and any such change could materially and adversely impact the value of any Bonds affected by it.

- 67. No debenture redemption reserve will be created for the Bonds issued under this issue since as per Companies (Share Capital & Debentures) Rules, 2014, as amended (“Debentures Rules”), or NBFC’s registered with the RBI under section 45-1A of the RBI (Amendment) Act, 1997, no DRR is required in the case of privately placed debenture.***

According to the Companies (Share Capital and Debentures) Rules, 2014, or NBFCs registered with the RBI under Section 45-1A of the RBI (Amendment) Act, 1997 no DRR is required in Case of privately placed debentures. Therefore, creation of DRR is not envisaged against the Bonds being issued under the terms of this Private Placement Offer Letter.



## VII. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS

### 1. OVERVIEW

The Company was incorporated on December 12, 1986 under the Companies Act as a public limited company and received its certificate for commencement of business on December 23, 1986. The GoI, Ministry of Railways, incorporated the Company as a financial arm of Indian Railways, for the purpose of raising a part of the resources necessary for meeting the developmental needs of the Indian Railways. The company is listed on NSE and BSE w.e.f. January 29, 2021. Our Promoter is the President of India, acting through the MoR which holds 86.36% of the paid up equity share capital.

The Ministry of Corporate Affairs, through its notification dated October 8, 1993 published in the Official Gazette of India, classified the Company as a Public Financial Institution under Section 4(A) of the Companies Act (now as defined under sub-section 72 of Section 2 of the Companies Act, 2013).

The Company was registered with the RBI under Section 45-IA of RBI Act as a non-banking financial company without accepting public deposits *vide* certificate of registration dated February 16, 1998. The Company was later classified under the category “Infrastructure Finance Company” by the RBI through a fresh certificate of registration dated November 22, 2010.

The Company's registered and corporate office is situated at Room Nos. 1316 - 1349, 3rd Floor, Hotel The Ashok, Diplomatic Enclave, 50-B, Chanakyapuri, New Delhi – 110021, India.

Due to the Company's status as a Government company, it was exempt from provisions of the RBI Act relating to the maintenance of liquid assets, the creation of reserve funds and prudential norms. However, the exemptions granted to the Govt. NBFC have since been withdrawn from May 31, 2018. Accordingly, the Company is complying with all the prudential norms applicable to NBFC-ND-SI except for its exposure to Sovereign. RBI *vide* its letter dated December 21, 2018 has granted exemption from Income Recognition and Asset Classification (IRAC) norms, standard asset provisioning and exposure norms to the extent of their direct exposure on the sovereign.

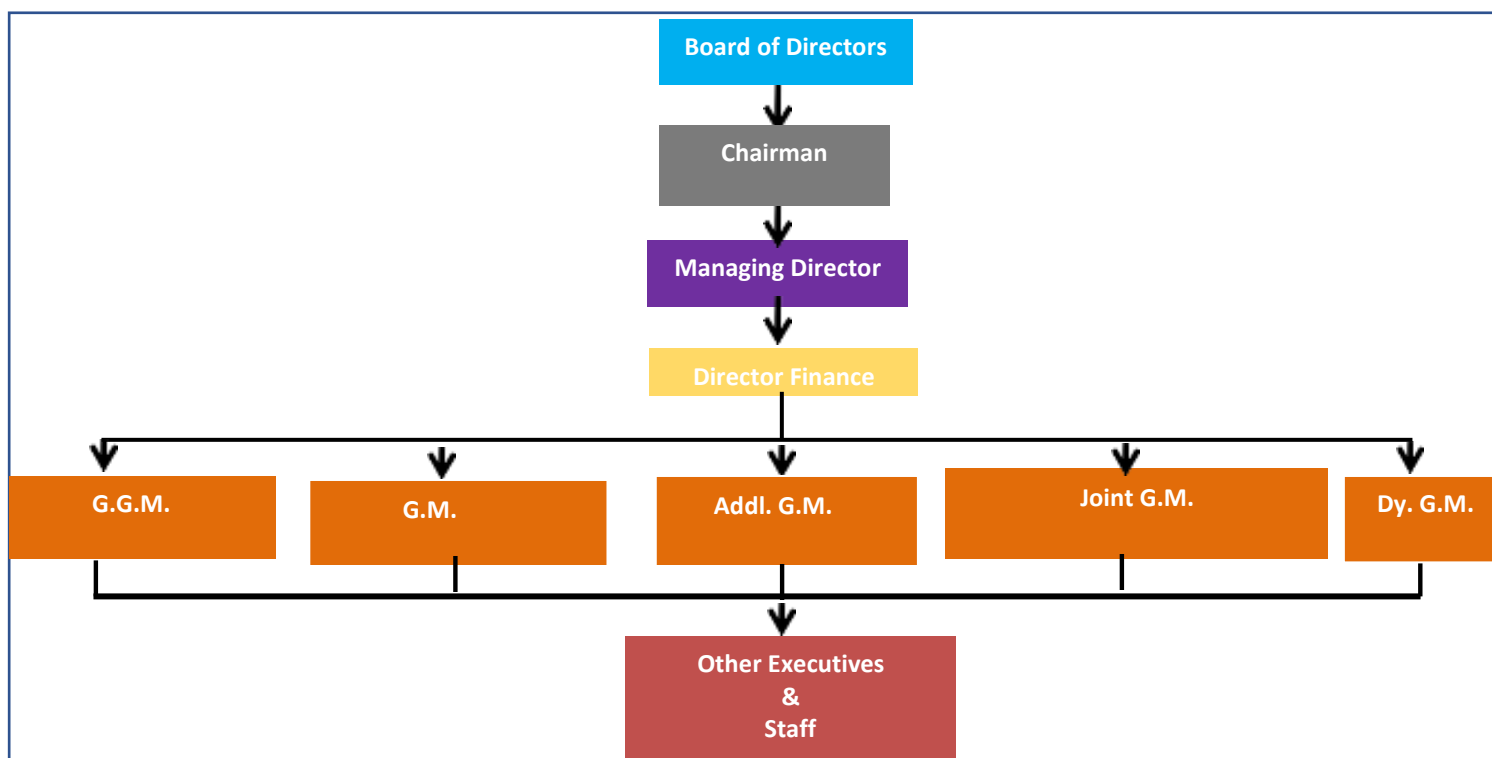
The primary objective of the Company is to act as a financing arm for the Indian Railways. The development of the Company's business is dependent on the MOR's strategy concerning the growth of the Indian Railways. (The MOR is responsible for the acquisition of rolling stock and for the improvement, expansion and maintenance of the railway infrastructure. The Company is responsible mainly for raising the finance necessary for the acquisition of rolling stock ordered by the MOR). The Company's principal business therefore is borrowing funds from the commercial markets to finance the acquisition of new rolling stock which is then leased to the Indian Railways. For the first time during FY 2011-12, the Company was assigned the additional task of financing select capacity enhancement works of Indian Railways including doubling, electrification etc. to the tune of Rs.2,078.49 crore. However, for the FY 2012-13, FY 2013-14 and FY 2014-15, no amount was mandated by MOR for funding such capacity enhancement works of Indian Railways.

For the year 2015-16, the Company has been assigned the additional task of funding Railway Projects through Institutional Finance from LIC. The target of borrowing through this route has been pegged at Rs.1.50 lakh crore over the next five years with effect from the FY 2015-16. By the end of FY 2019-20, the disbursement by the Company for funding of Railway Projects has remained at Rs.113,429.32crore. Besides, the Company has funded National Projects to the extent of Rs.7,578.70 crore

At the beginning of each Fiscal Year, the MOR notifies the Company of its financing requirements which are to be met through market borrowings. The Company then undertakes to provide finance to the Indian Railways subject to market conditions. At the end of each year, a lease agreement is drawn in relation to the rolling stock acquired by the MOR from IRFC funds during the previous year. The Lease is for a period of 30 years comprising primary lease period of 15 years followed by a secondary lease period of another 15 years. Lease rentals represent the Company's capital recovery plus the cost plus a net interest margin. The full recovery of principal and interest takes place during the primary lease period. The Company charges a margin of 40 bps over its cost of incremental borrowings for FY 2019-20. A part of the funds so raised are also utilized for funding bankable projects (i.e. such projects or proposals that have sufficient collateral, future cash flows and high probability of success) approved by the MOR and which are executed by Rail Vikas Nigam Limited (“RVNL”). Similar to core lease transactions, the interest charged by the Company is on a cost plus margin basis. In addition, the Company has also granted loans to Railway PSUs like Railtel Corporation of India Limited (“RailTel”). To the end of March, 2020, IRFC has funded rolling stock assets worth Rs.2,23,810.78 crore. Further, it has disbursed funds to the tune of Rs.6268.11 crore to various railway entities.



### 3. CORPORATE STRUCTURE



### 3. KEY OPERATIONAL & FINANCIAL PARAMETERS OF THE ISSUER (Based on restated financial information)

(Rs. in crore)

Sr. No.	Particulars	Nine Months ended 31.12.2020 (Limited Review) IND-AS	Year ended 31.03.2020 (Audited) IND-AS	Year ended 31.03.2019 (Audited) IND-AS	Year ended 31.03.2018 (Audited) IND-AS
1	<b>Net worth</b>	<b>32734.32</b>	<b>30299.75</b>	<b>24866.30</b>	<b>20324.28</b>
2.	<b>Financial Assets</b>				
a.	Cash and Cash Equivalents	131.06	1.38	3.71	1.13
b.	Bank Balance other than above	92.12	99.38	77.36	98.69
c.	Other Financial Assets	305312.18	273288.94	204805.77	159897.75
	<b>Sub Total</b>	<b>305535.36</b>	<b>273389.70</b>	<b>204886.84</b>	<b>159997.57</b>
	Non-Financial Assets	2782.05	2114.43	1551.46	1453.47
	<b>Total Assets</b>	<b>308317.41</b>	<b>275504.13</b>	<b>206438.30</b>	<b>161451.04</b>
3.	<b>Financial Liabilities</b>				
a.	Debt Securities	168096.43	155290.46	123597.90	110844.25
b.	Borrowings (Other than Debt Securities)	89369.28	79086.26	50334.78	23161.28
c.	Other Financial Liabilities	18041.12	10781.64	7622.71	6451.12
	<b>Sub Total</b>	<b>275506.83</b>	<b>245158.36</b>	<b>181555.39</b>	<b>140456.65</b>
	Non-Financial Liabilities	76.26	46.02	16.61	670.11
	<b>Total Liabilities</b>	<b>275583.09</b>	<b>245204.38</b>	<b>181572.00</b>	<b>141126.76</b>
4.	Interest Income*	11315.28	13420.43	10986.84	9206.48
5.	Interest Expense	8319.22	10162.66	8183.06	6637.59
6.	Provisioning & Write-offs	-	-	-	-
7.	Profit for the period	2933.58	3192.10	2139.93	2001.46



8.	Gross NPA to Gross Advances (%)	Nil	Nil	Nil	Nil
9.	Net NPA to Net Advances (%)	Nil	Nil	Nil	Nil
10.	Debt Equity Ratio	7.87	7.74	6.99	6.59
11.	Tier I Capital Adequacy Ratio (%)	434.29%	395.39%	347.14%	320.58%
12.	Tier II Capital Adequacy Ratio (%)	-	-	-	-

\* Includes lease income

#### 4. GROSS DEBT EQUITY RATIO OF THE ISSUER

##### Gross Debt Equity Ratio of the Company\*

Before the issue of debt securities	7.50
After the issue of debt securities	

\* Any change in shareholders fund and debt has not been considered after September 30, 2020 except for Rs.1188.05 crore pertaining to increase in paid up equity share capital and Rs.1900.87 crore pertaining to share premium account pursuant to IPO, Rs.5991.20 crore towards Bonds issue pertaining to 153<sup>rd</sup> Series, Rs.4652 crore towards Bonds issue pertaining to 154<sup>th</sup> Series, Rs.3000 crore towards Bonds issue pertaining to 155<sup>th</sup> Series and Rs.1954.50 crore towards Bonds issue pertaining to 156<sup>th</sup> Series.

#### 5. OTHER FINANCIAL PARAMETERS

Particulars	FY 2019-20	FY 2018-19	FY 2017-18
Dividend declared (as %age on FV)	4.21	4.26%	5.74%
Interest Coverage Ratio (times)	1.22	1.27	1.32

#### 6. PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS.

The funds being raised by the Issuer through present issue of Bonds are not meant for financing any particular project. The funds shall be used for meeting the requirement for identified railway projects which shall be part of annual budget estimates. The funds shall be invested in railway projects as contained in MOR's annual works, machinery, and rolling stock programme as contained in annual budget estimates presented before Parliament.

#### 7. SUBSIDIARIES OF THE ISSUER

The Company does not have any subsidiary.





## VIII. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

### 1. BRIEF HISTORY OF THE ISSUER

Indian Railway Finance Corporation Limited, a Public Financial Institution was incorporated on 12<sup>th</sup> December, 1986 by the Ministry of Railways, for the purpose of raising the necessary resources for meeting the developmental needs of the Indian Railways (the "Indian Railways"). IRFC began its operations after obtaining the certificate of Commencement of Business on 23<sup>rd</sup> December, 1986. IRFC was initially set up with an Authorised Capital of Rs. 200 cr. which was increased to Rs.500 cr. In 1989-90 and was further enhanced to Rs.1,000 Crore during the year 2007-08. During the year 2009-10, the Authorised Capital was again increased to Rs.2000 cr. and further to Rs.5000 cr. in 2011-12, Rs.15000 crores in 2015-16 and to Rs.25000 crores in 2020-21 so far. Similarly, the paid-up share capital has gone up from Rs.100 cr. in 1986-88 to Rs.160 cr. During 1988-89, Rs.232 cr. in the year 1989-90, Rs.500 crore in the year 2007-08, Rs.800 crore in 2008-09, Rs.1091 crore in 2009-10, Rs.1602 crore in 2010-11, Rs.2102 crore in FY 2011-12, Rs.2352 crore in FY 2012-13, Rs.3352 crore in FY 2013-14, Rs.3583.96 crore in FY 2014-15, Rs.4526.46 crore in FY 2015-16, Rs.6526.46 crore in FY 2016-17, Rs.9380.46 crore in FY 2018-19, Rs.11880.46 crore in FY 2019-20 and Rs.13068.51 crore in FY 2020-21.

The company is listed on NSE and BSE w.e.f. January 29, 2021. Our Promoter is the President of India, acting through the MoR which holds 86.36% of the paid up equity share capital. The balance sheet size of IRFC has increased consistently over the years from Rs.33,283.17 crore (as per Indian GAAP) in 2008-09 to Rs.1,61,451.04 crore (as per IND-AS) in 2017-18 to Rs.2,06,438.29 crore (as per IND-AS) for the year ending March 31,2019 and further to 2,75,504.12 crore (as per IND-AS) for the year ending March 31, 2020.

IRFC's registered office is at Room Nos. 1316 - 1349, 3rd Floor, Hotel The Ashok, Diplomatic Enclave, 50-B, Chanakyapuri, New Delhi – 110021 w.e.f 4<sup>th</sup> March, 2021. Its registration number with Registrar of Companies, NCT of Delhi & Haryana is 26363.

IRFC is registered as a Non- Banking Finance Company under section 45 IA – with the RBI, previously IRFC was not required to comply with the Reserve Bank of India's regulatory requirements on asset classification, income recognition, provisioning, and prudential exposure norms, which restrict a non-banking finance Company's maximum exposure to a sector or an entity. However, the exemptions granted to the Govt. NBFC have since been withdrawn from May 31, 2018. Accordingly, the Company is complying with all the prudential norms applicable to NBFC-ND-SI except for its exposure to Sovereign. RBI vide its letter dated December 21, 2018 has granted exemption from Income Recognition and Asset Classification (IRAC) norms, standard asset provisioning and exposure norms to the extent of their direct exposure on the sovereign.

IRFC was ranked among top ten central Public Sector Undertakings for its performance during 2001-02, 2002-03, 2003-04 and 2004-05 by the Department of Public Enterprises and has also been given an award by President of India and Prime Minister of India for these years.

Looking at the financials and Balance Sheet strength of the Company among other things, CRISIL, ICRA and CARE have accorded stand-alone rating of "CRISIL AAA/Stable" (pronounced as "CRISIL Triple A with stable outlook"), "[ICRA] AAA" (pronounced as "ICRA triple A") and "CARE AAA" (pronounced as "triple A") respectively to IRFC. Standard and Poor's, Moody's and Fitch Ratings the well-known international credit rating agencies have accorded IRFC rating of BBB- (Stable), Baa3 (Negative) and BBB- (Negative) respectively on long term foreign currency rating. Japanese Credit Rating Agency Limited have also assigned rating of BBB + (Stable) to the Company. The ratings assigned by the above International Credit Rating Agencies are at par with the rating assigned to the Government of India.

Since its inception, IRFC has been earning profits every year and has paid dividend of Rs.3,557.66 crore till 31.03.2020.



## 2. BACKGROUND

Soon after India attained independence in 1947, Five Year Plans were implemented with the intention of establishing planned development in the Indian economy. Under the initial Five Year Plans the Government funded Indian Railways centrally through the Ministry of Finance. In 1986, following a change in Government policy, IRFC was established with the sole purpose of acting as a financial intermediary between the financial market and the Ministry of Railways (MOR) to enable the Ministry of Railways to access funds raised in the market, an activity which the Ministry of Railways could not have entered into itself as under Government policy, the Government departments other than the Ministry of Finance cannot raise money directly in the financial market. IRFC is, therefore, a dedicated funding arm of the MOR, Government of India. It has a monopoly in the business of raising funds for the Ministry of Railways since they rely solely on IRFC for external funding of its rolling stock assets.

## 3. OBJECTS AND PRESENT BUSINESS

The primary objective of IRFC is to act as a financing arm for the Indian Railways. The development of IRFC's business is dependent on the Ministry of Railways' strategy concerning the growth of Indian Railways. Its principal business is borrowing from the commercial markets to finance the acquisitions of the rolling stock assets which is then in turn leased to Indian Railways. The Ministry of Railways is responsible for the acquisition of rolling stock assets and for the improvement, expansion and maintenance of the railway rolling stock. IRFC is responsible only for raising the finance necessary for the acquisition of rolling stock assets ordered by the Ministry of Railways. Besides, the Company has been assigned the task of funding Railway Projects through Institutional Finance (EBR-IF) route.

At the beginning of each fiscal year, Ministry of Railways (MOR) notifies IRFC of its financing needs to be met through market borrowings. IRFC then undertakes to provide finance to Indian Railways subject to market conditions. At the end of each year, a lease agreement is drawn up to cover the capital value of the infrastructure assets acquired by MOR during the previous year. Lease rentals represent IRFC's cost plus a margin. Part of the funds so raised shall also be utilized for funding bankable projects approved by MOR and to be executed by RVNL. Debt servicing will be done from revenues generated by MOR from the projects. (As in the core lease transactions, Debt servicing will be on cost plus margin basis.)

## 4. PROFITABILITY AND NET INTEREST MARGINS AND PERFORMANCE DURING FINANCIAL YEAR 2019-2020

Lease income from rolling stock leased to MOR represents 79.52% of IRFC's total income, the balance comes from interest on loans and deposits and amortization of Gain on Account of Securitisation. This level of revenue concentration is expected to continue, as IRFC is likely to remain focused on financing Indian Railways. Furthermore, the regulatory restrictions on IRFC's investments limit the potential for any significant change in investment income.

Profit before tax for the year 2019-20 is Rs.3,192.10 crore as against Rs.2,755.34 crore for the previous year, up by 15.85%. The increase in the profit growth is attributed to low establishment, overhead and administrative expenses. However, Profit after tax has registered an year to year growth of 49.16% from Rs.2,139.93 crore in FY 2018-19 to Rs.3,192.10 crore in FY 2019-20 mainly on account of higher incremental disbursement and lower operating costs.

IRFC clocked a year to year revenue growth of 22.15% from Rs.10,987.35crore for the year 2018-19 to Rs.13,421.02 crore for the year 2019-20. The main reasons attributed to the growth in revenue are incremental leasing of rolling stock assets and additional funding of Railway Projects. On the other hand, the total expenditure has registered a growth of 24.26% from Rs.8,232.01 crore in FY 2018-19 to Rs.10,228.99 crore in FY 2019-20 due to higher interest outgo on additional borrowings, issue expenses pertaining to fresh borrowings and the expenses on CSR.

The Company has achieved the target of funding set by the Ministry of Railways for 2019-20 and transferred a sum of Rs.70471.96 crore. The story of IRFC's excellence is unambiguously encapsulated by the progressive reduction in the cost to the Railways from almost 14.97% in 1996-97 to 7.77% in 2019-20.



IRFC's cost-plus based lease agreement with Ministry of Railways assures a moderate net interest margin. The margin on the incremental assets leased to MOR for the last three years is as follows:-

Period	Lease pricing (IRR to the Railways)	Average cost of funds to IRFC	Margin
2017-18	8.05%	7.75%	0.30%
2018-19	8.49%	8.09%	0.40%
2019-20	7.77%	7.37%	0.40%

## 5. NON PERFORMING LOANS

IRFC had no non-performing loans as at September 30, 2020. There is no precedent of Indian Railways delaying payments to IRFC. All assets leased to India Railways are standard assets. Moreover, as a result of restrictions placed by the Department of Public Sector Enterprises on investments and IRFC's own conservative guidelines, IRFC's investment portfolio is likely to remain limited in size. Therefore, overall prospects for IRFC's asset quality will be even more closely tied to its relationship with Indian Railways.

## 6. CAPITAL STRUCTURE

Particulars		Amount (Rs. in crore)
(A)	Authorised Share Capital	
	2500,00,00,000 Equity Shares of Rs. 10 each	25,000.00
(B)	Issued, Subscribed & Paid up Equity Share Capital	
	1306,85,06,000 Equity Shares of Rs.10 each	13,068.51
(C)	Present Issue: Aggregating to Rs.3000 crore (Secured, Taxable Redeemable, Non-Convertible Bonds in the nature of Debentures)	3,000.00
(D)	Paid-up capital After the Issue Share Application Money	13,068.51
(E)	Securities Premium Account Before the Issue and After the Issue	1900.87

\*Since the present offer comprises of issue of non-convertible debt securities, it shall not affect the paid-up equity share capital or share premium account of the Company after the offer.

## 7. KEYMILESTONES

Year	Event
1986	• Incorporation of our Company.
1987	• Commencement of fund raising from the domestic capital market; and • Financing the procurement of rolling stock assets by Indian Railways.
1988	• Raised loan from Export Import Bank of Japan on behalf of the Ministry of Finance
1991	• Company declared maiden dividend to the GoI.
1993	• Declared as a Public Financial Institution under Section 4A of the Companies Act.
1996	• Maiden issue of floating rate notes of USD 70 million in the offshore market; • Public issue of deep discount bonds; and • First MoU entered with the GoI through MoR in relation to operational targets.
1998	• Registered as a NBFC; • Rated excellent by the DPE for overall performance in respect of the MoU entered with the GoI through MoR for the year 1997-98; • Raised term loans from Corporation Bank and Indian Overseas Bank for a tenure of 15 years; and • Maiden issue of secured, redeemable, non-cumulative, taxable bonds to Life Insurance Corporation of India for tenure of 15 years.



1999	<ul style="list-style-type: none"> <li>Maiden issue of secured, redeemable, non cumulative, taxable bonds in Separately Transferable Redeemable Principal Parts (STRPP).</li> </ul>
2003	<ul style="list-style-type: none"> <li>Ranked among the top ten central public sector undertakings for overall performance with respect to the MoU entered with the GoI acting through MoR for the year 2001-02; and</li> <li>Raised USD 75 million through syndicated foreign currency loan.</li> </ul>
2004	<ul style="list-style-type: none"> <li>Issue of Yen denominated bonds on a private placement basis in the Japanese capital market.</li> </ul>
2005	<ul style="list-style-type: none"> <li>Issue of Euro-Yen bonds in the offshore market; and</li> <li>Maiden issue of floating rate bonds in the domestic capital market.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Issue of samurai bonds in the Japanese capital market; and</li> <li>Issue of bonds on private placement bonds in the US capital market.</li> </ul>
2008	<ul style="list-style-type: none"> <li>Categorized as Asset Finance Company (NBFC-ND-AFC) by RBI.</li> </ul>
2010	<ul style="list-style-type: none"> <li>Maiden issuance of secured, redeemable, non cumulative, taxable bonds for a tenure of 25 years; and</li> <li>Categorized as Infrastructure Finance Company (NBFC-IFC) by RBI.</li> </ul>
2011	<ul style="list-style-type: none"> <li>Issue of Euro-Dollar bonds in the offshore market; and</li> <li>Raised foreign currency term loan from American Family Life Assurance Company of Columbus for tenure 15 year.</li> </ul>
2012	<ul style="list-style-type: none"> <li>Raised funds through a public issue of tax-free bonds at a differential coupon rate</li> <li>Our Company entered into a memorandum of understanding dated July 27, 2012 with MoR with respect to the financing of railway infrastructure projects by our Company. The MoU sets out the understanding between the parties as regards the leasing by our Company to the MoR of the infrastructure assets like railway tracks etc. owned by our Company</li> </ul>
2016	<ul style="list-style-type: none"> <li>Highest single year mobilization of Rs.9,500 crore through taxfree bonds</li> <li>Forayed into funding railway projects through institutional finance from LIC</li> </ul>
2018	<ul style="list-style-type: none"> <li>Central Board of Direct Taxes vide notification dated August 8, 2017 notified that the any bond redeemable after three years issued by our Company will be classified as "long-term specified asset" under Section 54EC of the Income-tax Act, 1961.</li> <li>The Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Bank Ltd. and Sumitomo Mitsui Banking Corporation (Singapore branch) sanctioned syndicated loan to our company amounting to JPY equivalent of USD250 million for a period of 10 years.</li> <li>Unsecured fixed rate Regulation S green bonds issued by our Company amounting to USD 500 million for a period of 10 years</li> <li>Awarded "Mini Ratna Category I" status</li> </ul>
2019	<ul style="list-style-type: none"> <li>Set up Euro Medium Term Note (EMTN) Programme for USD 2 billion</li> <li>Issuance of Reg S bonds of USD 500 million in the EMTN format</li> <li>Awarded "Best Growth Performance-Financial Services" and "Best Mini Ratna in Services" at the PSU Awards 2019, organised by dun &amp; bradstreet.</li> </ul>

## 8. CAPITAL STRUCTURE AS ON DECEMBER 31, 2020

(Rs. in crore)

Aggregate value	
<b>Authorised share capital</b>	
2500,00,00,000 Equity Shares of Rs.10 each	25,000.00
<b>Issued, subscribed and paid up share capital</b>	
11,88,04,60,000 Equity Shares of Rs.10 each	11880.46
<b>Securities premium account</b>	NIL

## 9. EQUITY SHARE CAPITAL HISTORY OF THE ISSUER FOR LAST FIVE YEARS AS ON DECEMBER 31, 2020



Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue price per share (Rs.)	Nature of Consideration (cash, bonus, other than cash)	Nature of Allotment	Cumulative no. of Equity Shares	Cumulative Share Capital (Rs.)
May 11, 2015	54,25,00,000	10	10	Cash	Further allotment	412,64,60,000	41,26,46,00,000
Feb 16, 2016	40,00,00,000	10	10	Cash	Further allotment	452,64,60,000	45,26,46,00,000
May 11, 2016	2,00,00,00,000	10	10	Cash	Further allotment	652,64,60,000	65,26,46,00,000
March 26, 2019	2,85,40,00,000	10	10	Cash	Further allotment	9,38,04,60,000	93,80,46,00,000
March 28, 2020	2,50,00,00,000	10	10	Cash	Further allotment	11,88,04,60,000	1,18,80,46,00,000

**\*NOTE: SPLITTING OF FACE VALUE OF SHARE FROM RS.1000/- TO RS.10/- WAS APPROVED BY THE SHAREHOLDERS IN THEIR MEETING HELD ON 12<sup>TH</sup> SEPTEMBER, 2017. ACCORDINGLY, THE NUMBER OF ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES IS 11,88,04,60,000 OF RS.10/- EACH.**

**10. CHANGES IN THE AUTHORISED CAPITAL OF THE ISSUER FOR LAST FIVE YEARS AS ON DECEMBER 31, 2020:**

Sr. No.	Date of Shareholders resolution	AGM/ EGM	Alteration
1.	August 28, 2009	AGM	The authorised capital of our Company was increased from ` 100,000 lakhs comprising of 100 lakhs Equity Shares of Rs.1,000 each to Rs.2,00,000 lakhs comprising of 200 lakhs Equity Shares of Rs.1,000 each.
2.	June 22, 2011	EGM	The authorized capital of our Company was increased from Rs.2,00,000 lakhs comprising of 200 lakhs Equity Shares of Rs.1,000 each to Rs.5,00,000 lakhs comprising of 500 lakhs Equity Shares of Rs.1,000 each.
3.	September 16, 2015	AGM	The authorised capital of our Company was increased from Rs. 5,00,000 lakhs comprising of 500 lakhs Equity Shares of Rs.1,000 each to Rs.15,00,000 lakhs comprising of 1500 lakhs Equity Shares of Rs.1,000 each.
4.	September 30, 2020	AGM	The authorised capital of our Company was increased from Rs.15,000 crore comprising of 15,00,00,00,000 Equity Shares of Rs.10 each to Rs.25,000 crore comprising of 25,00,00,00,000 Equity Shares of Rs.10 each.

**NOTE: SPLITTING OF FACE VALUE OF SHARE FROM RS.1000/- TO RS.10/- WAS APPROVED BY THE SHAREHOLDERS IN THEIR MEETING HELD ON 12<sup>TH</sup> SEPTEMBER, 2017. ACCORDINGLY, THE NUMBER OF ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES IS 11,88,04,60,000 OF RS.10/- EACH.**

**11. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST ONE YEAR**

None

**12. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST ONE YEAR**

Type of Event	Date of Announcement	Date of Completion	Details
None	None	None	None

**13. SHAREHOLDING PATTERN OF THE ISSUER (as on 31-12-2020)**



Sr. No.	Category	No. of Shareholders	Total No. of Shares	No. of Shares in demat form	Total Shareholding as a %age of Total No. of Shares
A	Shareholding of Promoter & Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided Family	--	--	--	--
(b)	Central Government/ State Government(s)	13 (President of India alongwith his nominees)	11,88,04,60,000	11,88,04,60,000	100%*
(c)	Bodies Corporate	--	--	--	--
(d)	Financial Institutions/ Banks	--	--	--	--
	<b>Sub-Total (A)(1)</b>	<b>13</b>	<b>11,88,04,60,000</b>	<b>11,88,04,60,000</b>	<b>100%</b>
(2)	Foreign				
(a)	Individuals (Non- Resident Individuals/ Foreign Individuals)	--	--	--	--
(b)	Bodies Corporate	--	--	--	--
(c)	Institutions	--	--	--	--
	Sub-Total (A)(2)	--	--	--	--
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	--	--	--	--
B	Public Shareholding				
(1)	Institutions				
(a)	Mutual Funds/ UTI	--	--	--	--
(b)	Financial Institutions/ Banks	--	--	--	--
(c)	Foreign Institutional Investors	--	--	--	--
	Sub-Total (B)(1)	--	--	--	--
(2)	Non-Institutions				
(a)	Bodies Corporate	--	--	--	--
(b)	Individuals	--	--	--	--
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	--	--	--	--
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	--	--	--	--
(c)	Others	--	--	--	--
(i)	Non Resident Individual	--	--	--	--
(ii)	Trust & Foundations	--	--	--	--
(iii)	Any Other	--	--	--	--
	Sub-Total(B)(2)	--	--	--	--
	Total Public Shareholding (B)= (B)(1)+(B)(2)	--	--	--	--
	TOTAL(A)+(B)	--	--	--	--
C	Shares held by Custodians and against which Depository IRFC Ltd. receipt have been issued				
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>13</b>	<b>11,88,04,60,000</b>	<b>11,88,04,60,000</b>	<b>100%</b>

\*Post the IPO of the company the shares are listed on NSE and BSE w.e.f. January 29, 2021 and the holding of the President of India alongwith his nominees has reduced to 86.36%

**NOTE: a) SPLITTING OF FACE VALUE OF SHARE FROM RS.1000/- TO RS.10/- WAS APPROVED BY THE SHAREHOLDERS IN THEIR MEETING HELD ON 12<sup>TH</sup> SEPTEMBER, 2017. ACCORDINGLY, THE NUMBER OF ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES IS 11,88,04,60,000 OF RS.10/- EACH**  
**b) THE PROMOTERS HAVE NOT PLEDGED OR ENCUMBERED BY THEIR SHAREHOLDING IN THE ISSUER COMPANY**


**14. LIST OF TOP TEN EQUITY SHAREHOLDERS OF THE ISSUER (as on 31-12-2020)**

Sr. No.	Name of the shareholder	Equity Shares of face value of Rs.10 each	No. of Equity Shares in demat form	% to the total Equity Share Capital of the company
1.	President of India acting through the MOR*	11,88,04,60,000	11,88,04,60,000	100.00*
<b>Total</b>		<b>11,88,04,60,000</b>	<b>11,88,04,60,000</b>	<b>100.00</b>

\*Post the IPO of the company the shares are listed on NSE and BSE w.e.f. January 29, 2021 and the holding of the President of India alongwith his nominees has reduced to 86.36%

**NOTE: SPLITTING OF FACE VALUE OF SHARE FROM Rs.1000/- TO RS.10/- WAS APPROVED BY THE SHAREHOLDERS IN THEIR MEETING HELD ON 12<sup>TH</sup> SEPTEMBER, 2017. ACCORDINGLY, THE NUMBER OF ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES IS 11,88,04,60,000 OF RS.10/- EACH.**

**15. PROMOTER HOLDING IN THE ISSUER**

(as on 31-12-2020)

Sr. No.	Name of Shareholder	Total No. of Equity Shares held	No. of Equity Shares held in demat form	Total shareholding as a % age of total No. of Equity Shares	No of Equity Shares Pledged	% of Equity Shares pledged with respect to shares owned
1.	President of India along with his nominees	11,88,04,60,000	--	100%*	--	--

\*Post the IPO of the company the shares are listed on NSE and BSE w.e.f. January 29, 2021 and the holding of the President of India alongwith his nominees has reduced to 86.36%

**NOTE: SPLITTING OF FACE VALUE OF SHARE FROM Rs.1000/- TO RS.10/- WAS APPROVED BY THE SHAREHOLDERS IN THEIR MEETING HELD ON 12<sup>TH</sup> SEPTEMBER, 2017. ACCORDINGLY, THE NUMBER OF ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARES IS 11,88,04,60,000 OF RS.10/- EACH.**

**16. BORROWINGS OF THE ISSUER**

(as on 31.12.2020)

**A. SECURED LOAN FACILITIES**

Secured Rupee Term Loans from domestic banks:

(in Rs. Crore)

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of Dec 31, 2020)
1.	Oriental Bank of Commerce	14 equal half yearly instalment of Rs.107.14 Cr (including last installment of Rs.107.18 Cr), commencing from 17 August 2023	February 17, 2030	1,500.00	1,500.00
2.	HDFC Bank-I	18 Equal Half Yearly instalments of Rs.50 crore commencing from 30 March 2021	September 30, 2029	1,000.00	900.00



3.	HDFC Bank-II	19 Equal Half Yearly instalments of Rs.100 crore commencing from 4 Nov 2020	November4 , 2029	2,000.00	1,800.00
4.	HDFC Bank-III	19 Equal Half Yearly instalments of Rs.100 crore commencing from 24December 2020	December2 4, 2029	2,000.00	1,800.00
5.	HDFC Bank-IV	16 Equal Half Yearly instalments of Rs.312.50 crore commencing from 24 September 2024	March 24, 2032	5,000.00	5,000.00
6.	Punjab National Bank-III	10 Equal annual instalments of Rs.300 Crore Commencing from 17 February 2021	February 17, 2030	3,000.00	3,000.00
7.	Punjab National Bank-IV	10 Equal annual instalments of Rs.100 Crore Commencing from 30 March 2021	March30, 2030	1,000.00	1,000.00
8.	State Bank of India	20 Equal Half Yearly instalments Rs.450 crore commencing from 3 July 2021	January 3, 2031	9,000.00	6,426.80
9.	State Bank of India	17 Equal half yearly instalment of Rs.389 Cr.(including last installment of Rs.387 Cr) commencing from 23 September 2021	March23, 2030	7,000.00	7,000.00
10.	HDFC-V	20 Equal Half Yearly instalments of Rs.350 crore commencing from 30June 2025	December 30, 2034	7,000.00	7,000.00
11.	HDFC-VI	20 Equal Half Yearly instalments of Rs. 100 crore commencing from 23 September 2025	March 23, 2035	2,000.00	2,000.00
12.	Punjab National Bank-V	10 Equal annual instalments of Rs.250 Crore Commencing from 30 September 2026	September 30, 2035	2,500.00	2,500.00
13.	Axis Bank	20 Equal Half Yearly instalments of Rs. 200 crore commencing from 31 January 2026	July31,203 5	4,000.00	4,000.00
14.	ICICI Bank	20 Equal Half Yearly instalments of Rs. 250crore commencing from 19 January 2026	July 19, 2035	5,000.00	5,000.00
15.	ICICI Bank	20 Equal Half Yearly instalments of Rs. 250crore commencing from 22 April2026	October 22,2035	10,000.00	5,000.00
16.	ICICI Bank	20 Equal Half Yearly instalments of Rs. 250crore commencing from 27 May 2026	November 27,2035	5,000.00	1,000.00
17.	ICICI Bank	20 Equal Half Yearly instalmentsof Rs. 50crore commencing from 27 May 2026	November 27,2035	5,000.00	1,000.00





18.	ICICI Bank	20 Equal Half Yearly instalmentsof Rs. 50crore commencing from 27 May 2026	November 27,2035	5,000.00	1,050.00
19.	Punjab National Bank-VI	10 Equal annual instalments of Rs.300 Crore Commencing from 31 December 2026	December 31,2035	3,000.00	3,000.00
<b>Total</b>					<b>59,976.80</b>

\* secured by way of pari-passu first charge over the rolling stock assets of the Company

#### Secured Rupee Term Loan from National Small Savings Fund (NSSF):

(in Rs. Crore)

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of Dec 31, 2020)
1.	National Small Savings Fund (NSSF)- I	Repayable at the end of 10 years from the date of availment.i.e. March 28, 2018	March 28, 2028	10,000.00	10,000.00
2.	National Small Savings Fund (NSSF)- II	Repayable at the end of 10 years from the date of availment.i.e. February 7, 2019	February 7, 2029	7,500.00	7,500.00
<b>Total</b>					<b>17,500.00</b>

\* secured by way of pari-passu first charge over the rolling stock assets of the Company

#### Short term loan against fixed deposit

(in Rs. Crore)

S. No.	Name of Lender(s)	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of Dec 31, 2020)
<b>NIL</b>				

#### Secured Foreign Currency TermLoans:

Sr. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of Dec 31, 2020) (in Rs. Crore)
1.	Bank of India	Repayable in 40 equal half yearly installments commencing from April 30, 2002 after a moratorium period of 4 years from the date of availment.i.e. March 31, 1998	October 31, 2021	USD 60 Million	22.09
<b>Total</b>					<b>22.09</b>



(in Rs. Crore)

Foreign currency term loans have been availed for acquisition of rolling stock assets, which has been secured by way of pari-passu first charge over the present and future rolling stock assets / lease receivables of the Company.

**B. UNSECURED LOAN FACILITIES****Unsecured Short Term Rupee Loans from Domestic Banks**

(in Rs. Crore)

Sr. No.	Name of Lender(s)	Date of Availment	Final Maturity Date	Amount Outstanding (as of Dec 31, 2020)
1.	HDFC Bank	18.11.2020	18.02.2021	421.20
2.	HDFC Bank	14.12.2020	18.02.2021	331.00
3.	RBL Bank	19.12.2020	20.01.2021	300.00
4.	HDFC Bank	19.12.2020	17.01.2021	526.00
5.	HDFC Bank	21.12.2020	19.01.2021	458.00
6.	HDFC Bank	24.12.2020	22.02.2021	100.00
<b>Total</b>				<b>2136.20</b>

**Unsecured Short Term Working Capital Demand Loan from domestic banks:**

(in Rs. Crore)

S. No.	Name of Lender(s)	Final Maturity Date	Amount Sanctioned	Principal Amount Outstanding (as of Dec 31, 2020)
<b>NIL</b>				

**Unsecured Foreign Currency TermLoans**

(in Rs. Crore)

S. No.	Name of Lender(s)	Repayment Schedule	Final Maturity Date	Amount Sanctioned	Amount Outstanding (as of Dec31, 2020)
1.	American Family Life Assurance Company of Columbus (AFLAC-1)	Repayable at the end of 15 years from the date of availment.i.e. March 10, 2011	March 10, 2026	JPY 12 billion	1,074.38
2.	American Family Life Assurance Company of Columbus (AFLAC-2)	Repayable at the end of 15 years from the date of availment.i.e. March 30, 2011	March 30, 2026	JPY 3 billion	272.74
3.	Syndicated Foreign Currency Loan- JPY	Repayable at the end of 10 years from the date of availment.i.e. March 28, 2018	March 28, 2028	JPY 26.23 Billion	1,885.50



4.	FCL – SBI BAHRAIN USD 300M	Repayable at the end of 10 years from the date of availment. i.e. March 26, 2020	March 26, 2030	USD 300 Million	2,209.20
5.	SYND FCL- JPY-III USD 300M MAR'2020_SBI -SMBC	Repayable at the end of 10 years from the date of availment. i.e. March 31, 2020	March 31, 2030	JPY 33.189 Billion Equivalent of USD 300 Million	2,361.69
6.	SYND FCL- JPY-II USD300M JUN'19	Repayable at the end of 7 years from the date of availment. i.e. June 7, 2019	June 7, 2026	JPY 32.856 Billion Equivalent of USD 300 Million	2,385.63
<b>Total</b>					<b>10,189.14</b>

### Foreign currency bonds issued in the off-shore market

(in Rs. Crore)

Sr. No.	Series of Bonds	Deemed date of allotment	Coupon rate and maturity and redemption	Credit Ratings	Amount Raised	Redemption Amount Outstanding (as of Dec 31, 2020)
1.	Green Bonds	December 13, 2017	<p><i>Coupon Rate:</i> 3.835% per annum payable semi annually.</p> <p><i>Maturity and Redemption:</i> Redeemable at par at the end of ten years from the deemed date of allotment i.e. on December 13, 2017.</p>	<p><b>Standard and Poor's:</b> BBB- (negative outlook)</p> <p><b>Fitch:</b> BBB- (negative outlook)</p> <p><b>Moody's:</b> Baa2 (stable outlook)</p>	USD 500 Million	3,682.00
2.	Reg-S Bonds (under EMTN programme)	March 29, 2019	<p><i>Coupon Rate:</i> 3.73% per annum payable half yearly.</p> <p><i>Maturity and Redemption:</i> Redeemable at par at the end of five years from the deemed date of allotment i.e. on March 29, 2019.</p>	<p><b>Standard and Poor's:</b> BBB- (negative outlook)</p> <p><b>Fitch:</b> BBB- (negative outlook)</p> <p><b>Moody's:</b> Baa2 (stable outlook)</p>	USD 500 Million	3,682.00
3.	Reg-S 144 A Bonds	Feb 13, 2020	<p><i>Coupon Rate:</i> 3.95%</p>	<p><b>Standard and Poor's:</b> BBB- (negative outlook)</p> <p><b>Fitch:</b> BBB- (negative outlook)</p> <p><b>Moody's:</b> Baa2 (stable outlook)</p>	USD 300 Million	2,209.20



4.	Reg-S 144 A Bonds	Feb 13, 2020	Coupon Rate: 3.249%	<b>Standard and Poor's:</b> BBB- (negative outlook)  <b>Fitch:</b> BBB- (negative outlook)  <b>Moody's:</b> Baa2 (stable outlook)	USD 700 Million	5,154.80
<b>Total</b>						<b>14,728.00</b>

**C. NON-CONVERTIBLE BONDS/ DEBENTURES** (Outstanding as on Dec 31, 2020)

Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
52 <sup>nd</sup> B Series Taxable Bonds	8.64%	700.00	17.05.2006	17.05.2021	15	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
53 <sup>rd</sup> B Series Taxable Bonds	8.68%	225.00	29.11.2006	29.11.2021	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
53 <sup>rd</sup> C Series Taxable Bonds	8.75%	410.00	29.11.2006	29.11.2026	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
54 <sup>th</sup> A Series Taxable Bonds	9.95%	150.00	07.06.2007	07.06.2022	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
54 <sup>th</sup> B Series Taxable Bonds	10.04%	320.00	07.06.2007	07.06.2027	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
55 <sup>th</sup> N Series Taxable Bonds	9.86%	33.00	07.06.2007	07.06.2021	14	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
55 <sup>th</sup> O Series Taxable Bonds	9.86%	33.00	07.06.2007	07.06.2022	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
57 <sup>th</sup> Series Taxable Bonds	9.66%	400.00	28.09.2007	Redeemable in 5 equal yearly installment starting from 28.09.201 to 28.09.2022	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
58 <sup>th</sup> A Series Taxable Bonds	9.20%	500.00	29.10.2007	29.10.2022	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-



Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
61 <sup>st</sup> A Series Taxable Bonds	10.70%	615.00	11.09.2008	11.09.2023	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
62 <sup>nd</sup> B Series Taxable Bonds	8.50%	285.00	26.12.2008	26.12.2023	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
63 <sup>rd</sup> B Series Taxable Bonds	8.65%	315.00	15.01.2009	15.01.2024	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
65 <sup>th</sup> L Series Taxable Bonds	8.20%	60.00	27.04.2009	27.04.2021	12	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
65 <sup>th</sup> M Series Taxable Bonds	8.20%	60.00	27.04.2009	27.04.2022	13	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
65 <sup>th</sup> N Series Taxable Bonds	8.20%	60.00	27.04.2009	27.04.2023	14	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
65 <sup>th</sup> O Series Taxable Bonds	8.20%	60.00	27.04.2009	27.04.2024	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
67 <sup>th</sup> A Series Taxable Bonds	8.65%	200.00	03.02.2010	03.02.2025	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
67 <sup>th</sup> B Series Taxable Bonds	8.80%	385.00	03.02.2010	03.02.2030	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
69 <sup>th</sup> Series Taxable Bonds	8.95%	600.00	10.03.2010	10.03.2025	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
70 <sup>th</sup> 'AA' Series Taxable Bonds	8.79%	1410.00	04.05.2010	04.05.2030	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
70 <sup>th</sup> A Series Taxable Bonds	8.72%	15.00	04.05.2010	04.05.2031	21	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
70 <sup>th</sup> B Series Taxable Bonds	8.72%	15.00	04.05.2010	04.05.2032	22	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
70 <sup>th</sup> C Series Taxable Bonds	8.72%	15.00	04.05.2010	04.05.2033	23	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
70 <sup>th</sup> D Series Taxable Bonds	8.72%	15.00	04.05.2010	04.05.2034	24	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
70 <sup>th</sup> E Series Taxable Bonds	8.72%	15.00	04.05.2010	04.05.2035	25	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-

**Private Placement Offer Letter**

Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
71 <sup>st</sup> A Series Taxable Bonds	8.83%	220.00	14.05.2010	14.05.2031	21	ICRA AAA CRISIL AAA CAREAAA	-do-	-do-
71 <sup>st</sup> B Series Taxable Bonds	8.83%	220.00	14.05.2010	14.05.2032	22	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
71 <sup>st</sup> C Series Taxable Bonds	8.83%	220.00	14.05.2010	14.05.2033	23	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
71 <sup>st</sup> D Series Taxable Bonds	8.83%	220.00	14.05.2010	14.05.2034	24	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
71 <sup>st</sup> E Series Taxable Bonds	8.83%	220.00	14.05.2010	14.05.2035	25	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
74 <sup>th</sup> Series Taxable Bonds	9.09%	1076.00	29.03.2011	29.03.2026	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
75 <sup>th</sup> Series Taxable Bonds	9.09%	150.00	31.03.2011	31.03.2026	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
76 <sup>th</sup> Series Taxable Bonds	9.27%	390.00	10.05.2011	10.05.2021	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
76 <sup>th</sup> A Series Taxable Bonds	9.33%	255.00	10.05.2011	10.05.2026	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
76 <sup>th</sup> B Series Taxable Bonds	9.47%	995.00	10.05.2011	10.05.2031	20	ICRA AAA CRISIL AAA CAREAAA	-do-	-do-
77 <sup>th</sup> Series Taxable Bonds	9.57%	1245.00	31.05.2011	31.05.2021	10	ICRA AAA CRISIL AAA CAREAAA	-do-	-do-
78 <sup>th</sup> Series Taxable Bonds	9.41%	1500.00	28.07.2011	28.07.2021	10	ICRA AAA CRISIL AAA CAREAAA	-do-	-do-
79 <sup>th</sup> Series Tax free Bonds	7.55%	539.60	08.11.2011	08.11.2021	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
79 <sup>th</sup> A Series Tax free Bonds	7.77%	191.51	08.11.2011	08.11.2026	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
80 <sup>th</sup> Series Tax free Bonds	8.00% 8.15%/	3173.2381	23.02.2012	23.02.2022	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
80 <sup>th</sup> A Series Tax Free Bonds	8.10% /8.30%	3095.6519	23.02.2012	23.02.2027	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
81 <sup>st</sup> Series Tax Free Bonds	7.21%	256.00	26.11.2012	26.11.2022	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
81 <sup>st</sup> A Series Tax Free Bonds	7.38%	66.70	26.11.2012	26.11.2027	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-

**Private Placement Offer Letter**

Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
82 <sup>nd</sup> Series Tax Free Bonds	7.22%	41.00	30.11.2012	30.11.2022	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
82 <sup>nd</sup> A Series Tax Free Bonds	7.38%	30.00	30.11.2012	30.11.2027	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
83 <sup>rd</sup> Series Tax Free Bonds	7.22%	30.00	06.12.2012	06.12.2022	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
83 <sup>rd</sup> A Series Tax Free Bonds	7.39%	95.00	06.12.2012	06.12.2027	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
84 <sup>th</sup> Series Tax Free Bonds	7.22%	499.90	07.12.2012	07.12.2022	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
85 <sup>th</sup> Series Tax Free Bonds	7.19%	95.00	14.12.2012	14.12.2022	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
86 <sup>th</sup> Series Tax Free Bonds	7.18% /7.68%	2814.48	19.02.2013	19.02.2023	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
86 <sup>th</sup> A Series Tax Free Bonds	7.34 % /7.84%	2558.91	19.02.2013	19.02.2028	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
87 <sup>th</sup> Series Tax Free Bonds	6.88% / 7.38%	165.17	23.03.2013	23.03.2023	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
87 <sup>th</sup> A Series Tax Free Bonds	7.04% / 7.54%	263.88	23.03.2013	23.03.2028	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
88 <sup>th</sup> Series Taxable Bonds	8.83%	1100.00	25.03.2013	25.03.2023	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
89 <sup>th</sup> Series Tax free Bonds	8.35%	487.00	21.11.2013	21.11.2023	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
89 <sup>th</sup> A Series Tax free Bonds	8.48%	738.00	21.11.2013	21.11.2028	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
90 <sup>th</sup> Series Tax free Bonds	8.35%	57.00	27.11.2013	27.11.2023	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
90 <sup>th</sup> A Series Tax free Bonds	8.48%	55.00	27.11.2013	27.11.2028	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-



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Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
91 <sup>st</sup> Series Tax free Bonds	8.23%	1778.321	18.02.2014	18.02.2024	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
91 <sup>st</sup> A Series Tax free Bonds	8.48%	526.2546	18.02.2014	18.02.2024	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
92 <sup>nd</sup> Series Tax free Bonds	8.40%	1090.1868	18.02.2014	18.02.2029	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
92 <sup>nd</sup> A Series Tax free Bonds	8.65%	688.3591	18.02.2014	18.02.2029	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
93 <sup>rd</sup> A Series Tax free Bonds	8.55%	1650.00	10.02.2014	10.02.2029	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
94 <sup>th</sup> A Series Tax free Bonds	8.55%	13.00	12.02.2014	12.02.2029	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
95 <sup>th</sup> Series Tax free Bonds	8.19%	231.152	26.03.2014	26.03.2024	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
95 <sup>th</sup> A Series Tax free Bonds	8.44%	129.7384	26.03.2014	26.03.2024	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
96 <sup>th</sup> Series Tax free Bonds	8.63%	947.9132	26.03.2014	26.03.2029	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
96 <sup>th</sup> A Series Tax free Bonds	8.88%	436.4141	26.03.2014	26.03.2029	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
99 <sup>th</sup> Series Taxable Bonds	7.19%	1139.00	31.07.2015	31.07.2025	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
100 <sup>th</sup> Series Tax free Bonds	7.15%	329.00	21.08.2015	21.08.2025	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
101 <sup>st</sup> Series Taxable Bonds	7.87%	2000.00	27.10.2015	27.10.2045	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-
102 <sup>nd</sup> Series Tax free Bonds	7.07%	367.4739	21.12.2015	21.12.2025	10	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
102 <sup>nd</sup> A Series Tax free Bonds	7.32%	368.9486	21.12.2015	21.12.2025	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-





Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
103 <sup>rd</sup> Series Tax free Bonds	7.28%	2057.3103	21.12.2015	21.12.2030	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
103 <sup>rd</sup> A tax free Bonds	7.53%	1074.2172	21.12.2015	21.12.2030	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
104 <sup>th</sup> Series Tax free Bonds	7.25%	294.4158	21.12.2015	21.12.2035	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
104 <sup>th</sup> A Series Tax free Bonds	7.50%	369.6342	21.12.2015	21.12.2035	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
106 <sup>th</sup> Series Tax free Bonds	7.04%	1050.00	03.03.2016	03.03.2026	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
107 <sup>th</sup> Series Tax free Bonds	7.04%	48.5972	22.03.2016	22.03.2026	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
107 <sup>th</sup> A Series Tax free Bonds	7.29%	190.7138	22.03.2016	22.03.2026	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
108 <sup>th</sup> Series Tax free Bonds	7.35%	1016.3760	22.03.2016	22.03.2031	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
108 <sup>th</sup> A Series Tax free Bonds	7.64%	1194.3130	22.03.2016	22.03.2031	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
109 <sup>th</sup> Series Taxable Bonds	8.02%	5000.00	30.03.2016	30.03.2046	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-
110 <sup>th</sup> Series Taxable Bonds	7.80%	3000.00	22.06.2016	22.06.2046	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-
113 <sup>th</sup> Series Taxable Bonds	7.24%	650.00	08.11.2016	08.11.2021	5	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
114 <sup>th</sup> Series Taxable Bonds	6.70%	2000.00	24.11.2016	24.11.2021	5	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
118 <sup>th</sup> Series Taxable Bonds	7.83%	2950.00	21.03.2017	21.03.2027	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
120 <sup>th</sup> Series Taxable Bonds	7.49%	2200.00	30.05.2017	30.05.2027	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-



Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
121 <sup>st</sup> Series Taxable Bonds	7.27%	2050.00	15.06.2017	15.06.2027	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
122 <sup>nd</sup> Series Taxable Bonds	6.77%	4100.00	27.06.2017	27.06.2047	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-do-
123 <sup>rd</sup> Series Taxable Bonds	7.33%	1745.00	28.08.2017	28.08.2027	10	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
124 <sup>th</sup> Series Taxable Bonds	7.54%	935.00	31.10.2017	31.10.2027	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
125 <sup>th</sup> Series Taxable Bonds	7.41%	2100.00	22.12.2017	22.12.2047	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-
126 <sup>th</sup> Series Taxable Bonds	7.63%	3000.00	25.01.2018	25.01.2023	5	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
127 <sup>th</sup> Series Taxable Bonds	7.65%	2500.00	15.02.2018	15.03.2021	3 years 1 month	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
129 <sup>th</sup> Series Taxable Bonds	8.45%	3000.00	04.12.2018	04.12.2028	10	ICRA AAA CRISIL AAA CAREAAA	Secured	-do-
130 <sup>th</sup> Series Taxable Bonds	8.40%	2845.40	08.01.2019	08.01.2029	10	ICRA AAA CRISIL AAA CAREAAA	Secured	-do-
131 <sup>st</sup> Series Taxable Bonds	8.55%	2236.50	21.02.2019	21.02.2029	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
132 <sup>nd</sup> Series Taxable Bonds	8.25%	2500.00	28.02.2019	28.02.2024	5	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
133 <sup>rd</sup> Series Taxable Bonds	8.35%	3000.00	13.03.2019	13.03.2029	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-



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Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
134 <sup>th</sup> Series Taxable Bonds	8.30%	3000.00	25.03.2019	25.03.2029	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
135 <sup>th</sup> Series Taxable Bonds	8.23%	2500.00	29.03.2019	29.03.2029	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
136 <sup>th</sup> Series Taxable Bonds	7.95%	3000.00	12.06.2019	12.06.2029	10	ICRA AAA CRISIL AAA CARE AAA	Secured	-do-
137 <sup>th</sup> Series Taxable Bonds	7.30%	1800.00	18.06.2019	18.06.2049	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-
138 <sup>th</sup> Series Taxable Bonds	7.85%	2120.00	01.07.2019	01.07.2034	15	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
139 <sup>th</sup> Series Taxable Bonds	7.54%	2455.60	29.07.2019	29.07.2034	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
140 <sup>th</sup> Series Taxable Bonds	7.48%	2592.00	13.08.2019	13.08.2029	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
141 <sup>st</sup> Series Taxable Bonds	7.48%	2107.00	29.08.2019	29.08.2034	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
142 <sup>nd</sup> Series Taxable Bonds	7.50%	2707.00	09.09.2019	09.09.2029	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
143 <sup>rd</sup> Series Taxable Bonds	7.55%	2454.90	06.11.2019	06.11.2029	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
144 <sup>th</sup> Series Taxable Bonds	7.55%	1580.00	31.12.2019	12.04.2030	10 years 3 months 12 days	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
145 <sup>th</sup> Series Taxable Bonds	6.59%	3000.00	21.01.2020	14.04.2023	3 years 2 months 24 days	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
146 <sup>th</sup> Series Taxable Bonds	7.08%	3000.00	28.02.2020	28.02.2030	10	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
147 <sup>th</sup> Series Taxable Bonds	6.99%	847.00	19.03.2020	19.03.2025	5	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-



Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Tenor (in years)	Credit Rating	Secured/ Unsecured	Security
148 <sup>th</sup> Series Taxable Bonds	6.58%	2500.00	31.03.2020	31.03.2050	30	ICRA AAA CRISIL AAA CARE AAA	Unsecured	-
149 <sup>th</sup> Series Taxable Bonds	6.19%	3190.00	28.04.2020	28.04.2023	3	ICRA AAA CRISIL AAA CARE AAA	Secured	pari-passu first charge over the rolling stock assets of the Company
150 <sup>th</sup> Series Taxable Bonds	6.90%	2565.00	05.06.2020	05.06.2035	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
151 <sup>st</sup> Series Taxable Bonds	6.73%	3000.00	06.07.2020	06.07.2035	15	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
152 <sup>nd</sup> Series Taxable Bonds	6.41%	2000.00	30.07.2020	11.04.2031	10 years 8 months 12 days	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
153 <sup>rd</sup> Series Taxable Bonds	6.85%	5991.20	29.10.2020	29.10.2040	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-
154 <sup>th</sup> Series Taxable Bonds	6.85%	4652.00	01.12.2020	01.12.2040	20	ICRA AAA CRISIL AAA CARE AAA	-do-	-do-

\* Our company has received a premium of Rs.3,42,700 on series 81 and 81<sup>st</sup> A, Rs.71,000 on series 82 and 82<sup>nd</sup> A, Rs.1,25,000 on Series 83 and 83<sup>th</sup>A, Rs.4,99,900 on Series 84, Rs.95,000 on Series 85, Rs.27,96,000 on series 89 and 89<sup>th</sup>A, Rs.1,22,000 on Series 90 and 90<sup>th</sup> A, Rs.16,50,000/- on series 93<sup>rd</sup> A, Rs.13,000 on series 94<sup>th</sup> A, Rs.68,73,000 on series 99<sup>th</sup>, Rs.4,21,000 on Series 100<sup>th</sup> and Rs.2,91,00,000/- on Series 106

**D- 54 EC Capital Gain Bonds (Outstanding as on Dec 31, 2020)**

Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
54EC Jan, 2018 Bond Series	5.25%	10.47	31.01.18	29.01.21	ICRA AAA CRISIL AAA CAREAAA	Secured	pari-passu first charge over the rolling stock assets of the Company
54EC Feb, 2018 Bond Series	5.25%	24.90	28.02.18	28.02.21	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Mar, 2018 Bond Series	5.25%	92.88	31.03.18	31.03.21	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Apr,	5.75%	5.45	30.04.18	30.04.23	ICRA AAA CRISIL AAA	Secured	-Do-



Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
2018 Bond Series					CAREAAA		
54EC May, 2018 Bond Series	5.75%	8.35	31.05.18	31.05.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC June, 2018 Bond Series	5.75%	12.75	30.06.18	30.06.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Jul, 2018 Bond Series	5.75%	13.70	31.07.18	31.07.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Aug, 2018 Bond Series	5.75%	8.12	31.08.18	31.08.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Sep, 2018 Bond Series	5.75%	7.10	28.09.18	30.09.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Oct, 2018 Bond Series	5.75%	11.69	31.10.18	31.10.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Nov, 2018 Bond Series	5.75%	9.87	30.11.18	30.11.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Dec, 2018 Bond Series	5.75%	13.51	31.12.18	31.12.23	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Jan, 2019 Bond Series	5.75%	13.34	31.01.19	31.01.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Feb, 2019 Bond Series	5.75%	14.53	28.02.19	29.02.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Mar, 2019 Bond Series	5.75%	69.27	29.03.19	31.03.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Apr, 2019 Bond Series	5.75%	24.97	30.04.19	30.04.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC May,	5.75%	43.66	31.05.19	31.05.24	ICRA AAA	Secured	-Do-



Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
2019 Bond Series					CRISIL AAA CAREAAA		
54EC June, 2019 Bond Series	5.75%	59.61	30.06.19	30.06.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC July, 2019 Bond Series	5.75%	63.40	31.07.19	31.07.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Aug, 2019 Bond Series	5.75%	57.12	31.08.19	31.08.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Sept, 2019 Bond Series	5.75%	54.34	30.09.19	30.09.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Oct 2019 Bond Series	5.75%	66.92	31.10.19	31.10.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Nov 2019 Bond Series	5.75%	71.16	30.11.19	30.11.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Dec 2019 Bond Series	5.75%	92.63	31.12.19	31.12.24	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Jan 2020 Bond Series	5.75%	82.38	31.01.20	31.01.25	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Feb 2020 Bond Series	5.75%	88.10	28.02.20	28.02.25	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54EC Mar 2020 Bond Series	5.75%	142.97	31.03.20	31.03.25	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, Apr 2020 Bond Series	5.75%	13.12	30.04.20	30.04.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, May 2020 Bond Series	5.75%	37.89	31.05.20	31.05.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-



Debenture Series	Coupon	Amount (Rs. In cr.)	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
54 EC, Jun 2020 Bond Series	5.75%	116.02	30.06.20	30.06.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, July 2020 Bond Series	5.75%	77.43	31.07.20	31.07.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, Aug 2020 Bond Series	5.75%	34.39	31.08.20	31.08.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, Sep 2020 Bond Series	5.75%	52.97	30.09.20	30.09.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, Oct 2020 Bond Series	5.75%	45.88	31.10.20	31.10.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, Nov 2020 Bond Series	5.75%	41.28	30.11.20	30.11.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-
54 EC, Dec 2020 Bond Series	5.75%	68.53	31.12.20	31.12.2025	ICRA AAA CRISIL AAA CAREAAA	Secured	-Do-

**17. TOP 20 BONDHOLDERS**(as on 31<sup>st</sup> Dec, 2020)

Sr.No.	Name of the Bondholder	Total amount of bonds held (Rs. in crore)
1.	LIFE INSURANCE CORPORATION OF INDIA	27077.00
2.	CBT EPF-05-F-DM	12796.30
3.	NPS TRUST- A/C LIC PENSION FUND SCHEME C - TIER I	12290.60
4.	STATE BANK OF INDIA	8754.56
5.	SBI LIFE INSURANCE CO. LTD.	3328.90
6.	HDFC LIFE INSURANCE COMPANY LIMITED- SHAREHOLDERS S	2958.00
7.	EDELWEISS TRUSTESHIP CO LTD AC- EDELWEISS MF AC-E	2838.20
8.	IDFC BANKING & PSU DEBT FUND	2420.80
9.	MAX LIFE INSURANCE COMPANY LIMITED	2143.05
10.	HDFC TRUSTEE CO. LTD. A/C HDFC FMP 1183D APRIL 201	1706.80
11.	STATE BANK OF INDIA EMPLOYEES PENSION FUND	1660.60
12.	EMPLOYEES' STATE INSURANCE CORPORATION A/C UTI ASS	1599.00
13.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C	1564.20
14.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	1470.70
15.	SBI CORPORATE BOND FUND	1414.00
16.	BAJAJ ALLIANZ GENERAL INSURANCE COMPANY LIMITED-SH	1325.15



17.	UTI - FIXED TERM INCOME FUND - SERIES XXIX - XI (1	1307.30
18..	KOTAK MAHINDRA TRUSTEE CO. LTD. A/C KOTAK BALANCE	1279.20
19.	COAL MINES PROVIDENT FUND ORGANISATION	1146.20
20.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	1063.08
	<b>Total</b>	<b>90143.64</b>

**18. AMOUNT OF CORPORATE GUARANTEES ISSUED BY THE ISSUER IN FAVOUR OF VARIOUS COUNTER PARTIES INCLUDING ITS SUBSIDIARIES, JOINT VENTURE ENTITIES, GROUP COMPANIES ETC.**

The Issuer has not issued any corporate guarantee in favour of any counterparty including its subsidiaries, joint venture entities, group companies etc.

**19. COMMERCIAL PAPER OUTSTANDING AS ON DECEMBER 31, 2020**

<b>Maturity Date</b>	<b>Amount outstanding</b>
NIL	NIL

**20. OTHER BORROWINGS (INCLUDING HYBRID DEBT LIKE FOREIGN CURRENCY CONVERTIBLE BONDS ("FCCBs"), OPTIONALLY CONVERTIBLE BONDS/ DEBENTURES/ PREFERENCE SHARES)**

The Issuer has not issued any debt like Foreign Currency Convertible Bonds, optionally convertible Bonds / Debentures / Preference Shares etc. till the date of the Private Placement OfferLetter.

**21. SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES, DEFAULT(S) AND/OR DELAY(S) IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER, IN THE PAST 5 YEARS**

- a. The main constituents of the Issuer's borrowings are generally in the form of bonds, debentures, loans from banks and financial institutions, external commercial borrowings etc.
- b. The Issuer has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- c. The Issuer has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.

**22. OUTSTANDING BORROWINGS/ DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, AT A PREMIUM OR DISCOUNT, OR IN PURSUANCE OF AN OPTION**

The Issuer confirms that other than and to the extent mentioned elsewhere in this Private Placement Offer Letter, it has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.





### 23. CONSOLIDATED AND STANDALONE FINANCIAL INFORMATION OF THE ISSUER

#### a. Standalone Statement of Profit & Loss in Accordance with IND-AS (Based on restated financial information)(Rs. in crore)

Particulars	Nine months ended 31.12.2020 (Limited Review)	Year ended 31.03.2020 (audited)	Year ended 31.03.2019 (audited)	Year ended 31.03.2018 (audited)
<b>Revenue from operations</b>				
Interest Income	2767.27	2748.00	1723.07	988.57
Dividend Income	0.23	0.59	0.51	0.49
Lease Income	8548.01	10672.43	9263.77	8217.91
<b>Total revenue from operations</b>	<b>11315.51</b>	<b>13421.02</b>	<b>10987.35</b>	<b>9206.97</b>
Other Income	1.18	0.07	0.00	0.87
<b>Total Income</b>	<b>11316.69</b>	<b>13421.09</b>	<b>10987.35</b>	<b>9207.84</b>
<b>Expenses</b>				
Finance costs	8319.22	10162.66	8183.06	6637.59
Impairment on financial instruments	-	2.14	27.54	-
Employee benefit expense	5.34	6.26	6.25	5.52
Depreciation, amortization and impairment	0.35	0.46	0.42	0.35
Other expenses	58.20	57.47	14.74	32.44
<b>Total Expenses</b>	<b>8383.11</b>	<b>10228.99</b>	<b>8232.01</b>	<b>6675.90</b>
Profit before exceptional and extraordinary items and tax	2933.58	3192.10	2755.34	2531.94
Exceptional items	-	-	-	-
<b>Profit before tax</b>	<b>2933.58</b>	<b>3192.10</b>	<b>2755.34</b>	<b>2531.94</b>
Tax expense				
Current tax	-	-	615.41	530.48
Tax For Earlier Years	-	-	-	-
Deferred tax	-	-	-	-
Adjustment for Earlier Years	-	-	-	-
<b>Total Tax Expenses</b>	<b>-</b>	<b>-</b>	<b>615.41</b>	<b>530.48</b>
<b>Profit for the period from continuing operations</b>	<b>2933.58</b>	<b>3192.10</b>	<b>2139.93</b>	<b>2001.46</b>
Profit from discontinued operations	-	-	-	-
Tax expense of discontinued operations	-	-	-	-
Profit from discontinued operations (after tax)	-	-	-	-
<b>Profit for the period</b>	<b>2933.58</b>	<b>3192.10</b>	<b>2139.93</b>	<b>2001.46</b>
<b>Other comprehensive income</b>				
(A) (i) Items that will not be reclassified to profit or loss				
- Remeasurement of defined benefit plans	0.02	(0.04)	(0.27)	0.09
- Remeasurement of Equity Instrument	1.38	(0.52)	0.38	0.73



Particulars	Nine months ended 31.12.2020 (Limited Review)	Year ended 31.03.2020 (audited)	Year ended 31.03.2019 (audited)	Year ended 31.03.2018 (audited)
(ii) Income tax relating to items that will not be reclassified to profit or loss				
- Remeasurement of defined benefit plans	-	-	0.06	(0.02)
- Remeasurement of Equity Instrument	-	-	-	-
<b>Subtotal (A)</b>	<b>1.40</b>	<b>(0.55)</b>	<b>0.17</b>	<b>0.80</b>
(B) (i) Items that will be reclassified to profit and loss	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
<b>Subtotal (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income (A+B)</b>	<b>1.40</b>	<b>(0.55)</b>	<b>0.17</b>	<b>0.80</b>
<b>Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)</b>	<b>2934.98</b>	<b>3191.54</b>	<b>2140.10</b>	<b>2002.26</b>
<b>Earnings per equity share (for continuing operations)</b>				
Basic (Rs.)	2.47	3.40	3.26	3.07
Diluted (Rs.)	2.47	3.40	3.26	3.07
<b>Earnings per equity share (for discontinued operations)</b>				
Basic (Rs.)	-	-	-	-
Diluted (Rs.)	-	-	-	-
<b>Earnings per equity share (for continuing and discontinued operations)</b>				
Basic (Rs.)	2.47	3.40	3.26	3.07
Diluted (Rs.)	2.47	3.40	3.26	3.07

#### b. Statement of BalanceSheet

##### Standalone Balance Sheet in Accordance with IND-AS (Based on restated financial information)

(Rs. in crore)

Particulars	As at 31.12.2020 (limited review)	As at 31.03.20 (audited)	As at 31.03.19 (audited)	As at 31.03.18 (audited)
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	131.06	1.38	3.71	1.13
Bank Balance other than above	92.12	99.38	77.36	98.69
Derivative financial instruments	0.35	-	46.69	96.85
Receivables				
- Lease receivables	159178.09	148579.80	125026.51	109471.66
Loans	6243.04	6423.37	5895.49	5237.95



Investments	11.88	11.51	13.14	13.98
Other financial assets	139878.82	118274.26	73823.94	45077.31
<b>Total financial assets</b>	<b>305535.36</b>	<b>273389.70</b>	<b>204886.84</b>	<b>159997.57</b>
<b>Non-financial assets</b>				
Current tax assets (net)	949.54	630.84	41.47	38.85
Property, plant and equipment	10.93	11.01	11.22	11.26
Other intangible assets	0.04	0.04	0.05	0.03
Other non-financial assets	1821.54	1472.54	1498.72	1403.33
<b>Total non-financial assets</b>	<b>2782.05</b>	<b>2114.43</b>	<b>1551.46</b>	<b>1453.47</b>
<b>Total Assets</b>	<b>308317.41</b>	<b>275504.13</b>	<b>206438.30</b>	<b>161451.04</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
Derivative financial instruments	358.08	406.52	310.60	749.58
Payables				
- Trade payables				
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) Total outstanding dues of creditors other than macro enterprises and small enterprises	-	-	-	-
- Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises	0.15	0.05	0.00	0.24
(ii) Total outstanding dues of creditors other than macro enterprises and small enterprises	25.78	37.70	12.17	8.47
Debt securities	168096.43	155290.46	123597.90	110844.25
Borrowings(other securities)	89369.28	79086.26	50334.78	23161.28
Other financial liabilities	17657.11	10337.37	7299.94	5692.83
<b>Total financial liabilities</b>	<b>275506.83</b>	<b>245158.36</b>	<b>181555.39</b>	<b>140456.65</b>
<b>Non-financial liabilities</b>				
Current tax liabilities (net)	-	-	-	-
Provisions	9.44	13.80	11.80	10.84
Deferred tax liabilities (net)	-	-	-	-
Other non-financial liabilities	66.82	32.22	4.81	659.27



<b>Total non-financial liabilities</b>	<b>76.26</b>	<b>46.02</b>	<b>16.61</b>	<b>670.11</b>
<b>Total liabilities</b>	<b>275583.09</b>	<b>245204.38</b>	<b>181572.00</b>	<b>141126.76</b>
<b>Equity</b>				
Equity Share Capital	11880.46	11880.46	9380.46	6526.46
Other equity	20853.86	18419.29	15485.84	13797.82
<b>Total equity</b>	<b>32734.32</b>	<b>30299.75</b>	<b>24866.30</b>	<b>20324.28</b>
<b>Total Liabilities and Equity</b>	<b>308317.41</b>	<b>275504.13</b>	<b>206438.30</b>	<b>161451.04</b>

### c. Cash Flow Statement

#### Standalone Statement of Cash flows in accordance with IND-AS (Based on restated financial information)

(Rs. in crore)

Particulars	Nine Months ended 31.12.2020	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxes	2933.58	3192.10	2755.34	2531.94
<u>Adjustments for</u>	-			
Remeasurement of defined benefit plans	0.02	(0.03)	(0.27)	0.08
Depreciation and amortization	0.35	0.46	0.42	0.35
Provision of interest on Income tax	0.53	2.09	1.97	1.28
Loss on sale of fixed assets	0.02	0.00	0.02	0.01
Profit on sale of fixed assets	(0.00)		(0.00)	-
Discount on Commercial Paper	30.01	135.80	123.72	202.01
Adjustments towards effective interest rate	27.97	(148.23)	16.90	(48.01)
Dividend Received	(0.23)	(0.59)	(0.51)	(0.48)
Share Issue Expenses	(0.42)	(16.98)	-	-
<b>Operating profit before working capital changes</b>	<b>2991.83</b>	<b>3164.62</b>	<b>2897.59</b>	<b>2687.18</b>
<b>Movements in working capital:</b>				
Increase/ (decrease) in trade payable	(11.82)	25.58	3.46	5.20
Increase/ (decrease) in provisions	(0.31)	(0.08)	0.27	0.35
Increase/ (decrease) in others non financial liabilities	34.61	27.40	(654.45)	648.58
Increase/ (decrease) in other financial liabilities	7319.74	3037.43	1607.11	1753.99
Decrease/ (increase) in receivables	(10598.29)	(23553.29)	(15554.86)	(11265.47)
Decrease/ (increase) in loans and advances	180.33	(527.88)	(657.53)	(3073.92)
Decrease/ (increase) in bank balance other than cash and cash equivalents	7.26	(22.02)	21.33	(92.12)
Decrease/ (increase) in other non financial assets	(349.00)	26.17	(95.38)	(1399.74)
Decrease/ (increase) in other financial assets	(21605.70)	(44306.13)	(28696.48)	(16787.00)
<b>Cash generated from operations</b>	<b>(22031.35)</b>	<b>(62128.21)</b>	<b>(41128.94)</b>	<b>(27522.94)</b>



Less: Direct taxes paid (net of refunds)	323.28	589.38	619.25	553.19
<b>Net cash flow/ (used) in operating activities (A)</b>	<b>(22354.63)</b>	<b>(62717.59)</b>	<b>(41748.19)</b>	<b>(28076.13)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property plant & equipment and intangible assets	(0.32)	(0.24)	(0.42)	(0.15)
Proceeds from sale of property plant & equipment	0.03	0.00	0.01	0.01
Proceeds from realization of pass through certificates/ sale of investments	1.01	1.12	1.21	1.33
Dividend income received	0.23	0.59	0.51	0.49
<b>Net cash flow/ (used) in investing activities (B)</b>	<b>0.95</b>	<b>1.47</b>	<b>1.31</b>	<b>1.68</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of equity share capital	-	2500.00	2854.00	-
Issue of Debt Securities (Net of redemptions)	16660.55	30812.54	10465.60	20741.93
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	10216.23	28900.73	27017.28	12585.39
Issue of commercial paper (net of repayments)	(3893.42)	741.63	1864.66	(4971.62)
Final dividend paid	(500.00)	(200.00)	(375.00)	(233.52)
Dividend tax paid	-	(41.11)	(77.09)	(47.54)
<b>Net cash generated by/(used in) financing activities (C)</b>	<b>22483.36</b>	<b>62713.79</b>	<b>41749.45</b>	<b>28074.64</b>
<b>Net increase in Cash and Cash equivalents (A+B+C)</b>	<b>129.68</b>	<b>(2.33)</b>	<b>2.58</b>	<b>0.19</b>
Cash and cash equivalent at the beginning of the year	1.38	3.70	1.13	0.94
<b>Cash and cash equivalents at the end of year end</b>	<b>131.06</b>	<b>1.38</b>	<b>3.71</b>	<b>1.13</b>

#### e. Auditor's Qualifications

Financial Year	Auditors' Qualifications
2019-20	NIL
2018-19	NIL
2017-18	NIL
2016-17	NIL
2015-16	NIL
2014-15	NIL

#### 24. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

With effect from January 25, 2021 the equity shares of the company are listed on NSE and BSE. As per the prospectus dated January 22, 2021 the Initial public offering was of 1,782,069,000 equity shares of face value of Rs.10 each for cash at a price of Rs.26.00 per equity share (including a premium of Rs.16.00 per equity share) aggregating to Rs.46,333.79 million comprising of fresh issue of 1,188,046,000 equity shares aggregating to Rs.30,889.20 million and an offer for sale of 594,023,000 equity shares by the president of India, acting through the MOR, aggregating to Rs.15,444.60 million.

For Detailed financials visit below links

[http://irfc.nic.in/investors/Annual Report 2019-20](http://irfc.nic.in/investors/Annual%20Report%202019-20)

<http://irfc.nic.in/wp-content/uploads/2019/12/17.12.2019-INDIAN-RAILWAY-ANNUAL-REPORT-2018-19.pdf>

<http://irfc.nic.in/wp-content/uploads/2018/12/IRFC-AR-2017-18-Final.pdf>

<http://irfc.nic.in/wp-content/uploads/2017/12/1-Annual-Report-2016-17-English.pdf>



## SUMMARY TERM SHEET

### DETAILS OF THE INSTRUMENT

Security Name	IRFC Capital Gain Tax Exemption Bonds –Series IV
Issuer	Indian Railways Finance Corporation Limited
Type of Instrument	Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures having benefits under Section 54 EC of Income Tax Act, 1961
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement basis
Eligible investors	<ol style="list-style-type: none"> <li>1. Individuals</li> <li>2. Hindu Undivided Families (HUF)</li> <li>3. Partnership firm</li> <li>4. Insurance Companies</li> <li>5. Companies and Body Corporates</li> <li>6. Provident Funds, Superannuation Funds and Gratuity Funds</li> <li>7. Banks</li> <li>8. Mutual Funds</li> <li>9. Financial Institutions (FIs)</li> <li>10. Foreign Portfolio Investors (Subject to existing regulations)</li> <li>11. Regional Rural Banks</li> <li>12. NRIs/other foreign eligible investor investing out of NRO A/c on non-repatriable basis subject to applicable laws</li> <li>13. Co-operative Banks</li> <li>14. Limited liability Partnership</li> <li>15. Any other category subject to applicable laws</li> </ol> <p>However, out of the aforesaid class of investors eligible to invest, this Information Memorandum is intended solely for the use of the person to whom it has been sent by IRFC for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the Bonds offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Information Memorandum from IRFC).</p>
Listing	The Bonds are not proposed to be listed on any stock exchange due to non-transferability during the tenure of Bonds.
Rating	CRISIL AAA 'Stable', ICRA AAA, CARE AAA
Issue size	₹1000 crore + Green Shoe option to retain oversubscription
Object of the Issue	The funds shall be used for meeting the funding requirement of Indian Railways. The proceeds of the bond issue(s) will be used for acquisition of Rolling Stock (Railway Assets) to be leased out to Indian Railways / funding Bankable Railway Projects of RVNL approved by MOR and as contained in the annual budget estimates presented before Parliament
Details of utilization of the proceeds	As per objects of the Issue
Tenor	5 years from the deemed date of allotment
Coupon Rate	5.75% p.a. *
Coupon Payment frequency	Annual
Coupon payment dates:-	Every year on 15 October till redemption and balance along with redemption.). First Interest payment for bonds whose money has been credited in to IRFC account till August 31, 2021 will be made on October 15, 2020. For Bonds in respect of which money has been credited into IRFC account after August 31, 2021 who are successfully allotted will be paid on October 15 of next year and onwards.
Coupon type	Fixed
Day count basis	Actual/Actual
Date of Redemption	At the end of 5 years from the Deemed Date of Allotment.
Redemption amount	At par (Rs 10,000/- per Bond)
Redemption Premium/Discount	Not applicable



Face Value	Rs. 10,000 (Rupees Ten Thousand only) per bond
Issue Price	At par (Rs 10,000/- per bond)
Minimum application size and in multiple of thereafter	Application must be for a minimum size of Rs 20,000 and then in multiple of Rs 10,000/- (1 bond) thereafter
Maximum application size	500 bonds of Rs 10,000/- each (Rs. 50,00,000/-)
Discount / Premium at which security is issued	Not applicable
Put Option	Not applicable
Call Option	Not applicable
Issue Opening date & closing date	Issue Opening Date: April 1, 2021 Issue Closing Date: March 31, 2022 (at the close of the banking hours) or at a date as may be decided by IRFC in its absolute discretion. This Information Memorandum shall be valid tenure of the bonds.
Deemed Date of allotment	Last day of each month in which the subscription money is received and credited to IRFC Capital Gain Bonds
Transferability	Non-transferable, Non-Marketable, Non-negotiable and cannot be offered as a security for any loan or advance
Issuance mode of instrument	In demat / physical mode.
Depository	National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”)
Business Days/Working Days	“Business Days”/ “Working Days” shall be all days on which money market is functioning in Mumbai. However, for the purpose of credit of Demat A/c, Working Days shall be all days on which NSDL/CDSL are open for business.
Effect of holidays (Note 1)	If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.  If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately succeeding Business Day without any interest for period overdue.  In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.
Record Date	15 calendar days prior to actual interest/principal payment date .
Security	The Bonds, interest and charges, remuneration of Bond Trustees, other costs and amount payable in respect of the Bonds will be fully secured by pari-passu charge on the rolling stock assets of the Company in favour of Bond Trustees
Registrar & Transfer Agent	M/s KFin Technologies Private Limited
Mode of Subscription	Applicants may make remittance of application money through electronic mode or cheque / draft drawn in favour of ‘IRFC Capital Gain Bonds’.
Trustees	SBI Caps Trustee Company Limited
Governing Law and Jurisdiction	The Bonds shall be construed to be governed in accordance with Indian Law. The competent Courts in New Delhi alone shall have jurisdiction in connection with any matter arising out of or under these precincts.



**\*Coupon Rate / Interest Rate as amended from time to time**

**Notes:** Only Long term capital gains arising from land or building or both are eligible to be invested in these Bonds.

1. Company reserves its sole & absolute right to modify (pre-pone/post pone) the issue opening/closing/pay-in-date(s) without giving any reasons or prior notice. In such case, Investors/Arrangers shall be intimated about the revised time schedule by Company. Company also reserves the right to keep multiple deemed date of allotment at its sole & absolute discretion without any notice. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Company.
2. IRFC reserves the right to revise the coupon rate and/or close the issue by giving notice on its website. The investors are advised to consult IRFC/Arrangers, before depositing the application with bank.
3. All applications submitted but rejected by IRFC would be returned by IRFC to the applicant/ collection banker, without any Interest.
4. Application for minimum Rs. 20000/- (in multiples of Rs 10,000/- thereafter) will be accepted, any amount received in fraction will be refunded to the investor without interest.





## **X. TERMS OF OFFER**

Issue of Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in Bonds in the nature of Debentures having benefits under Section 54 EC of Income Tax Act, 1961 of face value of Rs 10,000 for IRFC - 54EC –Series II for cash at par aggregating to Rs 1000 crore with green shoe option with the right to retain over subscription on private placement basis.

### **1. PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE**

The bond will be subject to the terms of the Private Placement of the Bonds as stated in the Information Memorandum and Application forms, the relevant statutory guidelines and regulations for allotment issued from time to time by the Govt. of India (GOI), Reserve Bank of India etc.

### **2. NATURE OF BONDS**

The Bonds are Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures having benefits under Section 54 EC of Income Tax Act, 1961. The Bonds shall rank paripassu inter se and, subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, shall also, as regards repayment of principal and payment of interest, rank paripassu with all other existing secured borrowings (except subordinated debt) of the Corporation.

### **3. ELIGIBILITY TO COME OUT WITH THE ISSUE**

Indian Railway Finance Corporation Ltd. (“IRFC” or the “Issuer” or the “Company”), its Directors and authorised officers have not been prohibited from accessing the debt market under any order or directions passed by SEBI / any other Government Authority.

### **4. REGISTRATION AND GOVERNMENT APPROVALS**

The Company can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

### **5. AUTHORITY FOR THE ISSUE**

The present issue of Bonds is being made pursuant to:

- a. resolutions passed by the Board of Directors of the Company on May 11, 2019

### **6. OBJECTS OF THE ISSUE**

The funds shall be used for meeting the funding requirement of Indian Railways. The proceeds of the bond issue(s) will be used for acquisition of Rolling Stock (Railway Assets) to be leased out to Indian Railways / funding Bankable Railway Projects of RVNL approved by MOR and as contained in the annual budget estimates presented before Parliament.

Our Company is a Public Sector Enterprise and as such, we do not have any identifiable group companies under the same management. Further, IRFC will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management.

### **7. UTILISATION OF ISSUE PROCEEDS**

The funds raised through this private placement towards financing the acquisition of Rolling Stocks which will be leased to MOR in line with the present business activities of IRFC. The main object clause of our Memorandum of Association permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this issue.

Our Company is a Public Sector Enterprise and as such, we do not have any identifiable group companies under the same management. Further, IRFC will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is part of the same group or who is under the same management



## 8. TAX BENEFITS UNDER SECTION 54EC OF INCOME TAX ACT, 1961

- 1) Where the capital gain arises from the transfer of a long term capital asset (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long term specified asset, the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,
  - a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such Capital gain shall not be charged under section;
  - b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under Section 45.

Provided that the investment made on or after the 1st day of April 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.

The following second proviso shall be inserted after the existing proviso to sub-section (1) of Section 54EC by the Finance (No. 2) Act, 2014, w.e.f. 1-4-2015:

Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.

- 2) Where the long-term specified asset is transferred or converted (otherwise than by transfer) into money at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under Section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head "Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money."

*EXPLANATION* - In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have converted (otherwise than by transfer) such specified asset into money on the date on which such loan or advance is taken.

- 3) Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1),
  - a) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006.
  - b) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.

*EXPLANATION:* For the purposes of this section.

- a) cost, in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset;
- b) long-term specified asset for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the March 31, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before March 31, 2007
  - i) by the National Highways Authority of India constituted under section-3 of the National Highways Authority of India Act, 1988 (68 of 1988); or
  - ii) by the Rural Electrification Corporation Ltd., a company formed and registered under the Companies Act, 1956 (1 of 1956),



and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit on the amount of investment by an assessee in such bond) as it thinks fit:

Provided that where any bond has been notified before the 1st day of April, 2007, subject to the conditions specified in the notification, by the Central Government in the Official Gazette under the provisions of clause (b) as they stood immediately before their amendment by the Finance Act, 2007, such bond shall be deemed to be a bond notified under this clause;

- ba) long-term specified asset for making any investment under this section on or after the 1st day of April, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956) or any other bond notified by the Central Government in this behalf.

***In this regard, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India vide its notification no. No. 79/2017/F. No. 370142/18/2017-TPL dated August 8, 2017 has notified that any bond redeemable after three years and issued on or after date of the abovementioned notification by IRFC, shall be considered as long term specified asset, for the purpose of Section 54EC of Income Tax Act, 1961.***

IRFC shall not be responsible for denial of benefit under Section 54EC of the Income Tax Act, 1961 to the investor and any consequences arising thereof.

***Finance Bill 2018-19 has proposed following amendments to Section 54 EC:***

***In section 54EC of the Income-tax Act, with effect from the 1st day of April, 2019,—***

***(a) in sub-section (1), after the words “long-term capital asset”, the words “,being land or building or both,” shall be inserted;***

***(b) in sub-section (2), before the Explanation, the following proviso shall be inserted, namely:—***

***‘Provided that in case of long-term specified asset referred to in subclause***

***(ii) of clause (ba) of the Explanation occurring after sub-section (3), this sub-section shall have effect as if for the words “three years”, the words “five years” had been substituted.’;***

***(c) in the Explanation occurring after sub-section (3), for clause (ba), the following clause shall be substituted, namely:—***

***‘(ba) “long-term specified asset” for making any investment under this section,—***

***(i) on or after the 1st day of April, 2007 but before the 1st day of April, 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1st day of April, 2018;***

***(ii) on or after the 1st day of April, 2018, means any bond, redeemable after five years and issued on or after the 1st day of April, 2018, by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 or any other bond notified in the Official Gazette by the Central Government in this behalf***

Note: As a result of the proposed amendment lock in of the bonds have been increased to 5 years from 3 years. Further, long term capital gains arising from transfer of land or property or both shall be eligible for investment in these Bonds.

## 9. MINIMUM SUBSCRIPTION

Application must be for a minimum size of Rs.20,000 bonds and in multiple of Rs.10,000/- (1 bond) thereafter.

## 10. MAXIMUM SUBSCRIPTION

A person can apply for maximum 500 bonds (Rs.50,00,000/-) as provided u/s 54EC of Income Tax Act, 1961



## 11. UNDERWRITING

The present Issue of Bonds is not underwritten.

## 12. NATURE OF BONDS

The Bonds are to be issued in the form of Taxable Secured Redeemable Non-Convertible Bonds in the nature of Debentures (collectively referred to as the “Bonds”).

## 13. FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTOR

Each Bond has a face value of Rs.10,000/- and is issued as well as redeemable at par.

## 14. SECURITY

The Bonds, interest and charges, remuneration of Bond Trustees, other costs and amount payable in respect of the Bonds will be fully secured by pari-passu charge on the rolling stock assets of the Company in favour of Bond Trustees. The value of security shall at all times be equal to the outstanding value of Bonds being issued including interest accrued but not paid, if any, on such Bonds. The Bonds will constitute senior and un-subordinated obligations of the Company and shall rank pari-passu inter se and (subject to any obligations under mandatory provisions of law, if any prevailing from time to time) shall also, as regards payment of principal and payment of interest by the Company from out of its own funds, rank pari-passu with all other existing senior and un-subordinated borrowings of the Company.

The Issuer undertakes that it shall secure permission/ consent from the earlier creditor(s), if required, to create pari-passu charge over the specified assets and execute the necessary documents for creation of the charge, including the Trust Deed

## 15. DEEMED DATE OF ALLOTMENT

Deemed Date of Allotment of Bonds will be the last day of the month during which the subscription amount has been credited to IRFC account. Investors are informed that Corporation would normally process allotments pertaining to a month at the month end and it takes maximum 4 weeks from month end to dispatch letter of advice/allotment. IRFC shall endeavour to make a firm allotment for all valid applications received from eligible investors.

Subject to the completion of all legal requirements, IRFC will issue the Bond Certificates within 6 months as per Section 56(4)(d) of the Companies Act, 2013 (in case of Physical option) or Bonds shall be credited to the depository account if marked by the Applicant in the application form (in case of Demat option)

## 16. HOW TO APPLY

### A. By depositing of application form with Cheque/DD:

Investors are required to submit the duly filled in Application Form along with necessary enclosures at the specified Collecting Bankers as indicated at our website: [www.irfc.nic.in](http://www.irfc.nic.in). Demand Draft or crossed Cheque should be payable in favour of “IRFC Capital Gain Bonds”. Demand Draft charges, if any, shall be borne by the applicant.

### B. By RTGS/NEFT payment:

The investor can also directly deposit the amount in the IRFC collection account by way of NEFT/RTGS and invariably submit the duly filled application with same bank as detailed below and mention the UTR No. at space provided in the application form for cheque details. In case investor fails to take necessary steps IRFC shall not be responsible:

BANK	A/C NO	IFSC CODE	MICR CODE	BRANCH
HDFC Bank	57500000106078	HDFC0000003	110240001	HDFC Bank Ltd Trade Finance Department E-19/29, 2 <sup>nd</sup> Floor



				Harsha Bhawan, Middle Circle, Connaught Place <b>New Delhi – 110 001</b>
Axis Bank	917020075878468	UTIB0000007	110211002	148, Statesman House, Barakhamba Road Connaught Place, New Delhi-110001
ICICI Bank	000405115784	ICIC0000004	400229002	ICICI bank, Capital Market Division, 122/1 Mistry Bhavan, Backbay Reclamation, Churchgate, Mumbai - 400020
State Bank of India	37290642384	SBIN0001177	400002224	Capital Market Branch, Videocon Heritage Building, Charanjit Rai Marg, off D. N Road, Fort, Mumbai-400001
IDBI Bank	0171103000000374	IBKL0000171	110259013	Sushant Lok Gurgaon 6-7, Vipul Square, Sushant Lok Phase-I B-Block <b>Gurgaon 122002</b>
Canara Bank	2471201001214	CNRB0002471	110015115	Capital Market Branch Jeevan Bharati Building Parliament Street, <b>New Delhi 110 001</b>

**(A) By Online payment:**

The investor can also directly apply through the IRFC website and remit the funds online through Net Banking or Debit card or other prescribed modes of payment.

**APPLICATION BY POST**

The applicant, if they so desire, may forward their applications through post to any of the controlling branches of the collection bankers as given below, provided they are accompanied with a Demand Draft payable at Par / payable locally for the application amount as to reach during such period when the issue is open for subscription.

BANK NAME	ADDRESS
HDFC Bank	FIG - OPS Department HDFC Bank Ltd Lodha - I Think Techno Campus O-3 Level Next to Kanjurmarg Railway Station Kanjurmarg (East) Mumbai – 400042
Axis Bank	148, Statesman House, Barakhamba Road Connaught Place, New Delhi-110001
ICICI Bank	ICICI bank, Capital Market Division, 122/1 Mistry Bhavan, Backbay, Reclamation, Churchgate, Mumbai – 400020
State Bank of India	Capital Market Branch, Videocon Heritage Building, Charanjit Rai Marg, off D. N Road, Fort, Mumbai-400001
IDBI Bank	Sushant Lok Gurugram 6-7, Vipul Square, Sushant Lok Phase-I B-Block, Gurugram 122002
Canara Bank	Capital Market Branch, Jeevan Bharati Building, Parliament Street, New Delhi 110 001

**17. DOCUMENTS TO BE PROVIDED BY ALL INVESTORS**

- a) Cancelled cheque or its photo copy for NECS/ NEFT/ RTGS facility.
- b) For investor applying in physical mode, additional documents for KYC as per Application form is required to be submitted.

**18. DOCUMENTS TO BE PROVIDED BY INVESTORS OTHER THAN INDIVIDUALS (IN ADDITION TO THE DOCUMENTS TO BE PROVIDED WITH KNOW YOUR CUSTOMER FORM)**



- a) **Partnership Firms:** A certified true copy of: (i) Documentary evidence of authorization to invest in the Bonds and to receive the money on redemption, if the same is not provided in the partnership deed and (ii) Specimen signature of authorized signatories.
- b) **Companies and Body Corporate, Financial Institutions, Foreign Portfolio Investors:** A certified true copy of (i) Board resolution authorizing investment and containing operating instructions and (ii) Specimen signatures of authorized signatories.
- c) **Banks:** A certified true copy of (i) Power of Attorney and (ii) Specimen signatures of authorized signatories.
- d) **Provident Funds, Superannuation Funds and Gratuity Funds:** (i) Resolution passed by the competent authority authorizing the investment and (ii) Specimen signatures of the authorized signatories.
- e) **Mutual Funds :** A certified true copy of (i) SEBI registration certificate; (ii) Resolution passed by the competent authority authorizing the investment and containing operating instructions and (iii) Specimen signatures of the authorized signatories.

## 19. JOINT APPLICATION

Only individuals/ NRI can apply in joint names and maximum three individuals can apply through a Joint Application and in case of application with Demat option, the sequence of joint applicants name must be same as mentioned in the Demat Account.

## 20. TRANSMISSION/SUCCESSION

In the event of demise of the sole holder of the Bonds, the Company will recognise the executor or administrator of the deceased Bond holders, or the holder of succession certificate or other legal representative as having title to the Bonds in accordance with the applicable provisions of law, including the Companies Act, 2013 and the rules thereunder, only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or produces evidence of legal representation, as the case may be, from an appropriate court in India.

Where Bonds are held in the joint names and first holder dies, the second holder will be recognized as the Bond holder(s) and in case, second holder dies, the third holder will be recognized as the Bond holder. It will be sufficient for the Company to delete the name of the deceased Bond holder after obtaining satisfactory evidence of his death. Company will not be held liable for any payment made in the account of the holder in case the information about death of holder is not brought into the notice of the Company at least 15 days prior to the payment date.

In case of physical form, the beneficial owners of deceased Bond holder are advised to send the Bond Certificate(s) to the Registrar, along with all the required documents. IRFC and/or persons/ Registrar appointed by them for this purpose after examining and being satisfied regarding adequacy and correctness of the documentation shall register the transmission in its books. In case bonds are issued in Dematerialised form successor(s) will be, as intimated by Depository Participant of the Bond holder.

## 21. MODE OF TRANSFER OF BONDS

To avail the benefit under Section 54EC of the Income Tax Act, 1961, the investment made in the Bonds needs to be held for a period of at least 5 years from the Deemed Date of Allotment. The Bonds are for tenure of 5 years and are **NON TRANSFERABLE, NON NEGOTIBLE** and cannot be offered as a security for any loan or advance. However, Transmission of the Bonds to the legal heirs in case of death of the Bond holder/Beneficiary to the Bonds is allowed.

## 22. REGISTERED BONDHOLDER

Bond holder whose name appears in the register of Bond holders maintained by the Company or its Registrar (in case of investors opting for physical certificates) and beneficial owners on the record date (in case of investors opting for demat option).

## 23. PAYMENT OF INTEREST

- a) The interest will be payable annually on October 15 each year on actual/actual basis.



- b) The interest payment on the Bonds shall be made to the registered Bond holders.
- c) First Interest from the date of credit to IRFC account in respect of the allotments made up to October 14, 2020 will be made on October 15, 2020. First Interest on subsequent allotment would be made on 15 October every year.
- d) The interest payment for the first and last year or part thereof beginning from the date of credit and ending with the date of redemption, respectively, shall be proportionate (on actual/actual basis) and all interest on Bonds will cease on the date of redemption.
- e) IRFC will not be liable to pay any interest after the redemption / maturity date of the bonds.

#### **24. PAYMENT ON REDEMPTION**

IRFC's liability to Bond holder(s) towards all their rights including payment of face value shall cease and stand extinguished upon redemption of the Bonds in all events. Further, IRFC will not be liable to pay any interest, income or compensation of any kind after the date of such Redemption of the Bond(s).

The Bonds will be automatically redeemed by IRFC on maturity i. e. on the expiry of 5 years from the deemed date of allotment, Physical bond certificate need not to be surrendered for redemption. The redemption proceeds would be paid to the Registered Bond holders.

In case of transmission applications pending on the Record Date, the redemption proceeds will be issued to the legal heirs after the confirmation of the adequacy and correctness of the documentation submitted with such application till such time, the redemption proceeds will be kept in abeyance.

IRFC will not be responsible for any payment made to a deceased bond holder, in case the information about the death of the bondholder is not provided to IRFC at least 15 days prior to maturity payment date.

#### **25. DEDUCTION OF TAX AT SOURCE**

Tax will be deducted at source as per applicable law. However, IRFC is seeking exemption u/s193(iib) of Income Tax Act, 1961 from deduction of tax at source on the interest payable to resident.

Bond holders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Income Tax Act, 1961, if any, at least 15 days before the payment of interest becoming due with the Registrars KFin Technologies Pvt. Ltd or to such other person(s) at such other address(es) as the Company may specify from time to time through suitable communication. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

#### **26. MODE OF PAYMENTS**

Interest/redemption payment will be made by ECS/NECS/RTGS/NEFT/At Par Cheque/Demand Drafts at all locations to the Bond holders by the bank. Efforts will be made to cover all cities where collection centers are appointed. In case the ECS/NECS facility is not available; IRFC reserves the right to adopt any other suitable mode of payment. Cheque clearing charges, if any, will have to be borne by the Bond holders.

#### **27. EFFECT OF HOLIDAYS ON PAYMENTS**

If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately succeeding Business Day. If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately succeeding Business Day without any interest for period overdue.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

#### **28. LISTING**



The Bonds are not proposed to be listed on any stock exchange.

**29. LETTER(S) OF ALLOTMENT/ BOND CERTIFICATE(S)/ REFUND ORDER(S)/ ISSUE OF LETTER(S) OF ALLOTMENT**

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

**30. ISSUE OF BOND CERTIFICATE(S)**

Subject to the completion of all statutory formalities within timeframe prescribed in the relevant regulations/act/rules etc, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the investor would be replaced with the number of Bonds allotted in physical form.

**31. DEPOSITORY ARRANGEMENTS**

The Company has appointed KFin Technologies Private Limited (KFPL) Formerly known as KCPL Unit – IRFC BONDS, Karvy Selenium Tower B, Plot No. 31 -32, Gachibowli, Financial District, Nanak Ramguda, Hyderabad – 500 032 (Andhra Pradesh) Tel No. (040) 67161667, 040-67161598 Fax No. 91-40-23420814, Email: [mailmanager@kfintech.com](mailto:mailmanager@kfintech.com) as Registrars & Transfer Agent for the present bond issue. The Company has made necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bonds in dematerialized form. In this context the Company has signed two tripartite agreements as under:

- Tripartite Agreement dated January 23, 2001 among IRFC, National Securities Depository Limited (NSDL) and the Registrar.
- Tripartite Agreement dated 8th May, 2003 among IRFC, Central Depository Services Limited (CDSL) and the Registrar

**32. PROCEDURE FOR APPLYING FOR DEMAT FACILITY**

- a. Applicant(s) should have/ open a Beneficiary Account with any Depository Participant of NSDL or CDSL.
- b. The applicant(s) must specify their beneficiary account number and depository participants ID in the relevant columns of the Application Form.
- c. If incomplete/incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory/demat account details are provided by the applicant.
- d. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's Depository Account will be provided to the applicant by the Depository Participant of the applicant.
- e. Interest or other benefits with respect to the Bonds would be paid to those Bond holders whose names appear on the list of beneficial owners given by the depositories to the Issuer as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Issuer shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to the Issuer. On receiving such intimation, the Issuer shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.
- f. Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

**33. FICTITIOUS APPLICATIONS**

Attention of applicants is specifically drawn to the provisions of sub section (1) of section 38 of the Companies Act, which is reproduced below:





“Any person who-

- (a) makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a Company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name”.

shall be liable for action under Section 447.”

#### 34. MARKET LOT

The Bonds are non-transferable, non-marketable, non-negotiable, non-tradable in nature.

#### 35. TRADING OF BONDS

The Bonds Are Non-Transferable, Non-Marketable, Non-Negotiable, Non-Tradable In Nature.

#### 36. MODE OF TRANSFER OF BONDS

The Bonds are non transferable and cannot be transferred

#### 37. LIMITATION OF LIABILITY

Liability of Company shall be limited only to the principal and interest on the Bond, in terms of this Information Memorandum. IRFC shall not be liable for any cost, loss, damage, injury or claim due to the terms of this Bond or any matters incidental thereto including change or amendment in any Law or Regulation, proceedings in court or due to rejection of the Application.

Liability of IRFC in respect of allotment of bonds shall be limited only upto the amount clearly credited to IRFC Capital Gain Bonds collection account with nodal branch of its authorized collecting bank on or before respective last date of the month for which allotment is sought by the applicant(s).

***Applicants shall particularly note that IRFC shall not be liable for any default/mistake/error in relation to credit of monies to IRFC account by bank of the Applicant or collecting bank. Investors are advised to please keep themselves updated regarding the credit/debit status from their banks to avoid any future issues.***

#### 38. REFUND / WITHDRAWAL OF APPLICATION MONEY

The amount once credited in IRFC’s Collection account will not be refunded. However, in case of rejection of the Application on account of technical grounds, refund without interest will be made. IRFC may accept the amount and allot the bonds under this series of bonds even if the Investor has applied through old 54EC application form of IRFC. Application for minimum Rs.20,000/- (in multiples of Rs 10,000/- thereafter) will be accepted, any amount received in fraction will be refunded to the investor without interest.

#### 39. CHANGE OF BANK DETAILS

For servicing of interest/ redemption payments, in case of bonds allotted in physical mode the bank account details of the investor will be captured from their application forms and in case of Demat mode the bank details as per the DP of the investor will be considered. Bond holder(s) to whom bonds have been allotted in physical mode may change their bank account details with Registrar by surrendering the original Bond Certificate together with other required document likes cancelled cheque, bank certificate etc.

#### 40. RIGHT OF BONDHOLDER(S)

Bond holder is not a shareholder. The Bond holders will not be entitled to any other rights and privileges of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right



to receive notice, or to attend and vote at the General Meeting of the Company. The principal amount and interest on the Bonds will be paid to the registered Bond holders only, and in case of joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Companies Act, 2013, the Articles of Association of IRFC, the terms of this bond issue and the other terms and conditions as may be incorporated in the Trust deed and other documents that may be executed in respect of these Bonds.

#### **41. AMENDMENT OF THE TERMS OF THE BONDS**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bond holders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

#### **42. BUY-BACK OF BONDS**

Unless stated otherwise, the Company may buy-back the Bonds subject to the statutory compliance, if any.

#### **43. DEBENTURE REDEMPTION RESERVE (“DRR”)**

Circular no 9/2002 dated 18.04.2002 issued by Department of Company Affairs and Rule 18(7)(b)(ii) of Companies (Share Capital & Debenture) Rules, 2014, provides that no Debenture Redemption Reserve (DRR) is required in the case of privately placed debenture for NBFC's registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997. Accordingly, IRFC being registered as NBFC with RBI is not required to create DRR in respect of Private Placement of debentures.

#### **44. NOTICES**

The notices to the Bond holder(s) required to be given by IRFC or by Registrar shall be deemed to have been given if sent by courier / ordinary post to the original sole / first holder of the Bonds or if an advertisement is given in a leading newspaper.

All notices to be given by the Bond holder(s) shall be sent by registered post or by hand delivery to Registrar or to such persons at such address as may be notified by IRFC in Information Memorandum.

#### **45. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS**

Copies of the contracts and documents, referred to below, may be inspected at the Head Office of IRFC between 10.00 a.m. and 12.00 noon on any working day (Monday to Friday) until the date of closing of the issue.

- a) Memorandum and Articles of Association of IRFC.
- b) Board Resolution dated August 8, 2018 and Shareholders Resolutions dated September 27, 2018 authorizing issue of Bonds offered under terms of this Private Placement Offer Letter.
- c) Credit Ratings
- d) Copies of the audited Balance Sheets and Profit & Loss Accounts for five years ended March 31 , 2014, 2015, 2016, 2017,2018.
- e) Copy of Tripartite Agreement between IRFC, NSDL & RTA.
- f) Copy of Tripartite Agreement between IRFC, CDSL & RTA.

#### **46. FUTURE BORROWINGS**

IRFC will be entitled to borrow / raise loans or avail financial assistance in whatever form (both in rupees and in foreign currency) as also issue debentures / Bonds / other securities (secured and unsecured) in any manner having such ranking in priority / pari-passu or otherwise and change the capital structure including the issue of shares of any class on such terms and conditions as IRFC may think appropriate without the consent of or intimation to the Bond holders or the trustees.

#### **47. INTEREST ON THE BONDS**

The Bonds shall carry interest at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) from, and including, the Deemed Date of Allotment up to, but excluding the Redemption Date, payable on the



“Coupon Payment Dates”, on the outstanding principal amount of Bonds till Redemption Date, to the holders of Bonds (the “Holders” and each, a “Holder”) as of the relevant record Date. Interest on Bonds will cease from the Redemption Date in all events.

If any Coupon Payment Date falls on a day which is not a business day (‘Business Day’ being a day on which commercial banks are open for business in the city of New Delhi), payment of interest will be made on next business day without liability for making payment of interest for the delayed period.

**48. COMPUTATION OF INTEREST**

Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value amount of Bonds outstanding at the Coupon Rate rounded off to the nearest Rupee. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

**49. RECORD DATE**

The ‘Record Date’ for the Bonds shall be 15 days prior to each Coupon Payment Date and Redemption Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Issuer not receiving any notice of transfer at least 15 days before the respective Coupon Payment Date and at least 15 days prior to the Redemption Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of interest so paid to the registered Bond holders.

**50. DEDUCTION OF TAX AT SOURCE**

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. Tax exemption certificate/ declaration of non-deduction of tax at source, if applicable, on interest on application money should be submitted along with the application form.

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as “Interest on Securities” as per Income Tax Rules. Bond holders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, at the head office of IRFC Ltd., at least 45 days before the payment becoming due.

FII's will be subject to withholding tax as applicable under section 195 of the Income Tax Act, 1961.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

**51. PUT & CALL OPTION**

Neither the bondholder(s) shall have any right to exercise Put Option nor the Issuer shall have right to exercise Call Option to redeem the Bonds, in whole or in part, prior to the Redemption Date.

**52. EVENTS OF DEFAULT & REMEDIES**

If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an “Event of Default” by the Issuer.

Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Private Placement Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.

Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bond holder(s), declare the amounts outstanding to be due and payable forthwith

**53. LIST OF BENEFICIAL OWNERS**



The Issuer shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

#### **54. SUCCESSION**

##### **TRANSMISSION/SUCCESSION**

In the event of demise of the sole holder of the Bonds, the Company will recognise the executor or administrator of the deceased Bond holders, or the holder of succession certificate or other legal representative as having title to the Bonds in accordance with the applicable provisions of law, including the Companies Act, 2013 and the rules thereunder, only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or produces evidence of legal representation, as the case may be, from an appropriate court in India.

Where Bonds are held in the joint names and first holder dies, the second holder will be recognized as the Bond holder(s) and in case, second holder dies, the third holder will be recognized as the Bond holder. It will be sufficient for the Company to delete the name of the deceased Bond holder after obtaining satisfactory evidence of his death. Company will not be held liable for any payment made in the account of the holder in case the information about death of holder is not brought into the notice of the Company at least 15 days prior to the payment date.

In case of physical form, the beneficial owners of deceased Bond holder are advised to send the Bond Certificate(s) to the Registrar, along with all the required documents. IRFC and/or persons/ Registrar appointed by them for this purpose after examining and being satisfied regarding adequacy and correctness of the documentation shall register the transmission in its books. In case bonds are issued in Dematerialised form successor(s) will be, as intimated by Depository Participant of the Bond holder.

#### **55. FORCE MAJEURE**

The Issuer reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

#### **56. APPLICATIONS UNDER POWER OF ATTORNEY**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

#### **57. APPLICATION BY MUTUAL FUNDS**

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

#### **58. ACKNOWLEDGEMENTS**

No separate receipts will be issued for the application money. However, the Bankers to the Issue IRFC receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

#### **59. RIGHT TO ACCEPT OR REJECT APPLICATIONS**

The Issuer reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realization of the cheque(s)/ demand drafts(s) till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:



- (a) Number of bonds applied for is less than the minimum application size;
- (b) Applications exceeding the issue size;
- (c) Bank account details not given;
- (d) Details for issue of Bonds in electronic/ dematerialized form not given;
- (e) PAN/GIR and IT Circle/Ward/District not given;
- (f) In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

**60. PAN/GIR NUMBER**

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1971 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

**61. SIGNATURES**

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

**62. NOMINATION FACILITY**

As per Section 72 of the Companies Act, 2013, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

**63. RIGHT OF BONDHOLDER(S)**

Bond holder is not a shareholder. The Bond holders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Issuer. The principal amount and interest on the Bonds will be paid to the registered Bond holders only, and in case of Joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Companies Act, the Articles of Association of the Issuer, the terms of this bond issue and the other terms and conditions as may be incorporated in the Debenture Trust Deed and other documents that may be executed in respect of these Bonds.

**64. MODIFICATION OF RIGHTS**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bond holders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

**65. FUTURE BORROWINGS**

The Issuer shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Issuer may think appropriate, without the consent of, or intimation to, the Bond holder(s) or the Trustees in this connection.



**66. NOTICES**

All notices required to be given by the Issuer or by the Trustees to the Bond holders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bond holder(s), including notices referred to under “Payment of Interest” and “Payment on Redemption” shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

**67. JOINT-HOLDERS**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to provisions contained in the Companies Act.

**68. DISPUTES & GOVERNING LAW**

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of courts of Delhi.

**69. INVESTOR RELATIONS AND GRIEVANCE REDRESSAL**

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavours to resolve the investor’s grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at registered office of the Issuer. All investors are hereby informed that the Issuer has appointed a Compliance Officer who may be contracted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s), non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Private Placement Offer Letter.

**XI. CREDIT RATING FOR THE BONDS**

CRISIL Ltd. (“CRISIL”) has accorded “CRISIL AAA” Stable” vide its letter Ref INRAFIC/224346/LTB/04062019/25 dated March 9, 2020, ICRA Ltd. (“ICRA”) vide its letter No. D/RAT/2019-20/11/20 dated March 11, 2020 has also assigned a credit rating of “[ICRA] AAA” with a Stable Outlook for the entire borrowing programme of **Rs.55,471.00 crore for FY 2019-20. Further, the Company has received**



“CARE AAA” from Credit Analysis & Research Ltd. (“CARE”) which was intimated to the Company vide CARE’s letter Ref. No. CARE/DRO/RL/2019-20/3621 dated March 12, 2020.

A copy of each rating letter received from the three above mentioned rating Agencies is enclosed elsewhere in this Private Placement Offer Letter.

Other than the credit ratings mentioned herein above, the Issuer has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Private Placement Offer Letter.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

## **XII. TRUSTEES FOR THE BONDHOLDERS**

### **SBICAP Trustee Company Ltd.**

Apeejay House, 6th Floor, West Wing,3  
3 DinshawWachha Road,Churchgate,  
Mumbai - 400020  
Tel. 022-43025555



Fax : 022-22040465  
E-mail: corporate@sbicapstrustee.com

A copy of letter no. 3207/STCL/DT/2020-21 dated March 31, 2021 from SBI Caps Trustee Company Ltd. conveying their consent to act as Trustees for the current issue of Bonds is enclosed elsewhere in this Private Placement Offer Letter.

The Issuer hereby undertakes that a Debenture/ Bond Trust Deed ("Trust Deed") shall be executed by it in favour of the Trustees within 90 days of allotment of the bonds for securing such Bonds. The Trust Deed shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014. Further, the Trust Deed shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Issuer in relation to any rights or interests of the holder(s) of the Bonds, (iii) indemnifying the Trustees or the Issuer for loss or damage caused by their act of negligence or commission or omission.

The Bond holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by the Issuer to the Trustees on behalf of the Bond holder(s) shall discharge the Issuer pro tanto to the Bond holder(s). The Trustees shall protect the interest of the Bond holders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Issuer. No Bond holder shall be entitled to proceed directly against the Issuer unless the Trustees, having become so bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, the Trust Deed, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding Bond/ Debenture Redemption Reserve.

### **XIII. STOCK EXCHANGES WHERE BONDS ARE PROPOSED TO BE LISTED**

Bonds will not be listed on any stock exchange.

### **XIV. MATERIAL CONTRACTS & DOCUMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE**





## **ISSUER**

By very nature of its business, the Issuer is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Issuer. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Issuer) which are or may be deemed to be material have been entered into by the Issuer. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Corporate Office of the Issuer between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

### **A. MATERIAL CONTRACTS**

Copy of letter appointing Trustees to the Bond holders.

### **B. MATERIAL DOCUMENTS**

- a. Board Resolution dated May 11, 2019 authorizing issue of Bonds offered under terms of this Private Placement Offer Letter.
- b. Letter of consent from SBI Cap Trustee Company Limited for acting as Trustees for and on behalf of the holder(s) of the Bonds.



## XV. DECLARATION

The Company undertakes that this Private Placement Offer Letter contains full disclosures in conformity with relevant provisions of Companies Act, 2013, circular no. DNBD(PD) CC No. 330 /03.10.001/2012-13 dated June 27, 2013 issued by the Reserve Bank of India on "Raising Money through Private Placement by NBFCs-Debtentures etc.", circular no. DNBS(PD) CC No.349/03.10.001/2013-14 dated July 02, 2013 issued by the Reserve Bank of India on "Raising Money through Private Placement by NBFCs-Non-Convertible Debtentures (NCDs) – Clarification" and *and circular no. DNBR (PD) CC No.021/03.10.001/2014-15 dated February 20, 2015 issued by the Reserve Bank of India on "Raising Money through Private Placement of Non-Convertible Debtentures (NCDs) by NBFCs"*

The Company has complied with the provisions of the Companies Act, 2013 and the rules made there under. It is to be distinctly understood that compliance with the Companies Act, 2013 and the rules does not imply that payment of interest or repayment of Bonds, is guaranteed by the Government of India.

The Company undertakes that the monies received under the Issue shall be utilized only for the purposes and 'Objects of the Issue' indicated in the Private Placement Offer letter.

The Issuer accepts no responsibility for the statement made otherwise than in the Private Placement Offer Letter or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

The Issuer also confirms that this Private Placement Offer Letter does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Private Placement Offer Letter also does not contain any false or misleading statement.

The undersigned has been authorized by the Board of Directors of the Company vide resolution dated 29<sup>th</sup>May, 2020 to sign this Private Placement Offer Letter and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this Private Placement Offer Letter and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Private Placement Offer Letter.

**(A K Dubey)**  
**Manager (Finance)**  
Place: New Delhi  
Date: April 1, 2021



**XVI. Annexure**

- a) Resolutions passed by the Board of Directors of the Company on May 29, 2020, and delegation provided there under;
- b) Special resolution dated September 26, 2019 and delegation provided thereunder.
- c) Copy of rating letters from CRISIL, ICRA and CARE;
- d) Copy of consent letter from SBI CAP Trustee Company Limited to act as Trustees for the Bond holders.